



Kayne Anderson Rudnick
Investment Management

Small Cap Core Portfolio
Managed Accounts
Second Quarter 2017 Review

kayne.com

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Firm Overview

As of June 30, 2017



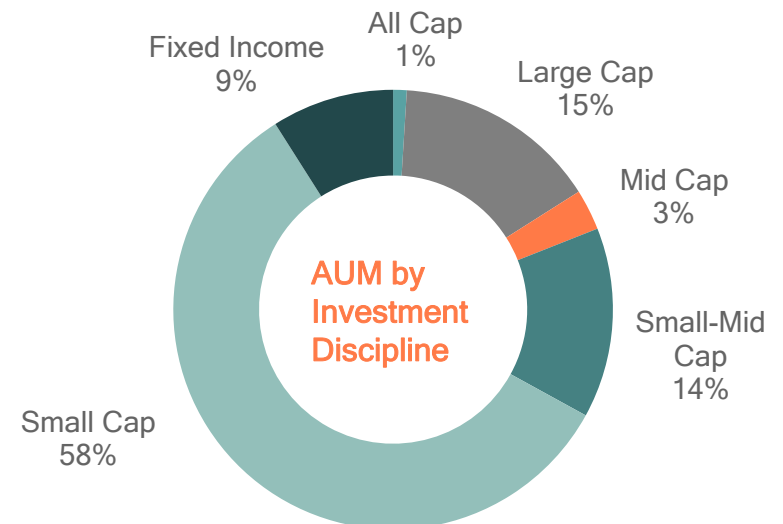
Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Boutique firm specializing in small cap equity strategies with over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$15.3 billion
Number of Investment Professionals	15
Average Investment Experience	15 Years

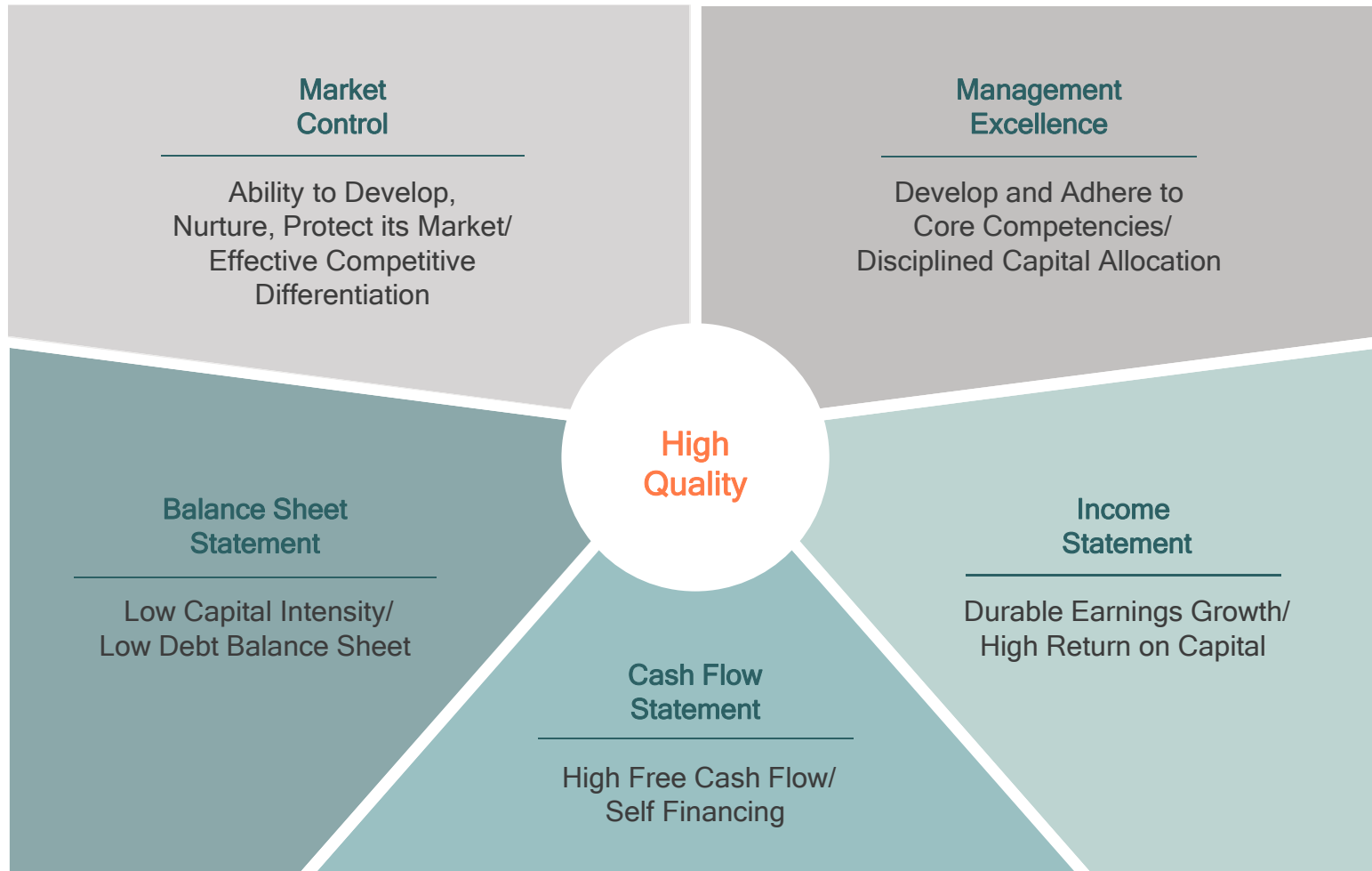


Investment Philosophy

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 2000® Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics



Small Cap Core Team

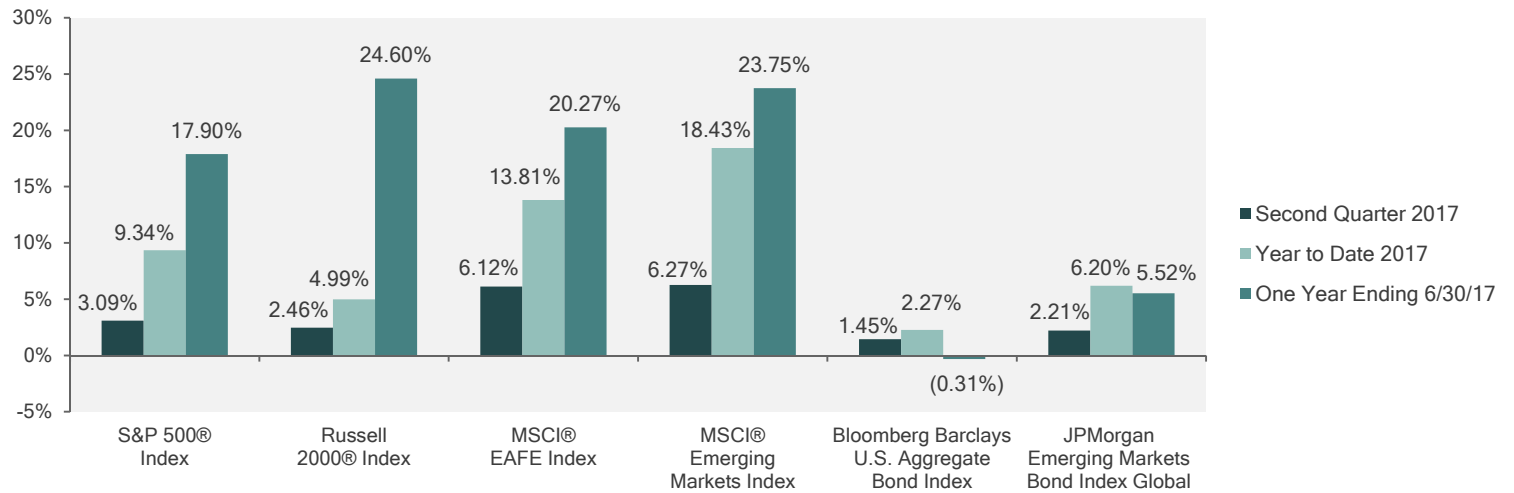


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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	31 Years	6 Years
Todd Bailey, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Financials and Producer Durables	18 Years	15 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	22 Years	16 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Energy and Financials	16 Years	16 Years
Craig Stone	Senior Research Analyst Sector Coverage: Producer Durables	28 Years	17 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.

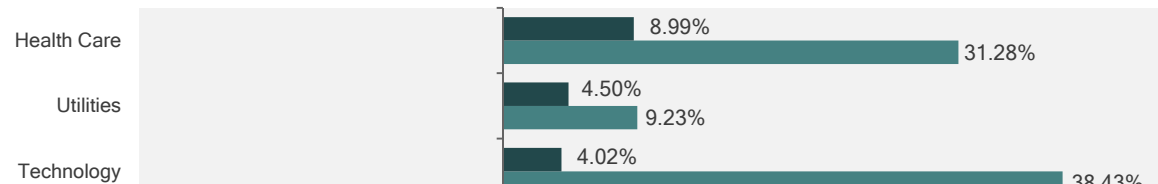
Index Performance



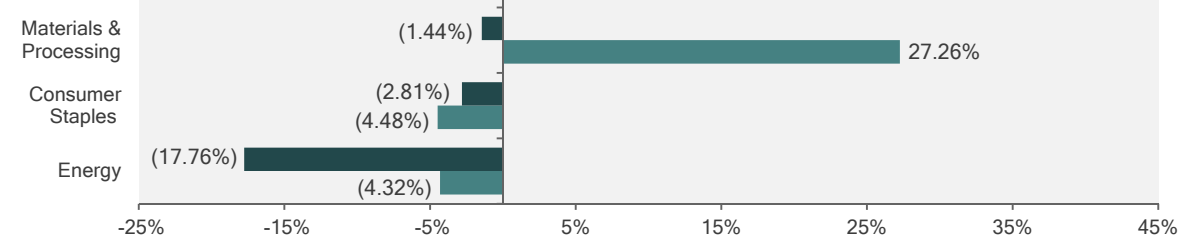
Sector Performance

Russell 2000® Index

Top Performers



Bottom Performers



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Market Review

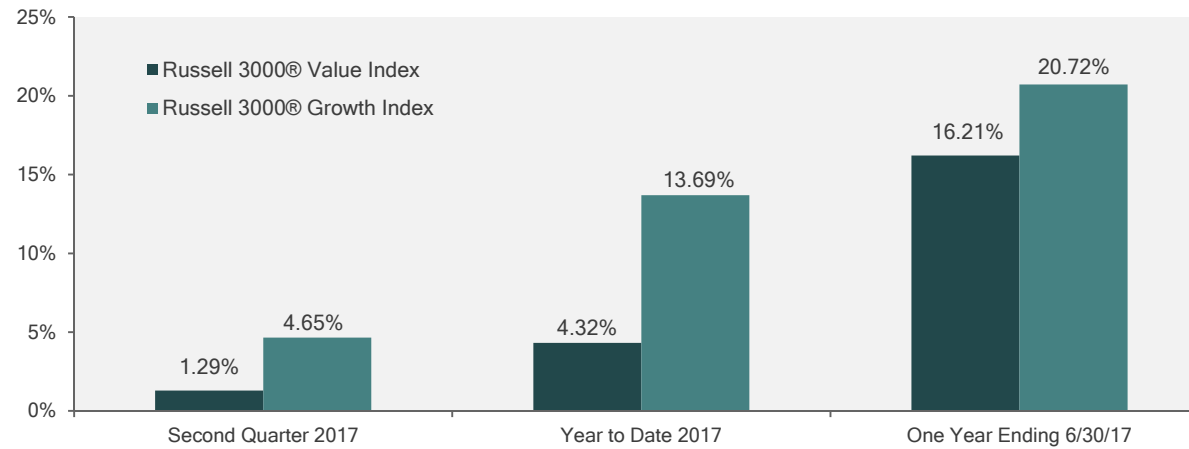
Frequent Style Rotation



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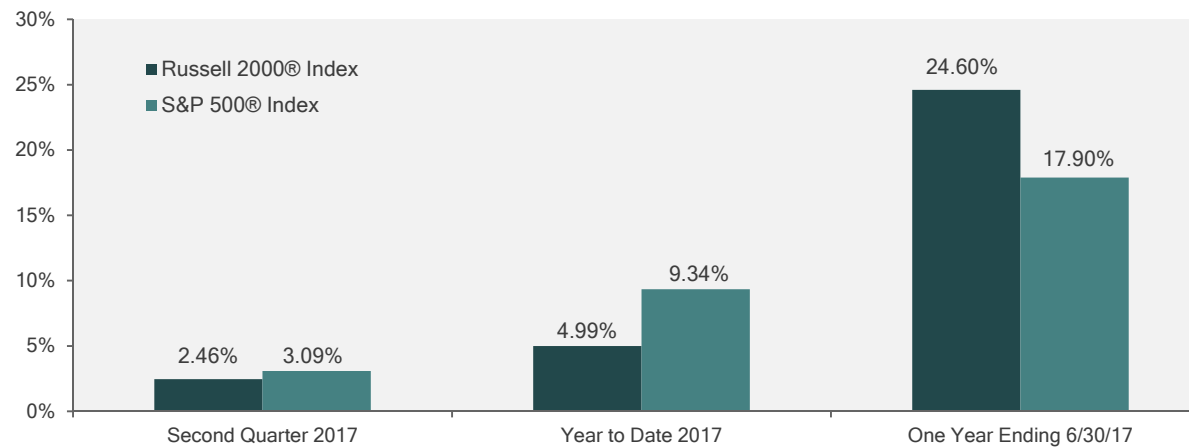
Performance by Style

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

Small Cap Core Portfolio
Periods Ending June 30, 2017



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Monthly, Quarterly and Year to Date Performance

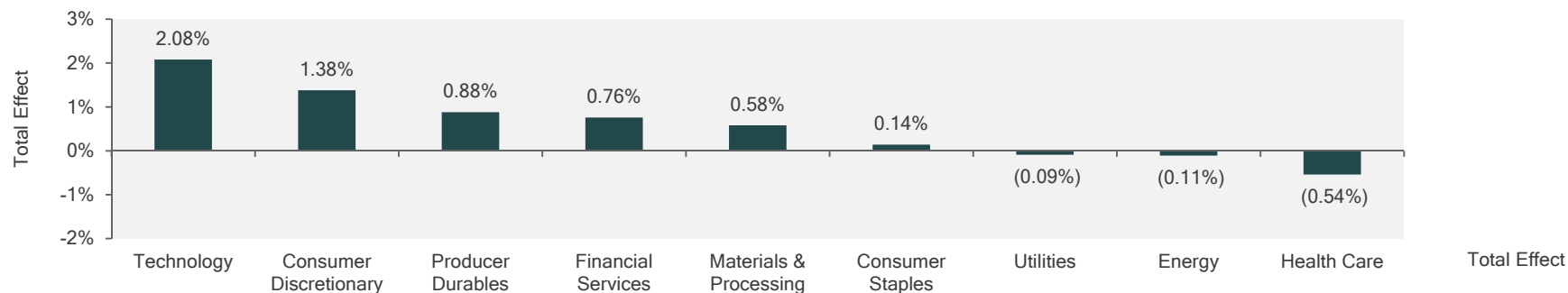
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
April	2.30	2.05	1.10	120
May	1.72	1.47	(2.03)	375
June	2.69	2.44	3.46	(77)
Second Quarter	6.86	6.08	2.46	440
Year to Date	13.22	11.57	4.99	823

Contributors

Highest	Contribution
Autohome	+2.54%
Fox Factory Holding	+0.86%
HFF	+0.69%
Lowest	Contribution
Primerica	(0.51%)
Dril-Quip	(0.37%)
Core Laboratories	(0.24%)

Attribution by Sector

Quarter Ending June 30, 2017



Russell 2000® Index Returns	4.02%	2.35%	3.49%	1.49%	(1.44%)	(2.81%)	4.50%	(17.76%)	8.99%	2.46%
KAR Returns	16.29%	9.43%	6.63%	4.43%	7.84%	0.36%	0.00%	(11.05%)	9.63%	6.86%
KAR Selection Effect	2.09%	1.39%	0.75%	0.70%	0.46%	0.00%	0.00%	0.43%	0.02%	5.84%
KAR Allocation Effect	(0.01%)	(0.01%)	0.13%	0.06%	0.12%	0.14%	(0.09%)	(0.54%)	(0.56%)	(0.77%)

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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

Small Cap Core Portfolio

Periods Ending June 30, 2017



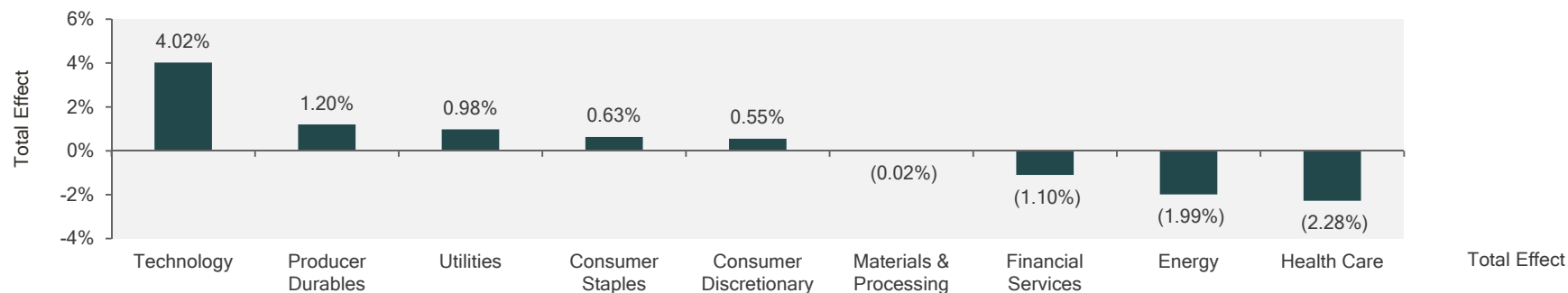
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Third Quarter 2016	3.30	2.53	9.05	(575)
Fourth Quarter 2016	6.22	5.44	8.83	(261)
First Quarter 2017	5.96	5.18	2.47	349
Second Quarter 2017	6.86	6.08	2.46	440
1 Year Ending 6/30/17	24.23	20.62	24.60	(37)

Attribution by Sector

One Year Ending June 30, 2017



Russell 2000® Index Returns	38.43%	26.54%	9.23%	(4.48%)	16.77%	27.26%	26.38%	(4.32%)	31.28%	24.60%
KAR Returns	73.96%	32.95%	0.00%	(12.81%)	24.02%	27.86%	21.74%	(17.36%)	(2.55%)	24.23%
KAR Selection Effect	4.02%	0.77%	0.00%	(0.07%)	1.12%	0.00%	(1.03%)	(1.68%)	(1.91%)	1.22%
KAR Allocation Effect	0.00%	0.44%	0.98%	0.70%	(0.57%)	(0.02%)	(0.07%)	(0.32%)	(0.37%)	0.83%

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Highest Contributors

Small Cap Core Portfolio

One Year Ending June 30, 2017



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Investment Management

Security	Contribution	Comments
Autohome	+4.89%	Despite a slowdown in car sales volumes in China, Autohome's most recent quarterly sales results showed robust growth, which speaks to the secular shift of ad budgets from offline to online media. As the new management team rids the company of the new car transaction business, we are seeing the underlying profitability of the core business begin to reemerge. Given Autohome's strong competitive positioning, better capital allocation under new management and the expected long-term growth of the Chinese car market, we remain owners of the business.
CDW	+2.90%	CDW continues to execute at the very highest levels, benefiting from a diversified customer base and its investments in new technologies. As the company grows, these investments in knowledgeable tech experts becomes harder to compete against. Its mix may vacillate between services and hardware, but the company's competitive position is what allows it to drive above-average returns and cash flow. The company is an excellent steward of its capital, using its strong cash flow for dividends and share repurchase.
Primerica	+2.04%	Primerica's shares increased following the election due to investor expectations that the Department of Labor's Fiduciary Standard Rule would be scaled back prior to going into effect next year. However, as of now, no changes have been made to the rule, which has rekindled some investor angst. In addition, Primerica missed analyst estimates in the most recent quarter due to elevated claims expense, which we view to be transitory. We continue to expect Primerica's unique distribution model and good stewardship of capital to result in sustainable long-term earnings growth, so we remain shareholders.

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Lowest Contributors

Small Cap Core Portfolio

One Year Ending June 30, 2017



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Security	Contribution	Comments
Computer Programs and Systems <i>(Sold Q4 2016)</i>	(1.05%)	Computer Programs and Systems has seen its shares be impacted by the lower spend by their customers as the meaningful use mandate begins to subside and competition becomes more pronounced. We believe these issues are more structural in nature and the business could be impaired for the long term, thus we sold our position.
Dril-Quip	(0.68%)	Dril-Quip's shares lagged, driven by continuous weakness in deepwater drilling activity due to depressed crude oil prices. However, our view of the company's long-term market positioning remains intact. We continue to believe that Dril-Quip is better protected—both as a “best of breed,” mission-critical equipment supplier and a low-cost manufacturer. Importantly, Dril-Quip has a long-term track record of disciplined capital allocation (with a focus on organic growth and returning excess cash to shareholders in the form of opportunistic share repurchases), and the company's balance sheet remains pristine with plenty of cash and no debt.
Core Laboratories	(0.52%)	Core Labs' shares lagged due to challenging operating conditions driven by depressed crude oil prices. However, our view of the company's long-term market positioning remains intact. We continue to believe that Core Labs, with its comprehensive portfolio of value-added products, is well-positioned to assist major oil companies in enhancing project economics through improved recovery. Core Labs is recognized as the industry's innovation leader with a number of revolutionary products introduced over the past several months. Importantly, the company remains a strong free-cash-flow generator, returning excess cash to shareholders in the form of cash dividends and share repurchases.

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Purchases

Small Cap Core Portfolio
Quarter Ending June 30, 2017



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Purchases	Descriptions/Reasons
Manhattan Associates –Initiated Position	Manhattan Associates is a vertical provider, focused on complex supply chain and omni-channel solutions. The company helps customers reduce inventory, optimize warehouses operations and drive other supply chain efficiencies.

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Manhattan Associates (MANH)

- Manhattan's clients rely on the software to run their complex supply chain operations. Once the mission-critical software is in place, it becomes the backbone of a client's inventory passage through its supply chain. Changing software providers post-implementation would be both extremely costly as well as highly disruptive to the business.
- Manhattan is the authority on supply chain software. In competing with upstart technology providers, it has a product breadth and reputation that smaller companies cannot match.
- As the company has scaled, Manhattan has been able to steadily improve its profitability. Manhattan carries no inventory and has very modest capital expenditure requirements. As a result, the company has generated free cash flow in excess of net income since 1999.

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Sales

Small Cap Core Portfolio
Quarter Ending June 30, 2017



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Sales

Reasons

The Chefs' Warehouse—Sold Entire Position

We sold our position in The Chefs' Warehouse due to its small market capitalization and our company ownership limit.

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Portfolio Characteristics

Small Cap Core Portfolio – As of June 30, 2017



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	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	28.7%	10.1%
Total Debt/EBITDA	1.5 x	6.0 x
Earnings Variance—Past 10 Years	32.6%	80.0%
Growth		
Earnings Per Share Growth—Past 10 Years	13.4%	6.2%
Dividend Per Share Growth—Past 10 Years	15.1%	4.3%
Capital Generation—{ROE x (1-Payout)}	21.6%	7.7%
Value		
P/E Ratio—Trailing 12 Months	26.8 x	38.5 x
Dividend Yield	0.8%	1.3%
Free Cash Flow Yield†	4.0%	1.8%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$4.6 B	\$2.1 B
Largest Market Cap—4 Qtr. Average	\$8.9 B	\$8.7 B
Annualized Standard Deviation—Since Inception*	15.7%	19.5%

*April 1, 1992

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

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Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics.

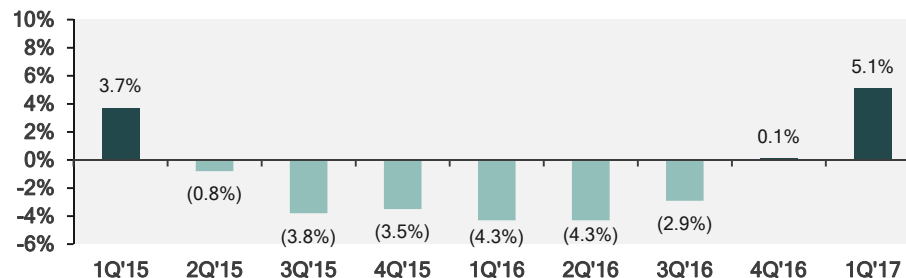
Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

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

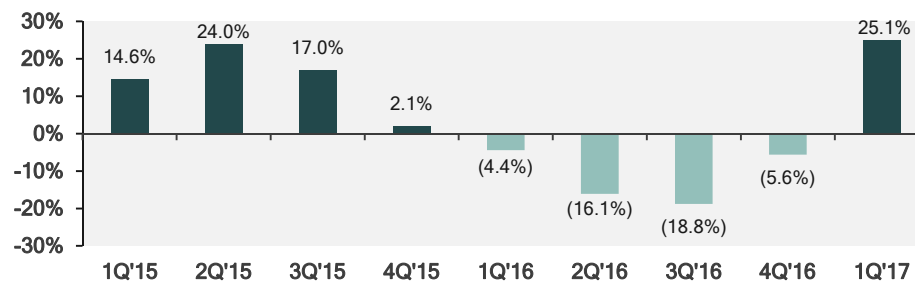
- Corporate earnings and revenue continue to grow in constant currency and companies are maintaining historically high operating margins. Q1 earning per share (EPS) for the S&P 500 was up 13.4%. S&P 500 EPS should improve from low single-digit to mid-to-high single-digit growth over the next 12 to 18 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

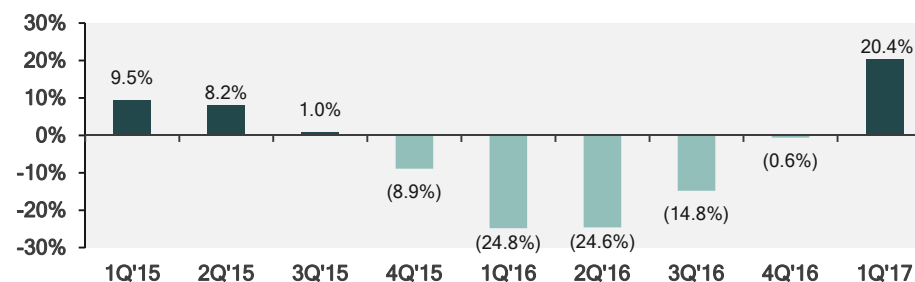
S&P 500® Trailing 12-Month Earnings Growth (Year Over Year)



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



STOXX 600 Trailing 12-Month Earnings Growth (Year Over Year)



Data as of June 30, 2017.

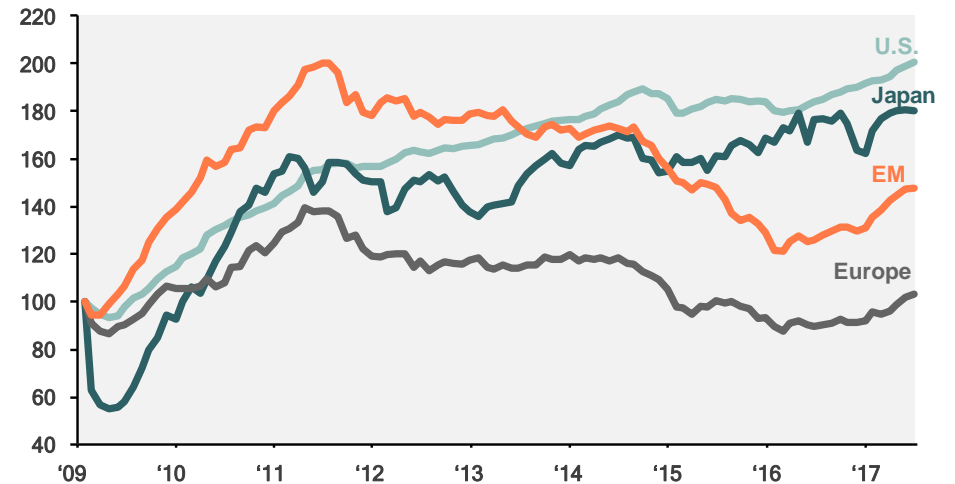
Data is obtained from FactSet Research Systems, Strategas and Bloomberg and is assumed to be reliable. Past performance is no guarantee of future results.

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.

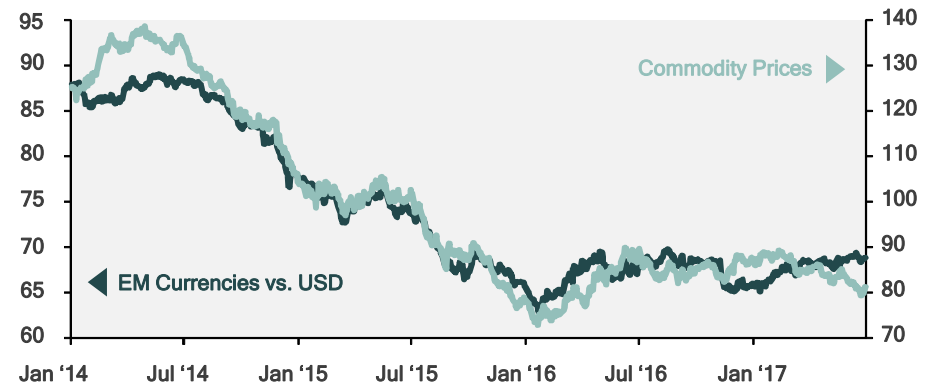
Global Earnings

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.

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.

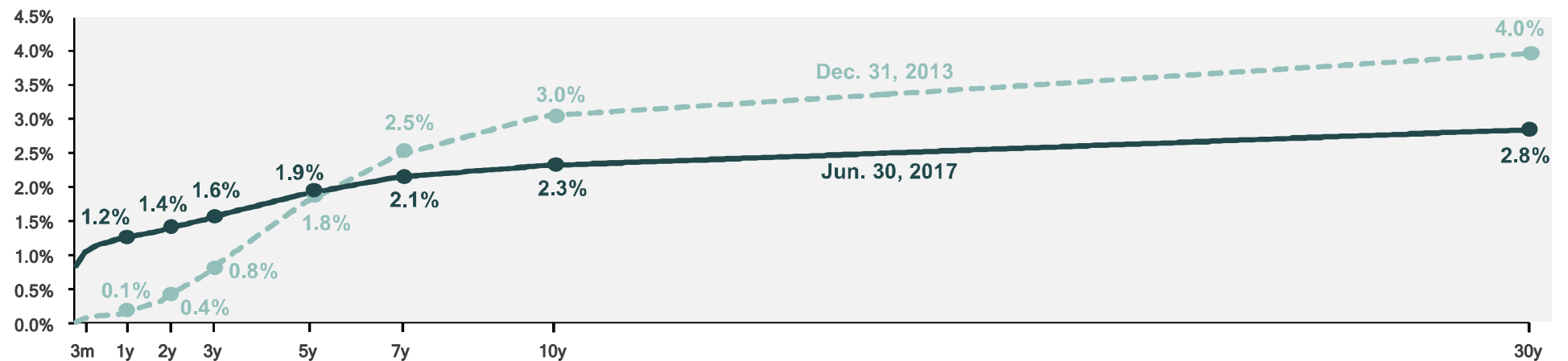
Price of Oil

Brent Crude, Nominal Prices, USD/Barrel



Yield Curve

U.S. Treasury Yield Curve



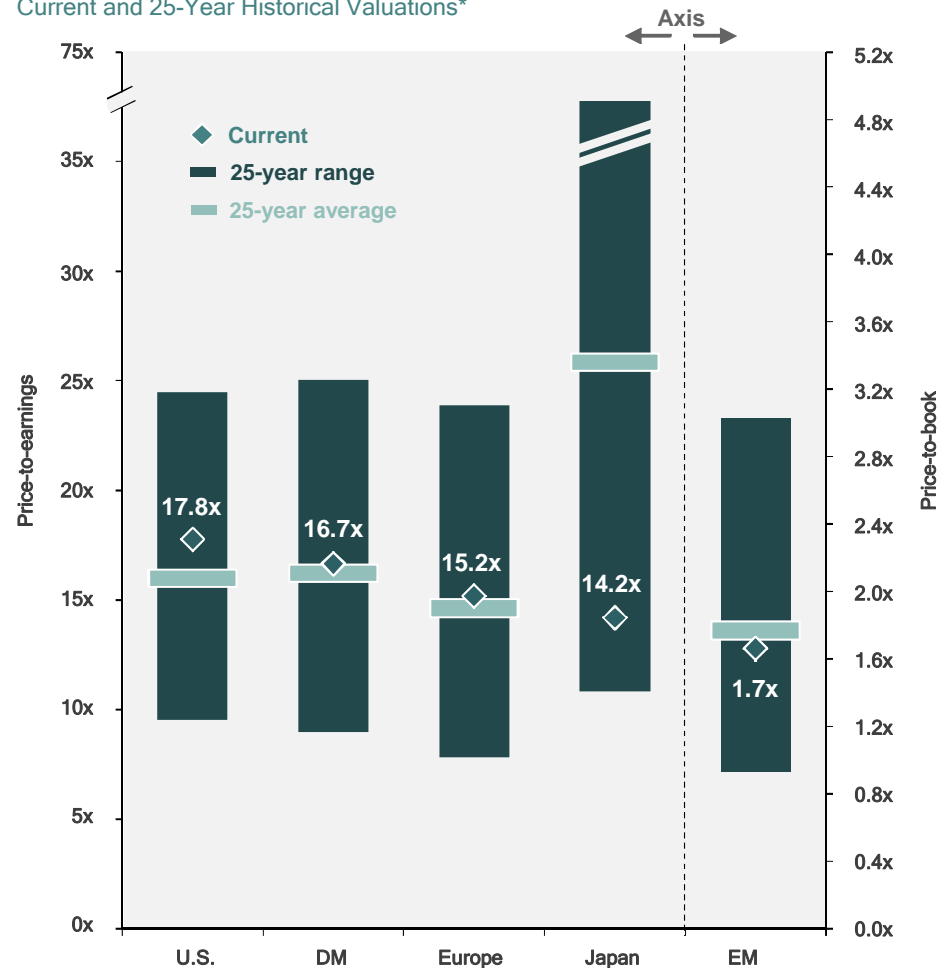
Data as of June 30, 2017.

Brent 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.

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.

- Portfolio Data
- Disclosure

Sector Weights

Small Cap Core Portfolio

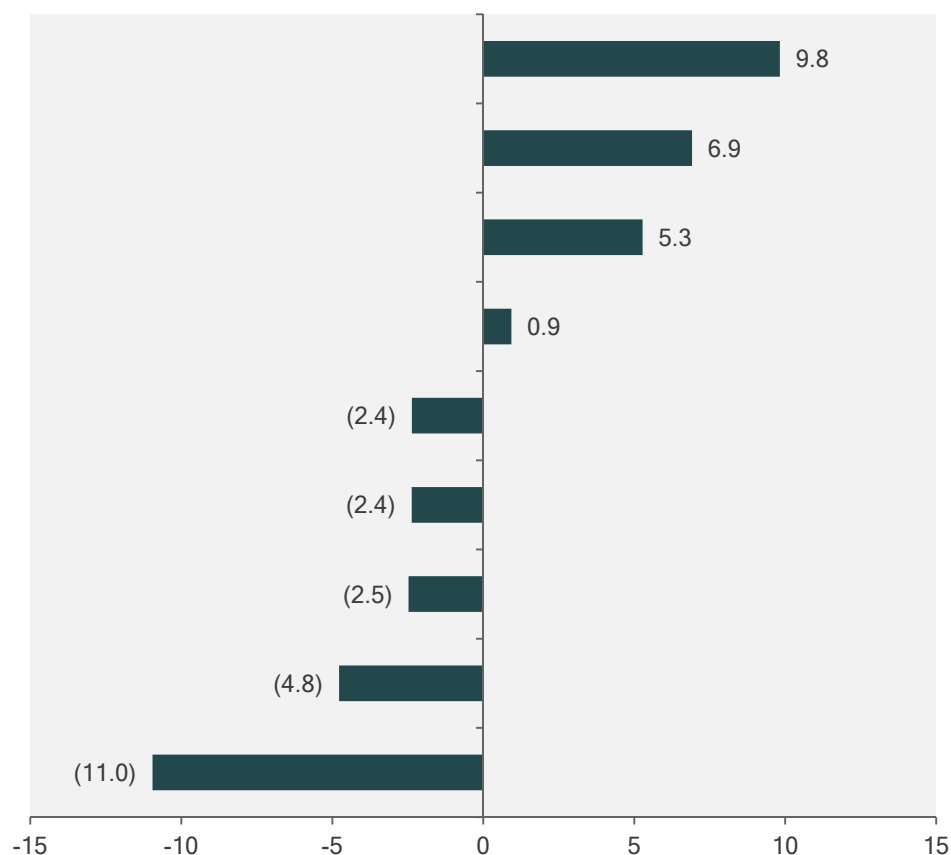
As of June 30, 2017



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Sectors	KAR Small Cap Core (%)	Russell 2000® Index (%)
Producer Durables	23.3	13.5
Consumer Discretionary	20.4	13.5
Technology	19.3	14.1
Energy	4.4	3.5
Materials & Processing	4.7	7.1
Consumer Staples	—	2.4
Financial Services	23.8	26.3
Utilities	—	4.8
Health Care	4.0	14.9

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Core Portfolio
As of June 30, 2017



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Top 10 Holdings	Russell Sector	% of Portfolio
Autohome	Technology	7.7
CDW	Technology	6.1
Primerica	Financial Services	5.6
WABCO Holdings	Consumer Discretionary	5.2
Copart	Producer Durables	5.1
Old Dominion Freight Line	Producer Durables	4.9
Teledyne Technologies	Producer Durables	4.8
Fox Factory Holding	Consumer Discretionary	4.1
MarketAxess Holdings	Financial Services	4.1
HFF	Financial Services	4.1
Total		51.5

Research confidence leads to large active weights

	KAR Small Cap Core	Russell 2000® Index
# of Holdings	28	2,010
Average Position Size (%)	3.6	0.05
Weight of Top Ten Holdings (%)	51.5	2.3
Active Share (%)	98.9	—

The strategy benefits from diversification while still taking significant active positions

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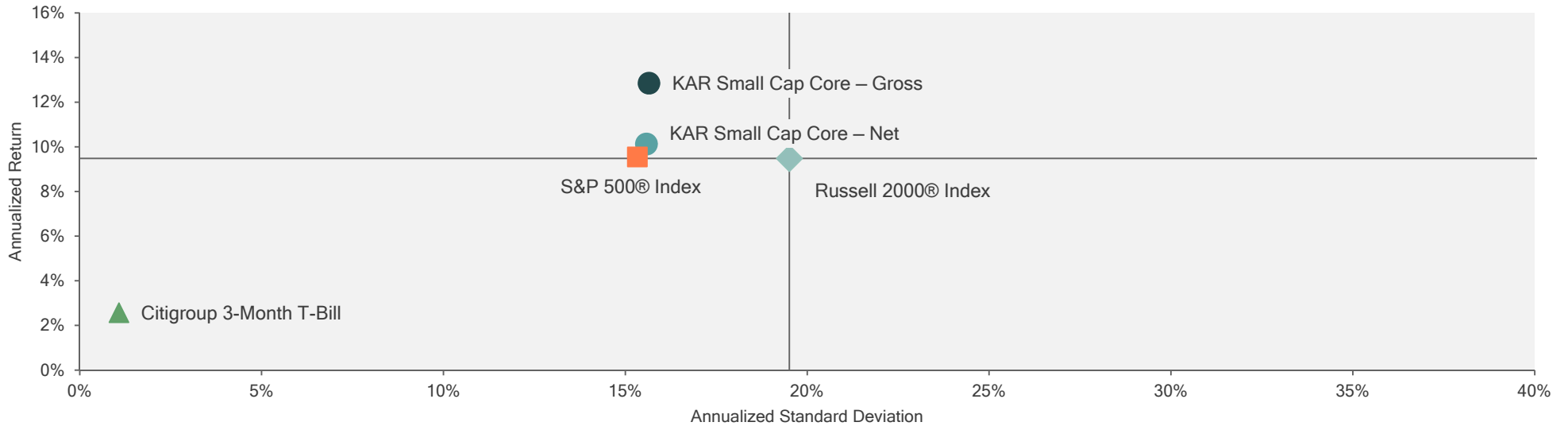
Strong Risk-Adjusted Returns

Small Cap Core Portfolio
Inception* to June 30, 2017



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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 Small Cap Core	4.85	0.66	15.65	11.66	0.72	8.66
Russell 2000® Index	0.00	0.36	19.51	14.53	1.00	0.00

*April 1, 1992

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Peer Comparison

Small Cap Core Portfolio

Ten Years Ending June 30, 2017



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Investment Management



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The Small Cap Core Universe includes all managers categorized in the small cap core asset class by eVestment.

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. Management fees are described in Part II of our form ADV, which is available upon request. Gross annual returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Net annual returns have been calculated after the deduction of an assumed maximum annual fee of 3%. The effect of fees on performance would grow at a compounded rate. Over a five-year period, if a \$100,000 portfolio had an annual return of 10%, it would grow to \$161,051. The net compounded effect of a 3% annual investment management fee would total \$20,796 and result in a portfolio value of \$140,255.

Returns

Small Cap Core Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 6/30/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Second Quarter	6.86	6.08	2.46	440
Year to Date	13.22	11.57	4.99	823
1 Year	24.23	20.62	24.60	(37)
3 Years	13.20	10.67	7.36	584
5 Years	14.92	12.61	13.70	122
7 Years	16.84	14.61	14.35	249
10 Years	10.63	8.59	6.92	371
Since Inception*	12.85	10.13	9.48	337

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	18.55	15.09	21.31	(275)
2015	2.09	0.51	(4.41)	650
2014	7.31	5.57	4.89	241
2013	30.89	28.76	38.82	(793)
2012	13.75	11.80	16.35	(260)
2011	9.64	7.75	(4.18)	1382
2010	24.83	22.56	26.85	(203)
2009	31.80	29.72	27.17	463
2008	(28.15)	(29.36)	(33.79)	563
2007	3.25	1.71	(1.57)	481
2006	13.46	11.87	18.37	(491)
2005	7.87	4.63	4.55	331
2004	23.07	19.42	18.33	474
2003	35.02	31.19	47.25	(1223)
2002	(13.73)	(16.34)	(20.48)	675
2001	6.82	3.74	2.49	434
2000	20.98	17.42	(3.02)	2400
1999	7.02	3.93	21.26	(1423)
1998	20.98	17.42	(2.55)	2353
1997	21.00	17.45	22.36	(136)
1996	26.98	23.22	16.49	1049
1995	18.57	15.07	28.45	(988)
1994	2.75	(0.26)	(1.82)	457
1993	20.00	16.54	18.88	112
1992†	9.65	7.25	10.16	(50)

*April 1, 1992

†Performance calculations are for the nine months ended December 31, 1992.

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

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

Small 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 Small Cap Core Wrap Composite has been examined for the period from January 1, 1999 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 fully discretionary Small Cap Core Wrap Portfolios. Small Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® 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 2000® Index. The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 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 October 1995. 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 exceed 25% of the account's beginning of period market value, were temporarily removed from the composite. Prior to January 1, 2011, 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 1/4th 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 of the composite 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.

December 31	3-Yr Annualized Standard Deviation (%)	
	Composite	Benchmark
2012	15.37	20.48
2013	11.96	16.68
2014	9.77	13.31
2015	11.15	14.16
2016	12.19	15.99

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 2000® Index Annual Return (%)	Internal Dispersion
2007	5,392	847	100%	39	3.25	1.71	(1.57)	0.21
2008	3,445	469	100%	49	(28.15)	(29.36)	(33.79)	0.42
2009	4,010	565	100%	54	31.80	29.72	27.17	0.71
2010	4,729	659	100%	67	24.83	22.56	26.85	0.71
2011	5,232	846	100%	70	9.64	7.75	(4.18)	0.51
2012	6,545	1,073	100%	71	13.75	11.80	16.35	0.31
2013	7,841	1,336	100%	67	30.89	28.76	38.82	0.45
2014	7,989	1,294	100%	70	7.31	5.57	4.89	0.27
2015	8,095	1,023	100%	55	2.09	0.51	(4.41)	0.38
2016	9,989	1,222	100%	74	18.55	15.09	21.31	0.91

*Pure gross returns are supplemental to net returns.

The Russell 2000® Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.