



Kayne Anderson Rudnick
Investment Management

Small Cap Sustainable Growth Portfolio
Managed Accounts
First Quarter 2018 Review

kayne.com

1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067 T 800.231.7414

Firm Overview

As of March 31, 2018



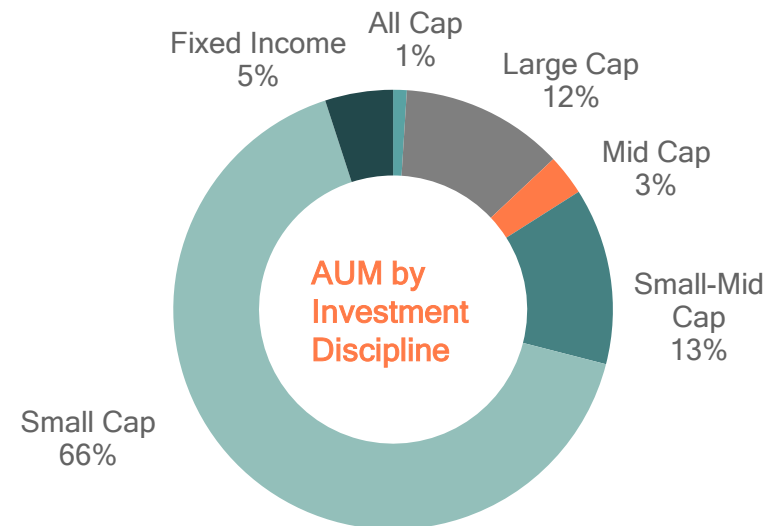
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Investment Management

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	\$20.4 billion
Number of Investment Professionals	13
Average Investment Experience	18 Years

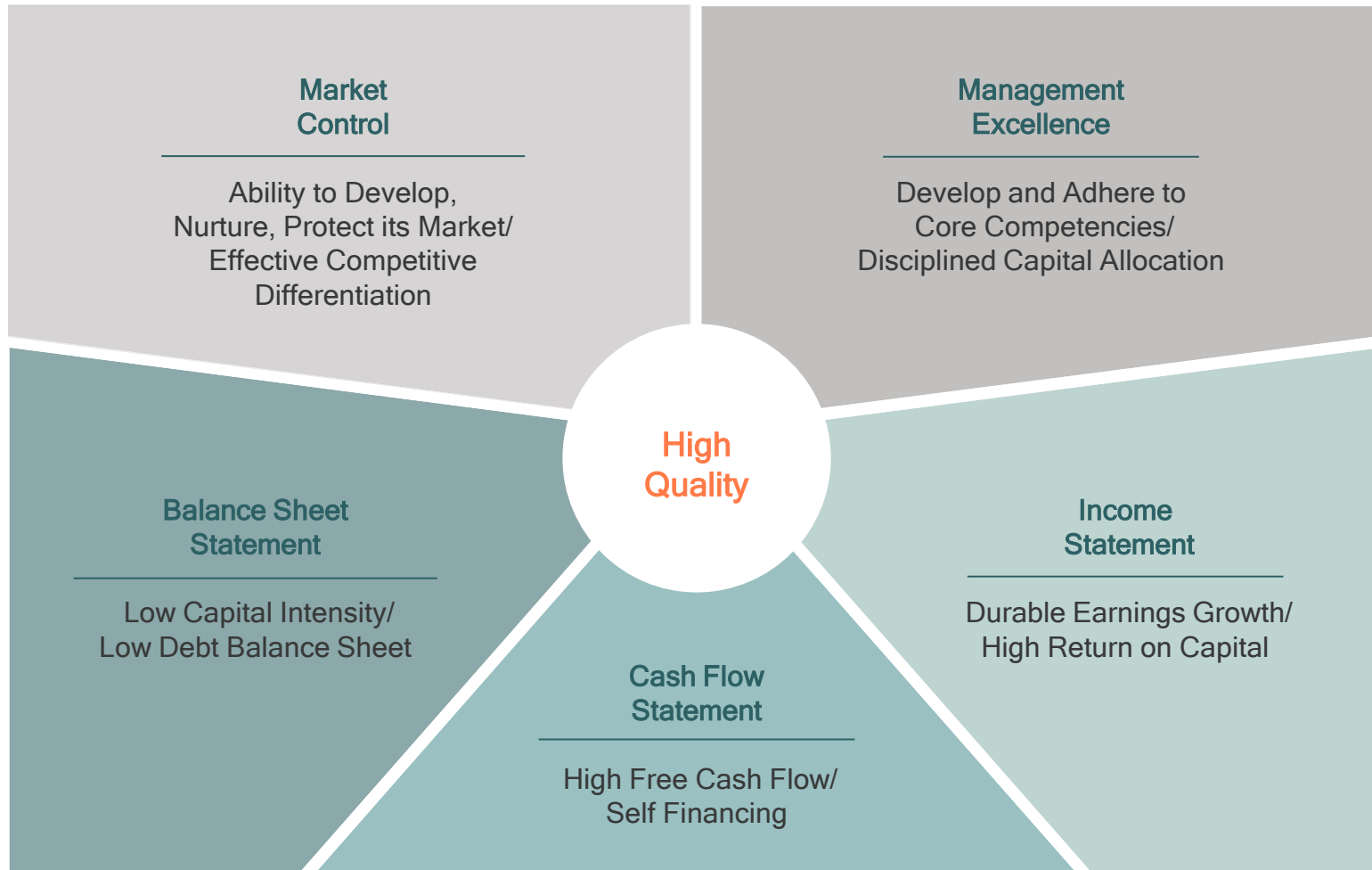


Investment Philosophy

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

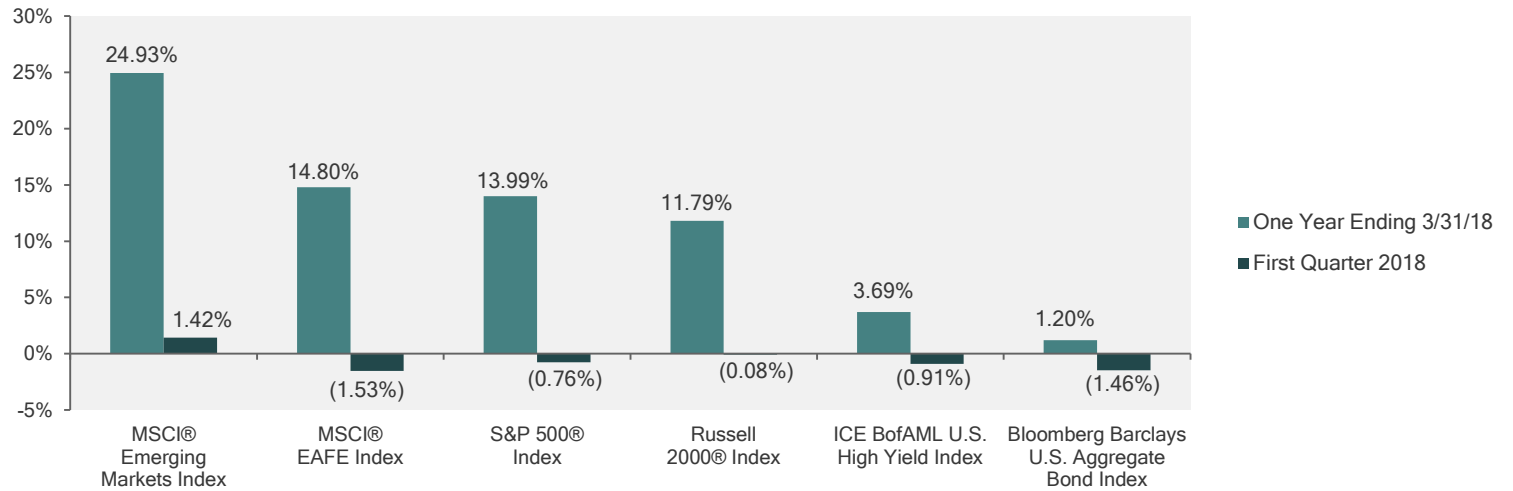


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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	32 Years	7 Years
Todd Beiley, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Financials and Producer Durables	19 Years	16 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	23 Years	17 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Energy and Financials	17 Years	17 Years
Craig Stone	Senior Research Analyst Sector Coverage: Producer Durables	29 Years	18 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Consumer Discretionary, Consumer Staples, and Financials	8 Years	6 Years
Julie Biel, CFA	Research Analyst Sector Coverage: Technology and Consumer Discretionary	10 Years	5 Years
Jordan Greenhouse	Portfolio Specialist	21 Years*	2 Years

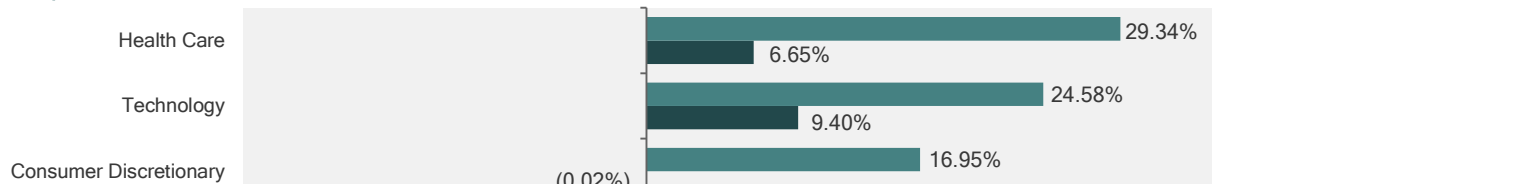
*Represents years of industry experience.

Index Performance

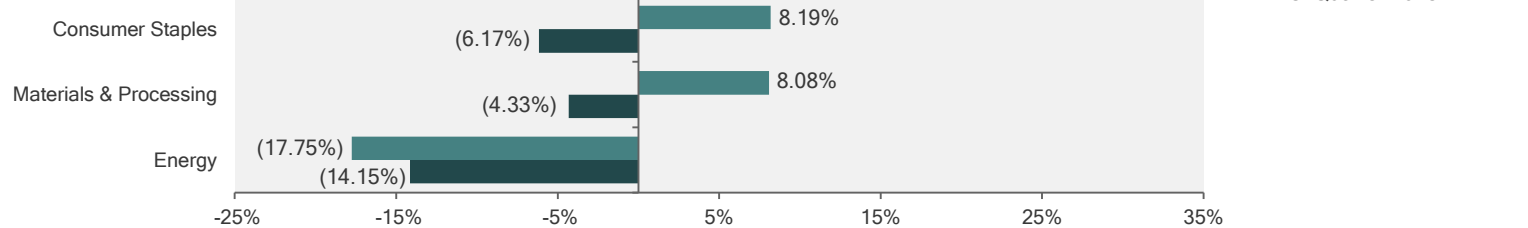


Sector Performance Russell 2000® Growth Index

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

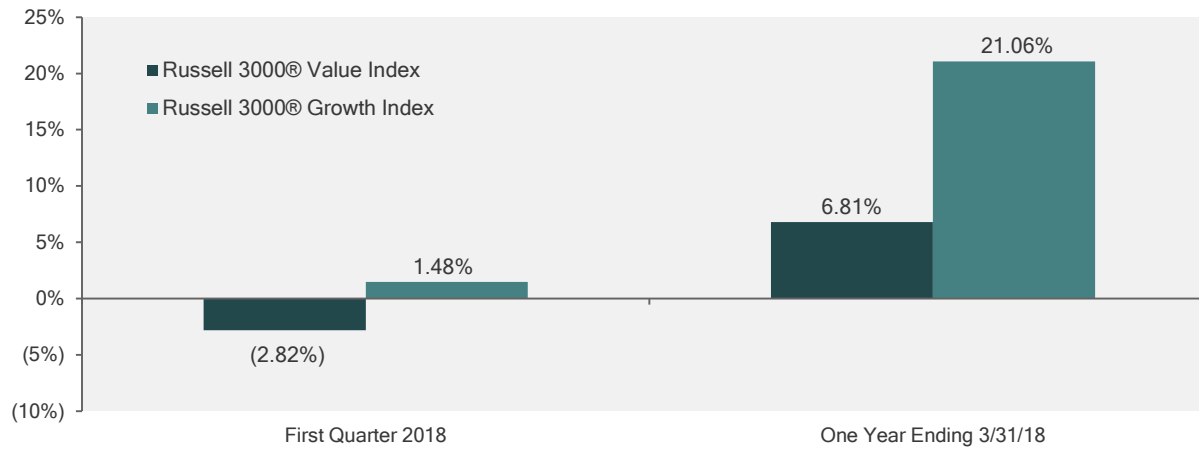
Performance by Style and Yield



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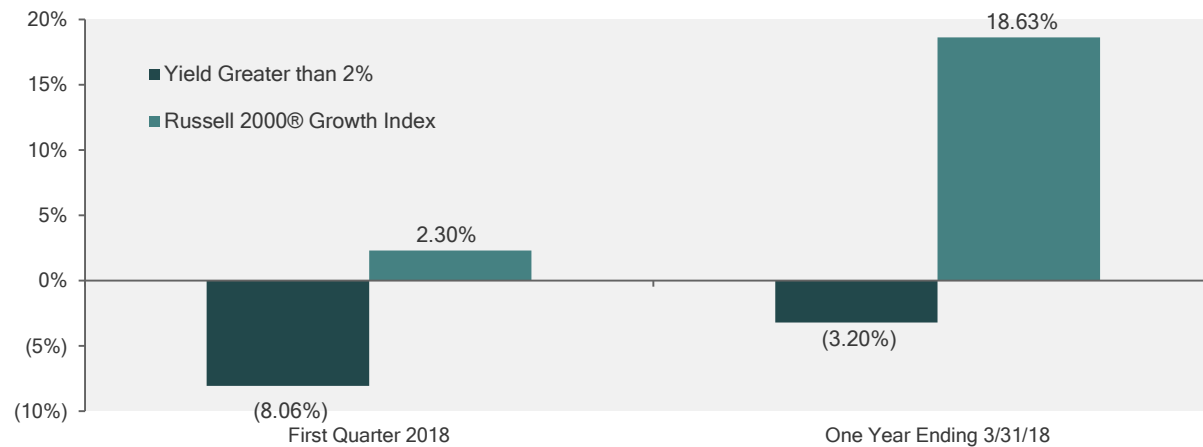
Performance by Style

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



Performance by Yield

Underperformance of Bond Proxies



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Quarterly Performance Overview

Small Cap Sustainable Growth Portfolio

Periods Ending March 31, 2018



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Monthly and Quarterly Performance

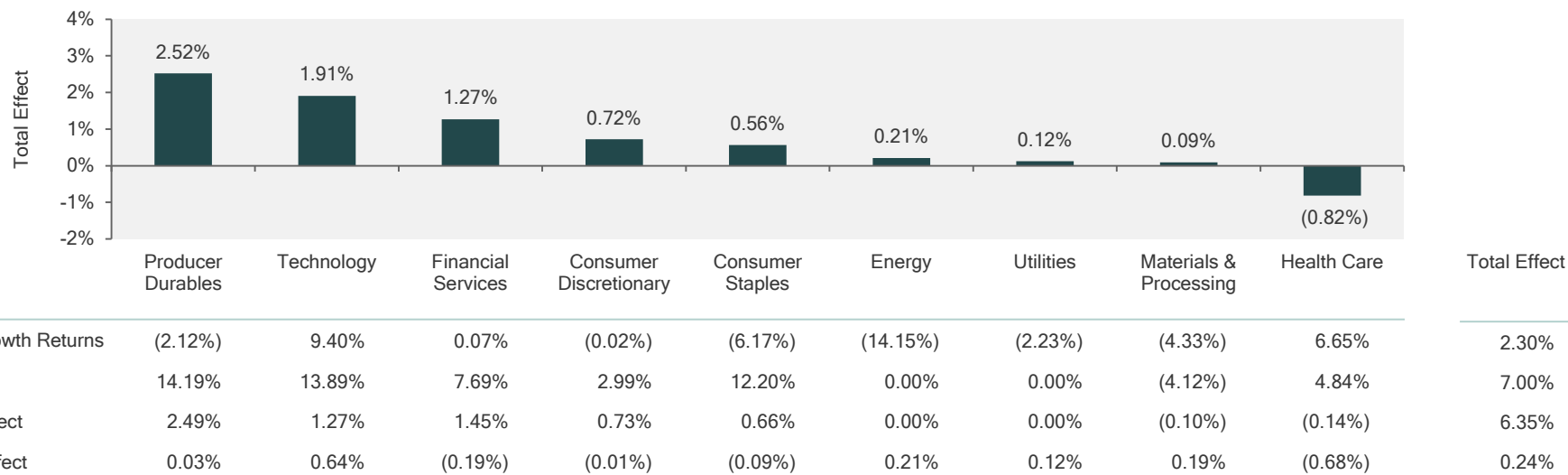
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
January	6.06	5.81	3.90	216
February	(1.66)	(1.91)	(2.85)	119
March	2.59	2.34	1.35	124
First Quarter	7.00	6.22	2.30	470

Contributors

Highest	Contribution
Autohome	+2.98%
MercadoLibre <i>(Sold Q1 2018)</i>	+0.95%
Interactive Brokers Group	+0.92%
Lowest	Contribution
National Research	(0.77%)
Fox Factory Holding	(0.55%)
Auto Trader Group <i>(Purchased Q1 2018)</i>	(0.48%)

Attribution by Sector

Quarter Ending March 31, 2018



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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 March 31, 2018



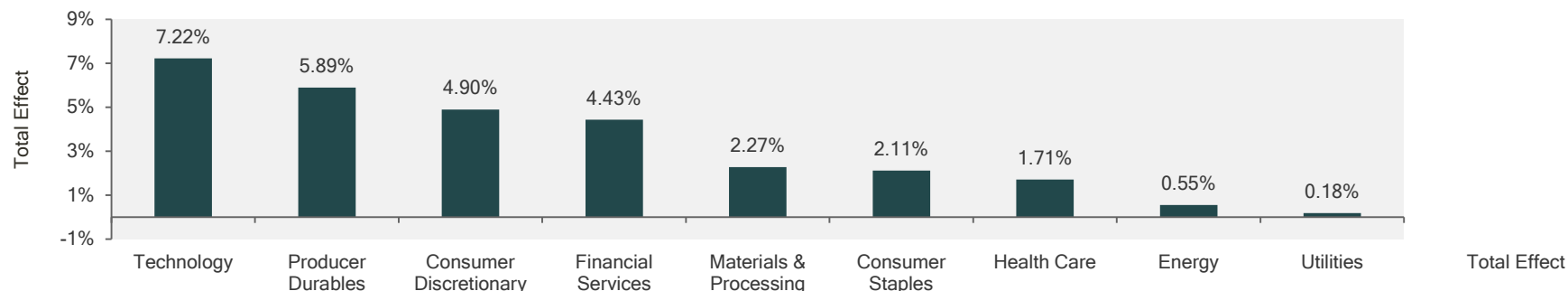
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Second Quarter 2017	11.02	10.22	4.39	663
Third Quarter 2017	11.85	11.05	6.22	564
Fourth Quarter 2017	7.84	7.06	4.59	326
First Quarter 2018	7.00	6.22	2.30	470
1 Year Ending 3/31/18	43.30	39.18	18.63	2467

Attribution by Sector

One Year Ending March 31, 2018



	Technology	Producer Durables	Consumer Discretionary	Financial Services	Materials & Processing	Consumer Staples	Health Care	Energy	Utilities	Total Effect
Russell 2000® Growth Returns	24.58%	14.80%	16.95%	10.37%	8.08%	8.19%	29.34%	(17.75%)	13.48%	18.63%
KAR Returns	52.97%	57.37%	35.75%	40.23%	27.54%	65.47%	55.92%	0.00%	0.00%	43.30%
KAR Selection Effect	6.46%	5.82%	4.72%	4.77%	1.84%	2.15%	2.99%	0.00%	0.00%	28.74%
KAR Allocation Effect	0.76%	0.07%	0.18%	(0.34%)	0.43%	(0.04%)	(1.28%)	0.55%	0.18%	0.63%

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Highest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending March 31, 2018



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Security	Contribution	Comments
Autohome	+9.95%	Shares of Autohome increased meaningfully over the past year as the company refined its strategy and exited a money-losing new car transaction business. This allowed the strong profitability of its core business to re-emerge and translated into double-digit revenue and earnings-per-share growth for 2017. Autohome's financial results also have benefited from the ongoing secular shift of ad budgets from offline to online media. 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.
Interactive Brokers Group	+4.68%	The low-cost platform of Interactive Brokers has continued to attract new clients. Also, net interest income has grown due to higher short-term interest rates, and trading activity has increased due to higher market volatility.
National Research	+4.48%	National Research saw its shares increase after announcing consistent sales and earnings growth, as well as revealing its plan to do away with the two-class share trading system that had 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.

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Lowest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending March 31, 2018



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Security	Contribution	Comments
PriceSmart	(0.55%)	PriceSmart has seen improved sales trends in both its hurricane-impacted markets and its major Colombian segment. Additionally, some of the softer Caribbean markets appear to be finding their footing. At the same time, margins have been hit with distribution headwinds and more aggressive pricing. The tax-reform act will have a modest impact on PriceSmart's tax rate, given its business is overseas. Overall, the company remains well positioned in markets with a growing middle class who appreciate the value PriceSmart delivers.
Auto Trader Group <i>(Purchased Q1 2018)</i>	(0.48%)	Auto Trader Group is the leading online automotive marketplace in the U.K. Consumers can use Auto Trader's site to find listings for cars, bikes, vans, motor homes, caravans, and trucks from both dealers and private sellers. Auto Trader also offers automotive insurance and financing products for consumers. We recently purchased an ownership stake in the company at the end of the first quarter of 2018, so this is a new holding for the strategy.
Financial Engines	(0.36%)	Financial Engines incurred weaker prices in its customer contract renewals, which will hurt near-term profitability. However, in exchange, the company gained greater access to plan participants, which brings potentially greater profits in the long run.

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Purchases

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2018



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Purchases	Descriptions/Reasons
Auto Trader Group—Initiated Position	Auto Trader operates the leading online automotive marketplace in the U.K.
Moelis & Co.—Initiated Position	Moelis & Co. (MC) is a global investment bank that provides financial advisory, restructuring and capital raising services to clients around the world. Its client base includes large public multinational corporations, governments, middle-market private companies and financial sponsors. The company was founded by Kenneth Moelis, Navid Mahmoodzadegan, Jeffrey Raich, and Elizabeth Crain in July 2007 and is headquartered in New York, N.Y.
Rightmove—Initiated Position	Rightmove is the No. 1 residential property website for properties for sale and to rent in the U.K.

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New Position

Small Cap Sustainable Growth Portfolio
Quarter Ending March 31, 2018



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Auto Trader Group (ATDRY)

- Auto Trader is the clear leader in car listings in the U.K., with four times the buyer traffic and double the number of listings than those of the No. 2 player in the market.
- The strength of the Auto Trader brand in the U.K. is evident in that (1) more than 80% of all time spent on automotive classified websites is spent on Auto Trader, (2) Auto Trader has more dealer reviews than any other site, and (3) Auto Trader does more valuations of used cars than any other site.
- Auto Trader was adept at managing the shift to online classifieds while staying focused on driving value to both consumers and dealers. It also has reasonable expense management and a strong capital allocation track record.

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New Position

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2018



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Moelis & Co. (MC)

- The founders of MC from the outset have focused on hiring high-performing managing directors and cultivating a distinct firm culture and reputation. This has allowed the firm to quickly take market share and climb the M&A league tables. While other firms could try to copy this model, successful execution is far from certain.
- Unlike bulge bracket banks, such as Citigroup and Goldman Sachs, MC does not have other lines of business that could create potential conflicts of interest with its clients. And unlike some other independent advisory shops, MC does not have a “commission-based” compensation model. Management of MC feels strongly that a commission model does not foster a long-lasting firm culture or promote cooperation amongst industry groups/managing directors.
- Also, the dislocation caused by the financial crisis gave MC a rare opportunity to aggressively recruit top talent quickly. Barring another disruptive event to the industry, it is unlikely a new firm could quickly amass the roster of talent MC achieved in a short amount of time.

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New Position

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2018



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Rightmove (RTMVY)

- Rightmove has established itself as the winner in what is an industry clearly driven by the network effect. Rightmove has 81% market share in terms of page views and has virtually full penetration in terms of real estate agents and new home developers. Rightmove's strong market presence has allowed the company considerable pricing power and margin-expansion opportunities.
- U.K. residential property market transactions are about 35% below the average number of transactions between 1998 and 2012. Recently, however, transactions have been growing at a strong double digit clip.
- Rightmove has had double-digit revenue growth over the past five years and has a clean balance sheet. Management returns essentially all free cash flow to shareholders through buybacks and dividends.

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Sales

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2018



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Sales	Reasons
MercadoLibre—Sold Entire Position	While we continue to look favorably on MercadoLibre’s business and management team, we sold our position in the most recent quarter because the market cap has surpassed a size that was appropriate for this portfolio.
Autohome—Trimmed Position	We trimmed our holding in Autohome as the position exceed our maximum limit.

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Portfolio Characteristics

Small Cap Sustainable Growth Portfolio – As of March 31, 2018



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	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
Quality		
Return on Equity—Past 5 Years	22.5%	13.5%
Total Debt/EBITDA	1.2 x	4.0 x
Earnings Variability—Past 10 Years	30.2%	69.9%
Growth		
Earnings Per Share Growth—Past 10 Years	12.6%	10.1%
Capital Generation—{ROE x (1-Payout)}	17.3%	11.4%
Value		
P/E Ratio—Trailing 12 Months	38.0 x	56.6 x
Free Cash Flow Yield†	2.7%	1.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$3.8 B	\$2.3 B
Largest Market Cap—3-Year Average	\$13.1 B	\$8.1 B
Annualized Standard Deviation—Since Inception*	19.6%	24.2%

*January 1, 1998

†Free cash flow data is as of December 31, 2017. Prices are as of March 31, 2018. Excludes financials.

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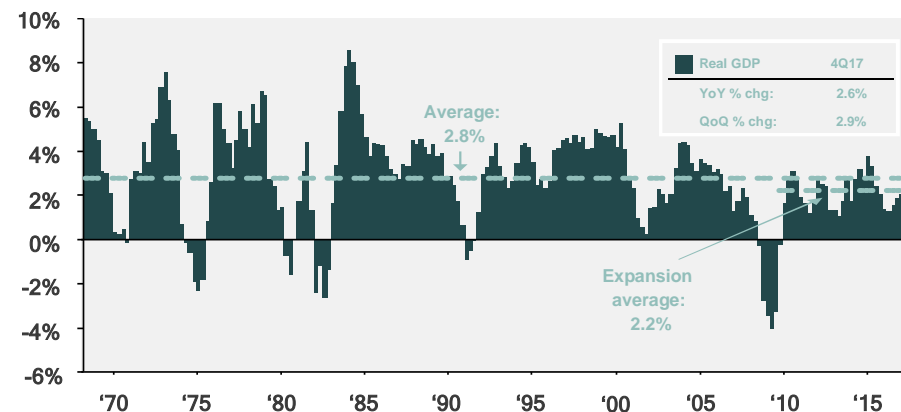
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future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

The U.S. economy should accelerate 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. 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 should improve to the 2.5% to 3.5% range over the next two years due to tax reform. The stock market has already discounted some of these benefits.
- Corporate cash is at all-time highs and improving, leading to share buybacks, dividend increases and acquisitions. Companies have become more disciplined about their capital allocation. M&A should pick up in 2018 due to repatriation, and IPO activity should increase as well.
- Stock market volatility will likely increase from very low levels in 2017.
- 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 should pick up given the very low levels of unemployment. Small business optimism has substantially improved since the election.
- 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.
- Despite the back up in Q1 yields, mortgage rates have continued to stay fairly low by historical standards, which has helped real estate markets continue to recover.

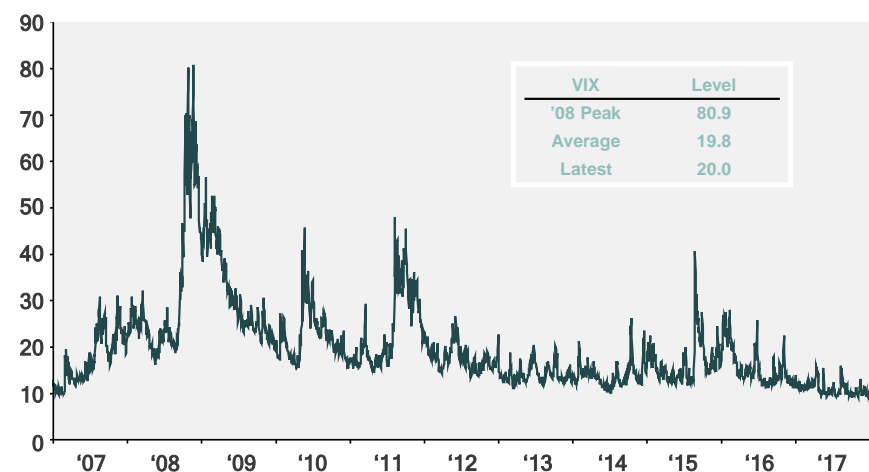
Real GDP

Year-over-year % change



CBOE Market Volatility Index (VIX)

Index Level



Data as of March 31, 2018.

Quarter-over-quarter percent changes are at an annualized rate. Average represents the annualized growth rate for the full period. Expansion average refers to the period starting in the third quarter of 2009. Stock market returns are based on calendar year peak to trough declines experienced during VIX spike. Average is based on the period shown from 12/31/2006-3/31/2018. Data is obtained from FactSet Research Systems, J.P. Morgan Asset Management, BEA and CBOE and is assumed to be reliable. Past performance is no guarantee of future results.

Market Outlook

International Economy

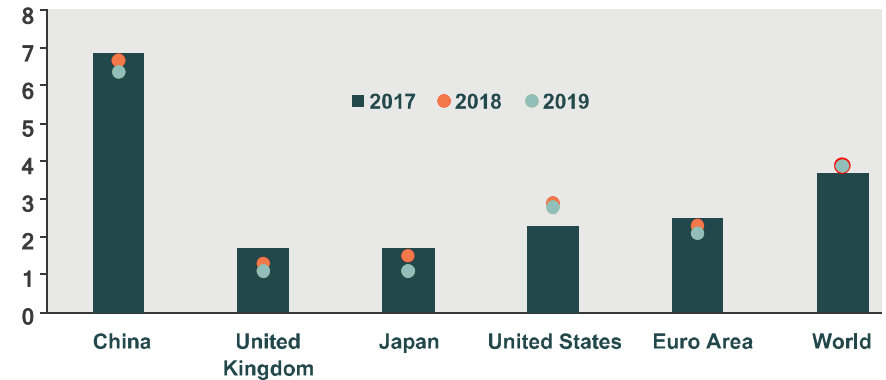


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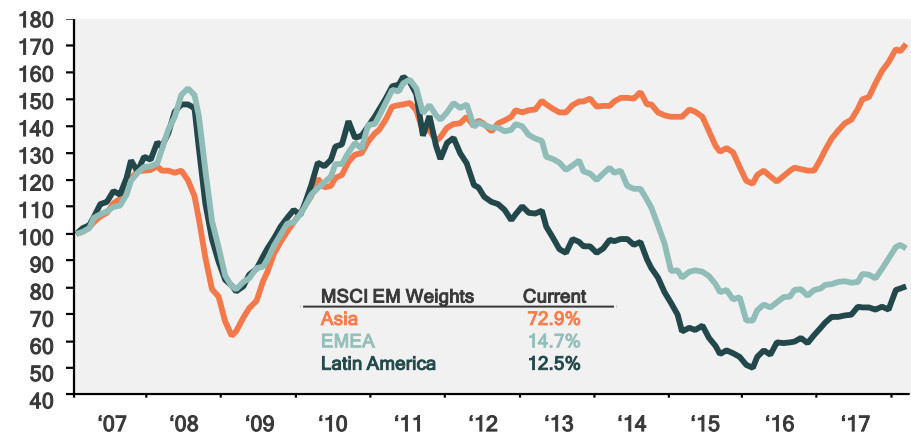
Global growth prospects are solid through year end, providing support for risk-based assets globally.

- We don't believe a global trade war will occur. Negotiations will take time with China, but a trade war is in no country's interest.
- At a 2.7% 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 2017, albeit at lower rates than historically. The transition to a consumption-led economy will take time, but is clearly occurring.
- Emerging market growth rates and currencies 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 with NAFTA still a risk.

OECD Economic Projections
Annual GDP Growth



EM Earnings by Region
EPS for Next 12-Month Consensus, U.S. Dollar, Rebased to 100



Data as of March 31, 2018.

Data is obtained from FactSet Research Systems, J.P. Morgan Asset Management, Consensus Economics, MSCI and Strategas 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 three times in 2018 and unwind the balance sheet?
- 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.
- Does government over-regulate the technology industry?

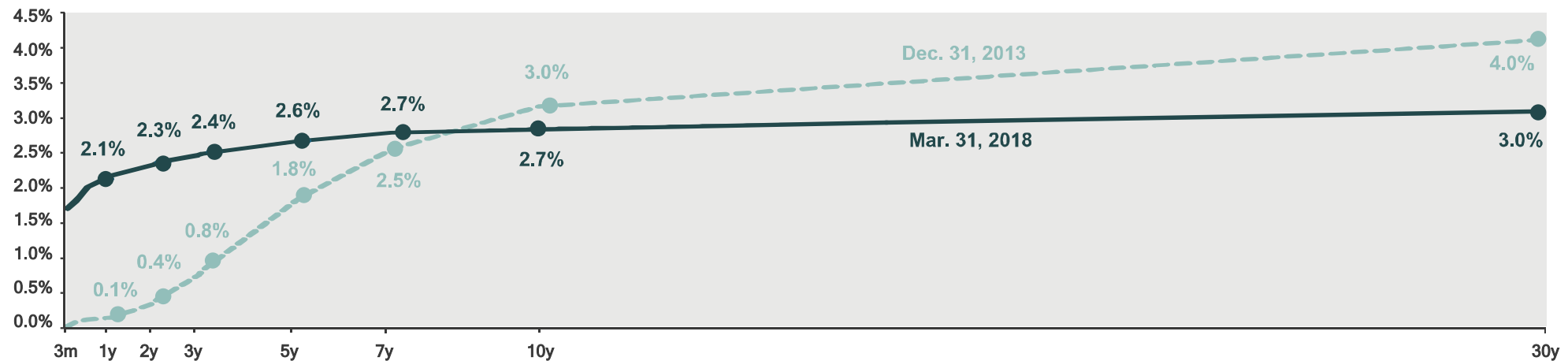
Price of Oil

Brent Crude, Nominal Prices, USD/Barrel



Yield Curve

U.S. Treasury Yield Curve



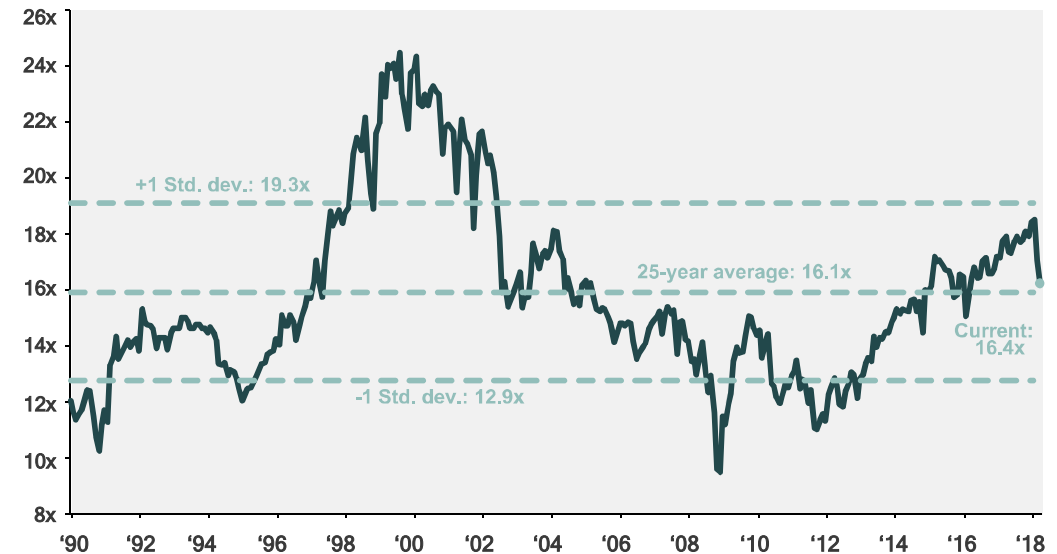
Data as of March 31, 2018.

Brent crude prices are monthly averages in USD using global spot ICE prices. Data is obtained from 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.

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 in the equity market.
- 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, particularly for large multinationals.
- 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 historical levels.
- 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



Data as of March 31, 2018.

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 March 31, 2018. Average P/E and standard deviations are calculated using 25 years of FactSet history. 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

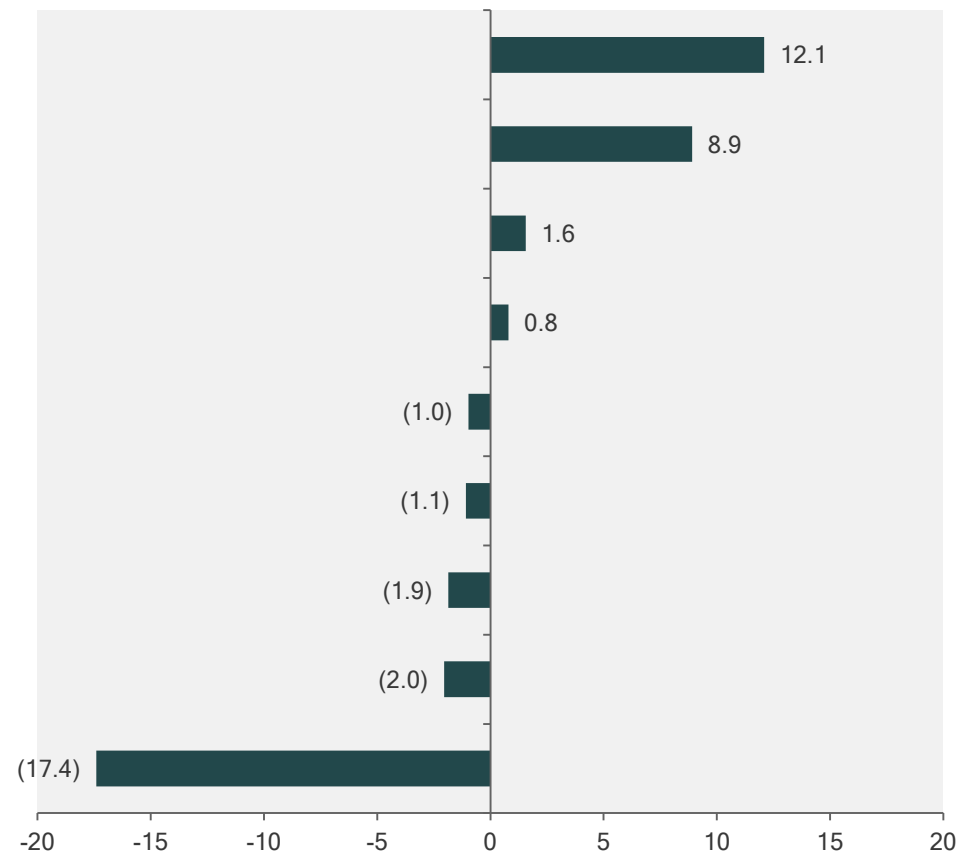
Small Cap Sustainable Growth Portfolio
As of March 31, 2018



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Sectors	KAR Small Cap Sustainable Growth (%)	Russell 2000® Growth Index (%)
Technology	32.7	20.6
Financial Services	19.3	10.4
Consumer Staples	3.7	2.2
Producer Durables	16.4	15.6
Consumer Discretionary	14.3	15.3
Energy	—	1.1
Utilities	—	1.9
Materials & Processing	6.0	8.0
Health Care	7.6	25.0

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Sustainable Growth Portfolio
As of March 31, 2018



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Top 10 Holdings	Russell Sector	% of Portfolio
Autohome	Technology	9.2
Interactive Brokers Group	Financial Services	6.8
Old Dominion Freight Line	Producer Durables	5.6
Ollie's Bargain Outlet Holdings	Consumer Discretionary	5.2
Fox Factory Holding	Consumer Discretionary	5.2
Copart	Producer Durables	4.8
HEICO	Producer Durables	4.7
Auto Trader Group	Technology	4.6
Rightmove	Technology	4.2
Aspen Technology	Technology	4.1
Total		54.4

Research confidence leads to large active weights

	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
# of Holdings	28	1,188
Average Position Size (%)	3.6	0.1
Weight of Top Ten Holdings (%)	54.4	6.4
Active Share (%)	97.3	—

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

Small Cap Sustainable Growth Portfolio

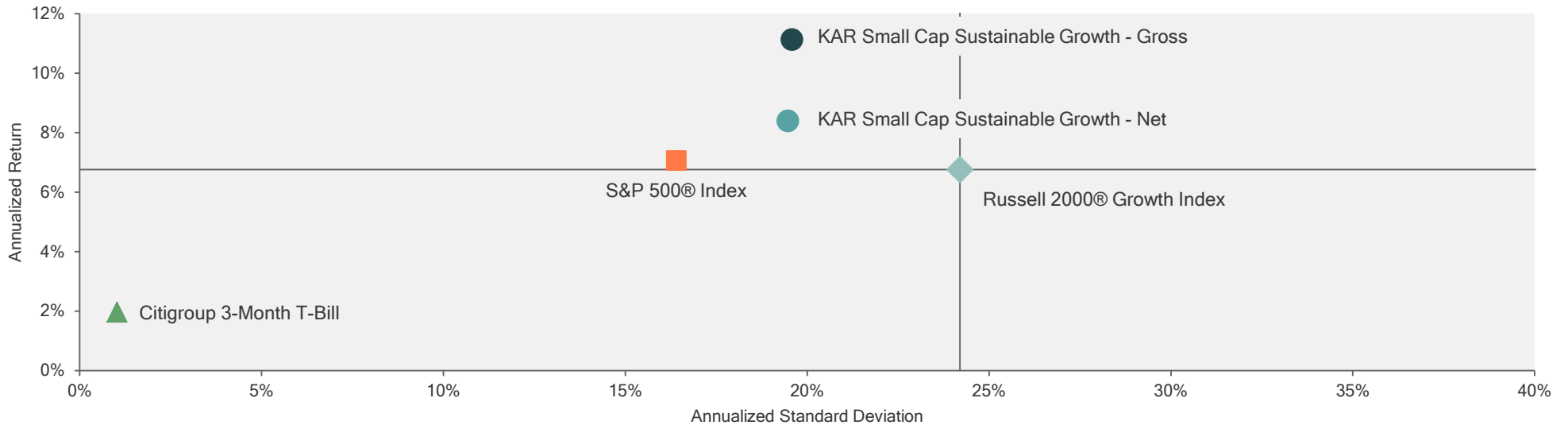
Inception* to March 31, 2018



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 Sustainable Growth	5.34	0.47	19.58	14.83	0.72	11.41
Russell 2000® Growth Index	0.00	0.20	24.20	17.78	1.00	0.00

*January 1, 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 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.

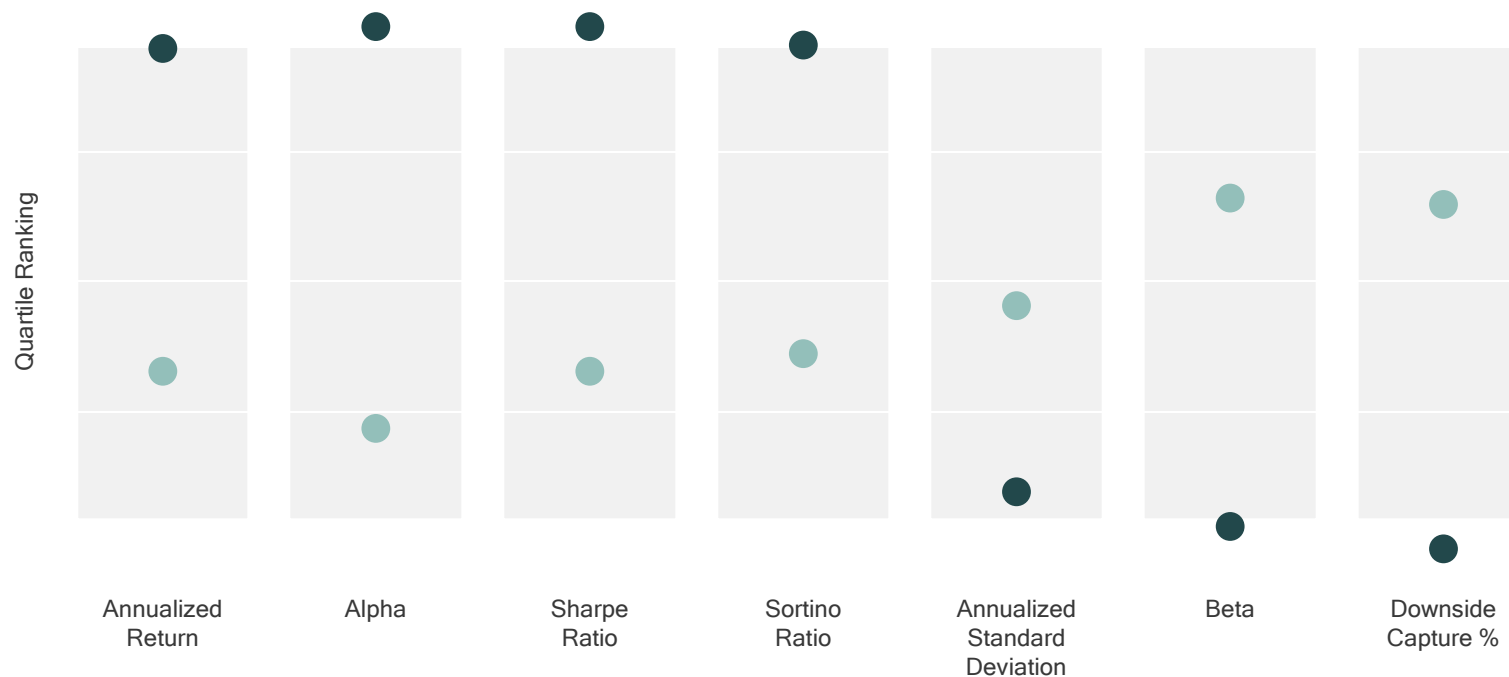
Peer Comparison

Small Cap Sustainable Growth Portfolio

Ten Years Ending March 31, 2018



Kayne Anderson Rudnick
Investment Management



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

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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 3/31/18	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
First Quarter	7.00	6.22	2.30	470
1 Year	43.30	39.18	18.63	2467
3 Years	23.44	20.16	8.77	1467
5 Years	21.04	18.19	12.90	814
7 Years	19.63	16.85	11.29	834
10 Years	16.25	13.66	10.95	530
Since Inception*	11.13	8.39	6.76	437

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2017	41.80	37.72	22.17	1963
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, 2016.

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, 2016. 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)	0.25
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.