



Kayne Anderson Rudnick
Investment Management

Small Cap Sustainable Growth Portfolio
Managed Accounts
Third Quarter 2017 Review

kayne.com

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Firm Overview

As of September 30, 2017



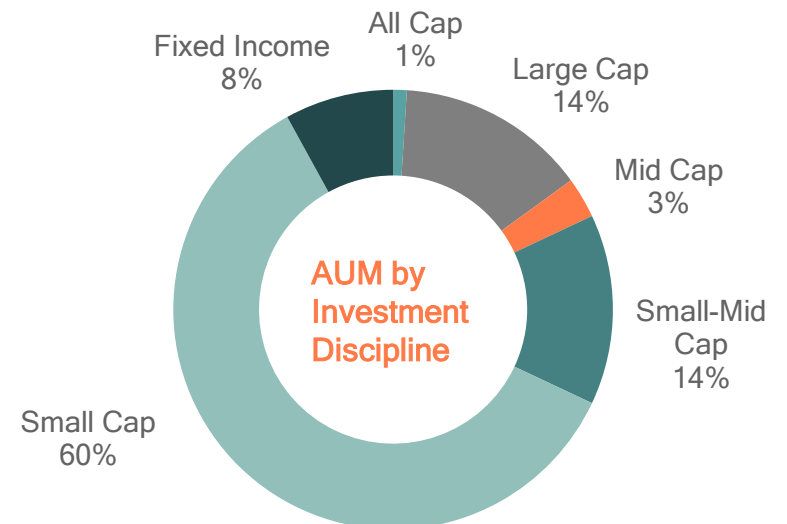
Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Specialization 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	\$16.9 billion
Number of Investment Professionals	14
Average Investment Experience	16 Years

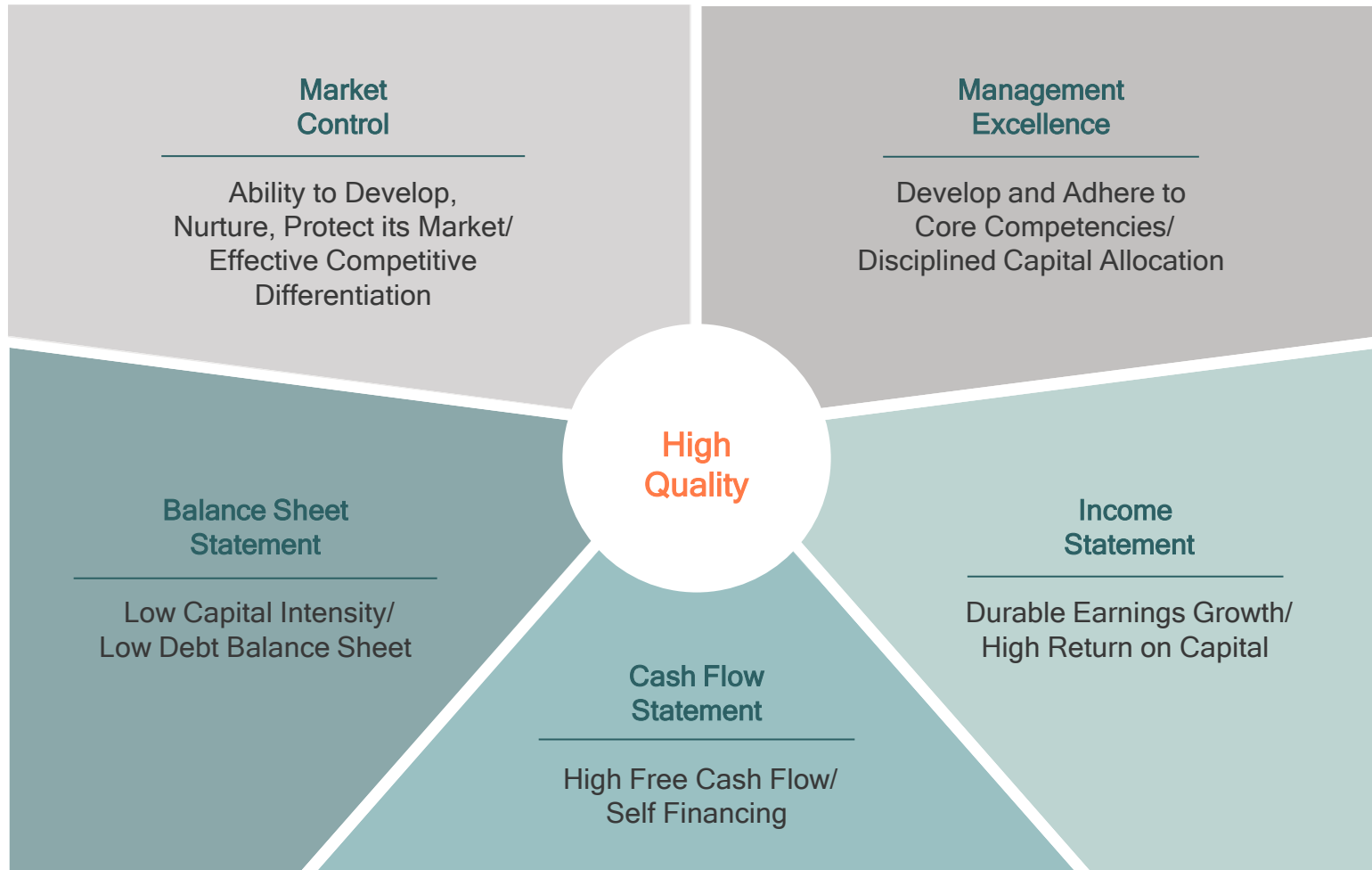


Investment Philosophy

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



Small Cap Sustainable Growth Team

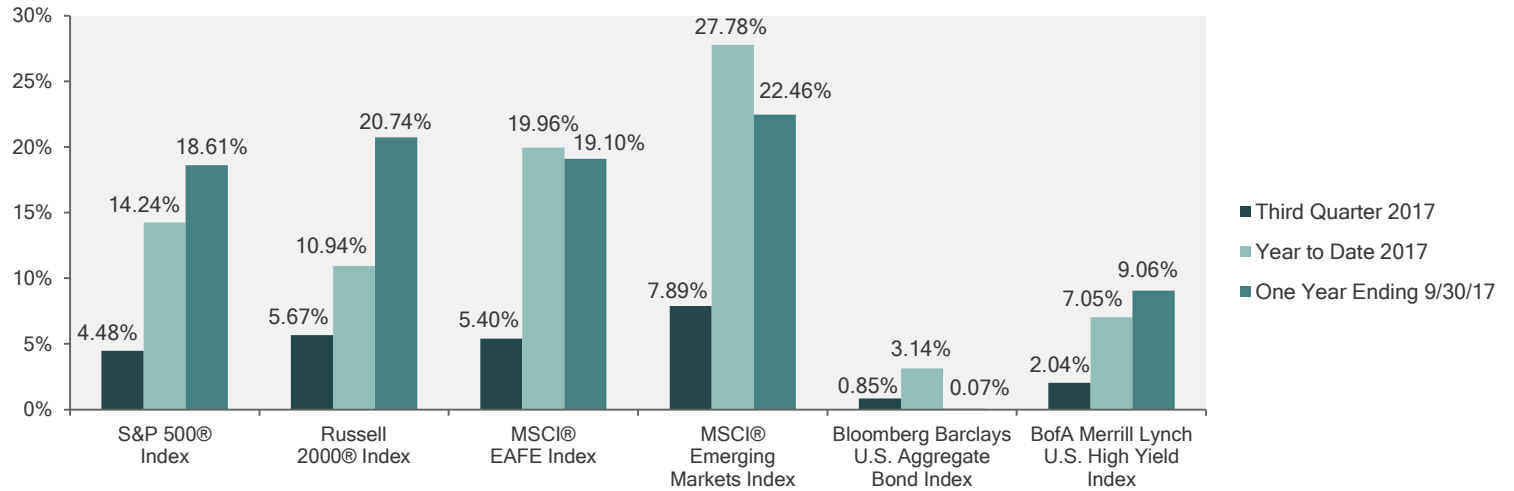


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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	31 Years	6 Years
Todd Bailey, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Financials and Producer Durables	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.

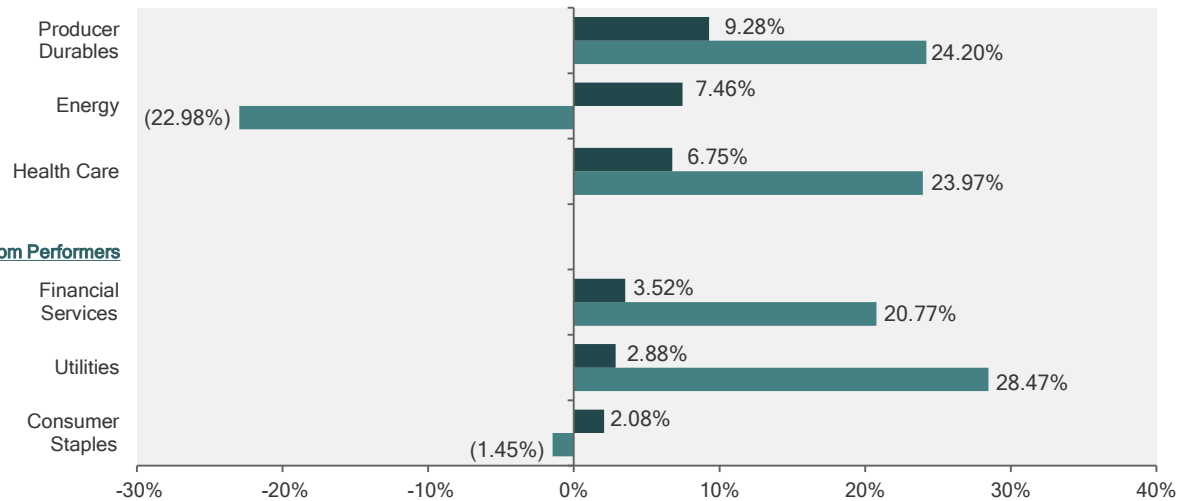
Index Performance



Sector Performance

Russell 2000® Growth Index

Top Performers



Bottom Performers

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

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

Market Review

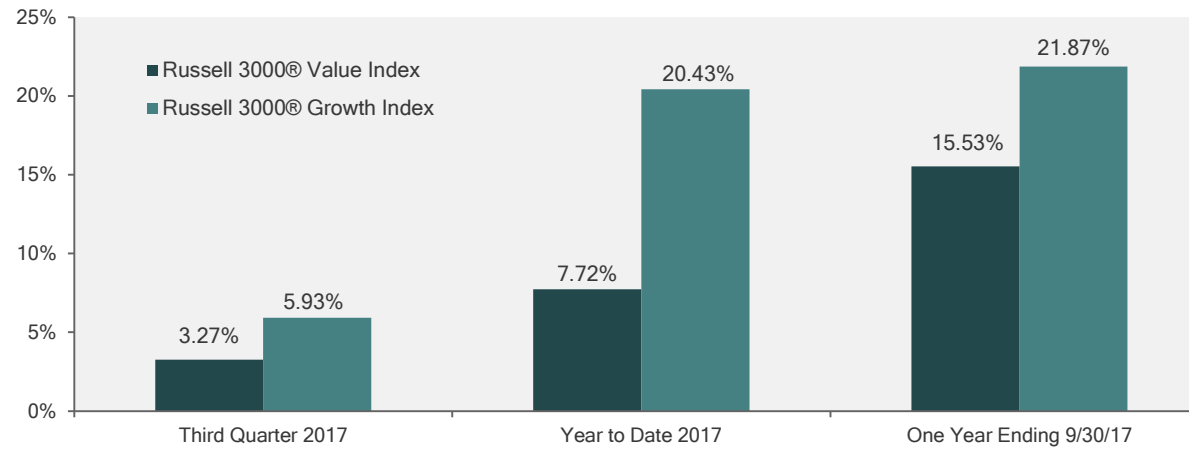
Performance by Style and Market Cap



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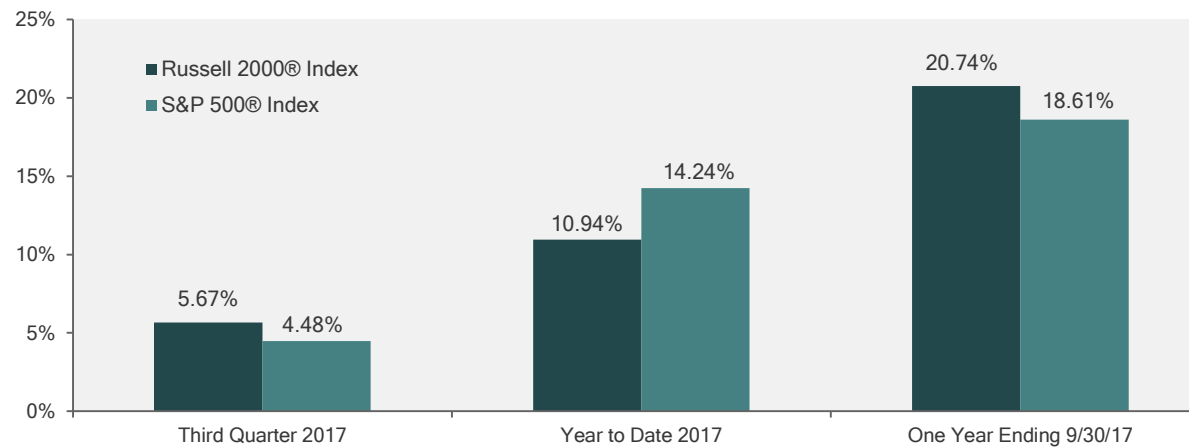
Performance by Style

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 Sustainable Growth Portfolio

Periods Ending September 30, 2017



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Monthly, Quarterly and Year to Date Performance

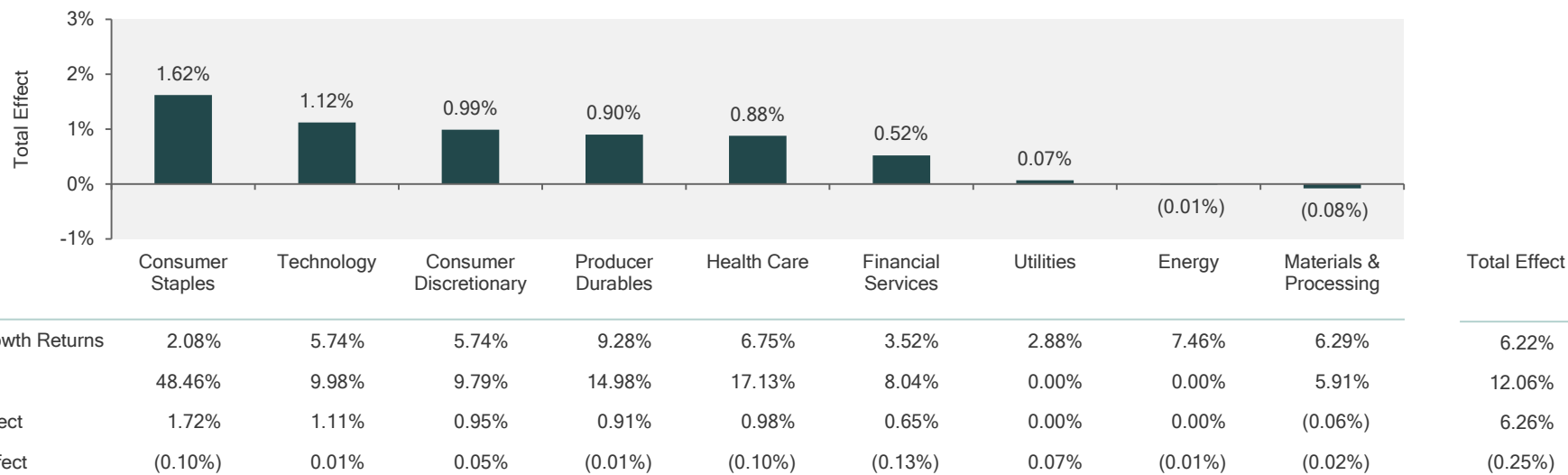
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
July	2.95	2.70	0.85	210
August	3.18	2.93	(0.12)	330
September	5.49	5.24	5.45	4
Third Quarter	12.06	11.25	6.22	584
Year to Date	31.74	28.89	16.81	1493

Contributors

Highest	Contribution
Autohome	+2.58%
National Research	+2.36%
The Chefs' Warehouse	+1.75%
Lowest	Contribution
Ellie Mae	(0.89%)
Abaxis	(0.68%)
MarketAxess Holdings	(0.30%)

Attribution by Sector

Quarter Ending September 30, 2017



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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 Sustainable Growth Portfolio

Periods Ending September 30, 2017



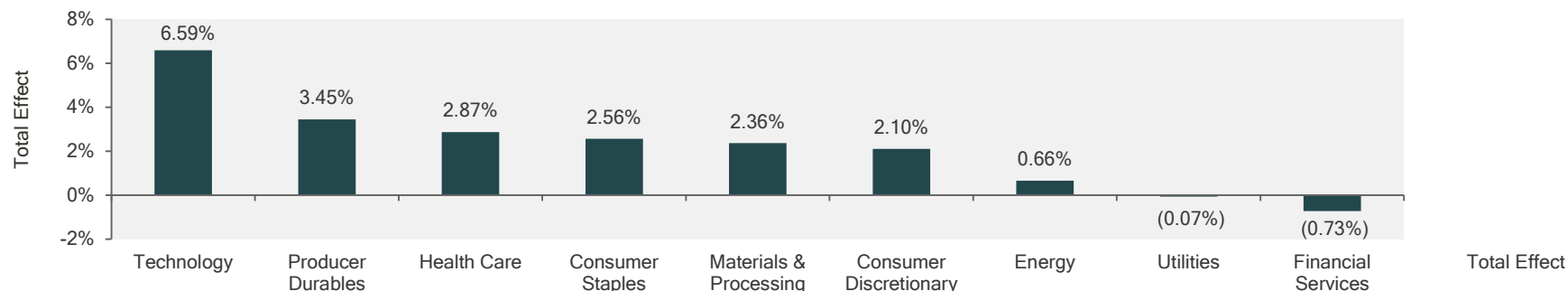
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Fourth Quarter 2016	5.50	4.73	3.57	193
First Quarter 2017	5.66	4.89	5.35	31
Second Quarter 2017	11.26	10.46	4.39	687
Third Quarter 2017	12.06	11.25	6.22	584
1 Year Ending 9/30/17	38.99	34.98	20.98	1801

Attribution by Sector

One Year Ending September 30, 2017



	Technology	Producer Durables	Health Care	Consumer Staples	Materials & Processing	Consumer Discretionary	Energy	Utilities	Financial Services	Total Effect
Russell 2000® Growth Returns	21.61%	24.20%	23.97%	(1.45%)	23.08%	18.14%	(22.98%)	28.47%	20.77%	20.98%
KAR Returns	51.30%	48.26%	56.59%	73.25%	50.74%	33.32%	0.00%	0.00%	16.14%	38.99%
KAR Selection Effect	6.28%	3.33%	2.76%	2.67%	2.10%	2.02%	0.00%	0.00%	(0.56%)	18.61%
KAR Allocation Effect	0.31%	0.12%	0.11%	(0.11%)	0.26%	0.08%	0.66%	(0.07%)	(0.17%)	1.30%

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Highest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending September 30, 2017



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Autohome	+7.09%	Autohome's share price has increased meaningfully the past few quarters as the company's refined strategy has resulted in robust revenue growth and improving profit margins. Autohome's financial results are also benefiting from the ongoing secular shift of ad budgets from offline to online media. It is worth noting that just before the end of the third quarter, two senior executives at Autohome resigned for personal reasons. Based on follow-up conversations we have had with the company, these departures were not related to the fundamentals of the business and management will maintain the current corporate strategy. Therefore, given Autohome's strong competitive positioning, improved capital allocation and the expected long-term growth of the Chinese car market, we remain owners of the business.
National Research	+5.79%	National Research saw its shares increase in the quarter after announcing consistent sales and earnings growth, as well as revealing the plan to do away with the two-class share trading system that has seemingly confused investors as to which shares were more reflective of the business. We believe this action provides more clarity. As the health care community focuses more on outcomes-based reimbursement, we believe that National Research should be a direct beneficiary.
Ollie's Bargain Outlet Holdings	+4.80%	Ollie's Bargain Outlet Holdings continues to deliver healthy results, driven by increased traffic into its stores. Its ability to take on larger deals further insulates it from its smaller competitors. More recently, the company has begun selectively using its loyalty program (which accounts for two-thirds of sales) to begin marketing more directly to its customers. It is also seeing opportunities for better real estate as the rest of the retail landscape languishes.

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Lowest Contributors

Small Cap Sustainable Growth Portfolio
One Year Ending September 30, 2017



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Security	Contribution	Comments
Shutterstock <i>(Sold Q1 2017)</i>	(4.57%)	Shutterstock's share price had rebounded in the first half of 2016 as concerns regarding the competitive threat from Adobe's new stock photo offering abated. However, a meaningful slowdown in revenue growth over the next two quarters sent the share price lower. Our original investment thesis was based on the network effects of Shutterstock's core stock photo marketplace business. Even at lower growth rates, that marketplace business is very profitable and valuable. Unfortunately, the profits from that great business will remain depressed as management seeks growth by investing capital to grow other parts of the company where Shutterstock's competitive advantage is less clear. For these reasons, we exited our position in the first quarter.
Ellie Mae	(0.89%)	During the quarter, Ellie Mae reported slightly weaker-than-expected results and lowered guidance for the year. The company underestimated the impact of the material drop off in refinance loan volume this year and the associated impact on closed-loan fees. Additionally, Ellie Mae has had success winning larger customer deals, who take longer to implement the Encompass platform. This delayed revenue also impacted financial results. We view the new guidance as being appropriately conservative and expect the company to resume its more robust growth in 2018 as its substantial customer wins offset any weakness in loan volumes.
Abaxis	(0.56%)	Abaxis saw its shares fall in the last year after seeing weak sales quarters as its vet business grew slightly while medical is down due to distributor destocking. The company is ramping up its research and development efforts that should drive the top line, but this disconnect with the financials could continue for a few more quarters. The solid balance sheet and high consumables mix combined with a re-rating of the shares with future growth ahead keeps us as shareholders.

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Purchases

Small Cap Sustainable Growth Portfolio Quarter Ending September 30, 2017



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Purchases	Descriptions/Reasons
Emerald Expositions—Initiated Position	Emerald Expositions operates business-to-business trade shows. The company is the largest trade show operator in the U.S., conducting over 50 trade shows per year. Of these 50-plus shows, 32 are ranked in the top 250 and about 20 have been in existence for over 20 years.
Morningstar—Increased Position	We increased our position in Morningstar due to the healthy competitive position and profitability of the business, combined with a reasonable price.

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New Position

Small Cap Sustainable Growth Portfolio
Quarter Ending September 30, 2017



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Emerald Expositions (EEX)

- With 32 of approximately 50 trade shows in the top 250, Emerald benefits from significant network effects. Due to time constraints and expense, exhibitors and attendees typically only attend one or two trade shows per year. Therefore, they want to go where the most customers/suppliers will be. Once a trade show is established and gains scale, they can be in existence for decades as exhibitors are able to reach a wide variety of customers, introduce new products and have hands on product demonstrations. Attendees find trades shows as an effective way to purchase bulk product orders, source new suppliers and identify new industry trends.
- Emerald is capital light, resulting in high returns and consistent free cash flow. Emerald's dominant and respected position in the industry will enable value enhancing merger and acquisition activity for multiple years into the future.

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Sales

Small Cap Sustainable Growth Portfolio Quarter Ending September 30, 2017



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Sales	Reasons
The Chefs' Warehouse—Trimmed Position	We trimmed our position in The Chefs' Warehouse due to our company ownership limit.

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Portfolio Characteristics

Small Cap Sustainable Growth Portfolio – As of September 30, 2017



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	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
Quality		
Return on Equity—Past 5 Years	23.5%	13.4%
Total Debt/EBITDA	0.9 x	3.8 x
Earnings Variance—Past 10 Years	28.0%	76.3%
Growth		
Earnings Per Share Growth—Past 10 Years	10.5%	8.7%
Capital Generation—{ROE x (1-Payout)}	17.7%	11.0%
Value		
P/E Ratio—Trailing 12 Months	38.1 x	57.3 x
Free Cash Flow Yield†	3.0%	1.0%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$4.1 B	\$2.3 B
Largest Market Cap—4 Qtr. Average	\$14.0 B	\$9.9 B
Annualized Standard Deviation—Since Inception*	19.8%	24.5%

*January 1, 1998

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

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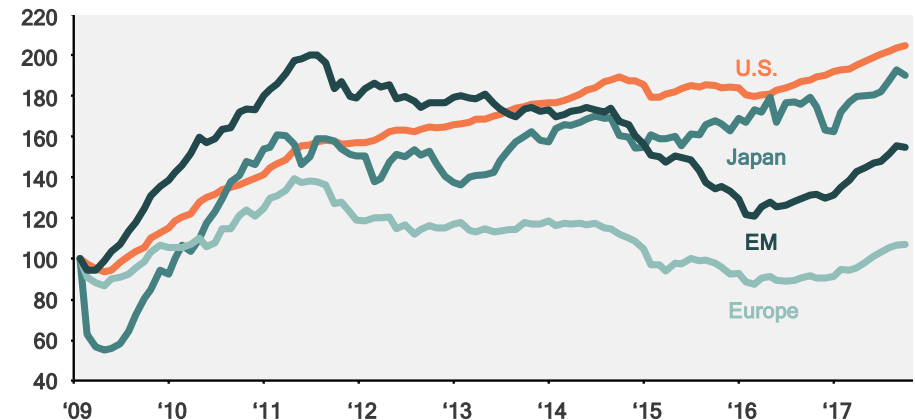
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

The U.S. economy continues to grow modestly. International economies have finally 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. First half 2017 earnings per share (EPS) for the S&P 500 was up double-digits. S&P 500 EPS should continue to grow in the mid-to-high single-digit growth range over the next 12-to-18 months. Additionally, international and emerging markets reported earnings are improving.
- U.S. GDP could improve to the 2.5% to 3.5% range over the next two years if tax reform becomes a reality. The stock market is starting to discount a very low probability of tax reform passing.
- 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. Wage growth remains under control despite very low levels of unemployment.
- 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 industrials.
- Bond yields and mortgage rates have continued to stay fairly low by historical standards, which has helped real estate markets continue to recover.

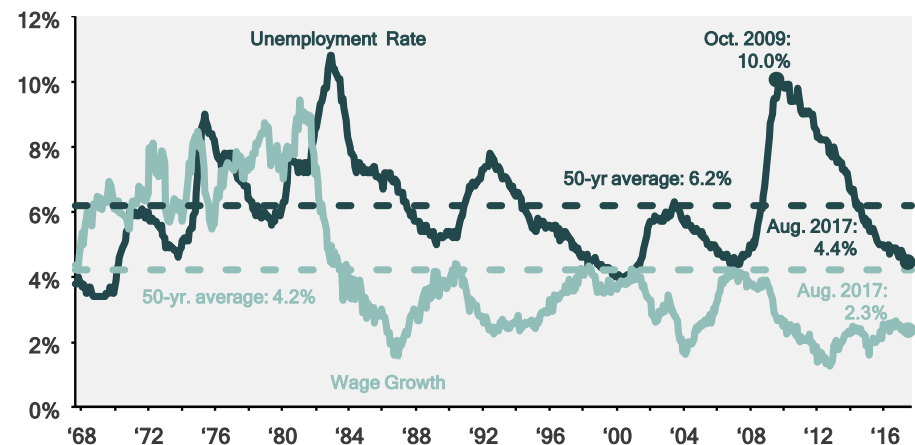
Global Earnings

EPS, U.S. Dollar, NTMA, January 2009 = 100



Unemployment and Wages

Civilian Unemployment Rate and Year-Over-Year Wage Growth for Private Production and Non-Supervisory Workers



Data as of September 30, 2017.

Global Earnings chart uses 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 elsewhere in the materials. MSCI Europe includes the Eurozone as well as countries not in the currency bloc, such as the U.K., Switzerland, Sweden and Norway (which collectively make up 46% of the overall index). Unemployment and wage growth data is seasonally adjusted. Data is obtained from FactSet Research Systems, MSCI, Thomson Reuters, Standard and Poor's, BLS and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

Global growth prospects are solid through year end, providing support for risk-based assets globally.

- At a 2.33% yield on the U.S. 10-year bond, a higher initial yield combined with a fairly 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 getting closer to its 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 year. Uncertainty about U.S. trade policies may slow down the recovery in progress, but initial negotiations appear much better than expected.

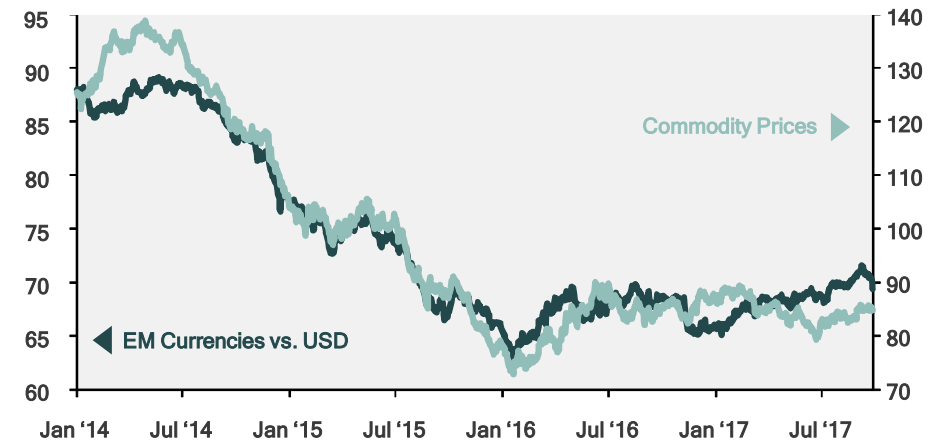
Global GDP Growth and Corporate Profits

Year-Over-Year Growth, Nominal GDP, MSCI AC World Trailing EPS



Emerging Markets

Commodity Prices and FX



Data as of September 30, 2017.

*2017 global GDP data is an IMF forecast.

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, IMF, MSCI, Bloomberg, J.P. Morgan Global Economic Research and J.P. Morgan Asset Management 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 and unwind the balance sheet in 2017 and into 2018?
- Significant increases in energy prices and wage gains could lead to a surge in the inflation outlook.
- A hard landing in China could slow global GDP materially. Although receding, it is still a risk due to debt levels.
- Does the European Central Bank pull back prematurely on QE as Europe is recovering?
- 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.

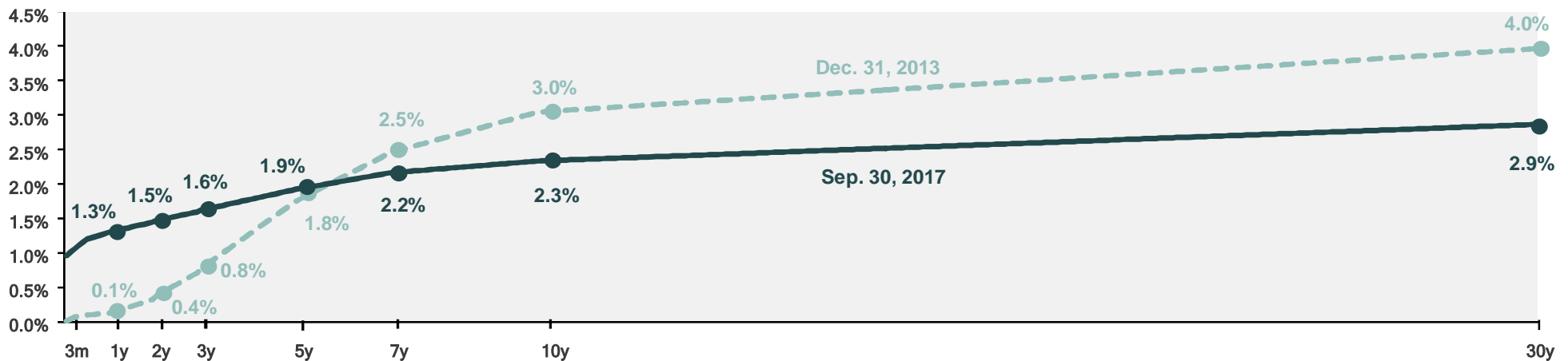
Price of Oil

Brent Crude, Nominal Prices, USD/Barrel



Yield Curve

U.S. Treasury Yield Curve



Data as of September 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 fully engaged.
- Equity valuations remain reasonable by historic measures, both at absolute levels but particularly relative to interest rates.
- Foreign markets are finally supporting U.S. EPS growth 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. Volatility has been very low since the election and we are overdue for some type of correction, but 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	17.7x	16.0x	0.5
CAPE	Shiller's P/E	30.7	26.3	0.7
Div. Yield	Dividend Yield	2.1%	2.0%	-0.1
P/B	Price to book	2.9	2.9	0.1
P/CF	Price to cash flow	12.4	10.7	0.9
EY Spread	EY minus Baa yield	1.3%	-0.3%	-0.8

Data as of September 30, 2017.

*P/CF is a 20-year average due to cash flow data availability.

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 1989, and FactSet for September 30, 2017. Average P/E and standard deviations are calculated using 25 years of FactSet 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. Data is obtained from FactSet Research Systems, FRB, Thomas Reuters, Robert Shiller, Standard and Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

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

Sector Weights

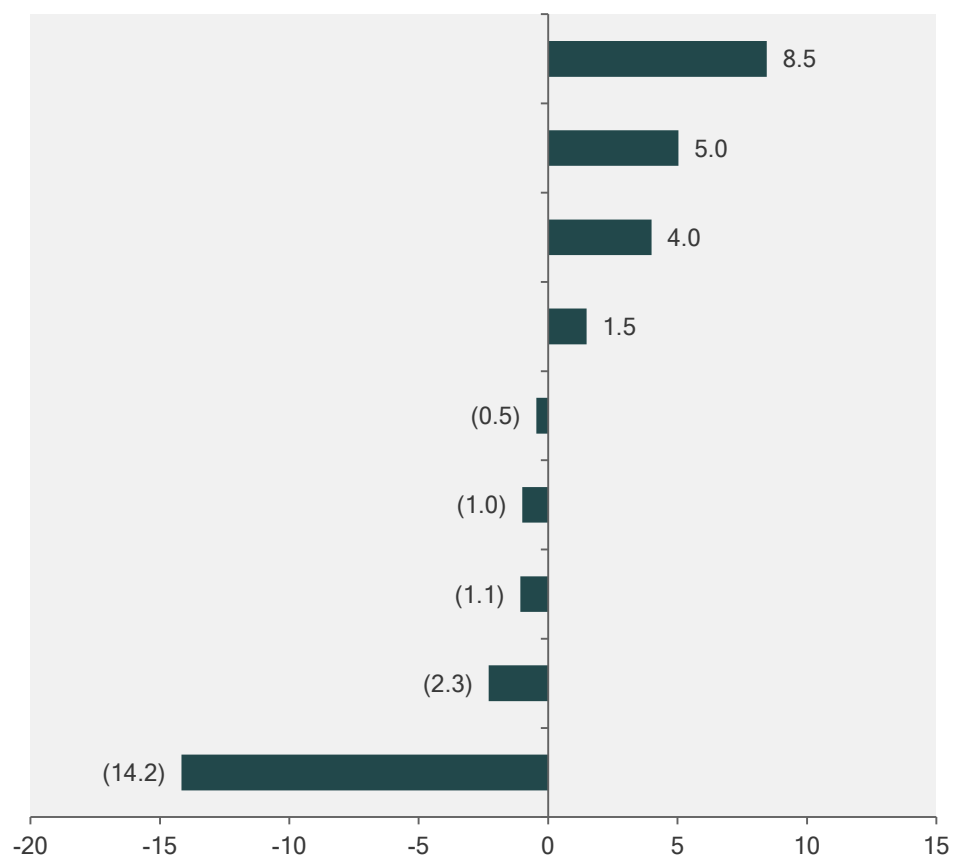
Small Cap Sustainable Growth Portfolio
As of September 30, 2017



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Sectors	KAR Small Cap Sustainable Growth (%)	Russell 2000® Growth Index (%)
Consumer Discretionary	23.8	15.3
Financial Services	15.6	10.5
Technology	23.4	19.4
Consumer Staples	3.7	2.2
Producer Durables	15.8	16.2
Materials & Processing	7.3	8.3
Energy	—	1.1
Utilities	—	2.3
Health Care	10.4	24.6

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Sustainable Growth Portfolio

As of September 30, 2017



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Top 10 Holdings	Russell Sector	% of Portfolio
Autohome	Technology	8.4
National Research	Health Care	7.2
Fox Factory Holding	Consumer Discretionary	7.0
Ollie's Bargain Outlet Holdings	Consumer Discretionary	6.7
HEICO	Producer Durables	5.7
Interactive Brokers Group	Financial Services	5.5
Omega Flex	Materials & Processing	5.2
Old Dominion Freight Line	Producer Durables	4.8
NVE	Technology	4.5
MercadoLibre	Consumer Discretionary	4.1
Total		59.1

Research confidence leads to large active weights

	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
# of Holdings	25	1,172
Average Position Size (%)	4.0	0.1
Weight of Top Ten Holdings (%)	59.1	5.0
Active Share (%)	97.8	—

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

Small Cap Sustainable Growth Portfolio

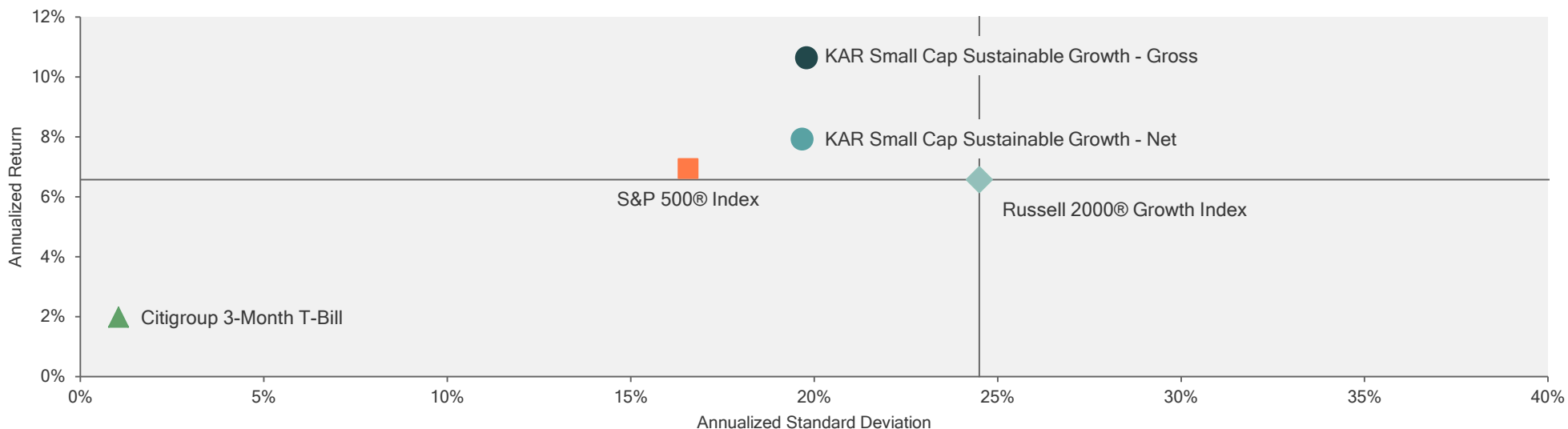
Inception* to September 30, 2017



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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 Sustainable Growth	4.98	0.44	19.79	14.92	0.72	11.51
Russell 2000® Growth Index	0.00	0.19	24.50	17.97	1.00	0.00

*January 1, 1998

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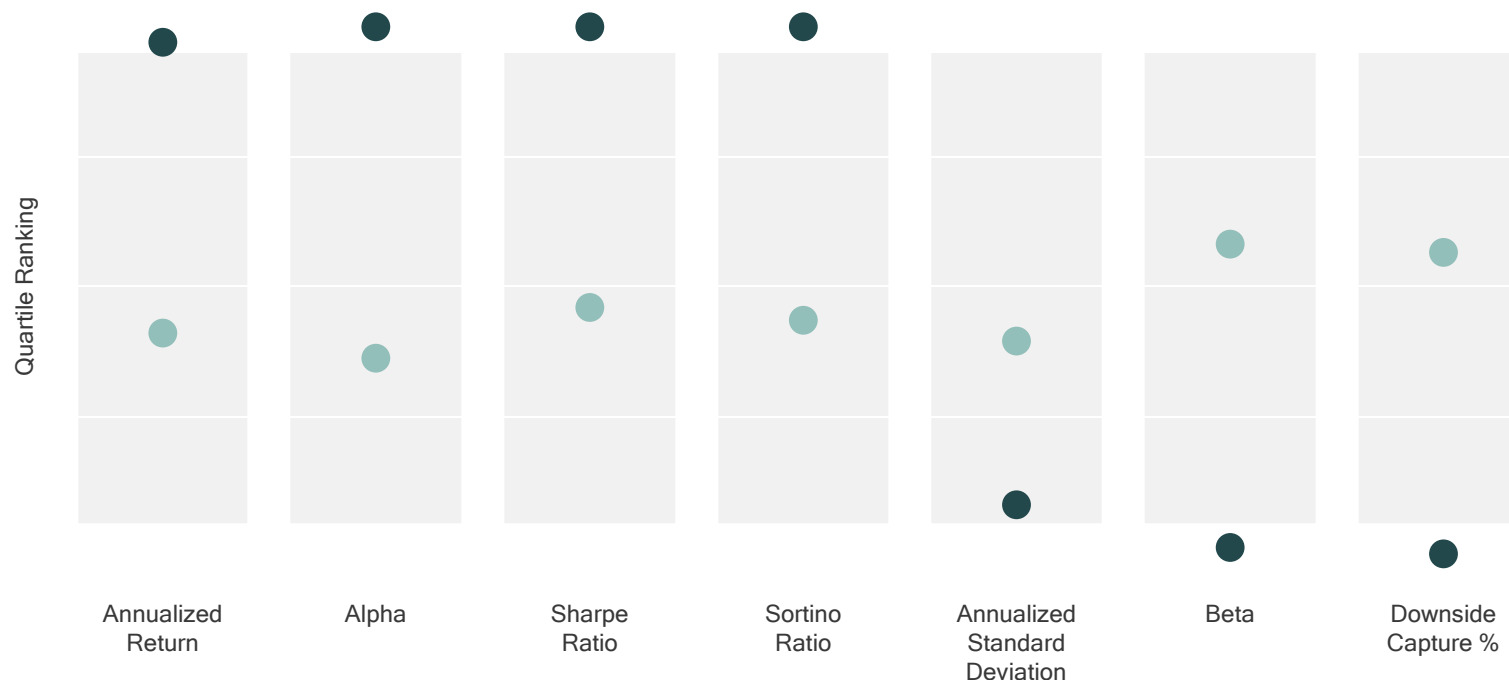
Peer Comparison

Small Cap Sustainable Growth Portfolio

Ten Years Ending September 30, 2017



Kayne Anderson Rudnick
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KAR Small Cap Sustainable Growth
 Russell 2000[®] Growth Index
 Small Cap Growth Universe

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

The Small Cap Growth Universe includes all managers categorized in the small cap growth 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 on performance would grow at a compounded rate. Over a five-year period, if a \$250,000 portfolio had an annual return of 10%, it would grow to \$402,628. The net compounded effect of a 3% annual investment management fee would total \$51,990 and result in a portfolio value of \$350,638.

Returns

Small Cap Sustainable Growth Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 9/30/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Third Quarter	12.06	11.25	6.22	584
Year to Date	31.74	28.89	16.81	1493
1 Year	38.99	34.98	20.98	1801
3 Years	24.10	21.02	12.17	1192
5 Years	20.96	18.21	14.28	668
7 Years	20.77	17.98	14.17	660
10 Years	13.09	10.64	8.47	461
Since Inception*	10.64	7.92	6.57	406

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	26.59	22.92	11.32	1528
2015	1.91	(0.07)	(1.38)	329
2014	5.16	3.19	5.60	(44)
2013	40.55	37.73	43.30	(276)
2012	12.38	10.05	14.59	(221)
2011	18.59	15.50	(2.91)	2150
2010	15.44	13.07	29.09	(1365)
2009	39.32	36.77	34.47	486
2008	(33.73)	(34.93)	(38.54)	481
2007	(0.61)	(2.14)	7.05	(766)
2006	15.47	13.12	13.35	213
2005	2.71	(0.39)	4.15	(144)
2004	13.42	10.02	14.31	(89)
2003	39.90	35.88	48.54	(865)
2002	(23.82)	(26.14)	(30.26)	644
2001	0.48	(2.42)	(9.23)	971
2000	6.28	3.13	(22.43)	2871
1999	31.19	27.42	43.09	(1190)
1998	3.33	0.20	1.23	210

*January 1, 1998

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

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

Disclosure

Small Cap Sustainable Growth 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 Sustainable Growth 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 Sustainable Growth Wrap Portfolios. Small Cap Sustainable Growth Wrap Portfolios are invested in equity securities with market capitalizations in line with the Russell 2000® Growth 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® Growth Index. The Russell 2000® Growth Index is a market capitalization-weighted index of growth-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 July 2003. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

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

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Prior to December 31, 2005, net annual returns are calculated by deducting 1/4th 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	15.36	21.01
2013	11.96	17.52
2014	11.97	14.02
2015	13.80	15.16
2016	14.67	16.91

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® Growth Index Annual Return (%)	Internal Dispersion
2007	5,392	147	100%	9	(0.61)	(2.14)	7.05	0.20
2008	3,445	74	100%	12	(33.73)	(34.93)	(38.54)	0.99
2009	4,010	77	100%	13	39.32	36.77	34.47	1.11
2010	4,729	63	100%	12	15.44	13.07	29.09	0.55
2011	5,232	12	100%	13	18.59	15.50	(2.91)	1.04
2012	6,545	31	100%	32	12.38	10.05	14.59	0.98
2013	7,841	23	100%	26	40.55	37.73	43.30	0.58
2014	7,989	20	100%	23	5.16	3.19	5.60	0.30
2015	8,095	36	100%	24	1.91	(0.07)	(1.38)	0.60
2016	9,989	53	100%	24	26.59	22.92	11.32	0.38

*Pure gross returns are supplemental to net returns.

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