



Kayne Anderson Rudnick
Investment Management

A VIRTUS INVESTMENT PARTNER

Small Cap Quality Value Portfolio
Managed Accounts
First Quarter 2024 Review

[kayne.com](https://www.kayne.com)

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Firm Overview

As of March 31, 2024



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	\$65.3 billion*
Number of Equity Investment Professionals	22
Average Investment Experience	16 Years

*Figures in USD.

†Please refer to the “Tenets of Quality: Our Quality Business Assessment” slide later in this presentation for KAR’s definition of high-quality businesses.

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*



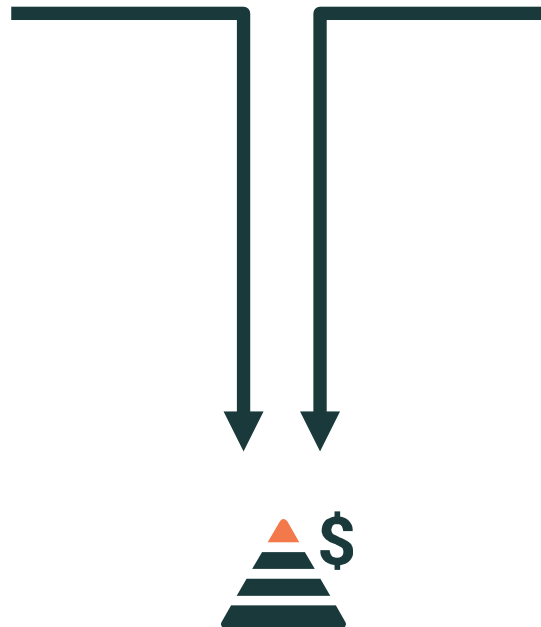
Competitive Protection

- Brand/Reputation
- Network Effect
- Scale/Cost Advantage
- Benchmarking Standard
- High Customer Switching Costs
- Barriers to Entry/Unique Asset
- Low Obsolescence Risk



Owner-Oriented Management

- Cultivates Competitive Advantage
- Rational Capital Allocation
- Considers Stakeholder Interests



HIGH QUALITY BUSINESS

- Protect and Grow Market Share
- High Economic Return on Capital
- Business Returns → Shareholder Returns

Small Cap Quality Value Team



Kayne Anderson Rudnick
Investment Management

Portfolio Manager/Analysts	Responsibility	Research Start Date	KAR Start Date
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	2001	2001
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Staples	1990	2000
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Financials (Insurance Industry) and Information Technology	1999	2002
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	2004	2013
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care and Industrials	1995	2001
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials, Information Technology, Energy and Industrials	2012	2012
Adam Xiao, CFA	Senior Research Analyst Sector Coverage: Financials, Consumer Discretionary, Information Technology and Industrials	2013	2018
Tyler Cantarano	Research Analyst Sector Coverage: Information Technology, Consumer Discretionary and Communication Services	2017	2024
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	2008	2018
Luke Longinotti, CFA	ESG Research Analyst	2020	2023
Arthur Su, CFA	Research Analyst Sector Coverage: Information Technology and Industrials	2015	2022
Clarissa Ali	Associate Research Analyst	2023	2018
Client Services	Responsibility	Industry Start Date	KAR Start Date
Jason Pomatto	Managing Director - Senior Client Portfolio Manager	1994	2021
Ben Falcone, CFA	Managing Director - Client Portfolio Manager	1996	2023
James May, CFA	Managing Director - Client Portfolio Manager	1989	2019
Ben Corser	Portfolio Specialist	2006	2018

Market Review

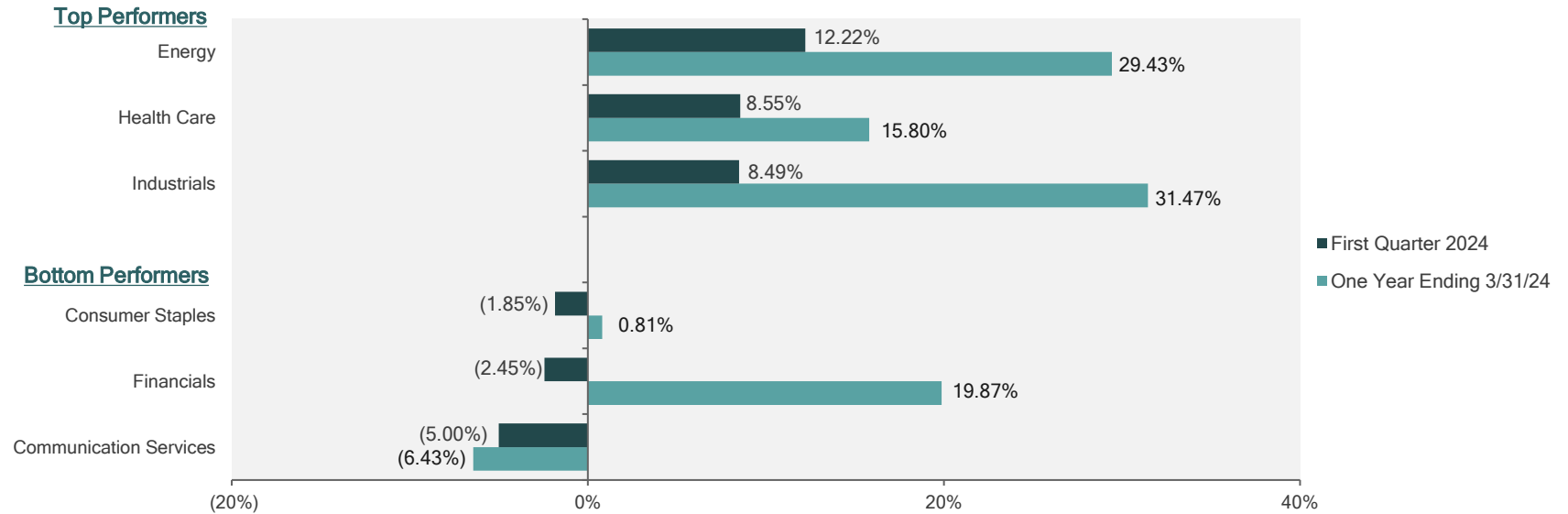
Performance by Sector and Style



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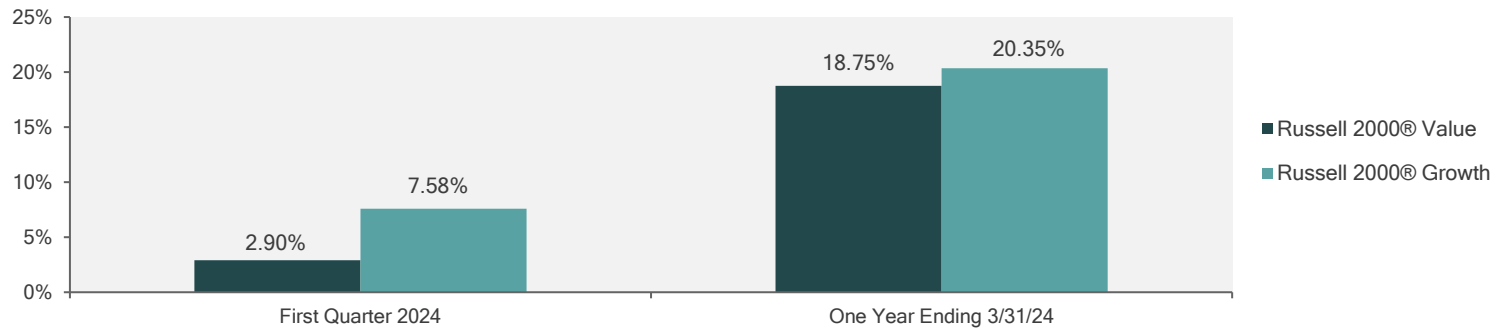
Sector Performance

Russell 2000® Value Index



Performance by Style

Russell 2000® Value Index vs. Russell 2000® Growth 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. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment. Past performance is no guarantee of future results.

Market Review

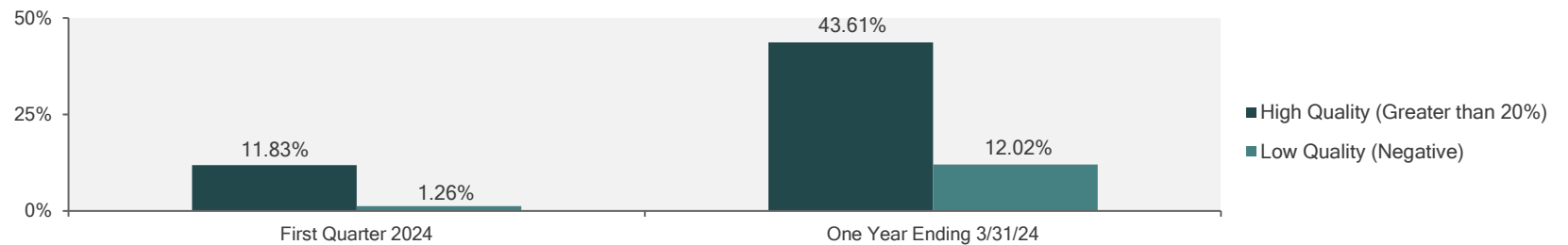
Performance by Financial Metric



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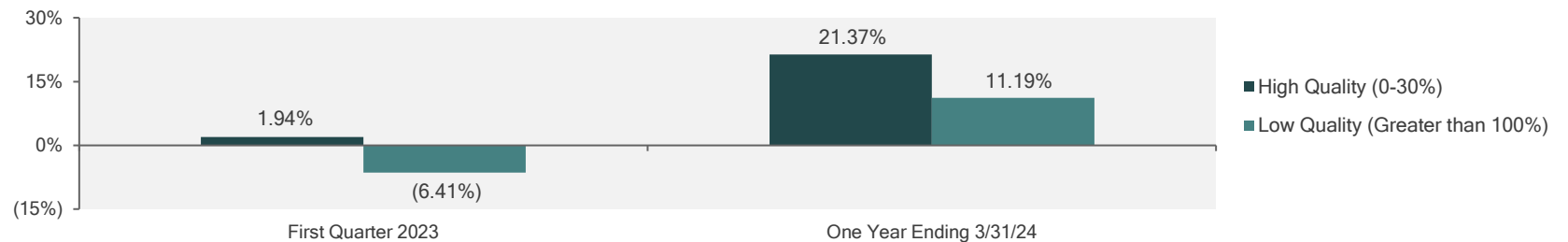
Performance by Return on Equity

Russell 2000® Value Index



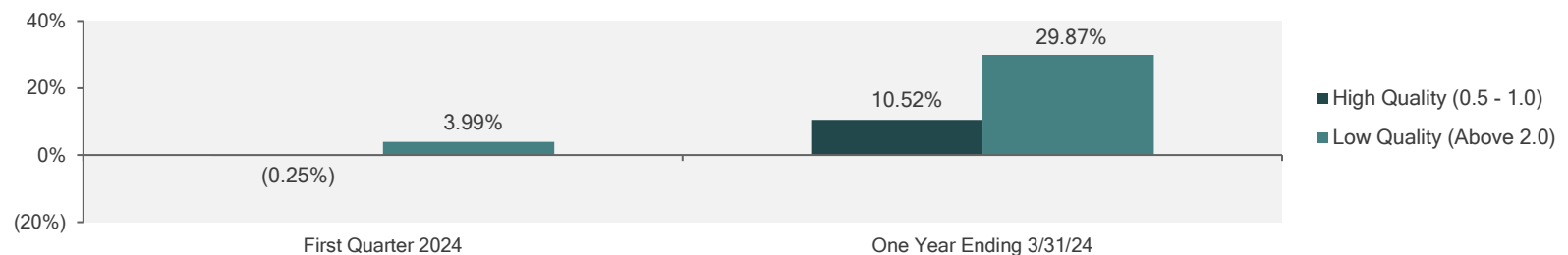
Performance by Debt/Capital Ratio

Russell 2000® Value Index



Performance by Beta

Russell 2000® Value Index



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Quarterly Performance Overview

Small Cap Quality Value Portfolio
Periods Ending March 31, 2024



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Monthly and Quarterly Performance

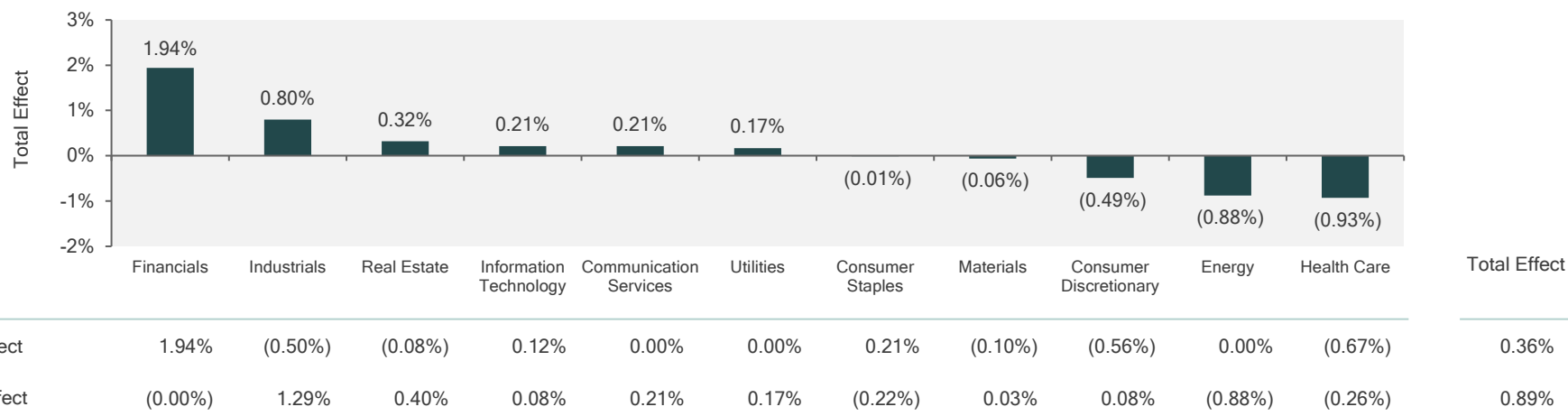
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
January	(2.39)	(2.64)	(4.54)	190
February	4.73	4.48	3.27	121
March	1.85	1.60	4.38	(278)
First Quarter	4.12	3.35	2.90	45

Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)
1 Year	21.35	17.81	18.75
5 Years	10.68	7.42	8.17
10 Years	9.80	6.57	6.87

Attribution by Sector

Quarter Ending March 31, 2024



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Highest Contributors

Small Cap Quality Value Portfolio

Quarter Ending March 31, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Construction Partners	+1.31%	Construction Partners continued to benefit from healthy infrastructure funding for roads across its six-state operation, resulting in sustained revenue and backlog growth in the quarter. With normalized costs and profitability improved, we believe it is tracking towards the company's long-term targets.
Armstrong World Industries	+0.97%	Armstrong World Industries' shares performed strongly following the company's reports of better-than-expected operating results and an improved annual outlook.
Primerica	+0.93%	Primerica's earnings advanced due to healthy recruiting activity and sales productivity in the company's life insurance business, rising client asset values in the investments segment, and reduced losses in the senior health segment.
Hillman Solutions	+0.61%	We believe Hillman's performance benefitted from the company treating its customers well across hard-to-manage product categories, which resulted in winning new customers and expanding shelf space with existing customers.
Houlihan Lokey	+0.41%	From our perspective, Houlihan Lokey's focus on smaller deals allowed it to see more resilient deal volume than several peers over the past several quarters, despite declines from a record prior year level. The company also experienced an increase from the prior year in the financial restructuring work it provides clients, helping financial results. The company's fundamental outperformance relative to independent investment banking peers also caused its stock to outperform.

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Lowest Contributors

Small Cap Quality Value Portfolio

Quarter Ending March 31, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Bank of Hawaii	(0.46%)	Bank of Hawaii's shares, like many other regional banks, moved lower in the quarter as investors became less certain of when the Federal Reserve will start cutting interest rates. Positively, the bank's quarterly results showed continued stability in deposits and no credit issues.
Azenta	(0.31%)	Azenta reported results that were ahead of expectations, most notably for-profit margin expansion. However, guidance for next quarter was muted due to the timing from an acquisition with inconsistent revenue.
RBC Bearings	(0.24%)	We believe RBC Bearings' underperformance in the quarter was driven by the decline in its Industrial business year-over-year as an improved supply chain created a bulge in the prior year period.
UniFirst	(0.18%)	We believe UniFirst's underperformance stems from near-term profitability pressures driven by inflationary impacts on the business and key initiative investments.
National Beverage	(0.17%)	National Beverage's shares underperformed in the quarter mostly due to weak sentiment around food-related consumer staples despite resilient sales and a recovery in profit margins in the quarter.

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Annual Performance Overview

Small Cap Quality Value Portfolio

Periods Ending March 31, 2024



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Quarterly and Annual Performance

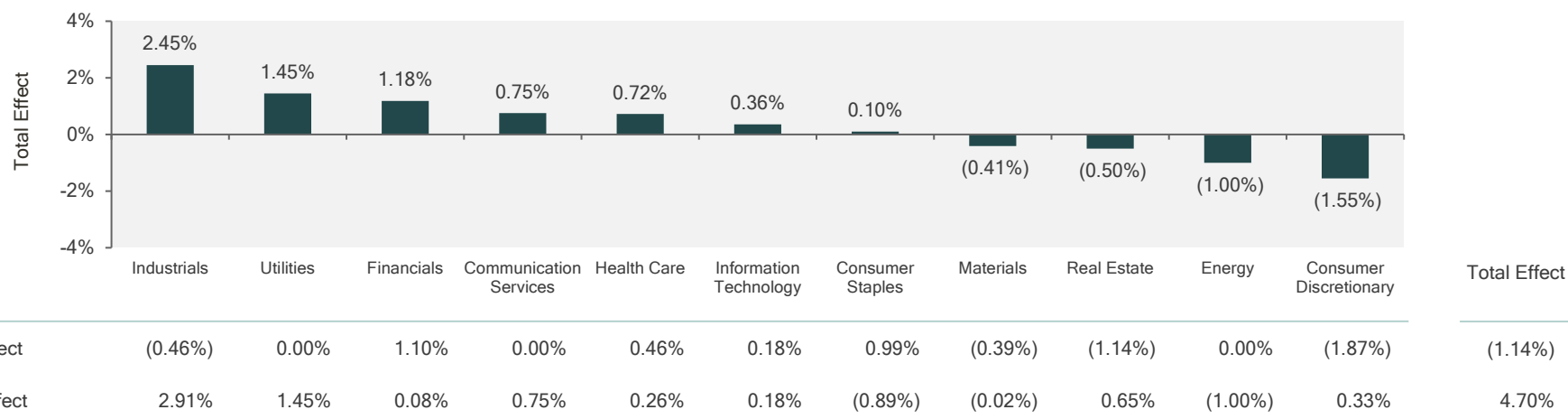
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
Second Quarter 2023	4.47	3.70	3.18	52
Third Quarter 2023	(2.85)	(3.58)	(2.96)	(62)
Fourth Quarter 2023	14.83	14.01	15.26	(125)
First Quarter 2024	4.12	3.35	2.90	45
1 Year Ending 3/31/24	21.35	17.81	18.75	(94)

Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)
1 Year	21.35	17.81	18.75
5 Years	10.68	7.42	8.17
10 Years	9.80	6.57	6.87

Attribution by Sector

One Year Ending March 31, 2024



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Highest Contributors

Small Cap Quality Value Portfolio

One Year Ending March 31, 2024



Kayne Anderson Rudnick
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Security	Contribution	Comments
Construction Partners	+3.53%	Over the last twelve months, Construction Partners' shares outperformed due to strong topline growth in addition to improving margins as the company burns through its low-margin pre-inflationary backlog. With a healthy infrastructure funding environment over the next 5 years, combined with cost normalization, we believe the outlook for fundamentals continues to remain strong for the business.
Watsco	+2.69%	Over the last twelve months, Watsco's shares outperformed due to a favorable outlook for HVAC equipment sales related to the 2025 refrigerant changeover that will incorporate original equipment manufacturers' price increases, which we believe will benefit Watsco's topline growth. In addition, margins have remained above pre-pandemic ranges despite a softer volume demand environment, which in our view provides investors with confidence in Watsco's ability to structurally sustain its higher profitability profile.
Houlihan Lokey	+2.34%	From our perspective, Houlihan Lokey's focus on smaller deals allowed it to see more resilient deal volume than several peers over the past several quarters, despite declines from a record prior year level. The company also experienced an increase from the prior year in the financial restructuring work it provides clients, helping financial results. The company's fundamental outperformance relative to independent investment banking peers also caused its stock to outperform over the trailing twelve-month period.
Armstrong World Industries	+2.23%	Armstrong World Industries' shares performed strongly following the company's reports of better-than-expected operating results and an improved annual outlook.
Thor Industries	+2.20%	Thor Industries continues to feel the effects of the downdraft in industry-wide RV sales. However, the business continues to operate largely as an assembler and not a vertical manufacturer, which we believe helps the business continue to generate free cash flow, even as RV sales decline. Also, the business's valuation multiple expansion has aided the performance of the stock.

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Lowest Contributors

Small Cap Quality Value Portfolio

One Year Ending March 31, 2024



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Security	Contribution	Comments
Leslie's	(1.40%)	Leslie's experienced a lack of discretionary pool spending on items such as hot tubs along with chemical retail price adjustments which created disappointing guidance for fiscal year 2024. Investor concerns about near-term consumer spending dampened sentiment for the company and the pool industry.
Getty Realty	(0.76%)	Getty Realty underperformed due to a higher interest rate environment. As a result, the company has utilized more of its equity offerings to help fund its pipeline of deals, while striving to keep the balance sheet in a better position than comparable REIT debt structures.
National Beverage	(0.47%)	Over the last twelve months, National Beverage's shares underperformed due to decelerating revenue growth as price increases were offset by volume declines. While margins and earnings recovered over the last twelve months, share performance was muted by weak sentiment among consumer staple stocks.
Stock Yards Bancorp	(0.42%)	Stock Yards Bancorp's shares, like other regional banks, were under pressure most of the year due to concerns that rising deposit costs will hurt profitability and the potential for future loan losses in a weakening commercial real estate market.
American Software	(0.12%)	American Software saw bookings and professional services revenues decline due to elongated sales cycles as customers placed greater scrutiny on software deals in the current uncertain macro-economic environment. Management indicated that the deals did not fall through, but instead the time to close the deals has extended. This decline in bookings, a leading indicator of future sales growth, caused shares to underperform for the trailing-twelve-month period.

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Purchases

Small Cap Quality Value Portfolio
Quarter Ending March 31, 2024



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- There were no purchases in the 1st quarter of 2024.

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Sales

Small Cap Quality Value Portfolio Quarter Ending March 31, 2024



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Sales	Reasons
Latham Group—Sold Entire Position	We sold Latham Group as challenges to the pool industry post-COVID hurt participants across the board, but particularly Latham as its business model is more dependent on new construction than its peers. We continue to believe the long-term pool-industry structure of high consumables and recurring revenues near 80% of total industry spend is still intact. However, we opted to increase our pool-industry exposure through another portfolio holding whose operating profile is more in line with the industry and we sold our small holding in Latham.

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Portfolio Characteristics

Small Cap Quality Value Portfolio

As of March 31, 2024



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	KAR Small Cap Quality Value	Russell 2000® Value Index
Quality		
Return on Equity—Past 5 Years	21.8%	9.2%
Debt/EBITDA*	1.6 x	3.0 x
Earnings Variability—Past 10 Years	40.0%	86.3%
Growth		
Earnings Per Share Growth—Past 5 Years	10.7%	8.4%
Earnings Per Share Growth—Past 10 Years	8.3%	8.6%
Dividend Per Share Growth—Past 5 Years	10.9%	4.8%
Dividend Per Share Growth—Past 10 Years	11.3%	4.4%
Capital Generation—{ROE x (1-Payout)}	15.0%	7.0%
Value		
P/E Ratio—Trailing 12 Months	33.0 x	27.4 x
Dividend Yield	1.3%	2.1%
Free Cash Flow Yield†	4.3%	3.5%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$5.7 B	\$3.0 B
Largest Market Cap—3-Year Average	\$13.4 B	\$11.9 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	19.1%	21.4%

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.

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers--only the extreme ends are excluded--and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of December 31, 2023. Prices are as of March 31, 2024. Excludes financials.

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

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Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. The statistics presented above are based on a representative portfolio. Actual results may vary. 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Market Commentary

We Believe the Longer-Term Outlook for Interest Rates is Still Uncertain



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- As of the March 20 meeting, 10 of the 19 Fed officials expect three rate cuts this year, which is a slim margin (down from the six rate cuts predicted by the future’s markets at the start of the year).
- However, there is wide dispersion among Fed officials regarding the trajectory of rates.
- For 2025, four of the 19 Fed officials see the federal funds rate at 4% or above. One expects a federal funds rate just above 2.5%.
- This disparity leads us to believe the longer-term outlook for rates is uncertain.

FOMC Participants' Assessments of Appropriate Monetary Policy Midpoint of Target Range or Target Level for the Federal Funds Rate



Data as of March 20, 2024. Data is obtained from the FOMC and is assumed to be reliable. Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Market Commentary

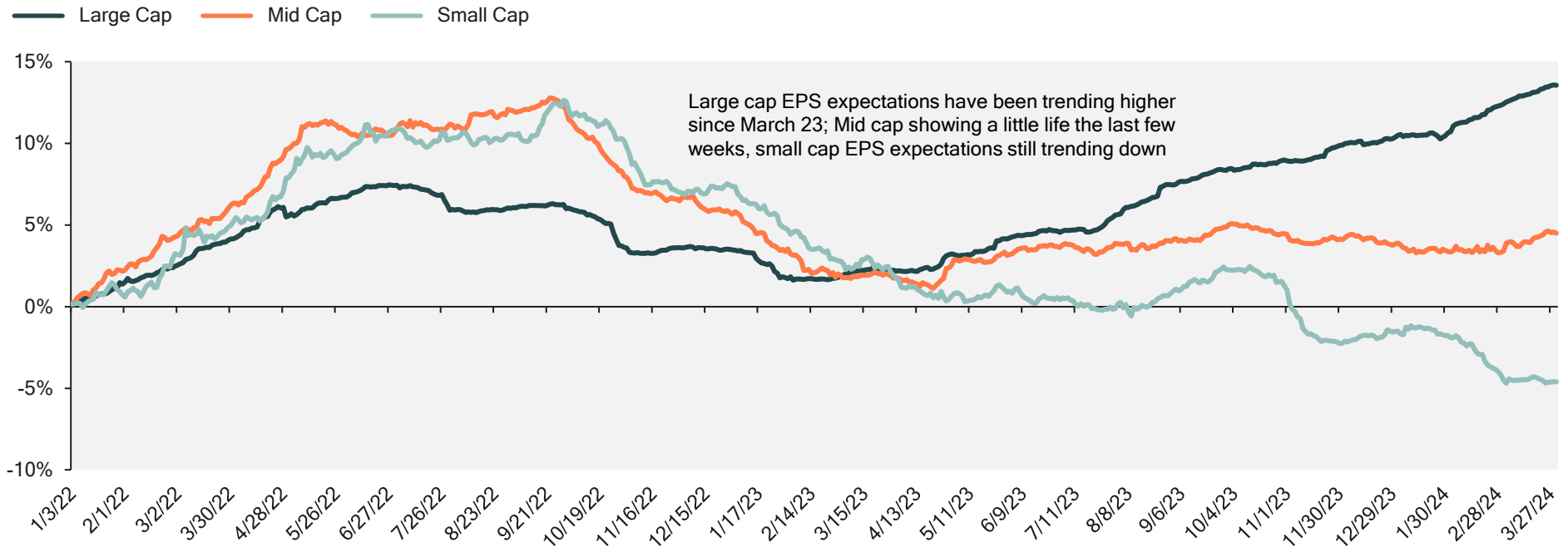
We Believe the Narrowness of the Market Makes Sense



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- The major driver of equity market performance has been the Magnificent 7 technology stocks that have been direct beneficiaries of the recent advances in AI.
- We don't believe this rally is wholly unjustified as investors are simply going where the earnings are growing.
- Earnings expectations for large-caps are well ahead of mid and small-cap stocks which has translated directly to valuations.

Consensus Earnings Per Share (Next 12 Months) Indexed to December 31, 2021



Data as of March 27, 2024. Data is obtained from Factset and Raymond James and is assumed to be reliable. The information provided in this chart is for illustrative purposes only. The indices presented above are not actively managed and do not reflect the deduction of any investment management or other fees and expenses. Indices are not available for direct investment. **Past performance is no guarantee of future results.**

Market Commentary

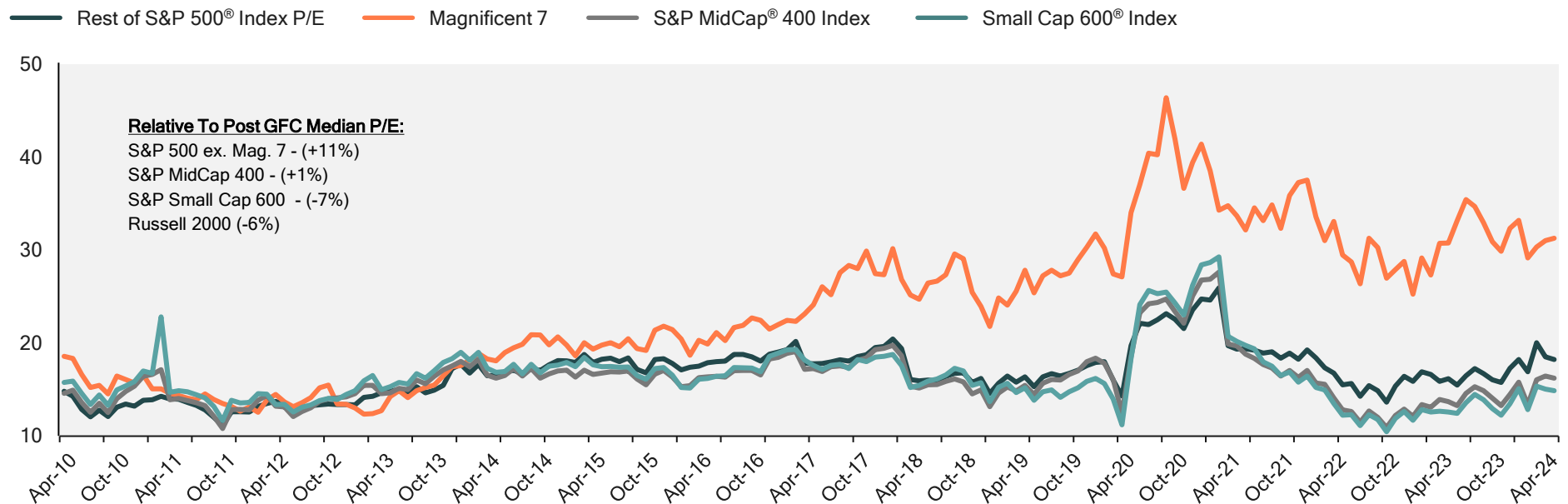
We Expect Small-Cap Valuations to Remain Pressured



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Investment Management

- Much has been made of the gap in valuations for small caps relative to large. That gap has narrowed a bit, but it's not because the stocks had a material rally, but rather a more modest increase in prices and a decline in earnings expectations for small capitalization companies.
- Until earnings growth materializes for these smaller companies, we believe stock performance could continue to lag.
- We believe that this is an asset class best served by active management, as 42% of the index has negative earnings.

P/E of Magnificent 7 Tech Stocks vs. Rest of S&P 500® Index, Mid, and Small Cap Indices GAAP, Current Year



Data as of March 31, 2024. Data is obtained from the Factset and Raymond James and is assumed to be reliable. The Magnificent 7 stocks include Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. The Russell 2000 Index excludes companies with negative earnings. The information provided in this chart is for illustrative purposes only. The indices presented above are not actively managed and do not reflect the deduction of any investment management or other fees and expenses. Indices are not available for direct investment. **Past performance is no guarantee of future results.**

Market Commentary

We Expect More Fundamentals to Drive Equity Performance Going Forward

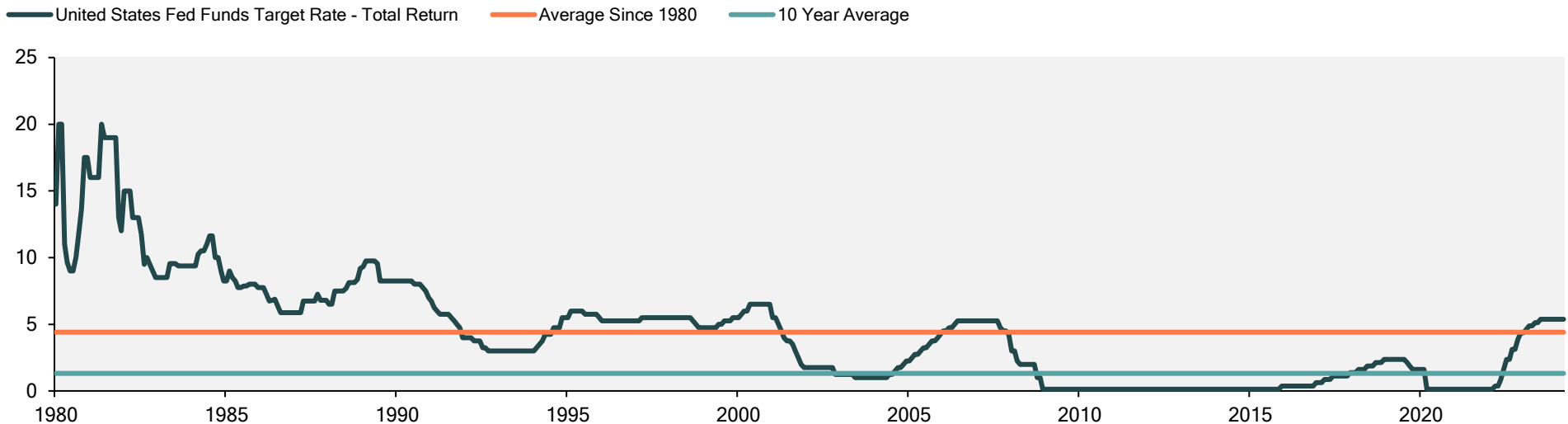


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- Coming out of the pandemic, it has been hard to gauge how much of the strength in the U.S. economy is due to fundamentals versus other exogenous factors.
- The U.S. economy has a very large Federal deficit and while interest rates may have peaked, they are unlikely to return to the very low rates enjoyed during the pandemic.
- Despite rates having increased materially in a short period of time, they are only modestly restrictive compared to the long-run average.
- We expect more fundamental factors will drive corporate profits and thus equity performance going forward.
- The level of deficit to GDP in the U.S. economy is more consistent with 7% unemployment than the 4% we are currently seeing.

Rates Are Not That High Relative To History

Interest Rates Remain Above the 10-Year Average but Near the Long-Term Historical Average



Data as of March 31, 2024. Data is obtained from the Federal Reserve Bank of St. Louis and Factset and is assumed to be reliable. The information provided in this chart is for illustrative purposes only. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer, or solicitation to buy or sell any securities or to adopt any investment strategy. KAR does not undertake to update the information presented. KAR makes no warranty as to the accuracy or reliability of the information contained herein. **Past performance is no guarantee of future results.**

- **Portfolio Data**
- **Disclosure**

Sector Weights

Small Cap Quality Value Portfolio

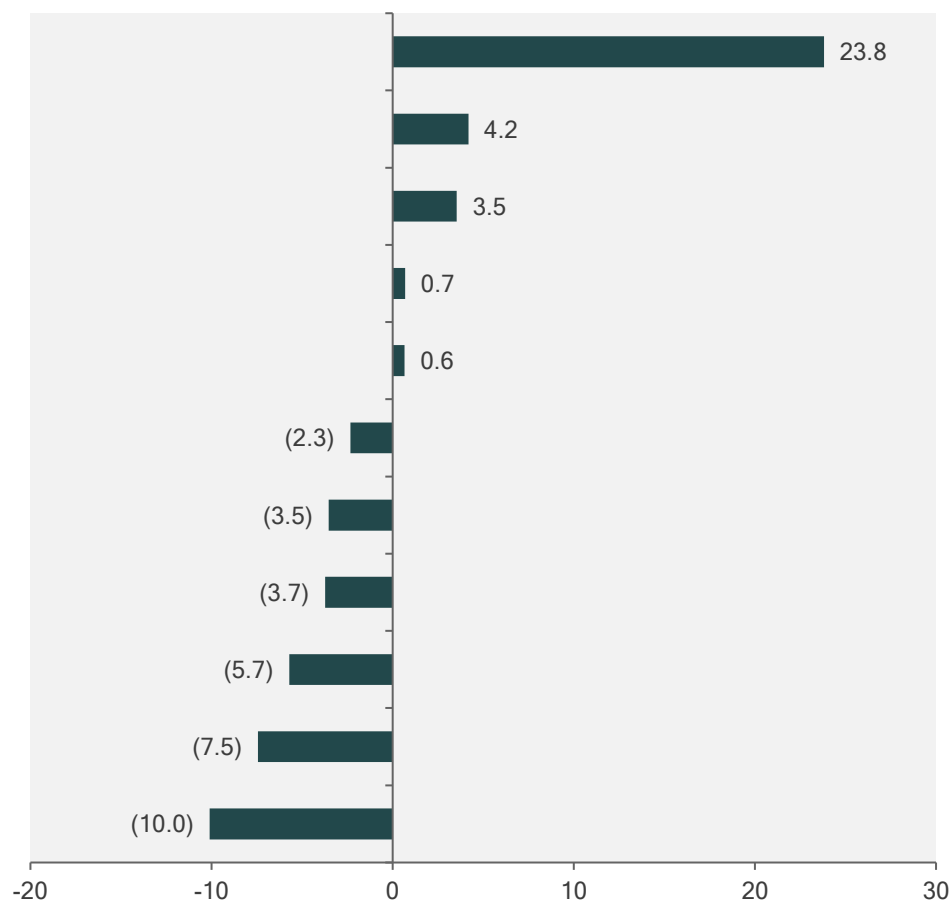
As of March 31, 2024



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Sectors	KAR Small Cap Quality Value (%)	Russell 2000® Value Index (%)
Industrials	38.2	14.4
Consumer Staples	6.4	2.2
Consumer Discretionary	14.6	11.1
Materials	6.1	5.5
Financials	26.4	25.8
Communication Services	—	2.3
Information Technology	2.4	5.9
Utilities	—	3.7
Health Care	3.6	9.4
Real Estate	2.3	9.7
Energy	—	10.0

Underweight/Overweight (%)



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Top Ten Holdings

Small Cap Quality Value Portfolio

As of March 31, 2024



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Top 10 Holdings	GICS Sector	% of Portfolio
Watsco	Industrials	6.9
Houlihan Lokey	Financials	5.5
Construction Partners	Industrials	5.4
Thor Industries	Consumer Discretionary	4.9
Primerica	Financials	4.4
Hillman Solutions	Industrials	4.3
Armstrong World Industries	Industrials	4.3
RBC Bearings	Industrials	4.2
EVERTEC	Financials	3.9
Landstar System	Industrials	3.9
Total		47.9

Research confidence leads to large active weights

	KAR Small Cap Quality Value	Russell 2000® Value Index
# of Holdings	30	1,416
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	47.9	5.0
Active Share (%)	99.1	—

The strategy benefits from diversification while still taking significant active positions

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Returns

Small Cap Quality Value Portfolio



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Investment Management

Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)	Excess Return -Net (bps)
First Quarter	4.12	3.35	2.90	45
1 Year	21.35	17.81	18.75	(94)
3 Years	0.18	(2.79)	2.22	(501)
5 Years	10.68	7.42	8.17	(74)
7 Years	8.91	5.70	6.55	(85)
10 Years	9.80	6.57	6.87	(30)
Since Inception*	11.02	7.77	7.93	(16)

*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 final. 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. Returns could be reduced, or losses incurred, due to currency fluctuations.

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, medium, or large-sized companies may enhance that risk. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2023	19.64	16.15	14.65	150
2022	(23.47)	(25.79)	(14.48)	(1,130)
2021	19.71	16.22	28.27	(1,205)
2020	28.88	25.13	4.63	2,049
2019	25.09	21.45	22.39	(94)
2018	(14.14)	(16.72)	(12.86)	(385)
2017	20.66	17.14	7.84	930
2016	26.17	22.50	31.74	(924)
2015	(0.27)	(3.22)	(7.47)	424
2014	2.51	(0.52)	4.22	(473)
2013	40.00	35.97	34.52	145
2012	10.01	6.77	18.05	(1,128)
2011	6.73	3.58	(5.50)	908
2010	24.75	21.12	24.50	(338)
2009	27.82	24.21	20.58	363
2008	(28.62)	(30.93)	(28.92)	(201)
2007	1.93	(1.08)	(9.78)	869
2006	23.72	20.23	23.48	(325)
2005	8.53	5.37	4.71	66
2004	27.59	24.03	22.25	178
2003	22.12	18.65	46.03	(2,738)
2002	0.48	(2.51)	(11.43)	892
2001	19.42	16.00	14.02	198
2000	24.92	21.40	22.83	(142)
1999	(7.69)	(10.49)	(1.49)	(900)
1998†	9.61	7.76	(10.93)	1,869

Risk-Return Analysis

Small Cap Quality Value Portfolio

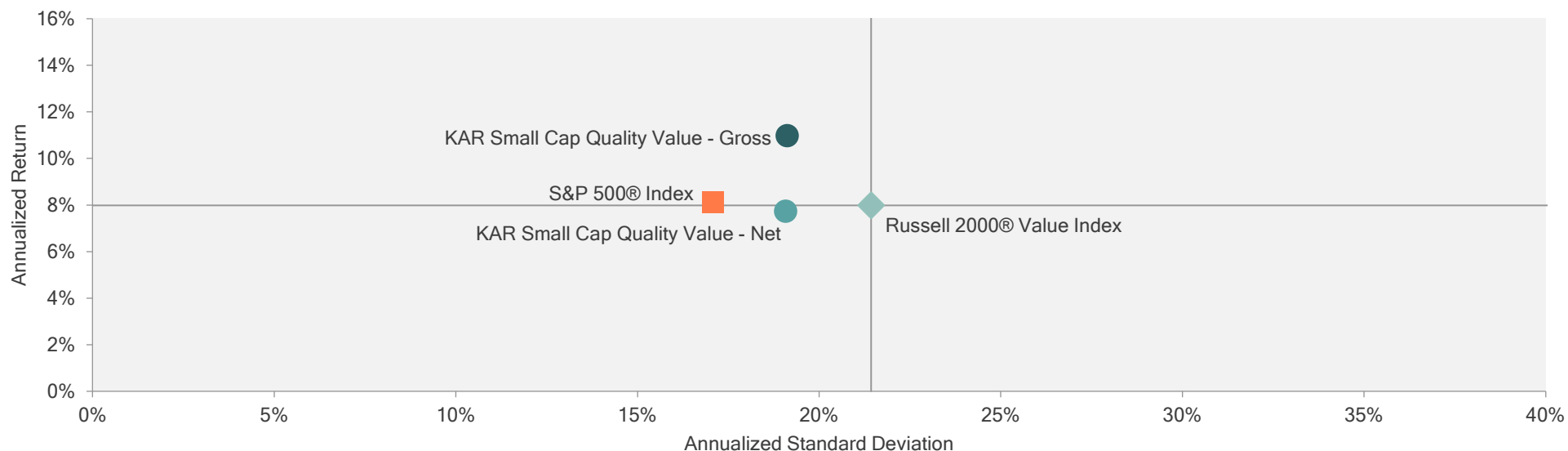
Inception* to March 31, 2024



Kayne Anderson Rudnick
Investment Management

Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Performance Statistics

Annualized Since Inception*

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Small Cap Quality Value - Gross	10.97	3.87	0.47	0.33	9.18	19.12	0.81	73.10
KAR Small Cap Quality Value - Net	7.72	0.80	0.30	(0.03)	9.19	19.08	0.80	80.89
Russell 2000® Value Index	7.98	0.00	0.28	N/A	N/A	21.43	1.00	100.00

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

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Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Disclosure

Small Cap Quality Value (Wrap) Composite



Kayne Anderson Rudnick
Investment Management

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2000® Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	2.51	(0.52)	4.22	12.88	12.98	26	0.43	648	7,989
2015	(0.27)	(3.22)	(7.47)	13.64	13.65	24	0.32	624	8,095
2016	26.17	22.50	31.74	14.09	15.72	26	0.55	641	9,989
2017	20.66	17.14	7.84	12.17	14.17	28	0.22	803	14,609
2018	(14.14)	(16.72)	(12.86)	14.39	15.98	30	0.19	644	17,840
2019	25.09	21.45	22.39	14.54	15.90	32	0.15	779	25,685
2020	28.88	25.13	4.63	22.10	26.49	29	0.20	945	39,582
2021	19.71	16.22	28.27	19.98	25.35	29	0.15	1,373	47,269
2022	(23.47)	(25.79)	(14.48)	23.17	27.66	29	0.10	894	33,531
2023	19.64	16.15	14.65	19.91	22.06	25	0.26	864	41,186

*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.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2023.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Small Cap Quality Value Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2023. The verification and performance examination reports are available upon request.

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Kayne Anderson Rudnick Investment Management, LLC ("KAR"), 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. KAR 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 inception date of the composite is June 1998. The composite was created in January 2002. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions 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. All portfolios included in this composite for all periods are wrap portfolios.

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 2A 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. 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 pure gross returns) and the benchmark for the 36-month period.