Kayne Anderson Rudnick
Investment Management

Small Cap Quality Value Portfolio
Managed Accounts
Fourth Quarter 2018 Review

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Firm Overview
As of December 31, 2018

Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- 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	$22.8 billion
Number of Equity Investment Professionals	16
Average Investment Experience	14 Years

Disciplined Investment Approach

Investment Philosophy & Objectives

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

Tenets of Quality

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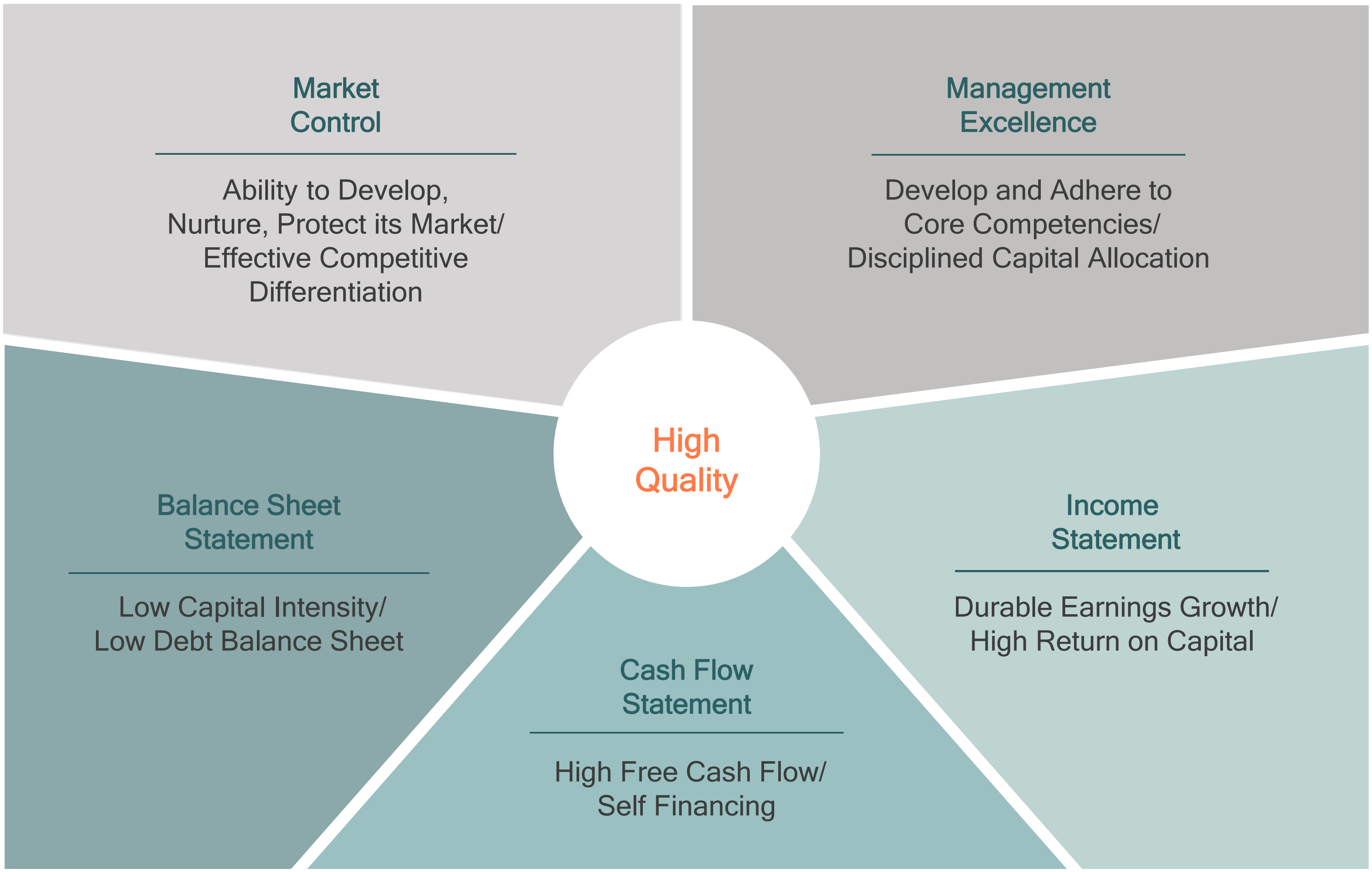

How Are We Different?

We Manage Risk and Generate Returns Differently

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	CLASSIC APPROACH*	KAR APPROACH
RISK	stock portfolio 75 1% to 2% positions 7 years of negative returns since 1998 No stock can help or hurt more than 2%	stock portfolio 20-35 3% to 10% positions in high-quality companies Minimal business risk Minimal balance sheet risk Minimal profit risk 4 years of negative returns since 1998
RETURNS	Average companies producing average returns on capital	Exceptional companies producing exceptional returns on capital
	Buying cheap and selling dear required for above-average portfolio returns	Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time
	6 months average holding period	36 to 60 months average holding period, but often longer
	High frictional costs due to RAPID trading	Low frictional costs due to LESS trading
	Poor tax efficiency due to short holding periods	Inherent tax efficiency

The Classic Approach is based upon competitors with 75 holdings or more. The observations are generalized and do not represent any specific competitor's investment approach.

Past performance is no guarantee of future results.

Small Cap Quality Value Team

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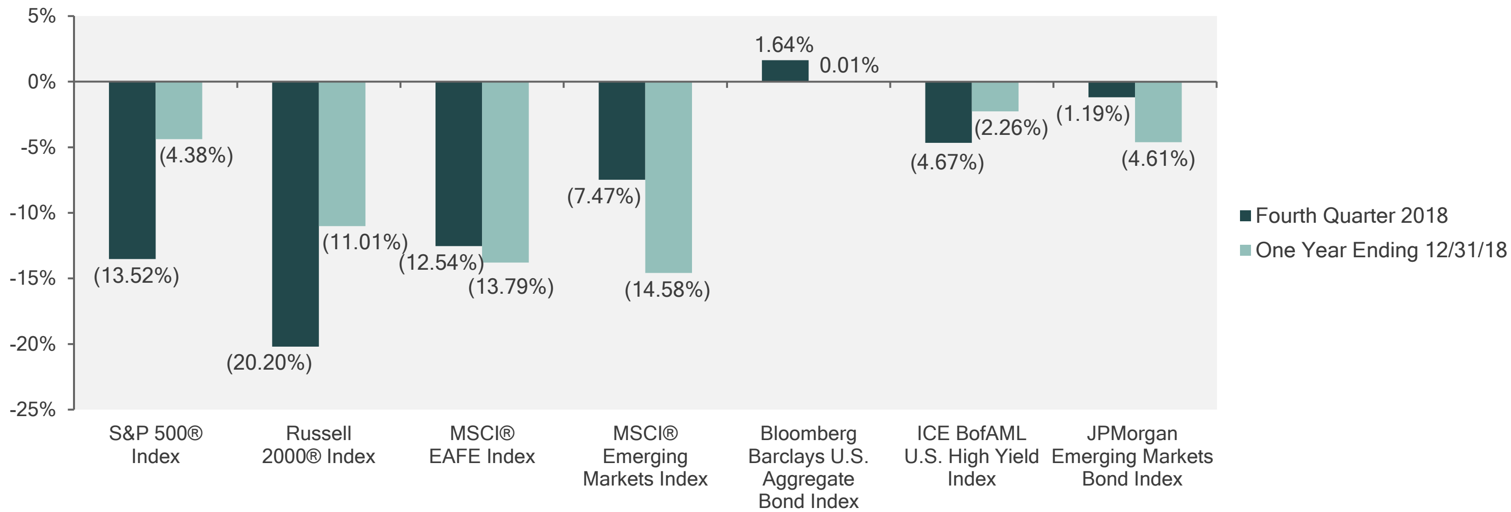
Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	32 Years	7 Years
Julie Kutasov	Portfolio Manager & Senior Research Analyst Sector Coverage: Materials and Processing	17 Years	17 Years
Craig Stone	Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables	29 Years	18 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Energy and Consumer Discretionary	19 Years	16 Years
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Technology	10 Years	5 Years
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care	23 Years	17 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials	6 Years	6 Years
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Producer Durables	9 Years	<1 Year
Adam Xiao , CFA	Research Analyst Sector Coverage: Consumer Staples, Financials and Producer Durables	3 Years	<1 Year
Jordan Greenhouse	Portfolio Specialist	21 Years†	2 Years

†Represents years of industry experience.

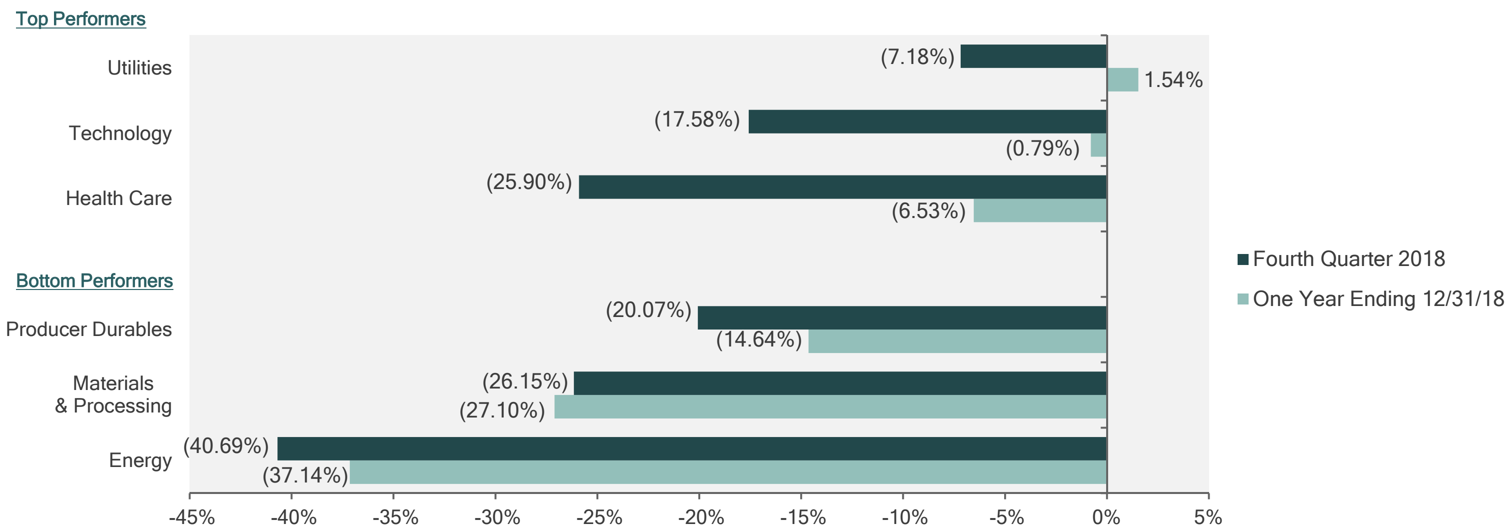
Market Review

Index Performance



Sector Performance

Russell 2000® Index



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Market Review

Performance by Style and Quality

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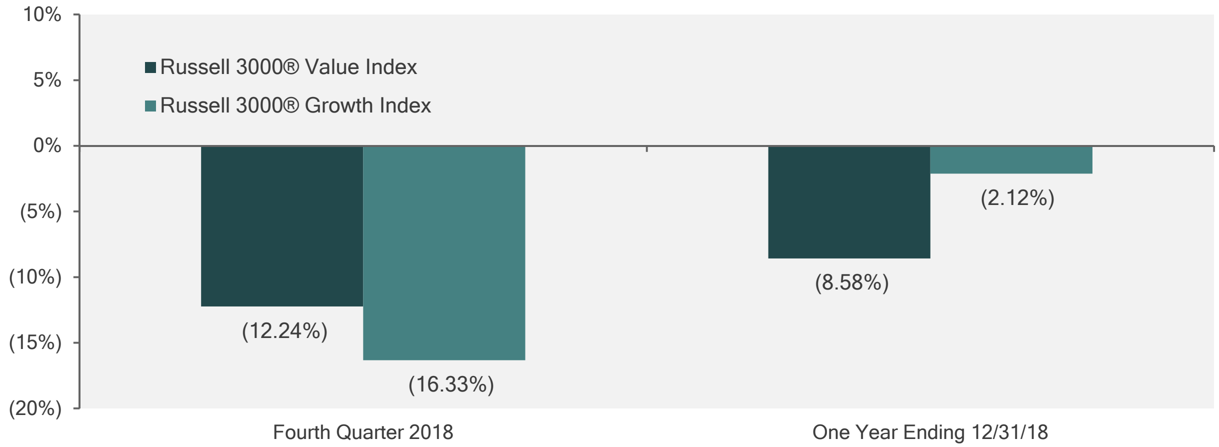
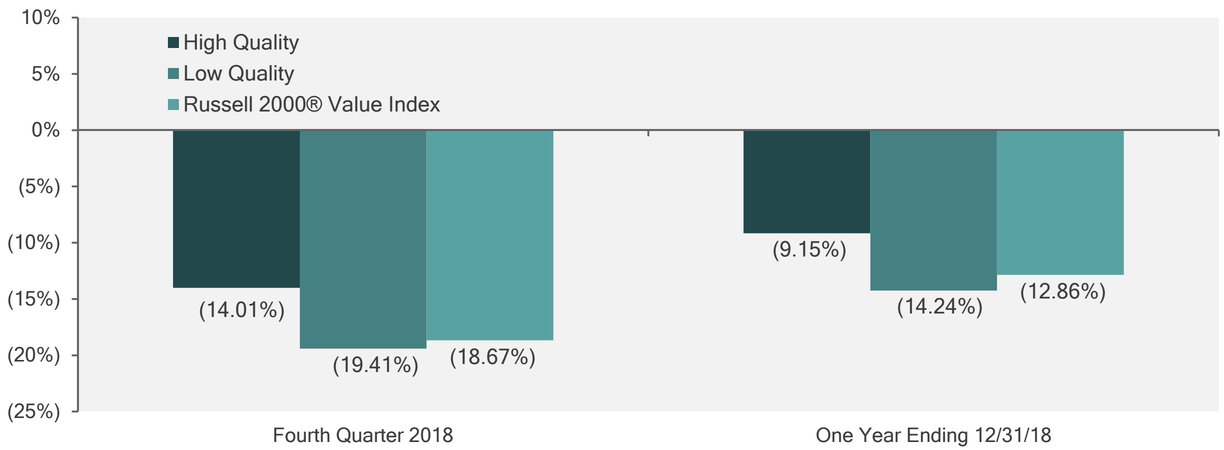
Performance by Style

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



Performance by Quality

Russell 2000® Value Index



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High Quality is defined as all stocks with an S&P Quality Ranking of B+ and above. Low Quality is defined as all stocks with an S&P Quality Ranking of B and below.

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Quarterly Performance Overview

Small Cap Quality Value Portfolio
Periods Ending December 31, 2018

Kayne Anderson Rudnick Investment Management

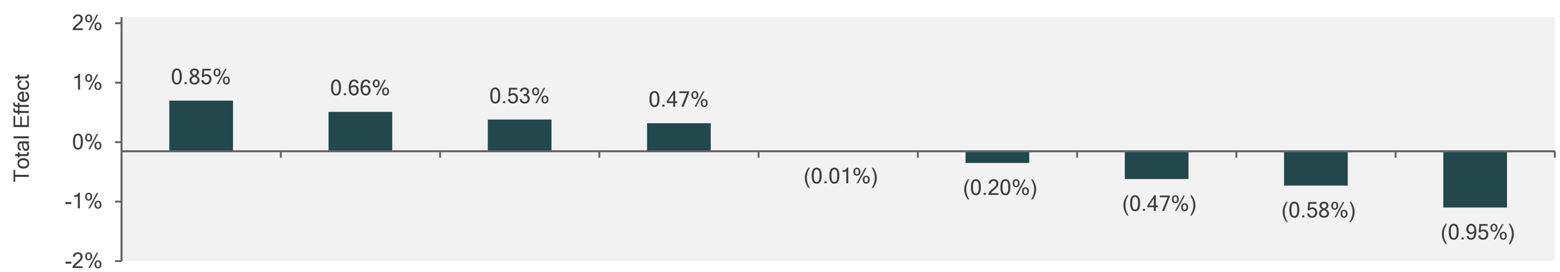
Monthly, Quarterly and Year to Date Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
October	(9.39)	(9.64)	(8.95)	(44)
November	2.25	2.00	1.61	64
December	(11.31)	(11.56)	(12.09)	78
Fourth Quarter	(17.83)	(18.58)	(18.67)	84

Contributors

Highest	Contribution
WD-40	+0.24%
Cass Information Systems	(0.07%)
First Financial Bankshares	(0.08%)
Lowest	**Contribution**
Core Laboratories	(1.99%)
National Beverage	(1.74%)
SiteOne Landscape Supply	(1.27%)

Attribution by Sector
Quarter Ending December 31, 2018



	Producer Durables	Materials & Processing	Health Care	Energy	Financial Services	Consumer Staples	Consumer Discretionary	Technology	Utilities	Total Effect
Russell 2000® Value Returns	(18.69%)	(27.71%)	(29.49%)	(40.73%)	(15.45%)	(17.49%)	(17.90%)	(14.77%)	(4.93%)	(18.67%)
KAR Returns	(12.91%)	(17.69%)	(20.32%)	(48.22%)	(15.33%)	(20.74%)	(19.90%)	(21.77%)	0.00%	(17.83%)
KAR Selection Effect	0.84%	1.42%	0.28%	(0.45%)	0.12%	(0.23%)	(0.56%)	(0.31%)	0.00%	1.11%
KAR Allocation Effect	0.01%	(0.76%)	0.26%	0.92%	(0.12%)	0.03%	0.09%	(0.27%)	(0.95%)	(0.79%)

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Attribution data is based upon a representative portfolio. Individual results may vary.

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

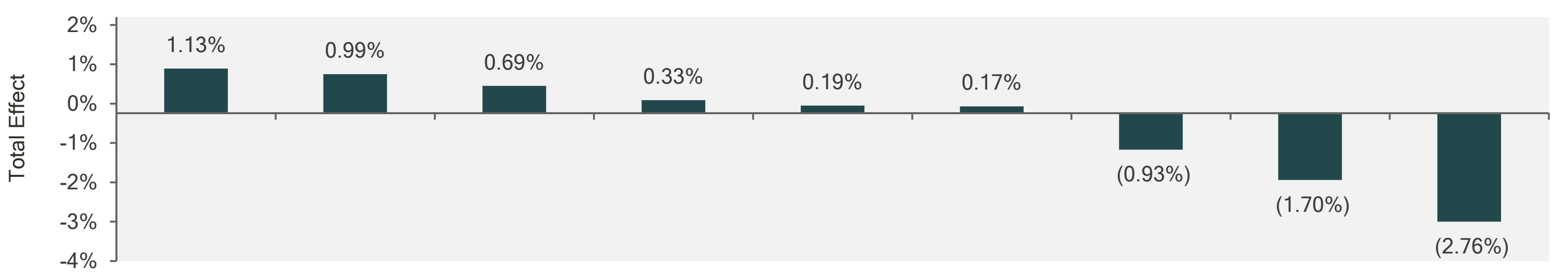
Small Cap Quality Value Portfolio
Periods Ending December 31, 2018

Kayne Anderson Rudnick
Investment Management

Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
First Quarter 2018	(1.92)	(2.67)	(2.64)	72
Second Quarter 2018	1.86	1.11	8.30	(644)
Third Quarter 2018	4.59	3.84	1.60	298
Fourth Quarter 2018	(17.83)	(18.58)	(18.67)	84
1 Year Ending 12/31/18	(14.14)	(16.79)	(12.86)	(127)

Attribution by Sector
One Year Ending December 31, 2018



	Consumer Staples	Producer Durables	Financial Services	Energy	Technology	Materials & Processing	Utilities	Health Care	Consumer Discretionary	Total Effect
Russell 2000® Value Returns	(23.36%)	(11.35%)	(10.88%)	(35.37%)	(10.15%)	(27.38%)	2.87%	(11.50%)	(10.88%)	(12.86%)
KAR Returns	1.80%	(4.22%)	(8.38%)	(44.49%)	(5.42%)	(18.80%)	0.00%	(44.61%)	(24.15%)	(14.14%)
KAR Selection Effect	1.58%	0.91%	0.74%	(0.53%)	0.45%	1.15%	0.00%	(1.83%)	(2.92%)	(0.45%)
KAR Allocation Effect	(0.45%)	0.07%	(0.05%)	0.87%	(0.26%)	(0.98%)	(0.93%)	0.13%	0.16%	(1.42%)

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Highest Contributors

Small Cap Quality Value Portfolio
One Year Ending December 31, 2018

Kayne Anderson Rudnick
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Security	Contribution	Comments
WD-40	+1.03%	Throughout 2018, WD-40 reported strong operating results with sales growth and relatively stable profitability, despite significant inflation in raw materials costs. The company made advances in both mix and price by promoting its Specialist line targeted toward industrial-grade users of the company's flagship product. We believe that WD-40 is well positioned to continue to grow by leveraging its highly recognizable brand in introducing new products and driving international expansion.
First Financial Bankshares	+0.62%	First Financial shares held up well throughout the year despite the broader market volatility as the company continued to report steady earnings growth with pristine credit quality. We believe First Financial will remain an outlier amongst peers with its better credit quality and operating efficiency.
Cass Information Systems	+0.35%	Cass' results over the past year have benefited from the uptick in domestic trucking activity in which both the cost and the number of shipments have increased. Cass is paid both on the number and size of the invoices it processes, so the current environment remains favorable. In addition, as interest rates rise, the company will earn additional income on the funds held within its banking subsidiary. Given the favorable operating environment and Cass' entrenched position as the largest trucking invoice processor, we remain owners of the business.

Lowest Contributors

Small Cap Quality Value Portfolio
One Year Ending December 31, 2018

Kayne Anderson Rudnick
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Security	Contribution	Comments
Thor Industries	(3.01%)	Thor shares have come under pressure recently due to industry fears of a top in the current RV cycle. Industry participants point to both increased inventories at dealers and reduced volume of unit sales from OEMs. In the recent quarter, Thor's revenues, as well as its towable and motorized product order backlog, decreased by double-digit percentages. Thor has added manufacturing capacity over its recent history, and this is likely to influence ordering patterns from dealers as Thor possess the capacity to more aptly respond to demand. While Thor does operate in a cyclical industry, the competitive dynamics and positioning of the company remain intact.
Scotts Miracle-Gro	(1.83%)	The Scotts Miracle-Gro share price has declined due to a historically late lawn-and-garden season, which impacted the core U.S. consumer segment. California's new cannabis licensing laws also impacted the company's hydroponic segment by temporarily disrupting the cannabis-grower customers. We see both events as one-time in nature and view the company's brand and distribution advantages as intact. Therefore we remain shareholders.
Core Laboratories	(1.73%)	The decline in oil prices has muted international and offshore drilling activity, which has hurt Core Lab's current results and near-term outlook.

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A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. Kayne Anderson Rudnick has chosen to review the securities in this document based upon objective criteria. It should not be assumed that securities recommended in the future will be profitable. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Purchases

Small Cap Quality Value Portfolio
Quarter Ending December 31, 2018

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Purchases	Descriptions/Reasons
SiteOne Landscape –Increased Position	Since our trim of SiteOne earlier this year, its stock price has declined nearly 20%. Investors are worried about higher interest rates and the effect on housing sales and prices along with a potential change in the number of H-2B visas allowed. One sell-side report estimates that the landscaping industry utilizes nearly 40% of all H-2B visas granted yearly. We believe these issues are transitory and do not affect the structural advantages for SiteOne.
Watsco –Increased Position	Watsco has seen its shares underperform relative to its peers over the past 18 months. Part of the reason has been higher spending by the company on technology development to make it easier for its contractor customers to research, bid, and order parts and equipment online from Watsco. While some of the spending may not immediately translate to revenues, no other distributor has this capability to assist the contractors, which over the long-term should lead to goodwill and higher spending from contractors with Watsco. As a result of all the extra technology spending, current earnings are suppressed. But as the spending starts to wane over the next year, earnings and margins could move higher.
Scott's Miracle-Gro –Increased Position	2018 so far has been a perfect storm, hitting the business with a historically late lawn-and-garden season, impacting sales in its core U.S. consumer business, while the debacle stemming from California's regulatory licensing issue compounded the company's earnings results. We do not believe that Scott's has lost any market share or its competitive position in its consumer retail business. In fact, the company was able to push price increases through its channel to offset freight and commodity price increases. Hawthorne, its hydroponic division, is expected to see a return to positive organic growth in 2019 as the regulatory issues begin to dissipate. With the stock continuing to trade at very attractive levels due to the above issues as well as general market declines, we took our position back up to an overweight.

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Sales

Small Cap Quality Value Portfolio
Quarter Ending December 31, 2018

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Sales	Reasons
Jack Henry & Associates –Trimmed Position	Shares of Jack Henry have performed strongly supported by the company's solid revenue growth and margin expansion. Importantly, technology spending by community banks and credit unions remains strong, and Jack Henry continues to benefit from solid growth in complementary products and services. While we continue to admire Jack Henry's business model and market positioning, with the company's shares up by more than 30% year to date through 10/23/18 (vs. the Russell 2000 Value Index benchmark's slightly negative performance) trading at nearly 42 times trailing-12-months earnings, and with the company's market cap having risen to nearly $12 billion, we believe this is an opportune time to reduce our position in the stock to a smaller weight.

Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Small Cap Quality Value Portfolio – As of December 31, 2018

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	KAR Small Cap Quality Value	Russell 2000® Value Index
Quality		
Return on Equity–Past 5 Years	22.0%	8.1%
Total Debt/EBITDA	1.8 x	5.5 x
Earnings Variability–Past 10 Years	20.2%	79.0%
Growth		
Earnings Per Share Growth–Past 5 Years	8.5%	6.7%
Earnings Per Share Growth–Past 10 Years	11.4%	6.9%
Dividend Per Share Growth–Past 5 Years	7.9%	5.8%
Dividend Per Share Growth–Past 10 Years	11.3%	5.1%
Capital Generation–{ROE x (1-Payout)}	11.9%	5.5%
Value		
P/E Ratio–Trailing 12 Months	19.5 x	19.3 x
Dividend Yield	2.2%	2.4%
Free Cash Flow Yield†	5.0%	2.8%
Market Characteristics		
$ Weighted Average Market Cap–3-Year Average	$3.2 B	$1.9 B
Largest Market Cap–3-Year Average	$8.6 B	$4.9 B
Annualized Standard Deviation–Since Inception*	16.1%	18.2%

In a market of average businesses, we seek to 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 seek to own companies producing self-funded strong, consistent growth sustainable into the future.

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

**June 1, 1998*

†Free cash flow data is as of September 30, 2018. Prices are as of December 31, 2018. Excludes financials.

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Market Outlook

U.S. Economy

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The U.S. economy will likely decelerate into 2019. International economies have decelerated, and may stabilize in late 2019.

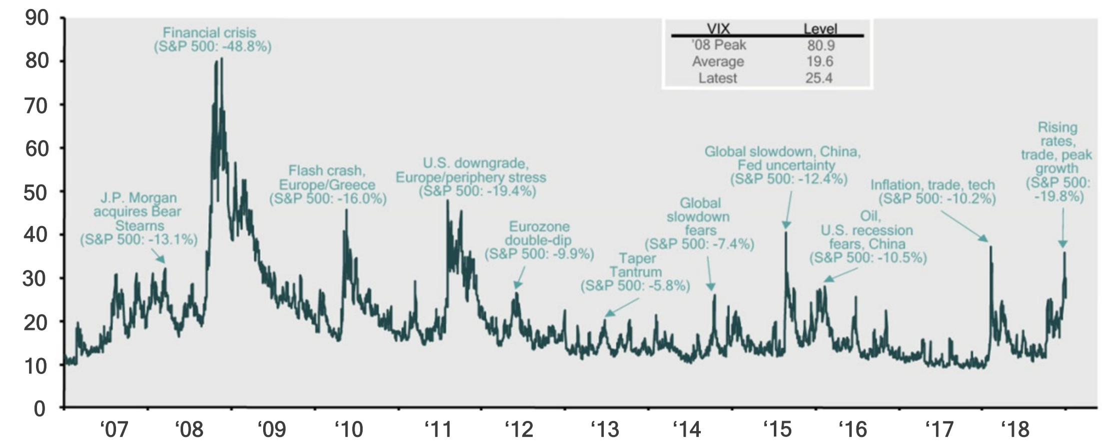
- U.S. 2018 growth should come in the 3.0% to 3.5% GDP range. We believe U.S. 2019 growth will slow down to the 1.5% to 2.5% range.
- The yield curve flattening will make any future rate increases harder to attain for the Federal Reserve. Fed funds futures are assuming no rate increases in 2019.
- Corporate earnings should be able to grow in the mid- to single-digit range for 2019 despite slower growth.
- Recession doesn't seem probable in the near future unless trade and Federal Reserve mistakes occur.
- Volatility is rising from extremely low levels and is likely to continue in a slowing global growth environment.
- Innovation and disruption is continuing at a breathtaking pace in the U.S. in a variety of industries, creating clear winners and losers in many industries. Stock picking is key.
- Tax reform is undoubtedly a positive for corporate America, but the impact may be more uneven by industry/company than many analysts are assuming. Merger and acquisition activity has been picking up since the announced changes.

U.S. Yield Curve Steepness

Short-Term Yield Versus Long-Term Yield Spread*

CBOE Market Volatility Index (VIX)

Index level



Data as of December 31, 2018.

**From January 1962 to May 1976 short-term bond is U.S. 1-year bond. Short-dated bond is 2-year from June 1976. Time to recession is calculated as the time between the final sustained inversion of the yield curve prior to recession, and the onset of recession.*

Stock market returns are based on calendar year peak to trough declines experienced during VIX spike, except for J.P. Morgan acquires Bear Stearns, which is based on the calendar year peak to the acquisition date. Average is based on the period shown from 12/31/2006 to 12/31/2018.

Data is obtained from is obtained from CBOE, FactSet Research Systems, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

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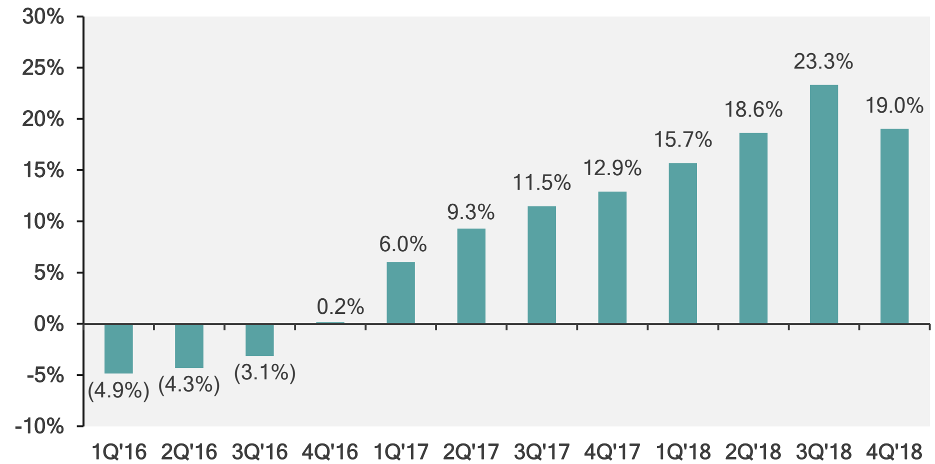
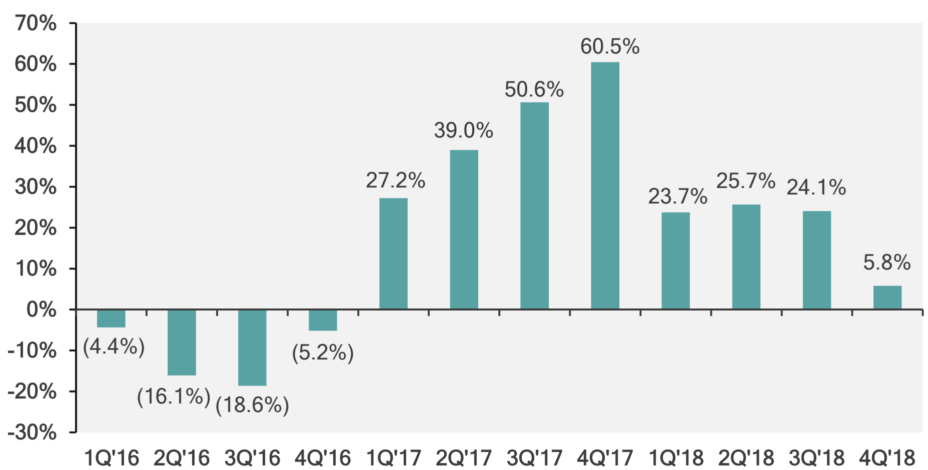
Global growth prospects did not improve as much as expected in 2018 primarily due to trade conflicts.

- Europe and Emerging Markets economies weakened in 2018, but trade resolution could help stabilize these growth rates.
- Trade talks with China are finally starting to show some progress, but a full resolution is needed. China's growth has clearly been hampered by trade concerns but the U.S. is not immune either. Emerging markets and international stocks have been hit hard by trade concerns.
- Global inflation expectations are still very benign, and this gives central banks the opportunity to "wait and see" on short-term rates. Global competition, oil prices and modest wage growth are the key drivers behind this longer-term.

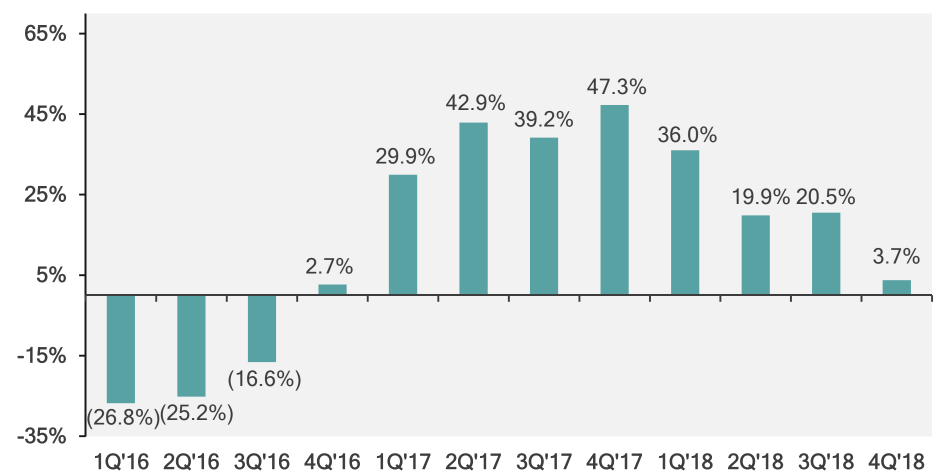
S&P 500® Trailing 12-Month Earnings Growth (Year Over Year)



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



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



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Market Outlook

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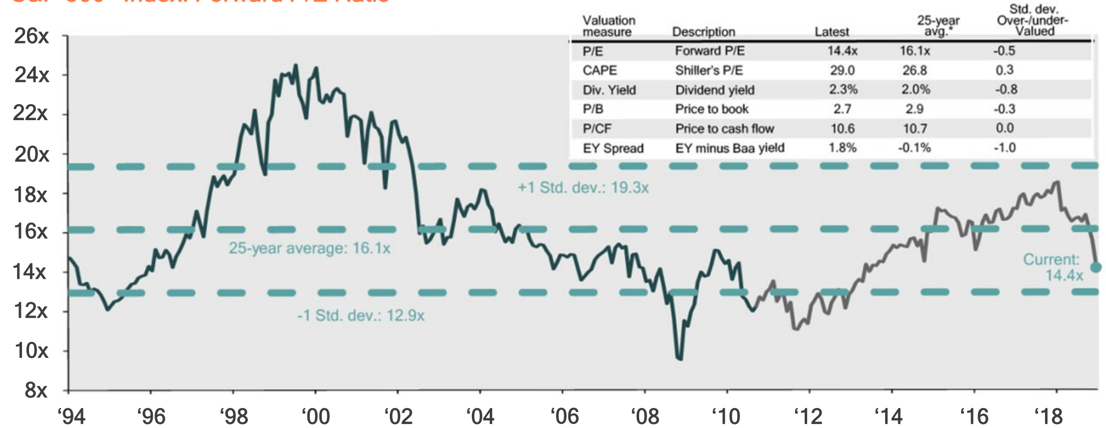
We continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and particularly relative to fixed income.

- There is potential for P/E ratios to improve slightly from current levels. Corporate earnings grew 19% in the U.S. last year with negative equity returns.
- Equity valuations remain reasonable by historic measures, both on absolute levels but particularly relative to interest rates.
- Foreign markets are a risk for U.S. EPS growth rates, particularly for large multinationals, but trade concerns may improve in 2019.
- With favorable corporate cash flow, investors are being rewarded with increased share buybacks, dividends and acquisitions.
- Corporate profit margins are still being maintained at very high historical levels, despite a much tighter labor market. Wage growth is still reasonable.
- Due to tax reform, we believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets which will pass on these savings to their customers eventually.
- 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. Volatility will likely pick up, but we believe the longer term outlook is still favorable.

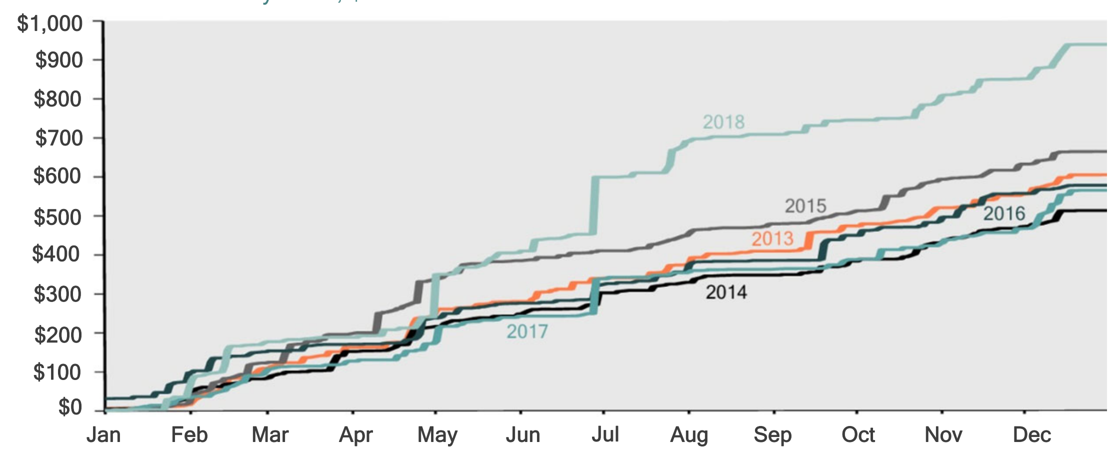
S&P 500® Index: Forward P/E Ratio



Valuation measure	Description	Latest	25-year avg.*	Std. dev. Over-/under-Valued
P/E	Forward P/E	14.4x	16.1x	-0.5
CAPE	Shiller's P/E	29.0	26.8	0.3
Div. Yield	Dividend yield	2.3%	2.0%	-0.8
P/B	Price to book	2.7	2.9	-0.3
P/CF	Price to cash flow	10.6	10.7	0.0
EY Spread	EY minus Baa yield	1.8%	-0.1%	-1.0

S&P 500® Announced Buybacks

Value of Announced Buybacks, $bn



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Data is obtained from Bloomberg, FactSet Research Systems, FRB, Robert Shiller, Standard & Poor's, Thomson Reuters, Compustat and J.P. Morgan and is assumed to be reliable.

*Price to earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since December 1993, and FactSet for December 31, 2018. Average P/E and standard deviations are calculated using 25 years of IBES history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. Price to book ratio is the price divided by book value per share. Price to cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 25 years for each measure. *P/CF is a 20-year average due to cash flow data availability. Buybacks are based on company announcements year to date. Past performance is no guarantee of future results.*

Appendix

Kayne Anderson Rudnick Investment Management

- Portfolio Data
- Disclosure

Sector Weights

Small Cap Quality Value Portfolio
As of December 31, 2018

Kayne Anderson Rudnick
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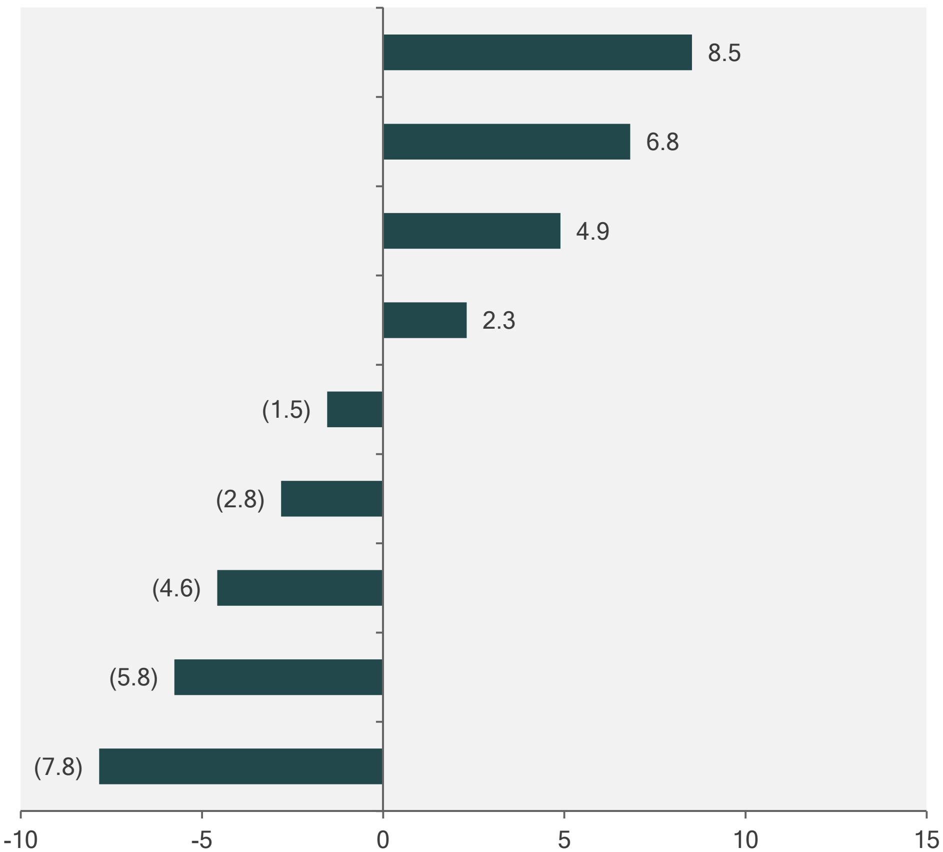
Sectors	KAR Small Cap Quality Value (%)	Russell 2000® Value Index (%)
Materials & Processing	13.8	5.3
Consumer Discretionary	19.0	12.2
Consumer Staples	7.2	2.3
Producer Durables	13.6	11.3
Health Care	2.6	4.1
Energy	2.5	5.3
Financial Services	36.8	41.4
Technology	4.4	10.2
Utilities	–	7.8

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Quality Value Portfolio
As of December 31, 2018

Kayne Anderson Rudnick
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Top 10 Holdings	Russell Sector	% of Portfolio
MGM Growth Properties	Financial Services	5.3
RBC Bearings	Materials & Processing	5.2
Cheesecake Factory	Consumer Discretionary	4.9
SiteOne Landscape Supply	Consumer Discretionary	4.7
Scotts Miracle-Gro	Materials & Processing	4.6
Badger Meter	Producer Durables	4.4
Cass Information Systems	Financial Services	4.1
Watsco	Materials & Processing	4.0
Primerica	Financial Services	4.0
Cinemark Holdings	Consumer Discretionary	3.8
Total		44.9

Research confidence leads to large active weights

	KAR Small Cap Quality Value	Russell 2000® Value Index
# of Holdings	29	1,387
Average Position Size (%)	3.4	0.1
Weight of Top Ten Holdings (%)	44.9	4.7
Active Share (%)	99.6	–

The strategy benefits from diversification while still taking significant active positions

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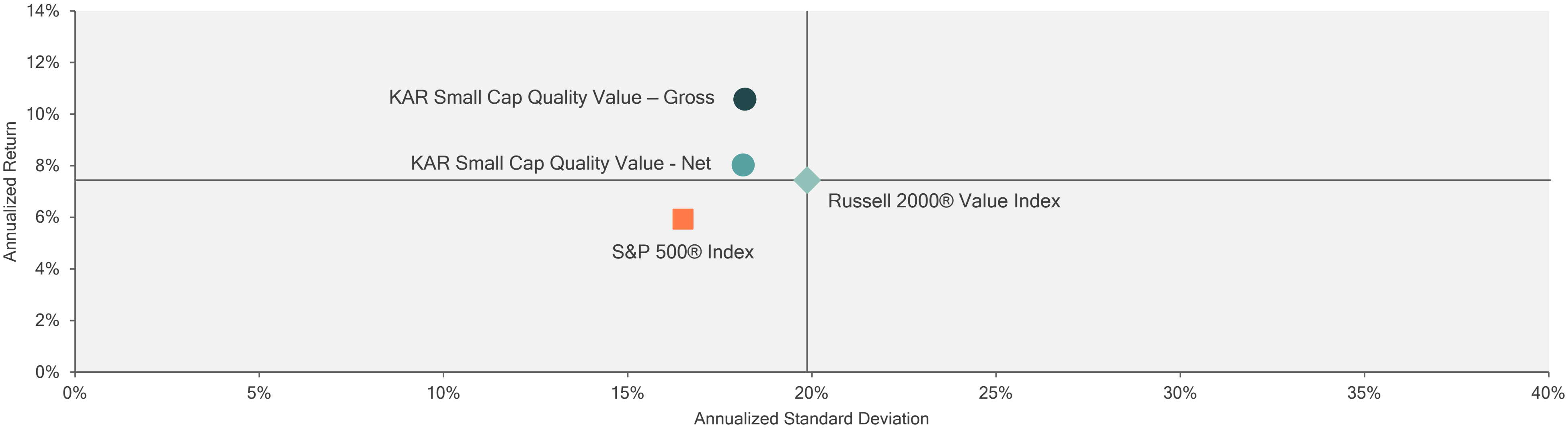
A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual investors' holdings may differ slightly. The sector information represented above is based on Russell sector classifications. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.

Strong Risk-Adjusted Returns

Small Cap Quality Value Portfolio
Inception* to December 31, 2018

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 Small Cap Quality Value	3.92	0.48	18.18	13.20	0.82	8.71
Russell 2000® Value Index	0.00	0.28	19.87	15.09	1.00	0.00

**Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.*

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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
Small Cap Quality Value Portfolio

Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 12/31/18	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Fourth Quarter	(17.83)	(18.58)	(18.67)	84
1 Year	(14.14)	(16.79)	(12.86)	(127)
3 Years	9.04	5.80	7.37	166
5 Years	5.80	3.24	3.61	219
7 Years	10.73	8.33	9.57	116
10 Years	13.26	10.97	10.40	286
Since Inception*	10.55	8.04	7.38	317

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2018	(14.14)	(16.79)	(12.86)	(127)
2017	19.67	16.18	7.84	1183
2016	26.17	22.50	31.74	(557)
2015	(0.27)	(1.80)	(7.47)	720
2014	2.51	0.85	4.22	(170)
2013	40.00	37.83	34.52	548
2012	10.01	8.32	18.05	(805)
2011	6.73	4.58	(5.50)	1223
2010	24.75	22.81	24.50	25
2009	27.82	25.92	20.58	724
2008	(28.62)	(29.99)	(28.92)	30
2007	1.93	0.27	(9.78)	1171
2006	23.72	21.87	23.48	24
2005	8.53	5.31	4.71	382
2004	27.59	23.80	22.25	535
2003	22.12	18.59	46.03	(2391)
2002	0.48	(2.52)	(11.43)	1191
2001	19.42	16.06	14.02	540
2000	24.92	21.28	22.83	210
1999†	(0.26)	(2.42)	(3.02)	276

**June 1, 1998*

†Performance calculations are for the seven months ended December 31, 1998.

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 Quality Value 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, 2017.

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 Quality Value Wrap Composite has been examined for the period from January 1, 1999 through December 31, 2017. 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 Quality Value Wrap Portfolios. Small Cap Quality Value Wrap Portfolios are invested in equity securities with capitalizations consistent with the Russell 2000® Value 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® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks 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 January 2002. 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 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 after 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 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	16.04	20.17
2013	14.24	16.05
2014	12.88	12.98
2015	13.64	13.65
2016	14.09	15.72
2017	12.22	14.17

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® Value Index Annual Return (%)	Internal Dispersion
2008	3,445	441	100%	33	(28.62)	(29.99)	(28.92)	0.73
2009	4,010	531	100%	34	27.82	25.92	20.58	0.55
2010	4,729	651	100%	38	24.75	22.81	24.50	0.75
2011	5,232	478	100%	36	6.73	4.58	(5.50)	0.33
2012	6,545	622	100%	31	10.01	8.32	18.05	0.43
2013	7,841	637	100%	27	40.00	37.83	34.52	0.42
2014	7,989	648	100%	26	2.51	0.85	4.22	0.43
2015	8,095	624	100%	24	(0.27)	(1.80)	(7.47)	0.32
2016	9,989	641	100%	26	26.17	22.50	31.74	0.55
2017	14,609	766	100%	28	19.67	16.18	7.84	1.67

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

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