Kayne Anderson Rudnick
Investment Management

Small-Mid Cap Core Portfolio
Managed Accounts
Fourth Quarter 2017 Review

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Firm Overview

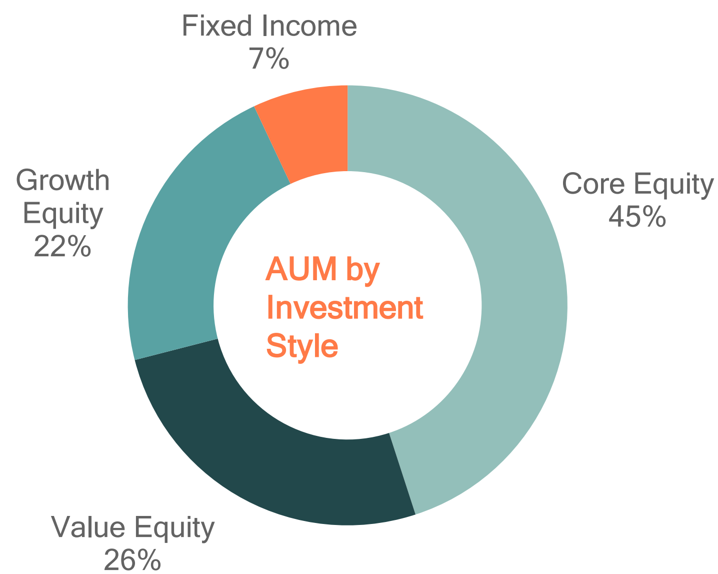
As of December 31, 2017

Kayne Anderson Rudnick Investment Management

Profile

- Originally established to manage founder capital
- Specialization in small and mid 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	$18.9 billion
Number of Investment Professionals	14
Average Investment Experience	16 Years



Numbers may not always add up due to rounding.

Disciplined Investment Approach

Investment Philosophy & Objectives

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Investment Management

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 2500™ Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics

Tenets of Quality

Market Control

Ability to Develop, Nurture, Protect its Market/ Effective Competitive Differentiation

Management Excellence

Develop and Adhere to Core Competencies/ Disciplined Capital Allocation

High Quality

Balance Sheet Statement

Low Capital Intensity/ Low Debt Balance Sheet

Income Statement

Durable Earnings Growth/ High Return on Capital

Cash Flow Statement

High Free Cash Flow/ Self Financing

Small-Mid Cap Core 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
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	22 Years	16 Years
Julie Kutasov	Portfolio Manager & Senior Research Analyst Sector Coverage: Energy and Financials	16 Years	16 Years
Craig Stone	Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables	28 Years	17 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Financials and Producer Durables	18 Years	15 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.*

Market Review

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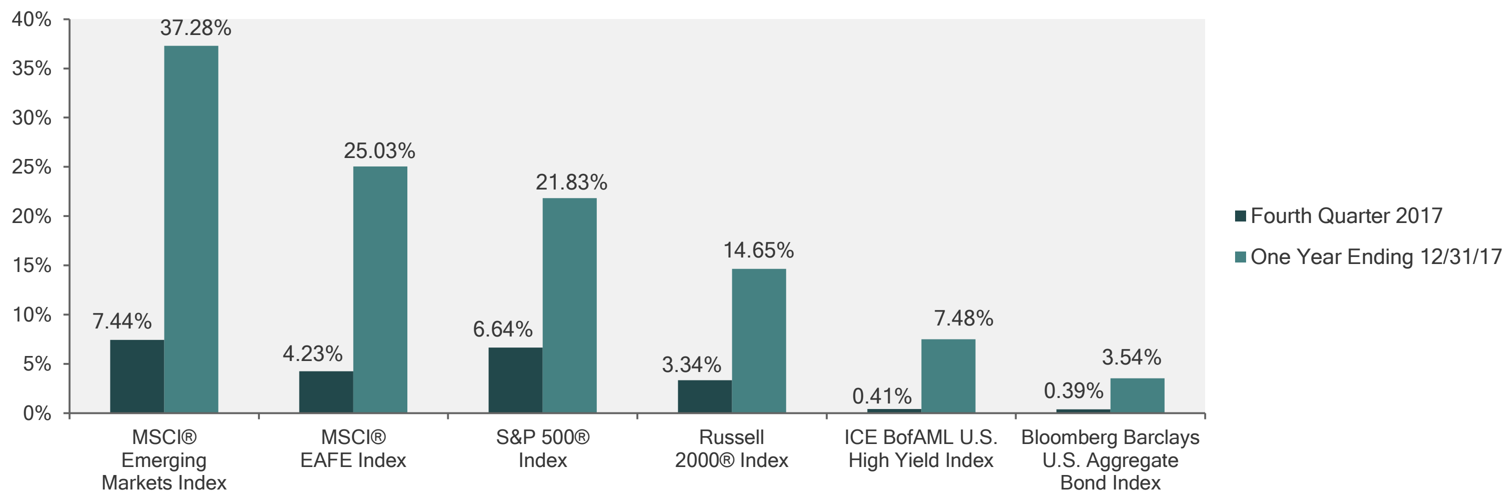
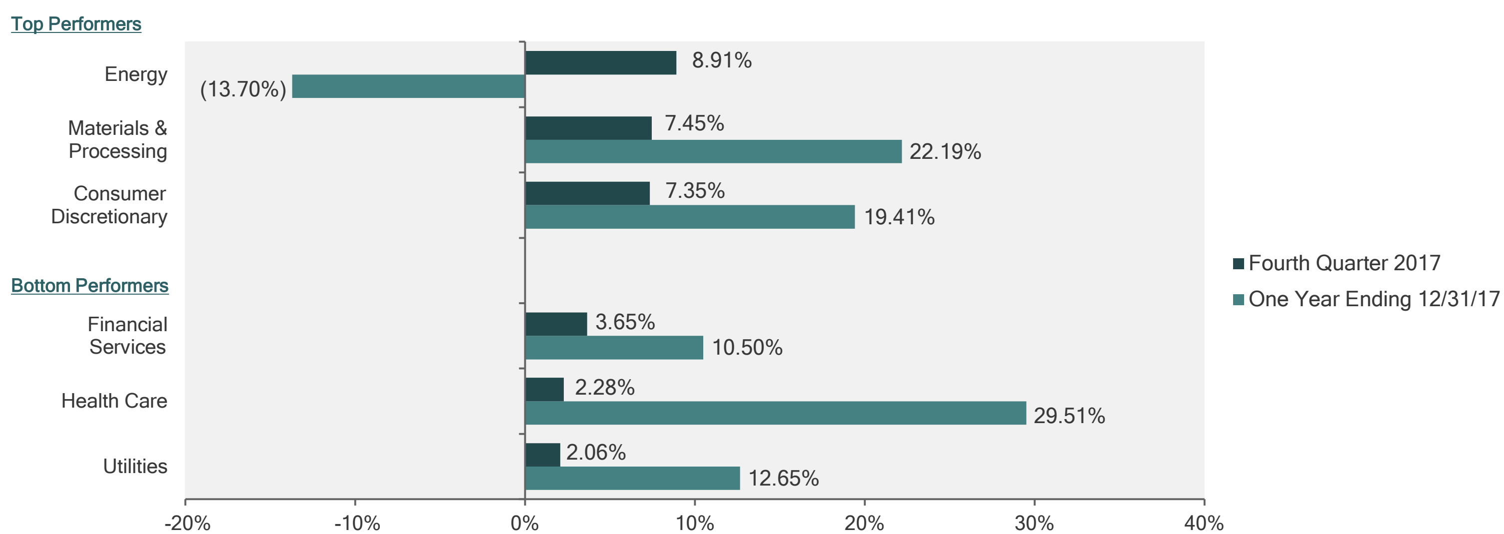
Index Performance



Sector Performance

Russell 2500™ Index



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

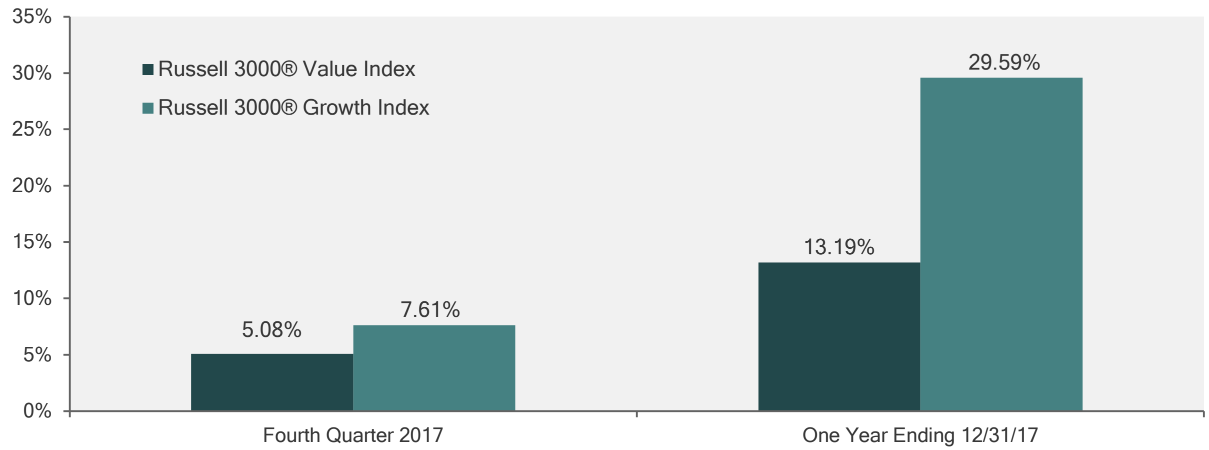
Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Market Review

Performance by Style and Market Cap

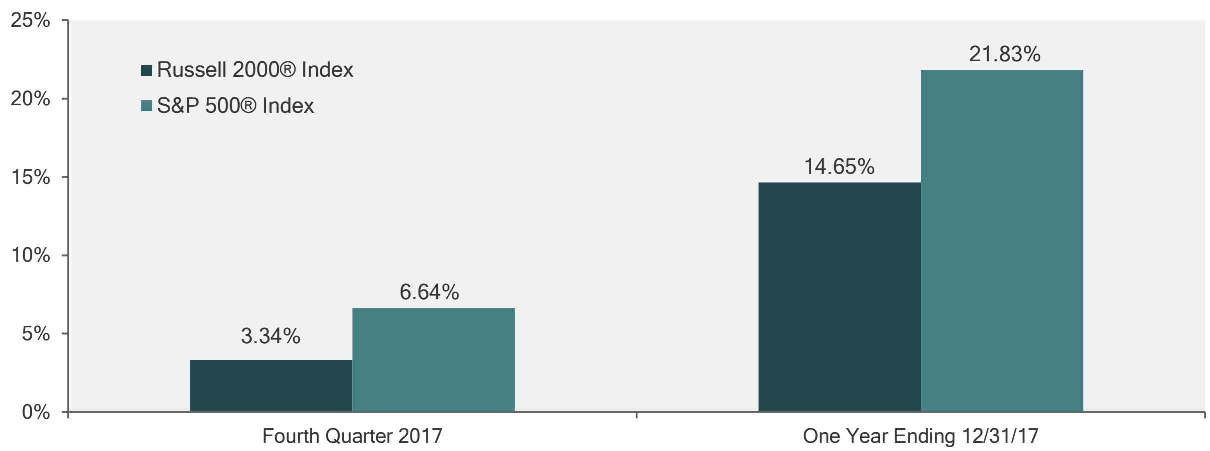
Performance by Style

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-Mid Cap Core Portfolio
Periods Ending December 31, 2017

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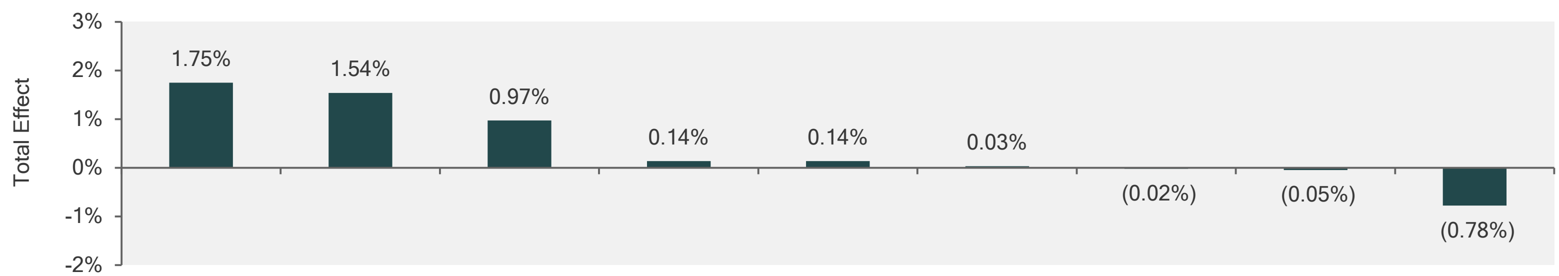
Monthly and Quarterly Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
October	2.86	2.61	1.55	131
November	4.96	4.71	3.29	167
December	0.97	0.72	0.34	63
Fourth Quarter	9.01	8.22	5.24	377

Contributors

Highest	Contribution
Nordson	+1.01%
Primerica	+0.93%
Snap-on	+0.71%
Lowest	**Contribution**
Cotiviti Holdings	(0.40%)
Cooper Companies	(0.37%)
WABCO Holdings	(0.15%)

Attribution by Sector
Quarter Ending December 31, 2017



	Producer Durables	Financial Services	Technology	Utilities	Energy	Materials & Processing	Consumer Staples	Consumer Discretionary	Health Care	Total Effect
Russell 2500™ Returns	7.28%	3.65%	4.75%	2.06%	8.91%	7.45%	6.29%	7.35%	2.28%	5.24%
KAR Returns	15.71%	10.34%	10.92%	0.00%	10.40%	7.04%	0.00%	6.64%	(7.82%)	9.01%
KAR Selection Effect	1.63%	1.47%	0.98%	0.00%	0.08%	(0.02%)	0.00%	(0.08%)	(0.85%)	3.21%
KAR Allocation Effect	0.12%	0.08%	(0.01%)	0.14%	0.05%	0.05%	(0.02%)	0.03%	0.07%	0.51%

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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-Mid Cap Core Portfolio
Periods Ending December 31, 2017

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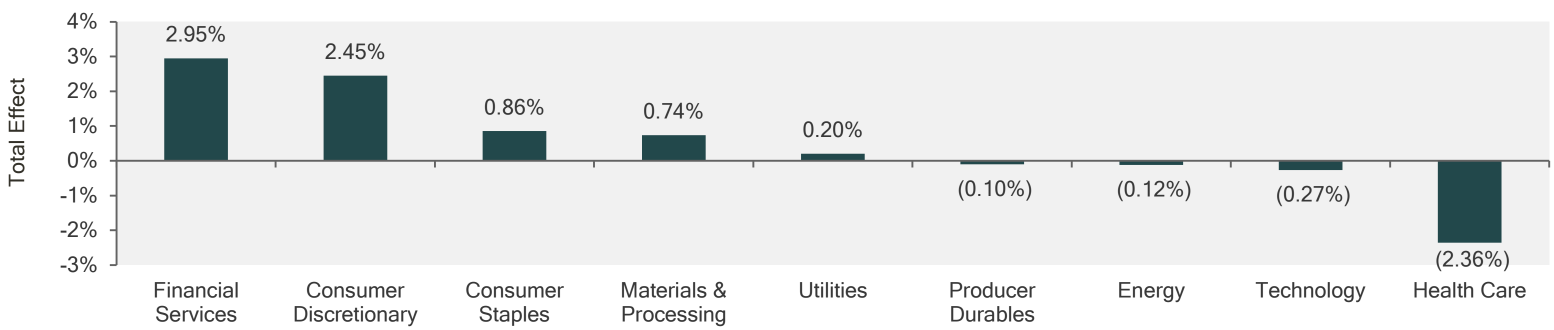
Investment Management

Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
First Quarter 2017	6.40	5.62	3.76	264
Second Quarter 2017	0.18	(0.56)	2.13	(195)
Third Quarter 2017	2.80	2.03	4.74	(195)
Fourth Quarter 2017	9.01	8.22	5.24	377
1 Year Ending 12/31/17	19.45	15.96	16.81	264

Attribution by Sector
One Year Ending December 31, 2017



	Financial Services	Consumer Discretionary	Consumer Staples	Materials & Processing	Utilities	Producer Durables	Energy	Technology	Health Care	Total Effect
Russell 2500™ Returns	10.50%	19.41%	1.67%	22.19%	12.65%	21.55%	(13.70%)	25.80%	29.51%	16.81%
KAR Returns	21.79%	42.20%	13.58%	28.97%	0.00%	19.37%	(13.37%)	21.79%	7.24%	19.45%
KAR Selection Effect	2.82%	2.39%	0.66%	0.65%	0.00%	(0.41%)	0.11%	(0.77%)	(2.10%)	3.35%
KAR Allocation Effect	0.13%	0.06%	0.19%	0.09%	0.20%	0.32%	(0.23%)	0.50%	(0.26%)	1.02%

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Highest Contributors

Small-Mid Cap Core Portfolio
One Year Ending December 31, 2017

Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Wynn Resorts	+3.13%	Wynn shares have outperformed as Macau traffic that was in a precipitous decline in 2015 and 2016 has now seen stabilization. With several large infrastructure projects and adjacent property builds currently going on, we believe that this provides a longer-term path for further traffic increases in to the Macau region. As this occurs, Wynn properties should see a large benefit and sustained growth.
MSCI	+2.28%	MSCI continued to benefit from its leading positioning in the rapidly expanding exchange-traded fund (ETF) segment, as well as from an improved growth and profitability profile. Importantly, MSCI remains a strong free-cash-flow generator, returning excess capital to shareholders in the form of regular cash dividends and share repurchases.
RBC Bearings	+1.95%	RBC shares outperformed over the past year as the company continues to benefit from an influx of commercial aircraft deliveries, improving industrial end markets and margin expansion. We remain optimistic regarding RBC's competitive position in aerospace and defense and the long-term outlook for the business.

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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-Mid Cap Core Portfolio
One Year Ending December 31, 2017

Security	Contribution	Comments
Cotiviti Holdings *(Purchased Q1 2017)*	(0.65%)	Cotiviti saw its shares underperform despite posting solid financial results. The company projected weaker-than-expected revenue guidance due to timing issues with some clients as their implementation and revenue recognition had taken longer than expected. We view these issues as transitory and not indicative of any structural competitive issue.
Dril-Quip	(0.64%)	Dril-Quip shares lagged, driven by continuous weakness in deepwater drilling activity. Our view of the company's long-term market positioning remains intact, however. We continue to believe that Dril-Quip is better protected both as a "best of breed" mission-critical equipment supplier and as a low-cost manufacturer. Importantly, Dril-Quip has a long-term track record of disciplined capital allocation, and the company's balance sheet remains pristine with plenty of cash and no debt.
Signature Bank	(0.42%)	Signature shares underperformed over the past year due to a flattening of the yield curve, which pressures the margin the bank makes on its loans. It also was impacted by write-downs in its taxi medallion portfolio due to competition from ride-sharing companies. Despite these near-term headwinds, Signature remains one of the most efficient banks in the U.S. with loan growth and profitability metrics that are still well above those of its peers. We believe that current headwinds are temporary and that Signature should remain an outlier amongst U.S. banks. Financial results are expected to show meaningful improvement in 2018.

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Purchases

Small-Mid Cap Core Portfolio
Quarter Ending December 31, 2017

Kayne Anderson Rudnick
Investment Management

Purchases	Descriptions/Reasons
POOLCORP–Initiated Position	POOLCORP is the world's largest wholesale distributor of swimming pool supplies, equipment and related leisure products, with approximately 100,000 wholesale customers around the world. It operates 344 locations worldwide and has approximately 3,900 employees.
Bank of the Ozarks–Increased Position	Shares of Bank of the Ozarks have underperformed the Russell 2500 Index benchmark due to investor concerns over the company's commercial real estate (CRE) exposure and slowing loan growth. Shares suffered further upon news of the unexpected resignation of Dan Thomas, co-founder and president of the bank's Real Estate Specialties Group (RESG), a significant growth engine for the company. We believe that the RESG's fundamental market positioning remains intact despite one key man's departure. We are also comforted by the fact that George Gleason, the company's CEO since 1979 and co-founder of the RESG has temporarily taken charge of the group's management. We continue to view Bank of the Ozarks as a solid financial institution that fits our high-quality investment criteria through conservative underwriting, exceptional efficiency and prudent risk management. With these considerations in mind, we took advantage of the shares' weakness to increase our small positon in the company.
Core Laboratories–Increased Position	Shares of Core Labs have underperformed the Russell 2500 benchmark since our last increase a year ago. While the company can't be immune to persistent commodity pricing pressures, we continue to believe that it is better protected as a vendor and that, with its comprehensive portfolio of value-added products, it is well positioned to assist major oil companies in enhancing project economics through improved recovery. Importantly, the company remains the industry's "go to" innovation leader with the majority of these innovations targeting the attractive unconventional drilling segment expected to expand sustainably over a longer term on a global basis. Furthermore, the company continues to generate strong free cash flow, returning excess cash to shareholders in the form of regular cash dividends and share repurchases while maintaining a solid balance sheet. We believe that Core Labs' long-term market positioning remains intact and took advantage of the shares' weakness to increase our position in this high-quality company.

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Purchases (continued)
Small-Mid Cap Core Portfolio
Quarter Ending December 31, 2017

Kayne Anderson Rudnick
Investment Management

Purchases	Descriptions/Reasons
Manhattan Associates–Increased Position	Manhattan's results and the stock were negatively impacted by the dislocation occurring with its retail customers. While the company continues to win new business to help retailers modernize, many of its customers are delaying project installations. We view this slowdown as transitory in nature. We believe that we are still in early stages of a broad global supply chain technology roll-out both within the company's core retail customer space and adjacent markets. For the long term, we see investments in omni-channel and supply chain capabilities as absolutely necessary for survival in the rapidly changing industry landscape. Importantly, the company remains a solid free-cash-flow generator, boasting a pristine balance sheet and returning excess cash to shareholders in the form of sizable share repurchases. With these considerations in mind, we increased our small positon in this high-quality company.

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POOLCORP (POOL)

- POOL's market share in the domestic pool supply distribution business, which accounts for more than 80% of sales, is over 40%, while its nearest competitor has less than 4% market share. This dramatic difference in size gives POOL purchasing power advantages that allow the company to price competitively and provide value-added services to customers, while attaining superior profitability.

- As the company has grown bigger, it has used scale to its advantage, increasing the moat around its business and facilitating additional share gains.

- Key return drivers include market share gains and growth in the commercial pool space, new pool construction and increased private-label penetration.

Sales

Small-Mid Cap Core Portfolio
Quarter Ending December 31, 2017

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Investment Management

Sales	Reasons
Dentsply Sirona–Sold Entire Position	Dentsply Sirona has done well for us over many years, originally as Sirona alone and to a lesser extent since the merger with Dentsply in late 2015. We continue to admire the company's CAD/CAM business with its CEREC product and other chairside offerings. The addition of Dentsply brought on a more consumable mix to the business, which we believed could sustain growth and create a less cyclical business overall. What has transpired over the past few quarters has been weakening trends in different aspects of the business. The CAD/CAM segment is seeing slowing trends as incremental product innovation slows, competitive pressures mount and the company's distribution model gets disrupted. The consumables side has seen decent growth, but there appears to be mounting commoditization as online peers gain ground and dentists circumvent the normal distributor model for web-ordering. Additionally, after almost two years of the merger's announcement, there appears to be execution issues that we believe should have been addressed long ago to avoid any impact given benign dental industry growth. On October 2, the company announced the resignation of three senior executives–the CEO, president and executive chairman–clearly a rebuke of the current state of affairs by the Board. All of these issues combined provoked us to sell our position in the company.

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Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Small-Mid Cap Core Portfolio – As of December 31, 2017

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	KAR Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity–Past 5 Years	22.8%	12.1%
Total Debt/EBITDA	2.2 x	5.0 x
Earnings Variance–Past 10 Years	38.5%	72.4%
S&P Stock Ranking (A+, A, A-, B+)	59.6%	28.8%
Growth		
Earnings Per Share Growth–Past 5 Years	7.4%	8.9%
Earnings Per Share Growth–Past 10 Years	15.3%	8.3%
Dividend Per Share Growth–Past 5 Years	8.5%	10.2%
Dividend Per Share Growth–Past 10 Years	14.1%	7.0%
Capital Generation–{ROE x (1-Payout)}	17.4%	8.7%
Value		
P/E Ratio–Trailing 12 Months	27.3 x	34.2 x
Dividend Yield	0.7%	1.4%
Free Cash Flow Yield†	3.5%	2.7%
Market Characteristics		
$ Weighted Average Market Cap–3 Qtr. Average	$7.6 B	$4.8 B
Largest Market Cap–3 Qtr. Average	$16.3 B	$14.1 B
Annualized Standard Deviation–Since Inception*	14.7%	18.5%

In a market of average businesses, we own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we own companies producing self-funded strong, consistent growth sustainable into the future.

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

**April 1, 1992*

†Free cash flow data is as of September 30, 2017. Prices are as of December 31, 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.

Market Outlook
U.S. Economy

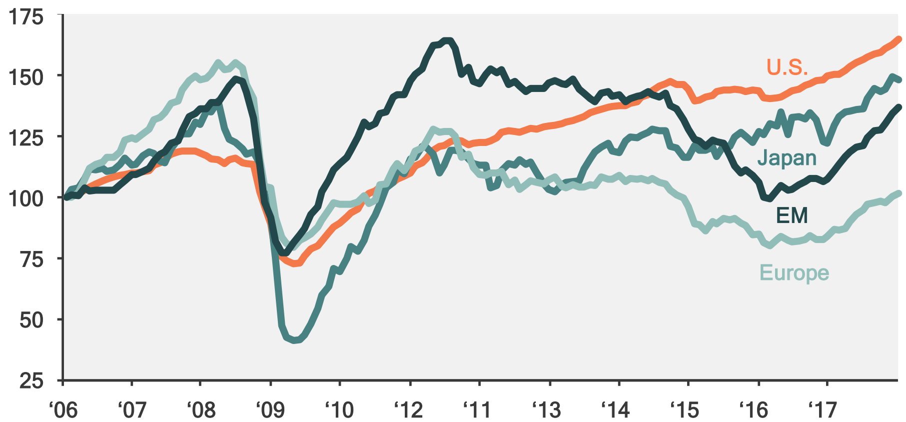
Kayne Anderson Rudnick Investment Management

The U.S. economy should accelerate modestly. International economies have finally started to accelerate, improving the outlook for global economic growth rates.

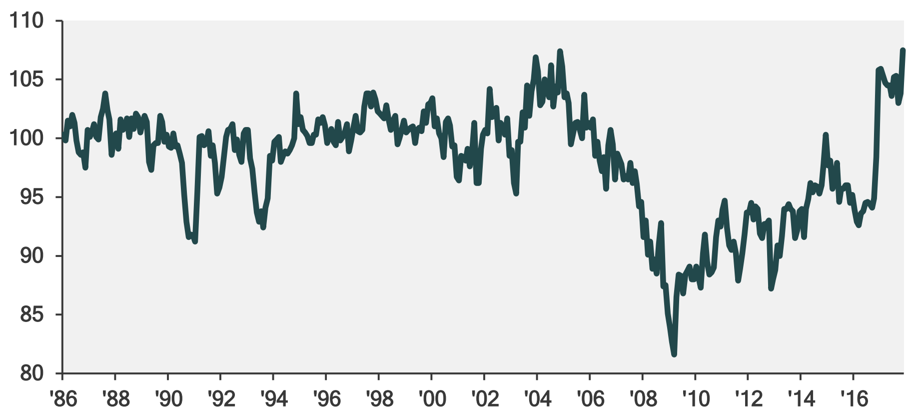
- Corporate earnings and revenue continue to grow in constant currency and companies are maintaining historically high operating margins. 2017 earnings per share (EPS) for the S&P 500 was up double-digits. S&P 500 EPS should continue to grow in the mid-to-high single-digit growth range over the next 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.
- 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. 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.
- 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 2006 = 100



NFIB Small Business Optimism Index



Data as of December 31, 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 49% of the overall index). Data is obtained from FactSet Research Systems, MSCI, Thomson Reuters, Standard and Poor's, J.P. Morgan Asset Management and Strategas and is assumed to be reliable. Past performance is no guarantee of future results.

Market Outlook

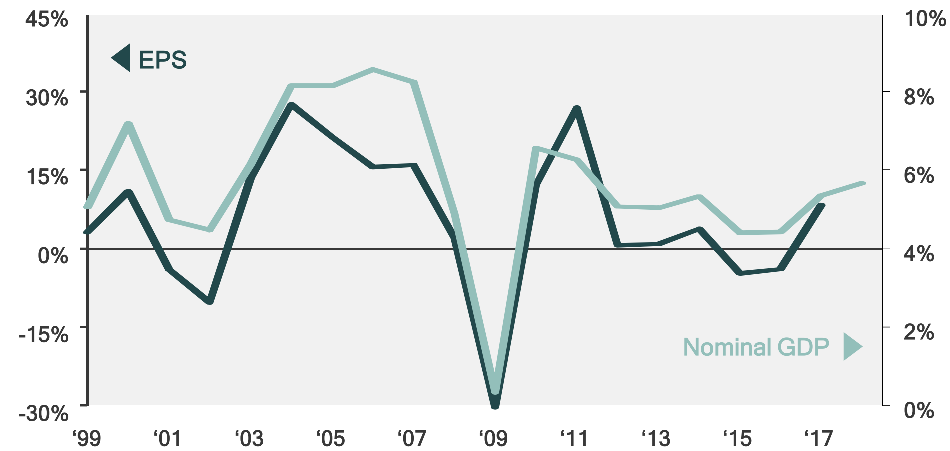
International Economy

Kayne Anderson Rudnick
Investment Management

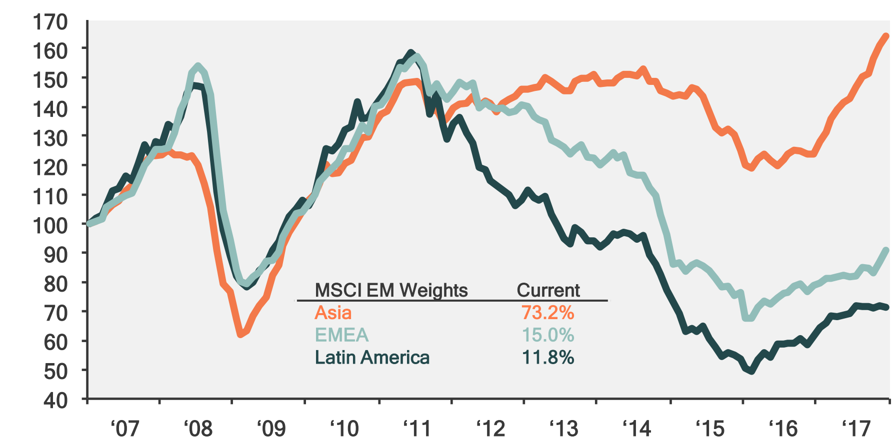
Global growth prospects are solid through year end, providing support for risk-based assets globally.

- At a 2.4% 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.

Global GDP Growth and Corporate Profits
Year-Over-Year Growth, Nominal GDP, MSCI AC World Trailing EPS



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



Data as of December 31, 2017.

Nominal GDP used is based on purchasing power parity (PPP) valuation of coutnry GDP. 2017 and 2018 nominal GDP figures are IMF estimates. Earnings used are U.S. dollar trailing 12-month sum earnings per share figures. Data is obtained from FactSet Research Systems, IMF, MSCI, Consensus Economics and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

Market Outlook

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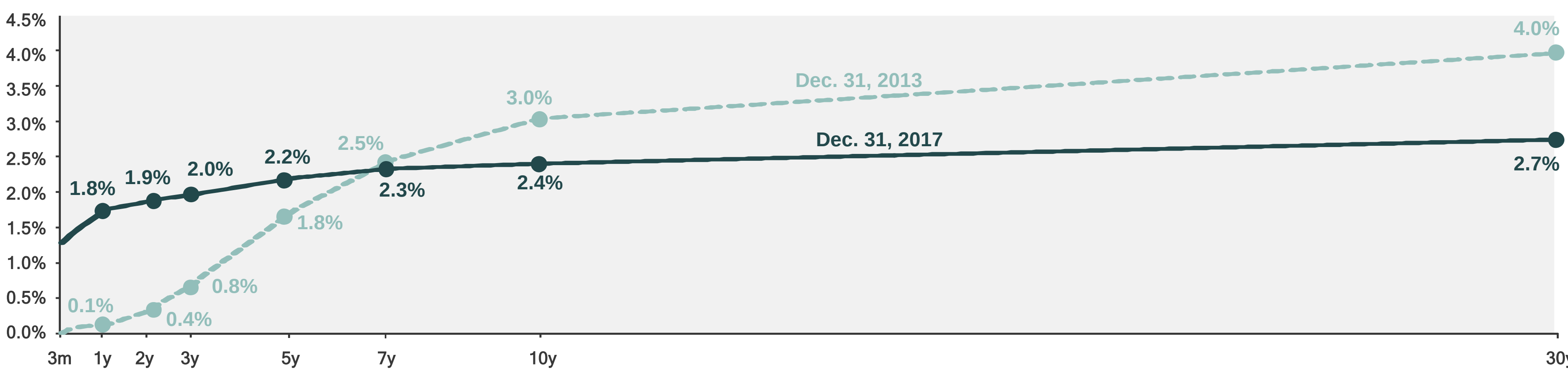
Potential Economic Risks:

- 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.

Price of Oil
Brent Crude, Nominal Prices, USD/Barrel

Yield Curve
U.S. Treasury Yield Curve



Data as of December 31, 2017.
Bent 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.

Market Outlook

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

- 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 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	18.2x	16.0x	0.7
CAPE	Shiller's P/E	32.4	26.4	1.0
Div. Yield	Dividend Yield	2.0%	2.0%	0.1
P/B	Price to book	3.1	2.9	0.2
P/CF	Price to cash flow	12.8	10.7	1.1
EY Spread	EY minus Baa yield	1.3%	-0.2%	-0.8

Data as of December 31, 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 December 31, 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.

Appendix

Kayne Anderson Rudnick
Investment Management

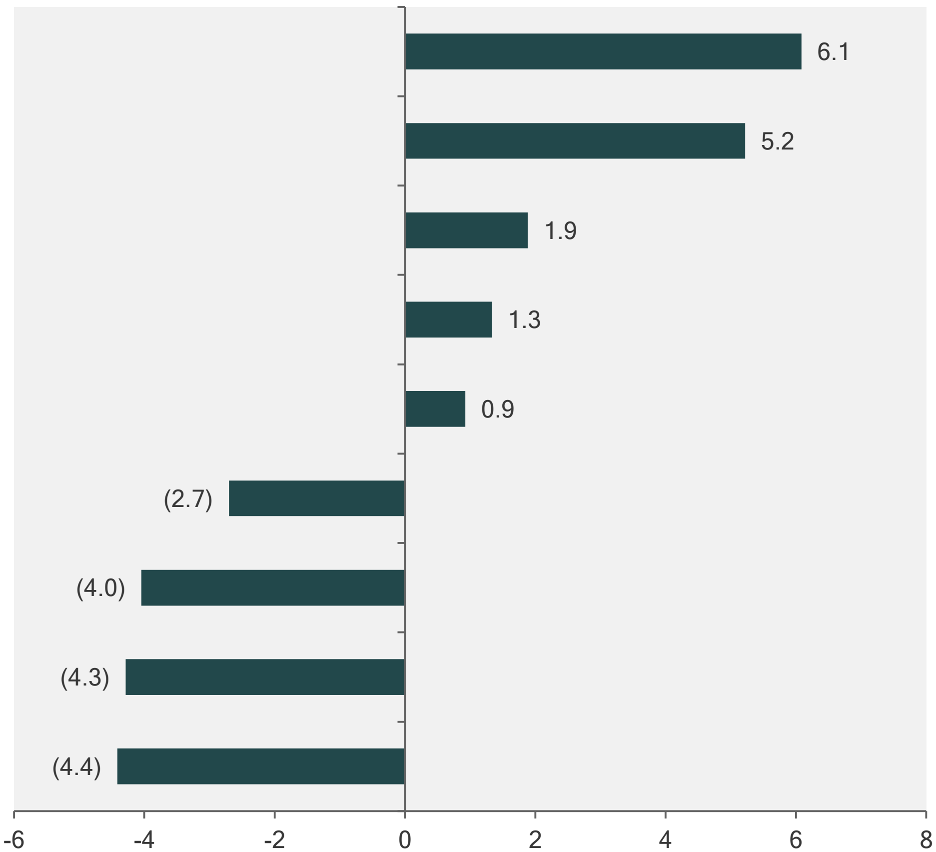
- **Portfolio Data**
- **Disclosure**

Sector Weights

Small-Mid Cap Core Portfolio
As of December 31, 2017

Sectors	KAR Small-Mid Cap Core (%)	Russell 2500™ Index (%)
Producer Durables	21.6	15.5
Technology	17.9	12.6
Materials & Processing	10.0	8.1
Energy	6.0	4.7
Consumer Discretionary	14.8	13.9
Consumer Staples	–	2.7
Health Care	7.2	11.2
Utilities	–	4.3
Financial Services	22.5	27.0

Underweight/Overweight (%)



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

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-Mid Cap Core Portfolio
As of December 31, 2017

Kayne Anderson Rudnick Investment Management

Top 10 Holdings	Russell Sector	% of Portfolio
RBC Bearings	Materials & Processing	5.8
Wynn Resorts	Consumer Discretionary	5.1
Nordson	Producer Durables	4.9
WABCO Holdings	Consumer Discretionary	4.6
CDW	Technology	4.6
Snap-on	Producer Durables	4.4
Signature Bank	Financial Services	4.3
Aspen Technology	Technology	4.2
Primerica	Financial Services	4.2
Cooper Companies	Health Care	4.2
Total		**46.4**

Research confidence leads to large active weights

	KAR Small-Mid Cap Core	Russell 2500™ Index
# of Holdings	27	2,472
Average Position Size (%)	3.7	0.04
Weight of Top Ten Holdings (%)	46.4	2.7
Active Share (%)	96.7	–

The strategy benefits from diversification while still taking significant active positions

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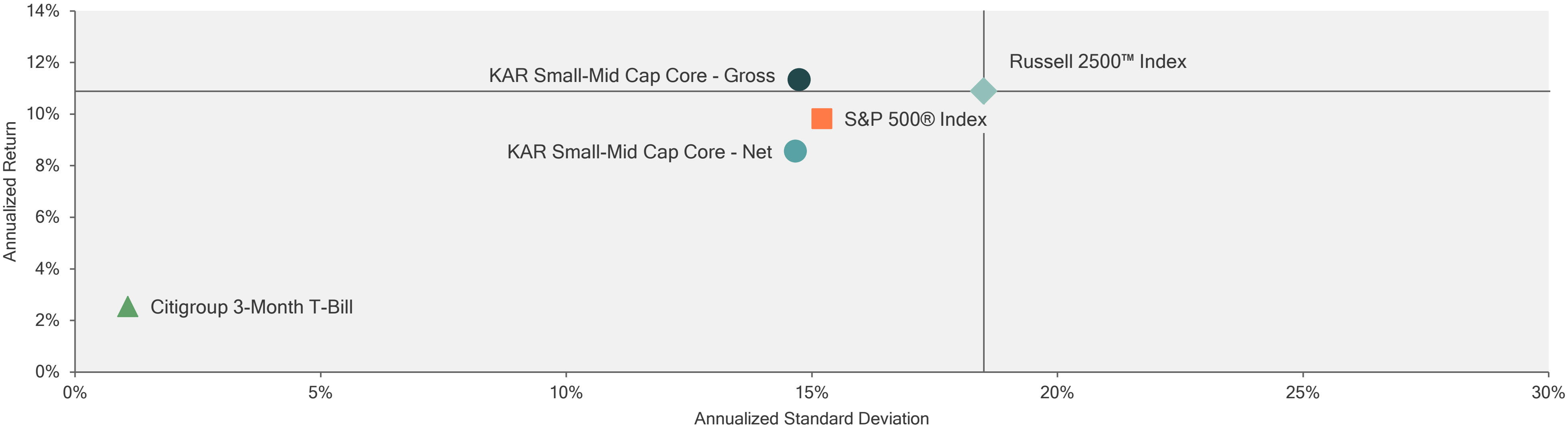
Strong Risk-Adjusted Returns

Small-Mid Cap Core Portfolio
Inception* to December 31, 2017

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-Mid Cap Core	**2.66**	**0.60**	**14.74**	**11.02**	**0.70**	**8.79**
Russell 2500™ Index	0.00	0.45	18.50	13.83	1.00	0.00

**April 1, 1992*

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.

Returns

Small-Mid Cap Core Portfolio

Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 12/31/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Fourth Quarter	9.01	8.22	5.24	377
1 Year	19.45	15.96	16.81	264
3 Years	13.92	11.11	10.07	385
5 Years	16.18	13.70	14.33	185
7 Years	14.03	11.68	12.25	179
10 Years	10.73	8.48	9.22	151
Since Inception*	11.34	8.55	10.89	45

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2017	19.45	15.96	16.81	264
2016	17.03	13.61	17.59	(56)
2015	5.76	4.10	(2.90)	866
2014	9.25	7.37	7.07	218
2013	31.04	29.07	36.80	(576)
2012	9.25	7.55	17.88	(863)
2011	8.43	6.02	(2.51)	1094
2010	20.23	17.70	26.71	(647)
2009	31.12	28.86	34.39	(327)
2008	(29.90)	(31.33)	(36.79)	689
2007	0.26	(1.37)	1.38	(112)
2006	14.04	11.75	16.17	(213)
2005	3.24	0.14	8.11	(487)
2004	13.69	10.26	18.29	(460)
2003	25.54	21.91	45.51	(1997)
2002	(17.31)	(19.84)	(17.80)	48
2001	4.57	1.53	1.22	335
2000	23.47	19.85	4.27	1921
1999	7.02	3.93	24.14	(1712)
1998	20.98	17.42	0.38	2060
1997	21.00	17.45	24.36	(336)
1996	26.98	23.22	19.03	795
1995	18.57	15.07	31.70	(1313)
1994	2.75	(0.26)	(1.05)	379
1993	20.00	16.54	16.55	345
1992†	9.65	7.25	11.36	(170)

**April 1, 1992*

†Performance calculations are for the nine months ended December 31, 1992.

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-Mid Cap Core 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-Mid Cap Core 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-Mid Cap Core Wrap Portfolios. Small-Mid Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Index. The Russell 2500™ Index is a market capitalization-weighted index of the 2,500 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 2000. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

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

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Prior to December 31, 2005, net annual returns are calculated by deducting 1/4th of an assumed maximum annual wrap fee of 3% from the gross returns 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 of the composite 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	15.22	19.24
2013	12.17	15.85
2014	10.13	11.84
2015	12.17	12.59
2016	12.60	13.86

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 2500™ Index Annual Return (%)	Internal Dispersion
2007	5,392	738	100%	92	0.26	(1.37)	1.38	0.28
2008	3,445	309	100%	76	(29.90)	(31.33)	(36.79)	0.29
2009	4,010	342	100%	64	31.12	28.86	34.39	0.64
2010	4,729	316	100%	59	20.23	17.70	26.71	0.35
2011	5,232	337	100%	53	8.43	6.02	(2.51)	0.78
2012	6,545	422	100%	44	9.25	7.55	17.88	0.62
2013	7,841	362	100%	39	31.04	29.07	36.80	0.36
2014	7,989	373	100%	35	9.25	7.37	7.07	0.16
2015	8,095	378	100%	30	5.76	4.10	(2.90)	0.19
2016	9,989	369	100%	30	17.03	13.61	17.59	0.38

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

The Russell 2500™ Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.