Kayne Anderson Rudnick
Investment Management

Mid Cap Core Portfolio
Managed Accounts
Second Quarter 2017 Review

kayne.com

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Disciplined Investment Approach

Investment Philosophy & Objectives

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Investment Management

Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle

Investment Objectives

- To achieve a return meaningfully above that of the Russell Midcap® Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics

Tenets of Quality

Kayne Anderson Rudnick Investment Management

High Quality

Market Control

Ability to Develop, Nurture, Protect its Market/ Effective Competitive Differentiation

Management Excellence

Develop and Adhere to Core Competencies/ Disciplined Capital Allocation

Balance Sheet Statement

Low Capital Intensity/ Low Debt Balance Sheet

Income Statement

Durable Earnings Growth/ High Return on Capital

Cash Flow Statement

High Free Cash Flow/ Self Financing

Mid Cap Core Team

Kayne Anderson Rudnick
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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	31 Years	6 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	22 Years	16 Years
Craig Stone	Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables	28 Years	17 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Financials and Producer Durables	18 Years	15 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Energy and Financials	16 Years	16 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Consumer Discretionary, Consumer Staples, and Financials	7 Years	5 Years
Chris Benway, CFA	Research Analyst Sector Coverage: Materials and Processing and Producer Durables	8 Years	3 Years
Julie Biel, CFA	Research Analyst Sector Coverage: Technology and Consumer Discretionary	9 Years	4 Years
Jordan Greenhouse	Portfolio Specialist	20 Years*	1 Year

**Represents years of industry experience.*

Market Review

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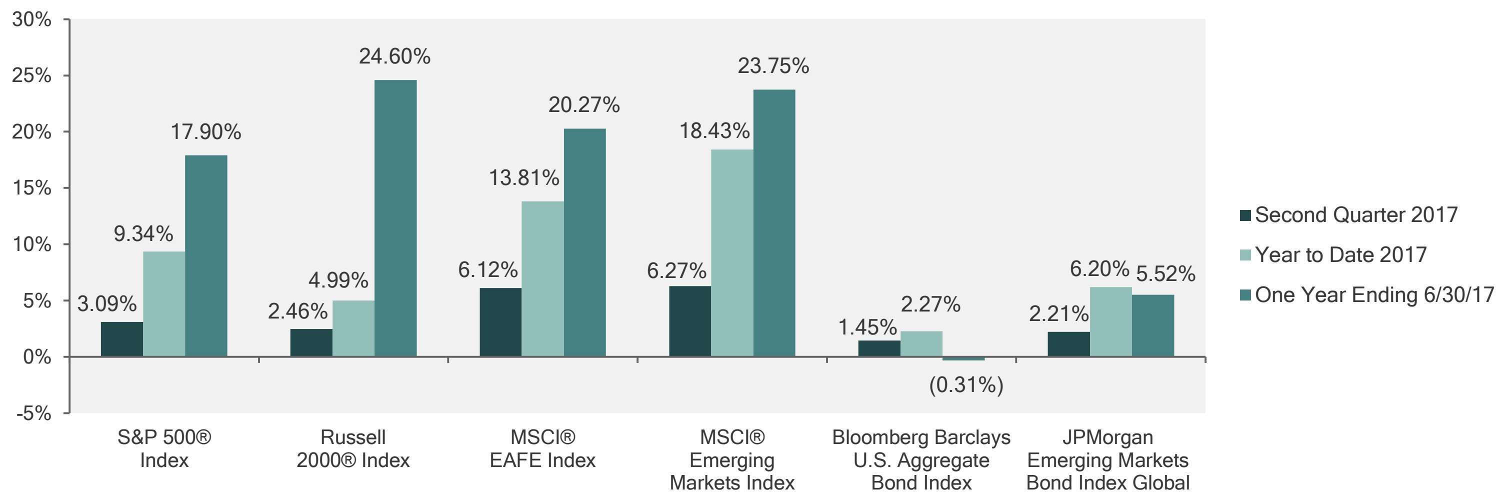
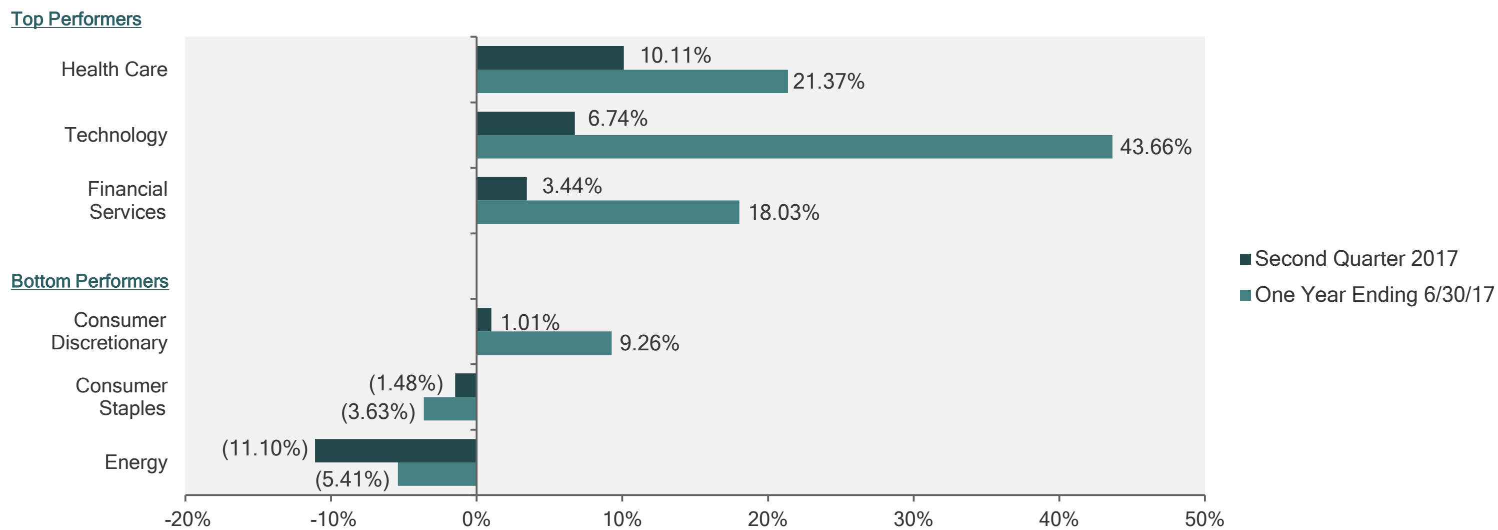
Index Performance



Sector Performance

Russell Midcap® Index



This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Market Review

Frequent Style Rotation

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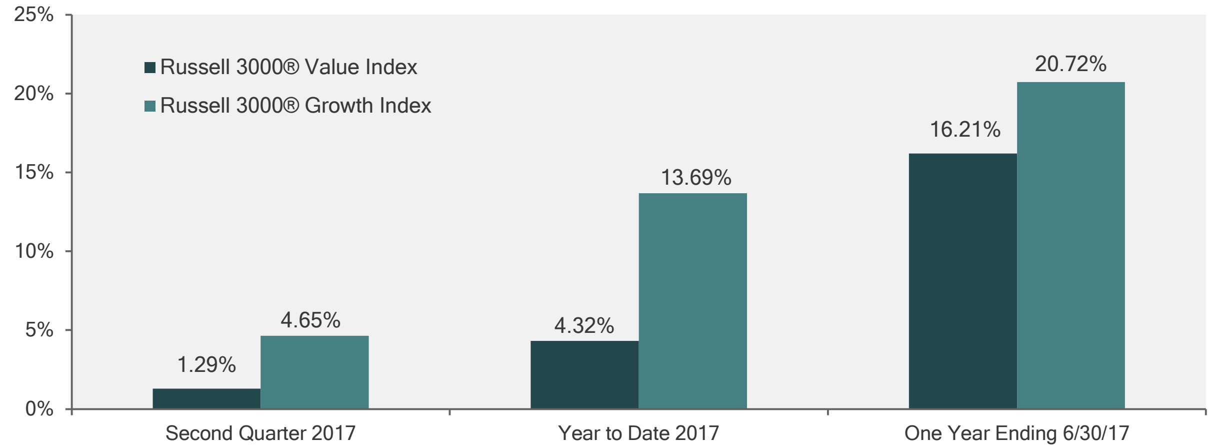
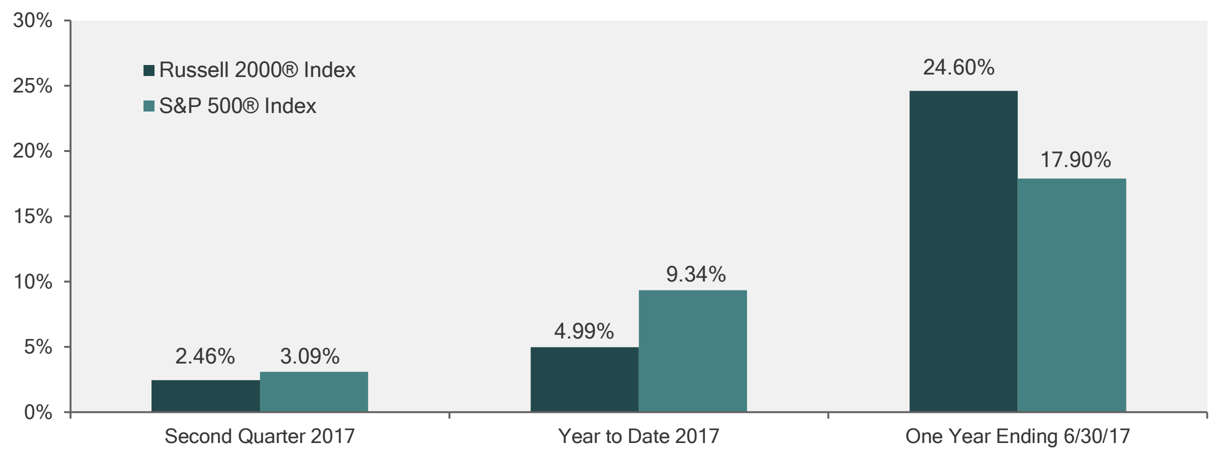
Performance by Style

Russell 3000® Value Index vs. Russell 3000® Growth Index



Performance by Market Cap

Russell 2000® Index vs. S&P 500® Index



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Quarterly Performance Overview

Mid Cap Core Portfolio
Periods Ending June 30, 2017

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Monthly, Quarterly and Year to Date Performance

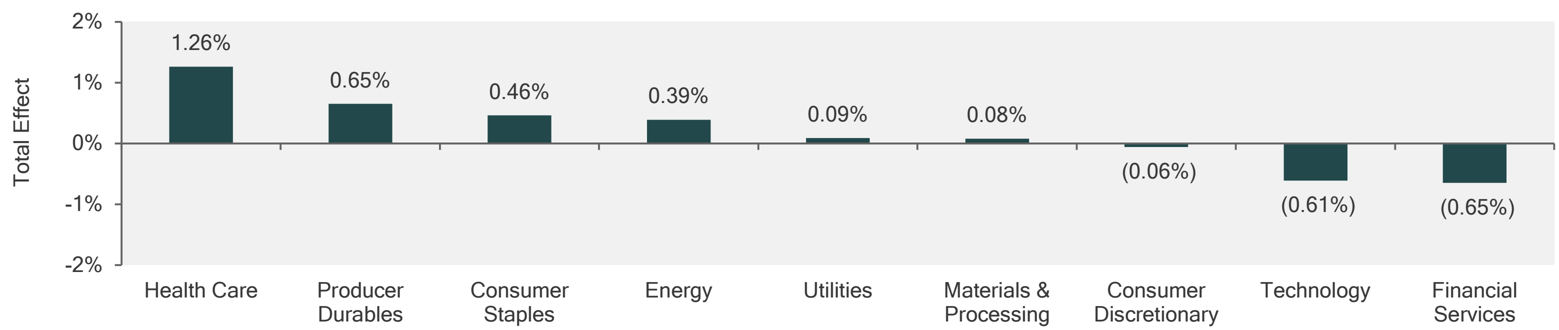
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
April	1.49	1.24	0.77	72
May	2.22	1.97	0.91	131
June	0.42	0.17	0.99	(57)
Second Quarter	4.18	3.41	2.70	148
Year to Date	10.28	8.66	7.99	229

Contributors

Highest	Contribution
Zoetis	+0.70%
Globus Medical	+0.64%
Cooper Companies	+0.63%
Lowest	**Contribution**
Bank of the Ozarks	(0.44%)
Ross Stores	(0.34%)
Core Laboratories	(0.30%)

Attribution by Sector

Quarter Ending June 30, 2017



	Health Care	Producer Durables	Consumer Staples	Energy	Utilities	Materials & Processing	Consumer Discretionary	Technology	Financial Services	Total Effect
Russell Midcap® Returns	10.11%	2.88%	(1.48%)	(11.10%)	1.44%	2.64%	1.01%	6.74%	3.44%	2.70%
KAR Returns	13.95%	6.96%	6.69%	(12.97%)	0.00%	3.75%	0.31%	1.64%	0.56%	4.18%
KAR Selection Effect	0.63%	0.64%	0.59%	(0.08%)	0.00%	0.07%	(0.11%)	(0.78%)	(0.61%)	0.36%
KAR Allocation Effect	0.64%	0.01%	(0.14%)	0.47%	0.09%	0.01%	0.05%	0.17%	(0.04%)	1.24%

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Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

Annual Performance Overview

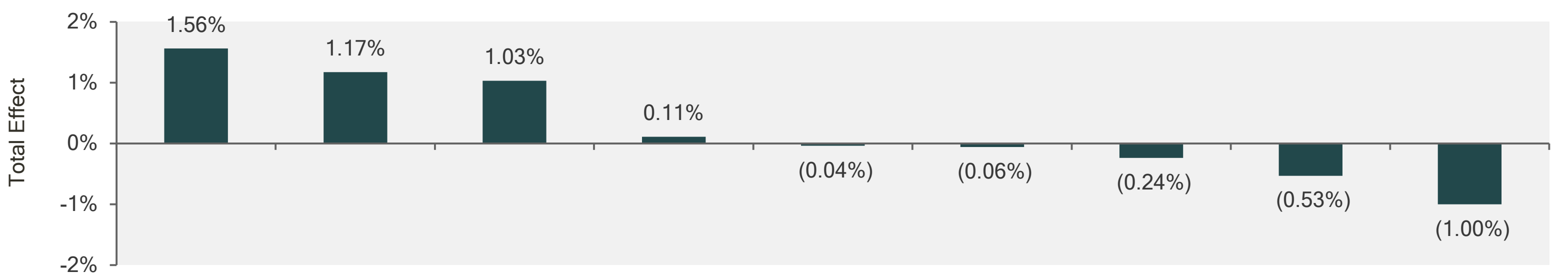
Mid Cap Core Portfolio
Periods Ending June 30, 2017

Kayne Anderson Rudnick
Investment Management

Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Third Quarter 2016	4.17	3.40	4.52	(34)
Fourth Quarter 2016	2.94	2.18	3.21	(27)
First Quarter 2017	5.85	5.08	5.15	71
Second Quarter 2017	4.18	3.41	2.70	148
1 Year Ending 6/30/17	18.26	14.81	16.48	177

Attribution by Sector
One Year Ending June 30, 2017



	Health Care	Utilities	Producer Durables	Materials & Processing	Technology	Financial Services	Energy	Consumer Staples	Consumer Discretionary	Total Effect
Russell Midcap® Returns	21.37%	2.22%	25.52%	18.92%	43.66%	18.03%	(5.41%)	(3.63%)	9.26%	16.48%
KAR Returns	28.88%	0.00%	31.53%	11.41%	35.11%	17.06%	(18.25%)	(3.73%)	2.25%	18.26%
KAR Selection Effect	1.18%	0.00%	0.63%	0.24%	(0.98%)	(0.03%)	(0.80%)	(0.07%)	(1.09%)	(0.91%)
KAR Allocation Effect	0.37%	1.17%	0.39%	(0.14%)	0.94%	(0.03%)	0.56%	(0.46%)	0.09%	2.94%

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Highest Contributors

Mid Cap Core Portfolio
One Year Ending June 30, 2017

Kayne Anderson Rudnick
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Security	Contribution	Comments
Globus Medical	+1.99%	After seeing revenues disappoint the past three quarters due to salesforce issues, Globus Medical's revenues improved in the fourth quarter of 2016 with these headwinds abating. The company continues to develop its robotic and trauma products which we believe will offer longer-term revenue drivers.
Nordson	+1.78%	Over the past year, Nordson has seen very strong organic sales growth, especially in its Advanced Technology segment's electronic industry customers. Along with strong organic growth, management has made multiple acquisitions in the past year. Margins in the medical businesses are higher than the corporate average and should help continue to drive higher overall margins long term. The medical business will also be less cyclical and have higher barriers over time.
Skyworks Solutions	+1.76%	Skyworks Solutions has seen a strong rebound in both its results and stock price due to improved execution in its core cell phone markets. The company has made inroads with large Chinese customers to better diversify its revenue base, however it still faces customer concentration with its largest customer, Apple. Growth in Internet of Things (IoT) applications will need to accelerate to offset the content growth Skyworks sees in its flagship customers, such as Apple.

Lowest Contributors

Mid Cap Core Portfolio
One Year Ending June 30, 2017

Kayne Anderson Rudnick
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Security	Contribution	Comments
TripAdvisor *(Sold Q2 2017)*	(1.32%)	TripAdvisor's shares have been under pressure for several years as margins have continued declined due to increased marketing spend. In addition, the transition to Instant Book has negatively impacted revenue growth, which created additional pressure on margins. We expected to see some improvement in business fundamentals this year, but management is intent on ramping up marketing spend further to reignite revenue growth.
Sally Beauty Holdings *(Purchased Q3 2016)* *(Sold Q2 2017)*	(1.06%)	Sally Beauty Holdings' results over the last 12 months reflect the challenge of enacting a retail turnaround in a challenging economic market. While the company has made solid strides in improving the look and feel of its stores and its basic back office technology, sales in its Sally Brand stores turned slightly negative. The company is also working to figure out how to best structure its loyalty program. This may take a few more quarters to resolve. The company may consider closing stores, which should alleviate some cannibalization pressure in the medium term.
Monster Beverage	(0.60%)	Monster's results have been erratic as the company continues transitioning its global distribution agreements to Coke bottlers, which should be completed by the end of the year. Once the Coke bottler transition is complete, we believe this new partnership will accelerate Monster's domestic and international sales, resulting in many years of profitable growth ahead.

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Purchases

Mid Cap Core Portfolio
Quarter Ending June 30, 2017

Kayne Anderson Rudnick
Investment Management

Purchases	Descriptions/Reasons
Tractor Supply Company—Initiated Position	Tractor Supply Company is an operator of rural lifestyle retail stores in the United States. The company is focused on supplying the needs of recreational farmers and ranchers as well as tradesmen and small businesses.
Monster Beverage—Increased Position	With our ongoing confidence in the Coke distribution creating a tailwind longer term and the company continuing to gain market share in the energy drink segment, we increased our position to take advantage of the weakness in shares, but not fundamentals.

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Tractor Supply Company (TSCO)

- Tractor is competing against local mom and pop rural retailers with a specialized assortment that allows customers to consolidate four to five separate stops into one convenient trip. The company is three times the size of its next five largest competitors.

- As a result of the company's scale, Tractor can offer very competitive pricing on its core CUE (consumable, usable, edible) products that need to be replenished often. CUE has grown to close to 45% of sales, and drives regular traffic into the store that is then complemented with more seasonal or big-ticket items, which drive higher margins overall.

- Additionally, the company has much stronger and deeper relationships with vendors than small players, which gives it more inventory management flexibility and competitive pricing. Tractor's scale also allows it to invest in customer centric technology, such as buy-online-pick up-in-store.

- In addition to being the largest rural lifestyle supplier, the company has developed a strong lineup of company-owned brands that customers value. Private label merchandise accounts for 30% of sales and continues to grow. The categories span from yard equipment to pet food with a strong value proposition and dependable quality.

Sales
Mid Cap Core Portfolio
Quarter Ending June 30, 2017

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Sales	Reasons
Dril-Quip–Sold Entire Position	We sold Dril-Quip as we believe the structural weakness in the industry could linger for some time as oil prices stabilize. Also, a changing competitive landscape where more integrated offerings from peers have the ability to create pricing pressure in the future further impairs a recovery.
Sally Beauty Holdings–Sold Entire Position	We sold Sally Beauty Holdings as the company is in harvest mode as it relates to new stores and we believe their brand awareness efforts may take a while to gain traction. This combined with ongoing intrusion from online players as well as retailers like Ulta and Target rejuvenating their beauty offerings led us to sell our position.
TripAdvisor–Sold Entire Position	Our initial investment in TripAdvisor was based on the company's network effect in driving consumers' usage of reviews to increase user engagement that could create a virtuous cycle and accelerate bookings over time. However, the company's lack of ability to transition the user experience into profitable growth has created a weakness in this network effect. In addition, the Instant Book feature has not been effective as users are utilizing the website for research, but are booking through other venues. Overall, our loss of confidence in management's ability to allocate resources effectively combined with the competitive environment evolving faster than TripAdvisor led us to sell our shares.

Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Mid Cap Core Portfolio – As of June 30, 2017

Kayne Anderson Rudnick Investment Management

	KAR Mid Cap Core	Russell Midcap® Index
Quality		
Return on Equity–Past 5 Years	26.4%	14.5%
Total Debt/EBITDA	1.9 x	3.9 x
Earnings Variance–Past 10 Years	29.0%	62.3%
S&P Stock Ranking (A+, A, A-, B+)	73.9%	42.9%
Growth		
Earnings Per Share Growth–Past 5 Years	11.5%	9.6%
Earnings Per Share Growth–Past 10 Years	14.5%	7.9%
Dividend Per Share Growth–Past 5 Years	16.0%	12.3%
Dividend Per Share Growth–Past 10 Years	16.8%	7.9%
Capital Generation–{ROE x (1-Payout)}	20.3%	9.9%
Value		
P/E Ratio–Trailing 12 Months	29.0 x	27.7 x
Dividend Yield	0.9%	1.7%
Free Cash Flow Yield†	3.8%	3.9%
Market Characteristics		
$ Weighted Average Market Cap–4 Qtr. Average	$11.6 B	$13.5 B
Largest Market Cap–4 Qtr. Average	$30.3 B	$47.5 B
Annualized Standard Deviation–Since Inception*	14.3%	18.5%

In a market of average businesses, we own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we own companies producing self-funded strong, consistent growth sustainable into the future.

And we are able to achieve this high quality and strong growth at a discount valuation to the market.

**January 1, 2000*

†Free cash flow data is as of March 31, 2017. Prices are as of June 30, 2017. Excludes financials.

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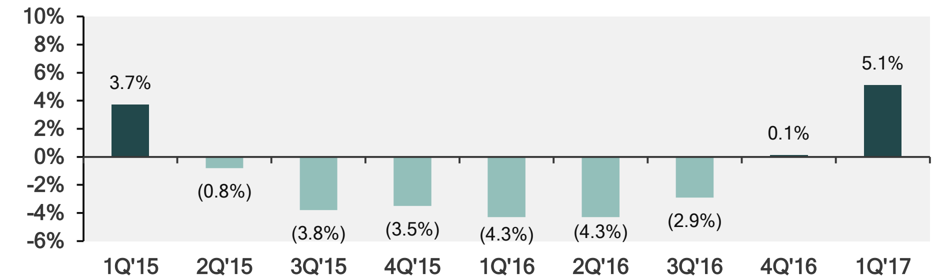
The U.S. economy continues to grow modestly. International economies have started to accelerate, improving the outlook for global economic growth rates.

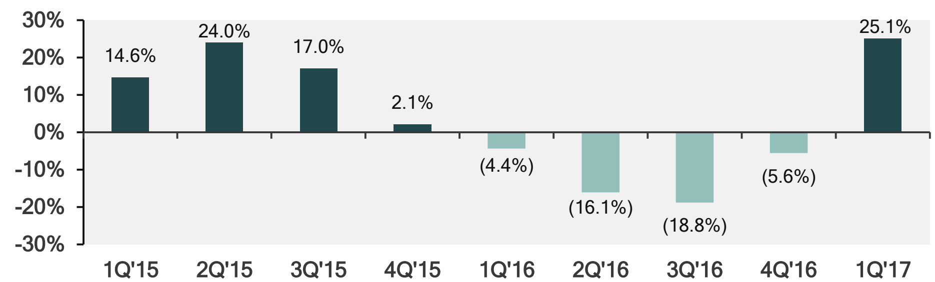
- Corporate earnings and revenue continue to grow in constant currency and companies are maintaining historically high operating margins. Q1 earning per share (EPS) for the S&P 500 was up 13.4%. S&P 500 EPS should improve from low single-digit to mid-to-high single-digit growth over the next 12 to 18 months. Additionally, international markets reported earnings are improving.
- Trump's election should accelerate U.S. GDP to the 2.5% to 3.5% range over the next two years if his agenda becomes a reality. The stock market is assuming little-to-no progress on his agenda currently.
- Corporate cash is at all-time highs, leading to share buybacks, dividend increases and acquisitions. Companies have become more disciplined about their capital allocation. M&A activity has slowed somewhat due to uncertainties about tax reform, but IPO activity is finally picking up.
- Household net wealth continues to hit a new high. Consumer confidence is back to 2007 levels. The labor market continues to improve meaningfully, however, this is a lagging indicator.
- Energy costs have declined significantly providing input cost relief for consumers and companies. However, many energy-related businesses are quickly recovering from recession conditions. Sustainability of the price of energy is an important issue over the next couple of years.
- Innovation is alive and well with the U.S. creating many investment opportunities in industries such as technology, health care and energy.
- Bond yields and mortgage rates have continued to stay fairly low by historical standards, which has helped real estate markets continue to recover.

Global Earnings Growth

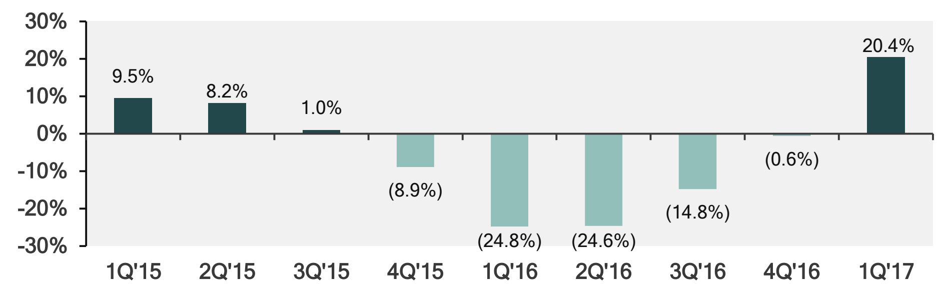
S&P 500® Trailing 12-Month Earnings Growth (Year Over Year)



Nikkei 225 Trailing 12-Month Earnings Growth (Year Over Year)



STOXX 600 Trailing12-Month Earnings Growth (Year Over Year)



Data as of June 30, 2017.

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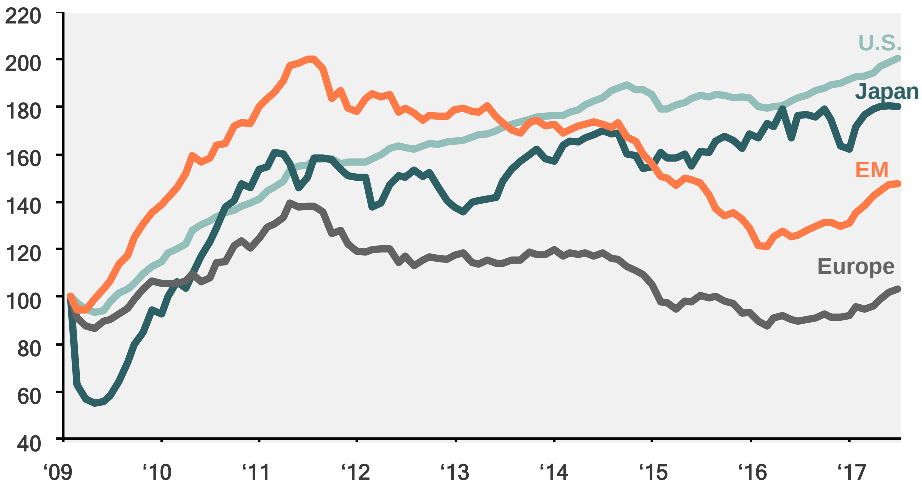
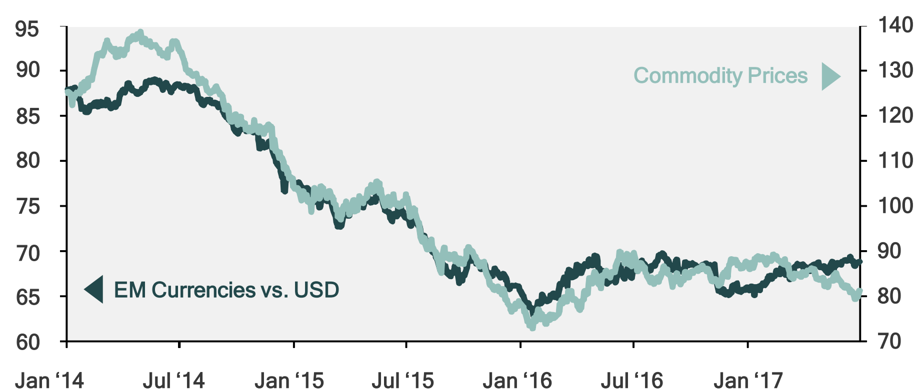
Global growth prospects are solid in Q2, providing support for risk-based assets abroad.

- At a 2.30% yield on the U.S. 10-year bond, a higher initial yield combined with a stable U.S. dollar makes the U.S. bond market very attractive to foreign investors.
- European sovereign debt rates continue to be fairly stable, business activity has improved, and European banks have started to recover due to a steepening yield curve. Italy is finally addressing some of their banking problems.
- European inflation is very benign but is reaching targets. Yields have risen this quarter, lifting many European countries out of a negative interest rate environment.
- Chinese economic growth rates have stabilized in 2016, albeit at lower rates than historically. The transition to a consumption-led economy will take time, but is clearly occurring.
- Weak commodity prices have pressured emerging market growth rates and currencies, but are showing signs of improvement over the last couple of quarters. Uncertainty about U.S. trade policies may slow down the recovery in progress, but initial negotiations appear much better than expected.

Global Earnings
EPS, U.S. Dollar, NTMA, Jan. 2009 = 100



Emerging Markets
Commodity Prices and FX



Data as of June 30, 2017.

EM currencies is the J.P. Morgan Emerging Market Currencies Index. Commodity prices is the Bloomberg Commodity Price Index. Data is obtained from FactSet Research Systems, J.P. Morgan Asset Management, MSCI, Standard & Poor's and Bloomberg and is assumed to be reliable. Past performance is no guarantee of future results.

Market Outlook

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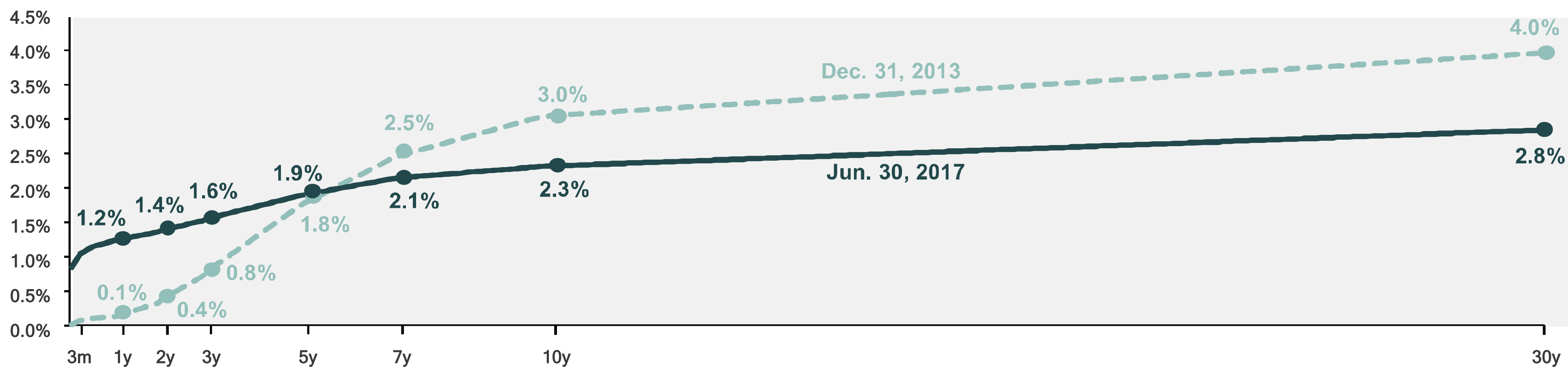
Potential Economic Risks:

- How will the long end of the bond market continue to react to the Fed's desire to raise short-term rates once more in 2017?
- Renewed energy price weakness could continue to erode capital spending and business confidence.
- A hard landing in China could slow global GDP materially. Although receding, it is still a risk.
- Does the EU unravel as referendums occur into 2017/18?
- Global deflation, not inflation, continues to be principal risk, but inflation expectations are finally rising somewhat, although still short of targets.
- Continued uncertainty surrounding global trade, travel and immigration policy in the U.S.

Price of Oil
Brent Crude, Nominal Prices, USD/Barrel

Yield Curve
U.S. Treasury Yield Curve



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Bent crude prices are monthly averages in USD using global spot ICE prices. Data is obtained from FactSet Research Systems and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

Market Outlook

Kayne Anderson Rudnick
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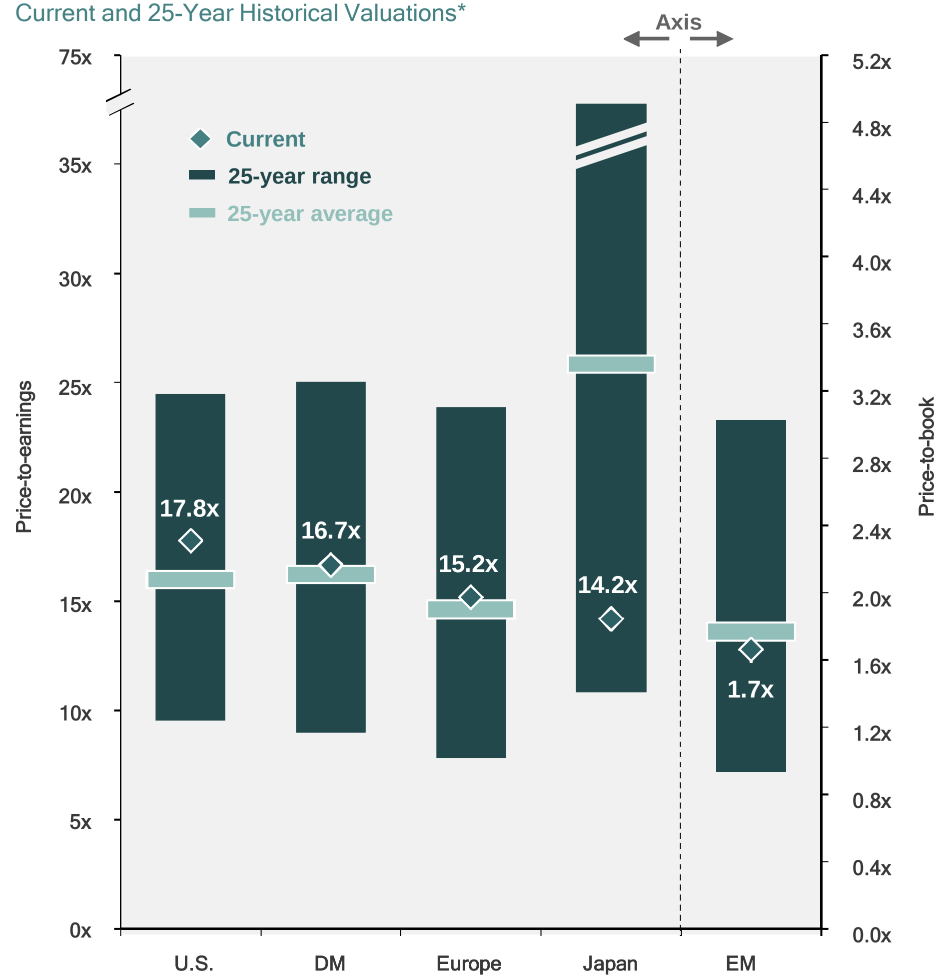
We continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and particularly relative to fixed income.

- As consumer confidence stays strong, there is potential for P/E ratios to improve slightly. Retail investors still are not engaged.
- Equity valuations remain reasonable by historic measures, both at absolute levels but particularly relative to interest rates.
- With favorable corporate cash flow, investors are being rewarded with increased share buybacks, dividends and occasional acquisitions.
- Corporate profit margins are still being maintained at very high levels even in an overall slower growth environment.
- In the modest growth economy and maturing economic cycle we foresee, we believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets.
- Investors should expect more modest equity returns going forward (6% to 8% range over time) based on the maturity of this economy and business cycle.

Global Valuations
Current and 25-Year Historical Valuations*



Data as of June 30, 2017.

**Valuations refer to NTMA P/E for Europe, U.S., Japan and developed markets, and P/B for emerging markets. Valuation and earnings charts use MSCI indices for all regions/countries, except for the U.S. which is the S&P 500. All indices use IBES aggregate earnings estimates, which may differ from earnings estimates used elsewhere in the book. Data is obtained from FactSet Research Systems, J.P. Morgan Asset Management, MSCI and Standard & Poor's and is assumed to be reliable. Past performance is no guarantee of future results.*

Appendix

Kayne Anderson Rudnick
Investment Management

- Portfolio Data
- Disclosure

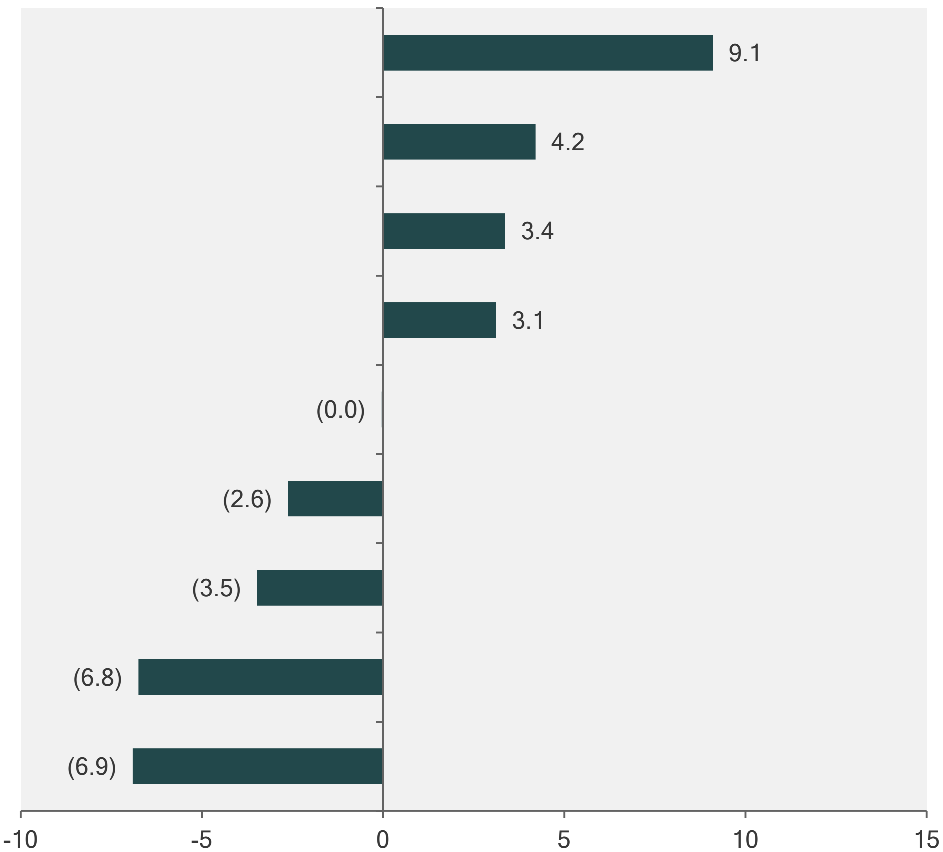
Sector Weights

Mid Cap Core Portfolio
As of June 30, 2017

Kayne Anderson Rudnick Investment Management

Sectors	KAR Mid Cap Core (%)	Russell Midcap® Index (%)
Health Care	19.1	10.0
Technology	15.4	11.2
Consumer Staples	7.6	4.2
Producer Durables	15.7	12.6
Materials & Processing	6.9	7.0
Consumer Discretionary	12.7	15.4
Energy	2.2	5.6
Utilities	–	6.8
Financial Services	20.3	27.2

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Mid Cap Core Portfolio
As of June 30, 2017

Kayne Anderson Rudnick Investment Management

Top 10 Holdings	Russell Sector	% of Portfolio
Globus Medical	Health Care	5.9
Monster Beverage	Consumer Staples	5.5
AMETEK	Producer Durables	5.4
Zoetis	Health Care	4.6
WABCO Holdings	Consumer Discretionary	4.5
Amphenol	Technology	4.2
Skyworks Solutions	Technology	4.1
Signature Bank	Financial Services	4.0
Aspen Technology	Technology	3.9
Bank of the Ozarks	Financial Services	3.9
Total		**45.9**

Research confidence leads to large active weights

	KAR Mid Cap Core	Russell Midcap® Index
# of Holdings	30	791
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	45.9	4.3
Active Share (%)	95.9	–

The strategy benefits from diversification while still taking significant active positions

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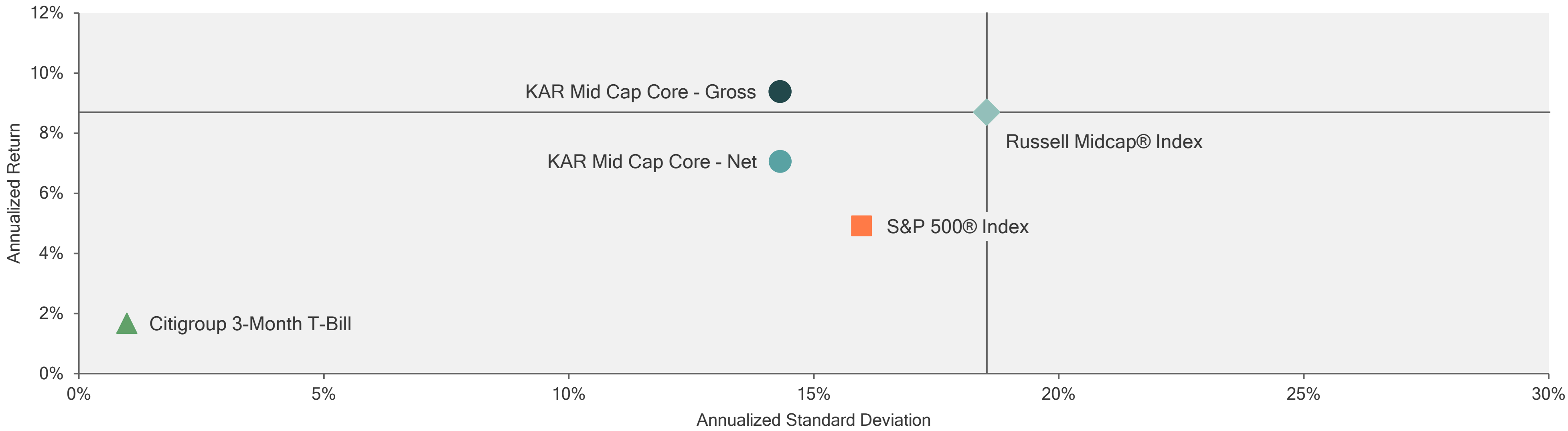
Strong Risk-Adjusted Returns

Mid Cap Core Portfolio
Inception* to June 30, 2017

Kayne Anderson Rudnick Investment Management

Meaningful Excess Return with Lower Volatility
Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics
Annualized Since Inception*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Mid Cap Core	**2.40**	**0.54**	**14.31**	**11.34**	**0.71**	**7.70**
Russell Midcap® Index	0.00	0.38	18.53	14.29	1.00	0.00

**January 1, 2000*

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Returns for the Kayne Anderson Rudnick composite are preliminary and are gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Returns

Mid Cap Core Portfolio

Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 6/30/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Second Quarter	4.18	3.41	2.70	148
Year to Date	10.28	8.66	7.99	229
1 Year	18.26	14.81	16.48	177
3 Years	13.21	10.95	7.69	552
5 Years	15.87	13.94	14.72	115
7 Years	16.34	14.51	15.28	105
10 Years	9.19	7.37	7.67	152
Since Inception*	9.39	7.06	8.70	68

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	12.24	8.95	13.80	(156)
2015	3.87	2.73	(2.44)	631
2014	17.88	16.68	13.22	466
2013	28.48	27.15	34.76	(629)
2012	16.27	14.45	17.28	(101)
2011	4.29	2.95	(1.55)	584
2010	19.46	17.99	25.48	(602)
2009	21.47	19.16	40.48	(1901)
2008	(28.78)	(30.29)	(41.46)	1268
2007	6.19	4.20	5.60	59
2006	13.10	10.91	15.26	(217)
2005	8.79	5.56	12.65	(386)
2004	15.29	11.86	20.22	(493)
2003	26.67	23.03	40.06	(1339)
2002	(12.62)	(15.26)	(16.19)	357
2001	(2.76)	(5.59)	(5.62)	286
2000	21.54	17.94	8.25	1329

**January 1, 2000*

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Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

*IMPORTANT RISK CONSIDERATIONS: **Equity Securities**: The market price of equity securities may be adversely affected by financial market, industry, or issuer specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Limited Number of Investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.*

Disclosure

Mid Cap Core Portfolio

Kayne Anderson Rudnick Investment Management

Kayne Anderson Rudnick Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Kayne Anderson Rudnick Investment Management, LLC has been independently verified for the period from January 1, 1999 through December 31, 2015.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Mid Cap Core Wrap Composite has been examined for the period from January 1, 2000 through December 31, 2015. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Inc., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. Kayne Anderson Rudnick Investment Management, LLC manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite includes all discretionary Mid Cap Core Wrap Portfolios. Mid Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® Index, that have market control, rising free cash flow, shareholder-oriented management, strong consistent profit growth and low-debt balance sheets. For comparison purposes, the composite is measured against the Russell Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in July 2003. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Beginning on January 1, 2006, sub-advisory wrap fee portfolios are also included in composite results. Each sub-advisory relationship is included in the composite as one account. Prior to January 1, 2011, accounts that experienced a significant cash flow, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite. Prior to December 31, 2010, the composite minimum was $100,000.

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Prior to December 31, 2005, net annual returns are calculated by deducting 1/4 of an assumed maximum annual wrap fee of 3% on a quarterly basis. Beginning January 1, 2006, net annual returns are calculated using actual fees incurred. If no fee data is provided by wrap sponsors, the maximum annual wrap fee of 3% is used to calculate net of fee performance. Beginning January 1, 2016, net annual returns are calculated by deducting 1/12th of an assumed maximum annual wrap fee of 3% on a monthly basis. Wrap fees include all charges for trading costs, portfolio management, custody and other administrative expenses.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36-month period is presented starting December 31, 2012, because prior to January 1, 2010, the composite return was calculated quarterly and 36 monthly returns are not available.

	3-Yr Annualized Standard Deviation (%)	
December 31	Composite	Benchmark
2012	15.34	17.44
2013	12.48	14.23
2014	10.27	10.29
2015	11.94	11.00
2016	12.33	11.72

Year	Total Firm Assets ($ millions)	Total Composite Assets ($ millions)	Wrap Accounts as % of Composite Assets	Accounts at Year End	Pure Gross Annual Return (%)*	Net Annual Return (%)	Russell Midcap® Index Annual Return (%)	Internal Dispersion
2007	5,392	25	100%	7	6.19	4.20	5.60	0.06
2008	3,445	18	100%	9	(28.78)	(30.29)	(41.46)	0.15
2009	4,010	23	100%	8	21.47	19.16	40.48	0.35
2010	4,729	28	100%	8	19.46	17.99	25.48	0.87
2011	5,232	25	100%	6	4.29	2.95	(1.55)	0.70
2012	6,545	34	100%	7	16.27	14.45	17.28	0.16
2013	7,841	12	100%	6	28.48	27.15	34.76	0.28
2014	7,989	7	100%	5	17.88	16.68	13.22	0.16
2015	8,095	7	100%	5	3.87	2.73	(2.44)	0.00
2016	9,989	9	100%	5	12.24	8.95	13.80	0.14

**Pure gross returns are supplemental to net returns.*

The Russell Midcap® Index and Russell 1000® Index are trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.