



Kayne Anderson Rudnick
Investment Management

Small Cap Sustainable Growth Portfolio
Managed Accounts
Third Quarter 2018 Review

kayne.com

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Firm Overview

As of September 30, 2018



Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

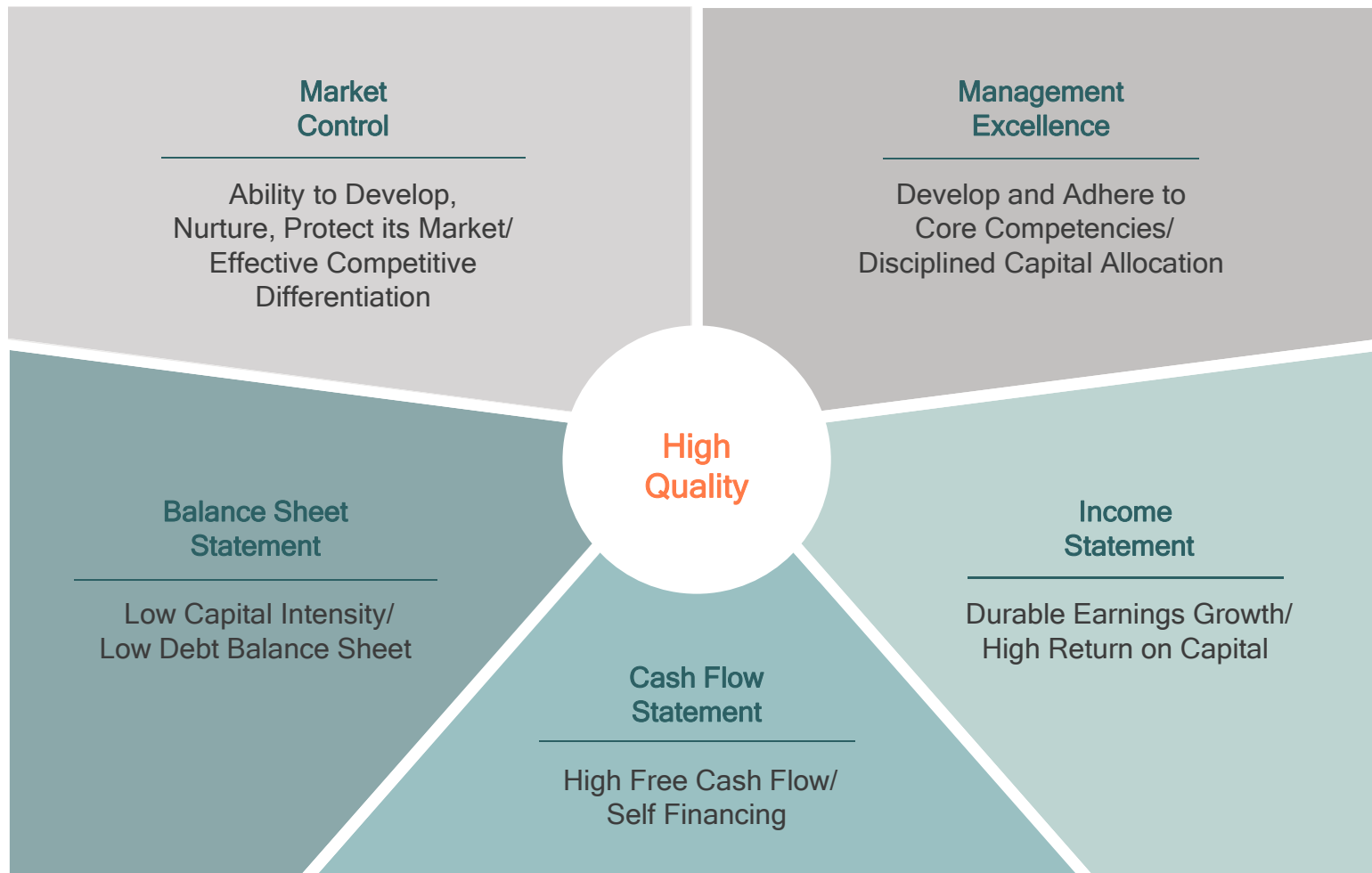
| | |
|------------------------------------|-----------------|
| Year Founded | 1984 |
| Headquarters | Los Angeles, CA |
| AUM | \$26.8 billion |
| Number of Investment Professionals | 17 |
| Average Investment Experience | 15 Years |

Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle

Investment Objectives

- To achieve a return meaningfully above that of the Russell 2000® Growth Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics



Summary of Key Differentiators

We Manage Risk and Generate Returns Differently



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| | CLASSIC APPROACH | KAR APPROACH |
|---------|--|---|
| RISK | <p>stock portfolio 75</p> <p>1% to 2% positions</p> <p>6 years of negative returns since 1998</p> <p>No stock can help or hurt more than 2%</p> | <p>stock portfolio 20-35</p> <p>3% to 10% positions in high-quality companies</p> <ul style="list-style-type: none"> Minimal business risk Minimal balance sheet risk Minimal profit risk 3 years of negative returns since 1998 |
| RETURNS | <p>Average companies producing average returns on capital</p> <p>Buying cheap and selling dear required for above-average portfolio returns</p> <p>6 months average holding period</p> <p>High frictional costs due to RAPID trading</p> <p>Poor tax efficiency due to short holding periods</p> | <p>Exceptional companies producing exceptional returns on capital</p> <p>Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time</p> <p>36 to 60 months average holding period, but often longer</p> <p>Low frictional costs due to LESS trading</p> <p>Inherent tax efficiency</p> |

Small Sustainable Growth Team

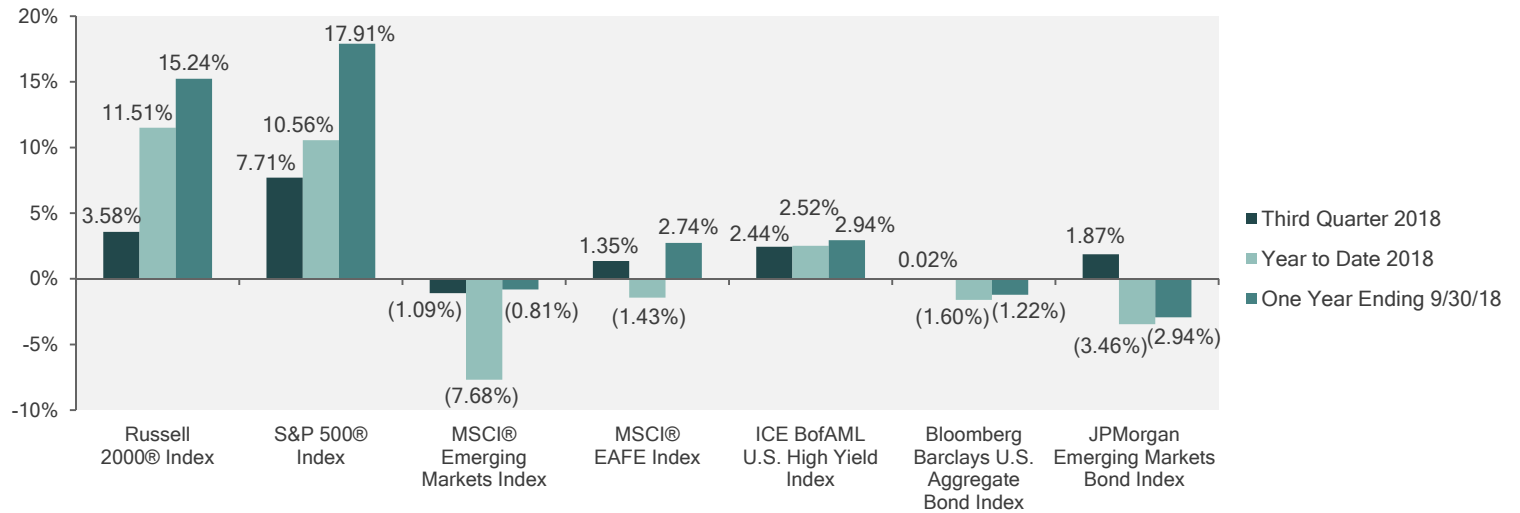


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| Portfolio Manager/Analysts | Responsibility | Research Experience | Years with KAR |
|----------------------------|---|-----------------------|----------------|
| Douglas S. Foreman, CFA | Chief Investment Officer | 32 Years | 7 Years |
| Todd Bailey, CFA | Portfolio Manager & Senior Research Analyst Sector Coverage: Energy and Consumer Discretionary | 19 Years | 16 Years |
| Jon Christensen, CFA | Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care | 23 Years | 17 Years |
| Julie Biel, CFA | Senior Research Analyst Sector Coverage: Technology | 10 Years | 5 Years |
| Julie Kutasov | Senior Research Analyst Sector Coverage: Materials and Processing | 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: Financials | 8 Years | 6 Years |
| Sean Dixon | Research Analyst Sector Coverage: Consumer Discretionary and Producer Durables | 9 Years | <1 Years |
| Adam Xiao , CFA | Research Analyst Sector Coverage: Consumer Staples, Financials and Producer Durables | 3 Years | <1 Years |
| Jordan Greenhouse | Portfolio Specialist | 21 Years [†] | 2 Years |

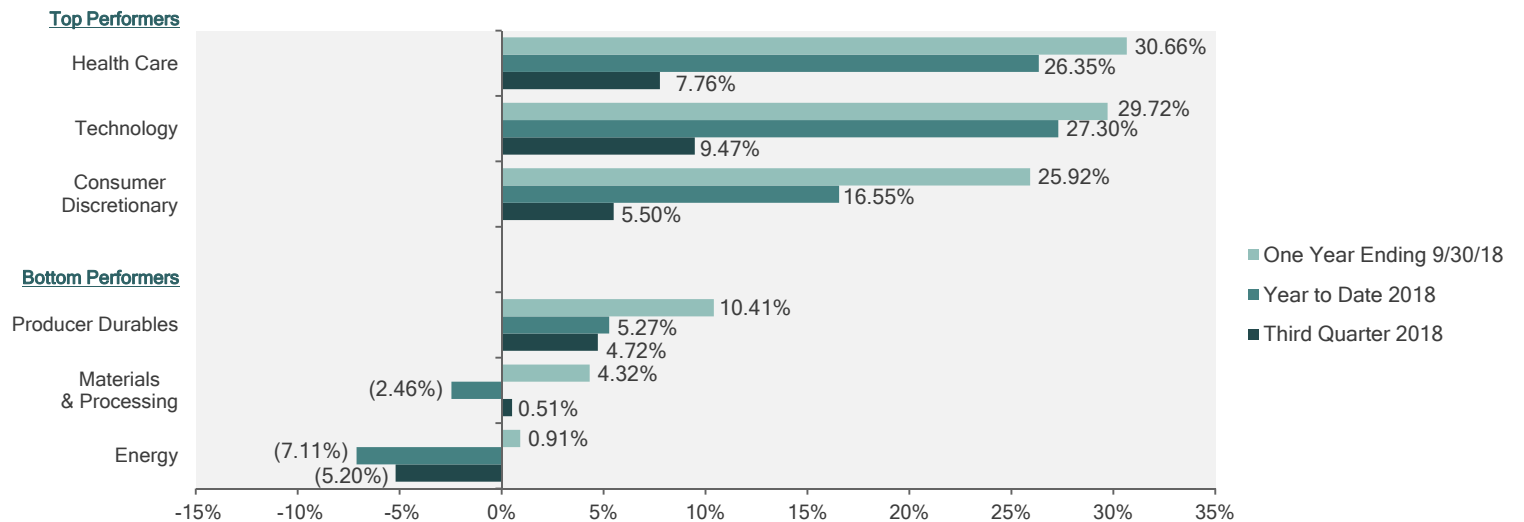
[†]Represents years of industry experience.

Index Performance



Sector Performance

Russell 2000® Growth Index



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Market Review

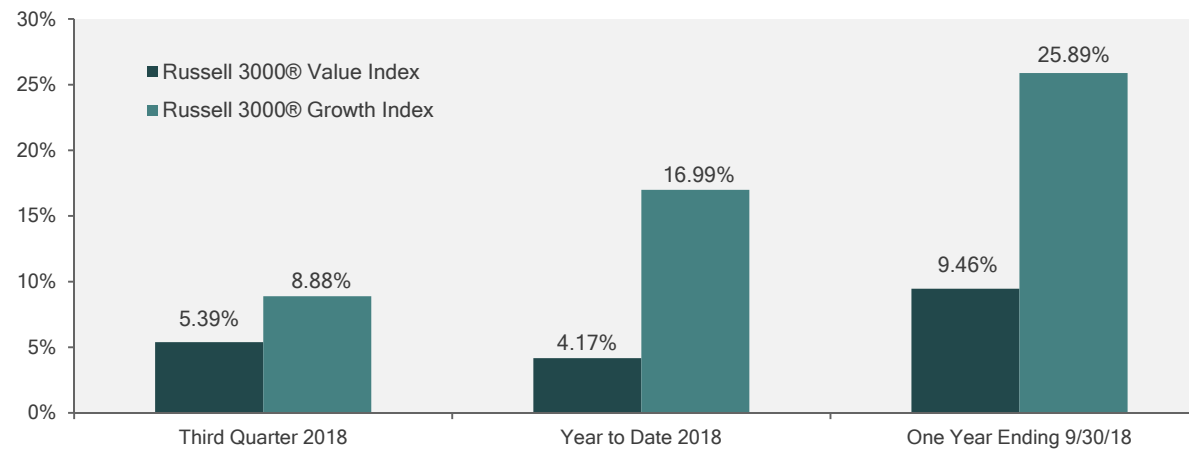
Performance by Style and Quality



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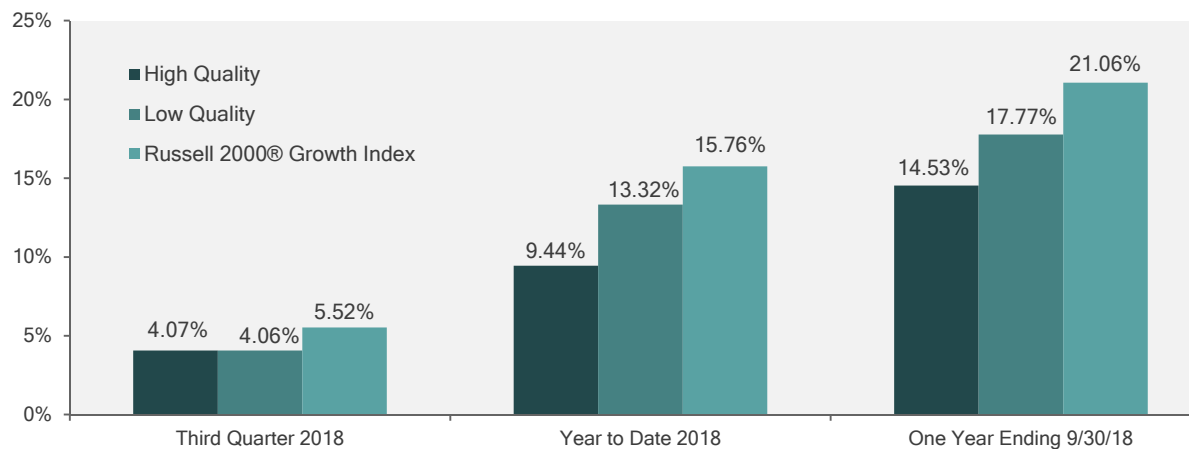
Performance by Style

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



Performance by Quality

Russell 2000® Growth Index



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

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Quarterly Performance Overview

Small Cap Sustainable Growth Portfolio
Periods Ending September 30, 2018



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Monthly, Quarterly and Year to Date Performance

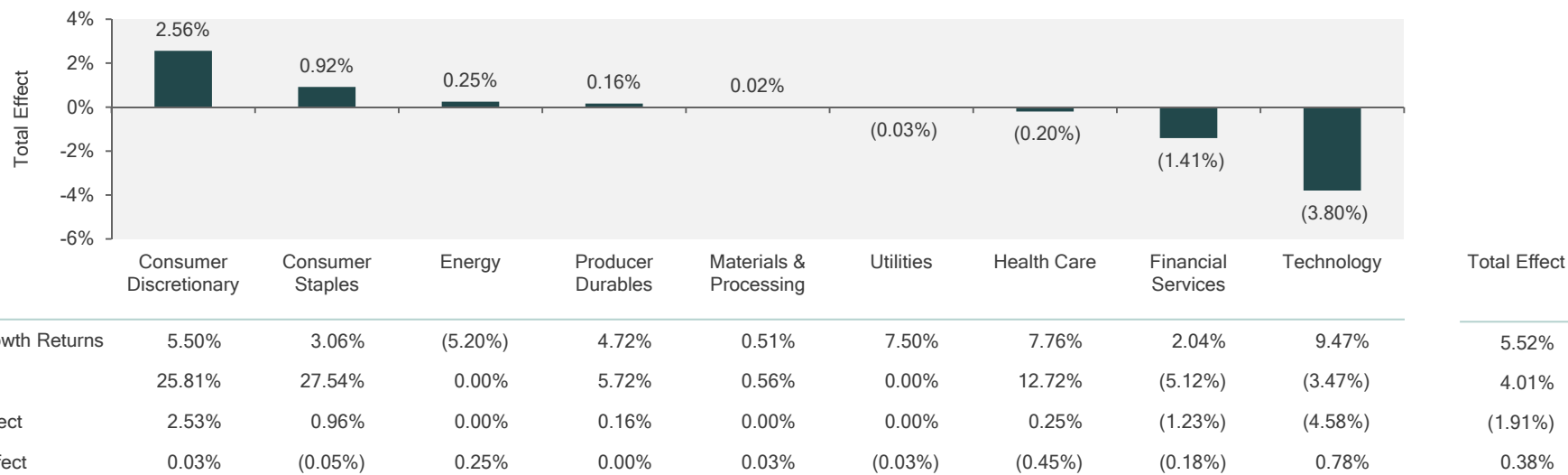
| | Gross (%) | Net (%) | Index (%) | Excess Returns (bps) |
|---------------|-----------|---------|-----------|----------------------|
| July | 0.04 | (0.21) | 1.72 | (168) |
| August | 7.34 | 7.09 | 6.23 | 111 |
| September | (3.13) | (3.38) | (2.34) | (79) |
| Third Quarter | 4.01 | 3.26 | 5.52 | (151) |
| Year to Date | 27.98 | 25.34 | 15.76 | 1222 |

Contributors

| Highest | Contribution |
|---------------------------|--------------|
| Fox Factory Holding | +2.98% |
| The Chefs' Warehouse | +1.05% |
| HEICO | +1.01% |
| Lowest | Contribution |
| Autohome | (2.20%) |
| Interactive Brokers Group | (0.79%) |
| NVE | (0.53%) |

Attribution by Sector

Quarter Ending September 30, 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 September 30, 2018



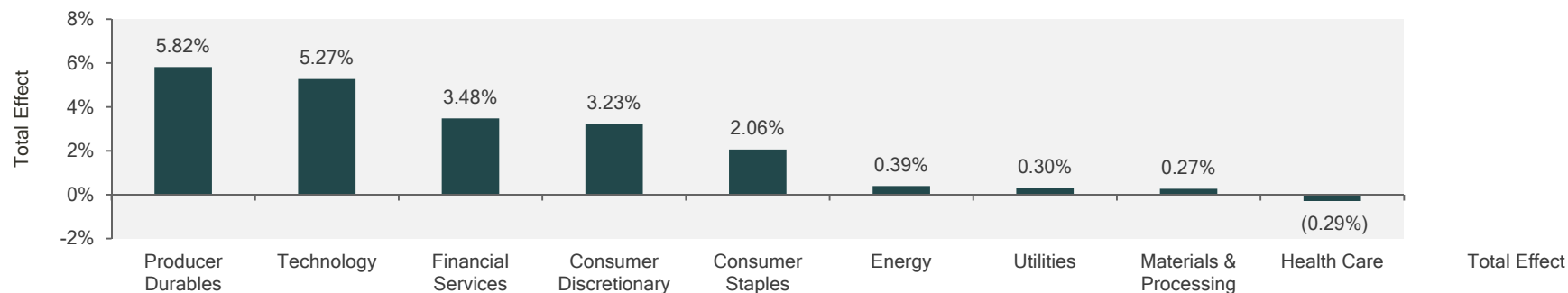
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Quarterly and Annual Performance

| | Gross (%) | Net (%) | Index (%) | Excess Returns (bps) |
|-----------------------|-----------|---------|-----------|----------------------|
| Fourth Quarter 2017 | 7.84 | 7.06 | 4.59 | 326 |
| First Quarter 2018 | 7.00 | 6.25 | 2.30 | 470 |
| Second Quarter 2018 | 14.98 | 14.23 | 7.23 | 775 |
| Third Quarter 2018 | 4.01 | 3.26 | 5.52 | (151) |
| 1 Year Ending 9/30/18 | 38.01 | 34.18 | 21.06 | 1695 |

Attribution by Sector

One Year Ending September 30, 2018



| | Producer Durables | Technology | Financial Services | Consumer Discretionary | Consumer Staples | Energy | Utilities | Materials & Processing | Health Care | Total Effect |
|------------------------------|-------------------|------------|--------------------|------------------------|------------------|--------|-----------|------------------------|-------------|--------------|
| Russell 2000® Growth Returns | 10.41% | 29.72% | 11.66% | 25.92% | 25.03% | 0.91% | 13.92% | 4.32% | 30.66% | 21.06% |
| KAR Returns | 47.19% | 44.27% | 27.89% | 59.80% | 88.34% | 0.00% | 0.00% | 5.28% | 49.20% | 38.01% |
| KAR Selection Effect | 5.72% | 3.90% | 4.09% | 2.95% | 1.91% | 0.00% | 0.00% | (0.19%) | 1.19% | 19.57% |
| KAR Allocation Effect | 0.09% | 1.37% | (0.60%) | 0.28% | 0.16% | 0.39% | 0.30% | 0.46% | (1.49%) | 1.06% |

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Highest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending September 30, 2018



Kayne Anderson Rudnick
Investment Management

| Security | Contribution | Comments |
|---------------------------------|--------------|--|
| Autohome | +4.14% | Autohome's shares rose after management exited the unprofitable direct-sales segment. The company's core subscription and advertising businesses continued to prosper. |
| Ollie's Bargain Outlet Holdings | +3.71% | The value proposition of Ollie's is focused around a treasure-hunt shopping experience and has provided substantial growth to the business. As a result, the company has been able to expand its store count and increase both its consolidated and comparable-store sales. These developments have been positively correlated to the performance of the stock. |
| Aspen Technology | +2.96% | It has been over a year since Aspen released its latest solution, the Asset Performance Monitoring suite. Demand for this software has been robust, helping to accelerate annual contract value growth. Additionally, with greater stability now in the oil markets, the company believes it has finally seen a bottom in revenue associated with engineering and construction clients. Longer term, Aspen should continue to benefit from solid demand in its client base and derive very high levels of profitability as a result. |

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

Lowest Contributors

Small Cap Sustainable Growth Portfolio
One Year Ending September 30, 2018



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| Security | Contribution | Comments |
|----------------------------|--------------|---|
| Emerald Expositions Events | (0.87%) | Emerald Expositions is in the process of managing the ongoing change in online transactions on wholesale purchasing behavior. |
| PriceSmart | (0.34%) | PriceSmart owns and operates 41 retail membership warehouse clubs in Latin America, the Caribbean, and the U.S. PriceSmart's results have been negatively impacted by the political turmoil in Nicaragua. |
| Omega Flex | (0.19%) | Shares of Omega Flex lagged due to investor concerns over a worsening outlook for the new residential-construction segment. The negative outlook follows a decline in building-permit issuance in August 2018, driven by rising building-materials costs and labor shortages. In early August, Omega Flex reported excellent operating results driven by solid topline growth and margin expansion. The company remains a solid free-cash-flow generator, maintaining a pristine cash-rich, debt-free balance sheet, and returning excess cash to shareholders in the form of regular cash dividends. |

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Purchases

Small Cap Sustainable Growth Portfolio
Quarter Ending September 30, 2018



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| Purchases | Descriptions/Reasons |
|-------------------------|---|
| AAON—Increased Position | AAON's profitability declined in the beginning of 2018 due to difficulties in introducing a new product and expanding production capacity, as well as higher raw-material costs. AAON's underlying competitive attributes remain attractive, however, and we believe the current challenges will prove to be temporary. |

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Sales

Small Cap Sustainable Growth Portfolio Quarter Ending September 30, 2018



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| Sales | Reasons |
|--|---|
| Ollie's Bargain Outlet Holdings—Trimmed Position | Ollie's retail strategy has been very successful and thus far unharmed by online migration. Moreover, the company's purchasing-power advantages strengthen as the company grows. The stock's valuation, however, indicates that future growth must continue to be robust in order to earn an attractive return. |

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Portfolio Characteristics

Small Cap Sustainable Growth Portfolio – As of September 30, 2018



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| | KAR Small Cap Sustainable Growth | Russell 2000® Growth Index |
|--|----------------------------------|----------------------------|
| Quality | | |
| Return on Equity–Past 5 Years | 23.9% | 12.4% |
| Total Debt/EBITDA | 0.8 x | 4.9 x |
| Earnings Variability–Past 10 Years | 26.7% | 79.0% |
| Growth | | |
| Earnings Per Share Growth–Past 10 Years | 10.9% | 8.5% |
| Capital Generation–{ROE x (1-Payout)} | 18.6% | 10.4% |
| Value | | |
| P/E Ratio–Trailing 12 Months | 37.7 x | 74.1 x |
| Free Cash Flow Yield† | 2.4% | 1.0% |
| Market Characteristics | | |
| \$ Weighted Average Market Cap–3-Year Average | \$3.7 B | \$2.3 B |
| Largest Market Cap–3-Year Average | \$10.8 B | \$8.6 B |
| Annualized Standard Deviation–Since Inception* | 19.5% | 23.9% |

*January 1, 1998

†Free cash flow data is as of June 30, 2018. Prices are as of September 30, 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.

Market Outlook

U.S. Economy

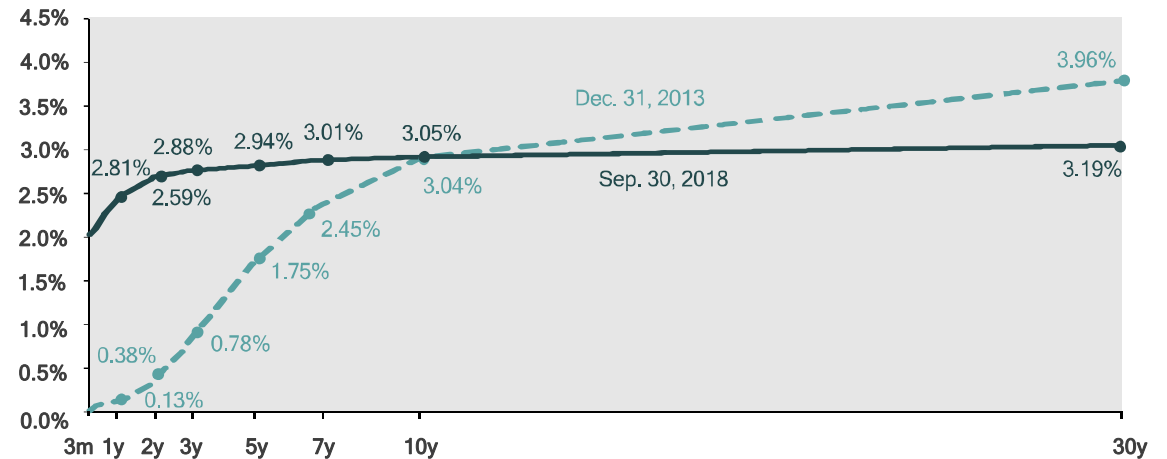


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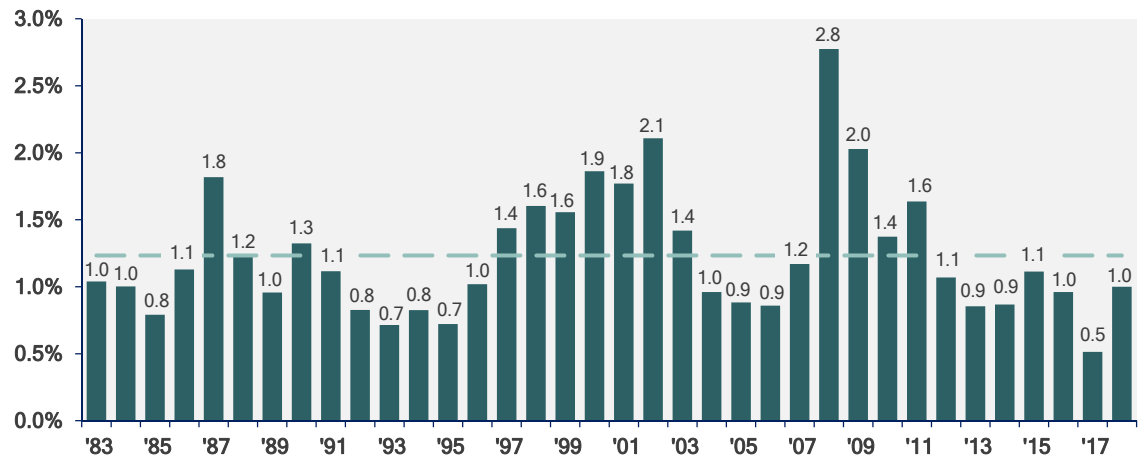
The U.S. economy should accelerate modestly. International economies have decelerated, possibly due to trade concerns.

- The economy has accelerated over the last couple of quarters to above 3% GDP growth. 2018 growth should stabilize in the 2.5% to 3.5% GDP range.
- The Fed has raised short-term interest rates. However, the yield curve flattening will make future increases harder to attain for the Federal Reserve.
- Mid-term elections may create some short-term volatility in markets, but usually there is no meaningful long-term impact.
- Energy, materials and industrials are out of a recession and should continue to improve in 2018. Trade war threats are threatening to slow this recovery.
- Tax reform is undoubtedly a positive for corporate America, but the impact may be more uneven by industry/company than many analysts are assuming. Merger and acquisition activity has been picking up since the announced changes.
- Volatility is rising from extremely low levels and was the catalyst for a correction in equities back in February.
- Innovation and disruption is continuing at a breathtaking pace in the U.S. in a variety of industries, creating clear winners and losers in many industries. Stock picking is key.

Yield Curve
U.S. Treasury Yield Curve



Volatility Reverting Back to the Long-term Mean
S&P 500® Average Daily Trading Range



Data as of September 30, 2018.

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

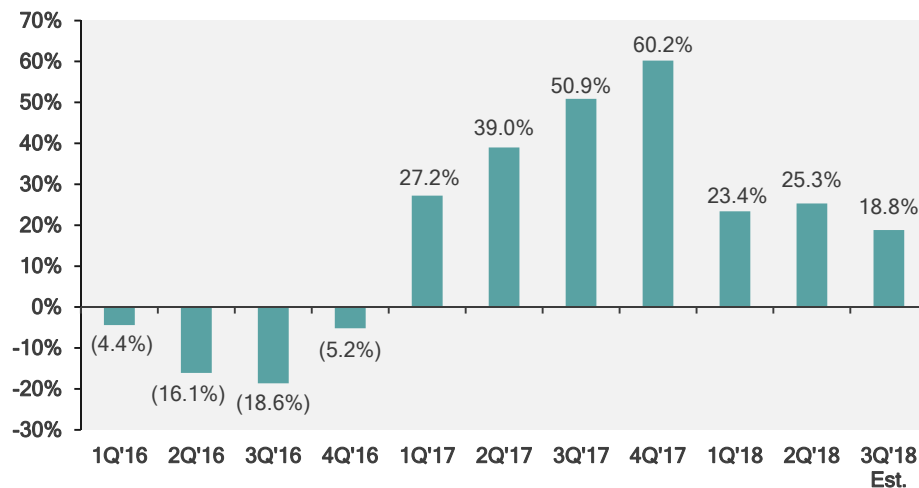
Global growth prospects have not improved as much as expected this year primarily due to trade conflicts.

- Global earnings growth has been steadily improving since last fall for the first time since the great recession. However, Europe and Emerging Markets economies have not picked up materially this year.
- Trade concerns have grown globally but we believe they will ultimately be favorably resolved. Emerging markets and international stocks have been hit hard by trade concerns.
- Global inflation expectations are still very benign, but is picking up somewhat. Global competition, oil prices and modest wage growth are the key drivers behind this longer-term.

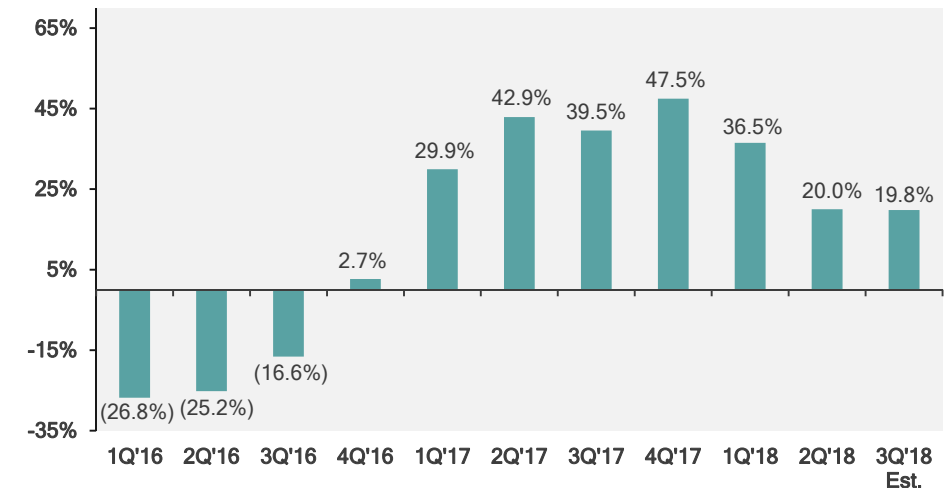
S&P 500® Trailing 12-Month Earnings Growth (Year Over Year)



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



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



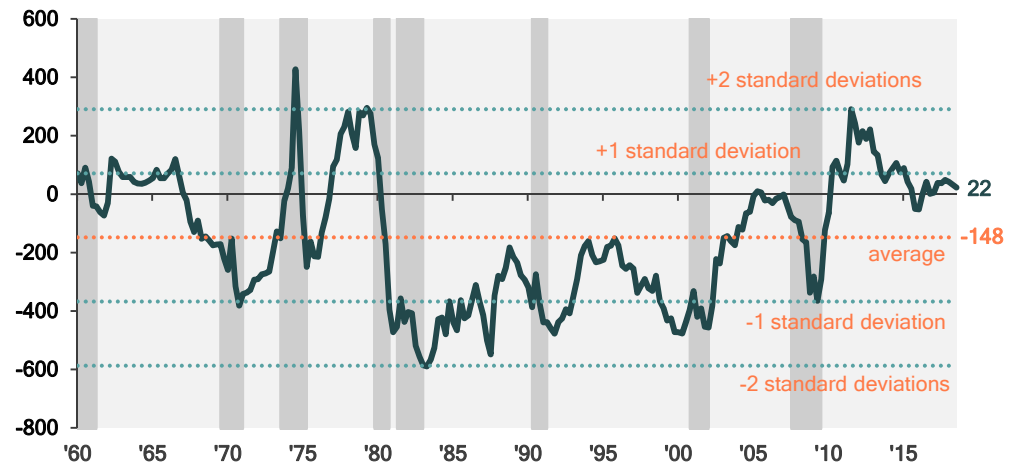
Data as of September 30, 2018.

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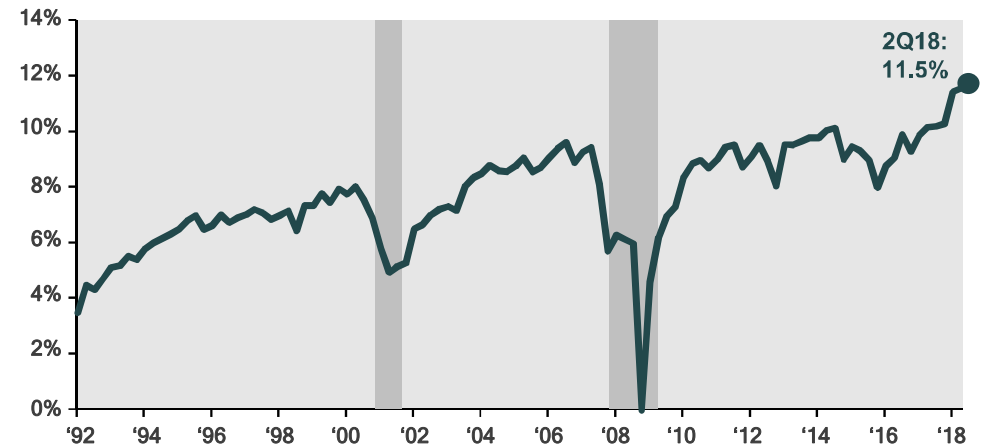
We continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and particularly relative to fixed income.

- There is potential for P/E ratios to improve slightly from current levels. Retail investors still are not fully engaged in the equity market.
- Equity valuations remain reasonable by historic measures, both on absolute levels but particularly relative to interest rates.
- Foreign markets are finally supporting U.S. EPS growth rates, particularly for large multinationals, but trade concerns are starting to threaten this.
- With favorable corporate cash flow, investors are being rewarded with increased share buybacks, dividends and acquisitions.
- Corporate profit margins are still being maintained at very high historical levels, despite a much tighter labor market.
- 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® Equity Risk Premium
Earnings Yield Less Baa Corporate Bond Yield (bps)



S&P 500® Profit Margins
Quarterly Operating Earnings Per Share/Sales Per Share



Data as of September 30, 2018.

Data is obtained from FactSet Research Systems, Standard and Poor's, Compustat, J.P. Morgan Asset Management and Strategas and is assumed to be reliable. Past performance is no guarantee of future results.

- Portfolio Data
- Disclosure

Sector Weights

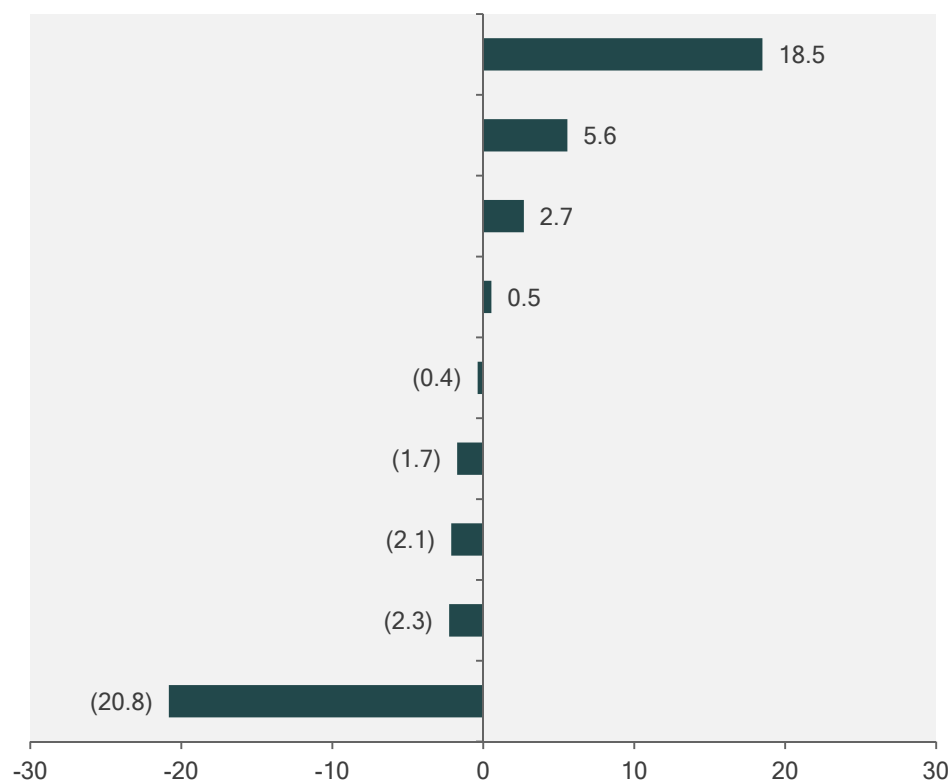
Small Cap Sustainable Growth Portfolio
As of September 30, 2018



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| Sectors* | KAR Small Cap Sustainable Growth (%) | Russell 2000® Growth Index (%) |
|------------------------|--------------------------------------|--------------------------------|
| Technology | 34.4 | 15.9 |
| Financial Services | 15.7 | 10.1 |
| Consumer Staples | 5.1 | 2.5 |
| Producer Durables | 15.8 | 15.2 |
| Materials & Processing | 7.3 | 7.6 |
| Utilities | — | 1.7 |
| Consumer Discretionary | 15.8 | 17.9 |
| Energy | — | 2.3 |
| Health Care | 6.0 | 26.8 |

Underweight/Overweight (%)



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**The large underweight in the KAR portfolio relative to the Russell 2000 Growth Index in the health-care sector is due to the benchmark's large weighting in biotechnology companies and pharmaceutical companies. Within the benchmark's health-care sector, biotechnology represents 12.7% and pharmaceutical represents another 3.0% as of September 30, 2018. These two sub-sectors represent 15.7% of the health-care sector within the benchmark and is outside our investable universe given the difficulty in discerning a competitive advantage, persistent lack of profitability and not meeting our overall investment criteria. Compared to the remaining 11.1% weight in the benchmark, our portfolio has a 6.0% weight in health care. The overweight the technology sector is due to the classification of the diverse business models held within our portfolio by the Russell sector classification system that is used. Many of these businesses within the technology sector will be categorized to other non-technology sectors by other index classification systems beginning in the third quarter 2018 (i.e., GICS is adding a Communication Services sector beginning in 3Q that will reduce this overweight as many of the companies currently held will move to this new sector).*

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

Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Sustainable Growth Portfolio

As of September 30, 2018



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| Top 10 Holdings | Russell Sector | % of Portfolio |
|---------------------------------|------------------------|----------------|
| Fox Factory Holding | Consumer Discretionary | 8.7 |
| Autohome | Technology | 7.0 |
| Auto Trader Group | Technology | 6.0 |
| HEICO | Producer Durables | 5.2 |
| The Chefs' Warehouse | Consumer Staples | 5.2 |
| Old Dominion Freight Line | Producer Durables | 5.1 |
| Aspen Technology | Technology | 5.0 |
| Ollie's Bargain Outlet Holdings | Consumer Discretionary | 4.1 |
| Copart | Producer Durables | 4.1 |
| NVE | Technology | 4.0 |
| Total | | 54.5 |

Research confidence leads to large active weights

| | KAR Small Cap Sustainable Growth | Russell 2000® Growth Index |
|--------------------------------|----------------------------------|----------------------------|
| # of Holdings | 27 | 1,253 |
| Average Position Size (%) | 3.7 | 0.1 |
| Weight of Top Ten Holdings (%) | 54.5 | 4.9 |
| Active Share (%) | 98.3 | — |

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

Small Cap Sustainable Growth Portfolio

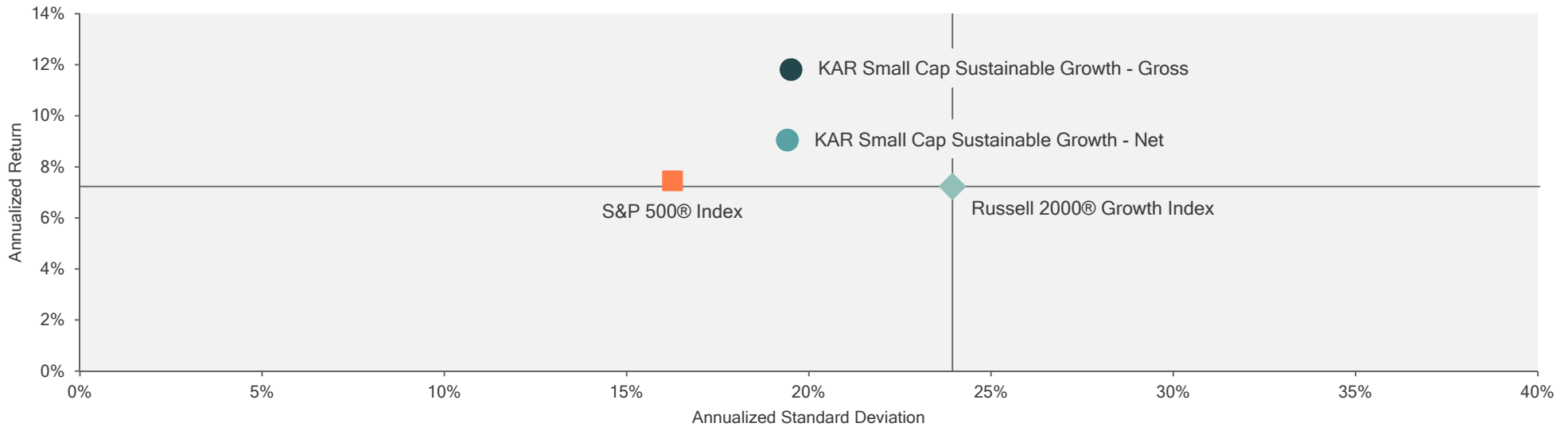
Inception* to September 30, 2018



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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 | 5.66 | 0.51 | 19.51 | 14.80 | 0.72 | 11.38 |
| Russell 2000® Growth Index | 0.00 | 0.22 | 23.94 | 17.66 | 1.00 | 0.00 |

*January 1, 1998

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Returns for the Kayne Anderson Rudnick composite are preliminary and are gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

5-Year Rolling Returns

Small Cap Sustainable Growth Portfolio

Inception* to September 30, 2018



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Performance Statistics

5-Year Rolling Returns



*January 1, 1998

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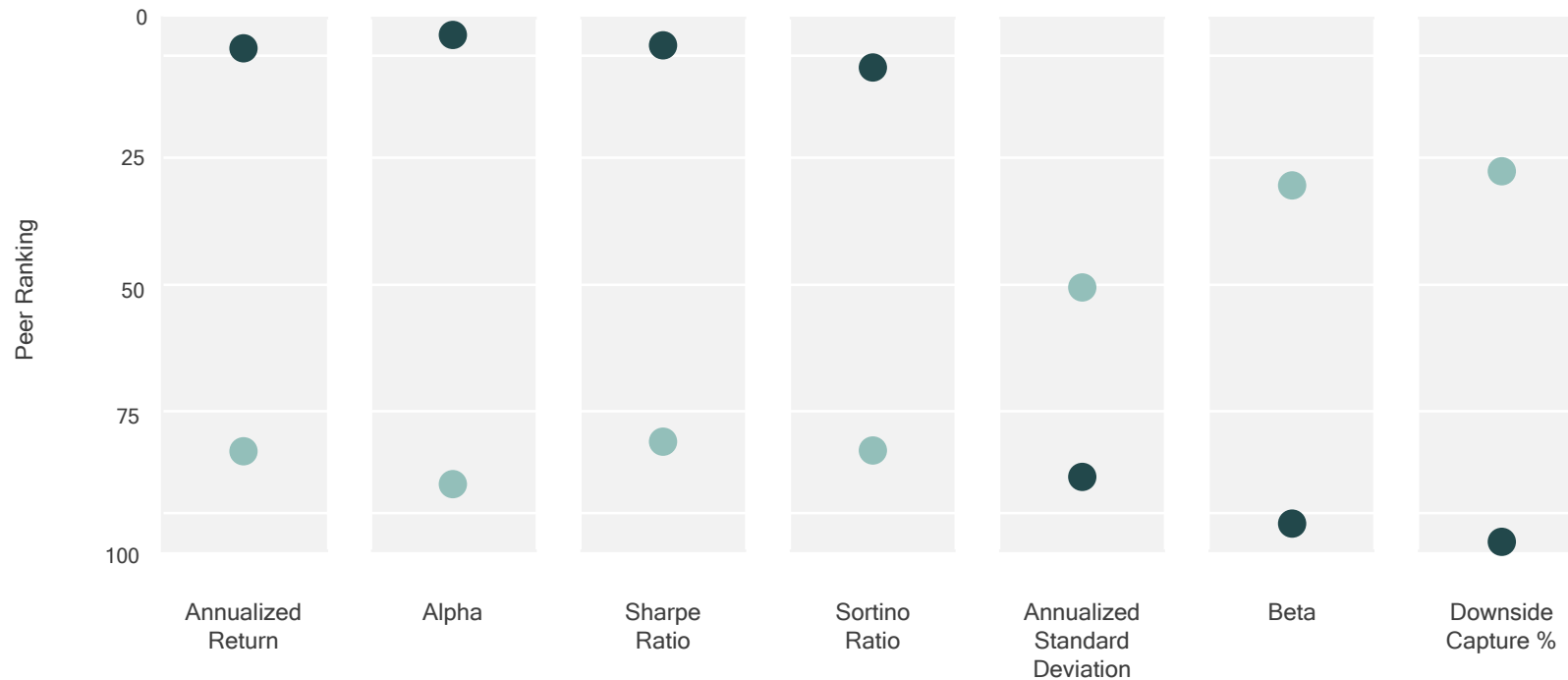
Peer Comparison

Small Cap Sustainable Growth Portfolio

Ten Years Ending September 30, 2018



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● 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.

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Returns

Small Cap Sustainable Growth Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

| Periods Ending 9/30/18 | Gross (%) | Net (%) | Index (%) | Excess Return (bps) |
|------------------------|-----------|---------|-----------|---------------------|
| Third Quarter | 4.01 | 3.26 | 5.52 | (151) |
| Year to Date | 27.98 | 25.34 | 15.76 | 1222 |
| 1 Year | 38.01 | 34.18 | 21.06 | 1695 |
| 3 Years | 36.72 | 32.93 | 17.98 | 1874 |
| 5 Years | 21.85 | 18.89 | 12.14 | 970 |
| 7 Years | 23.20 | 20.34 | 17.52 | 568 |
| 10 Years | 18.34 | 15.64 | 12.65 | 569 |
| Since Inception* | 11.81 | 9.04 | 7.23 | 458 |

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

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

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

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

Disclosure

Small Cap 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, 2017.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Small Cap Sustainable Growth Wrap Composite has been examined for the period from January 1, 1999 through December 31, 2017. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Inc., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. Kayne Anderson Rudnick Investment Management, LLC manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite includes all fully discretionary Small Cap 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 |
| 2017 | 12.94 | 14.80 |

| 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 |
|------|---------------------------------|--------------------------------------|--|----------------------|-------------------------------|-----------------------|--|---------------------|
| | | | | | | | | |
| 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 |
| 2017 | 14,609 | 119 | 100% | 26 | 41.80 | 37.72 | 22.17 | 0.41 |

*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.