



Kayne Anderson Rudnick  
Investment Management

Small-Mid Cap Core Portfolio  
Managed Accounts  
Fourth Quarter 2022 Review

# Firm Overview

As of December 31, 2022



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	\$47.5 billion*
Number of Equity Investment Professionals	18
Average Investment Experience	17 Years

\*Figures in USD.

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

### Investment Philosophy

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

### Investment Objectives

- To achieve a return meaningfully above that of the Russell 2500™ Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics\*



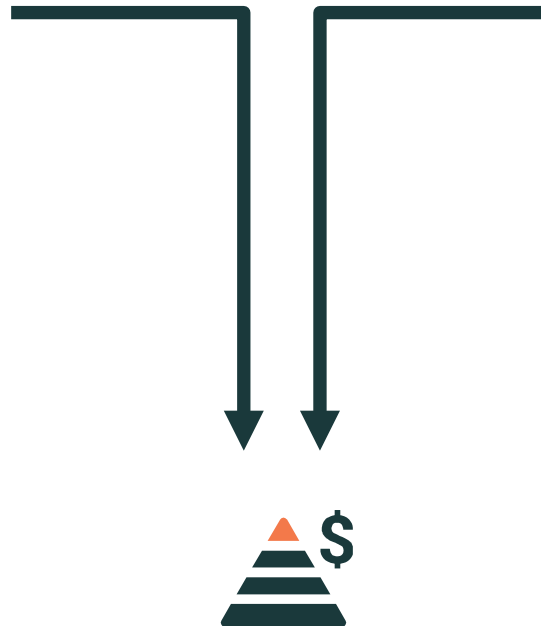
## Competitive Protection

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



## Owner-Oriented Management

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



## HIGH QUALITY BUSINESS

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

# Small-Mid Cap Core Team



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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	36 Years	11 Years
Jon Christensen, CFA	Portfolio Manager and Senior Research Analyst Sector Coverage: Health Care and Industrials	27 Years	21 Years
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	21 Years	21 Years
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Discretionary	33 Years	22 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Financials and Information Technology	23 Years	20 Years
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	14 Years	9 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials, Information Technology, Energy and Industrials	10 Years	10 Years
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	14 Years	4 Years
Arthur Su, CFA	Research Analyst Sector Coverage: Information Technology, Industrials and Consumer Staples	7 Years	<1 Year
Adam Xiao, CFA	Research Analyst Sector Coverage: Financials, Communication Services, Consumer Discretionary, Consumer Staples and Information Technology	9 Years	4 Years
Jordan Greenhouse	Managing Director - Senior Client Portfolio Manager	25 Years <sup>†</sup>	6 Years
James B. May, CFA	Managing Director - Client Portfolio Manager	34 Years <sup>†</sup>	3 Years
Jason Pomatto	Managing Director - Client Portfolio Manager	28 Years <sup>†</sup>	<1 Year

<sup>†</sup>Represents years of industry experience.

# Market Review

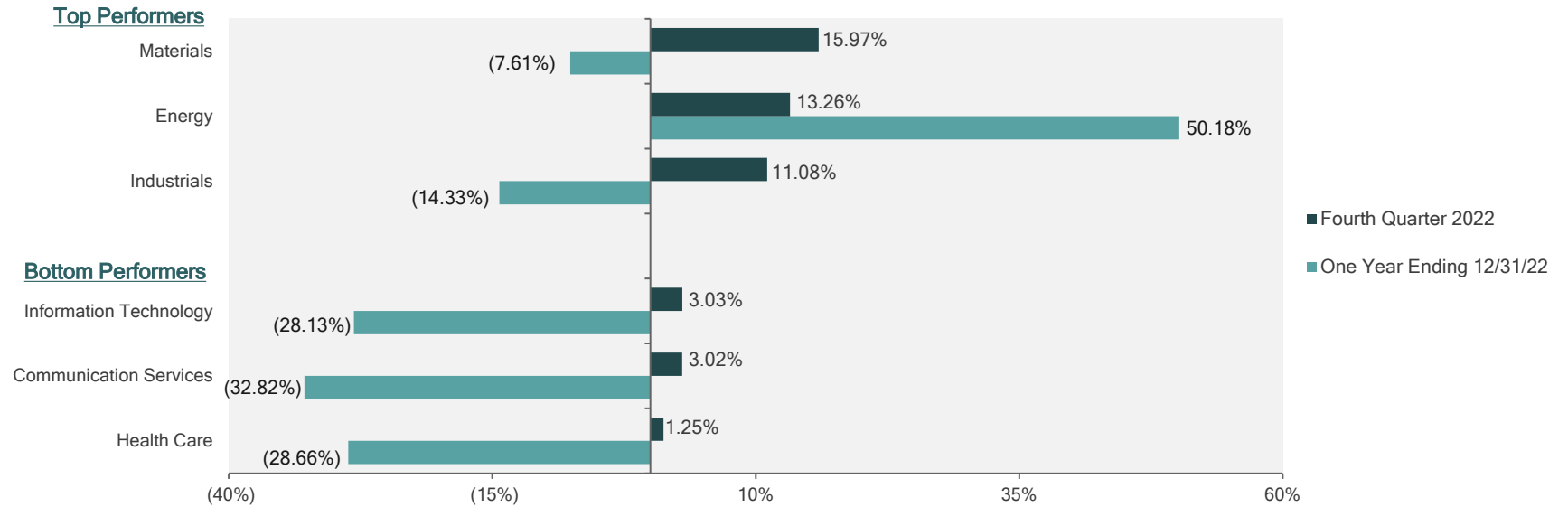
## Performance by Sector and Style



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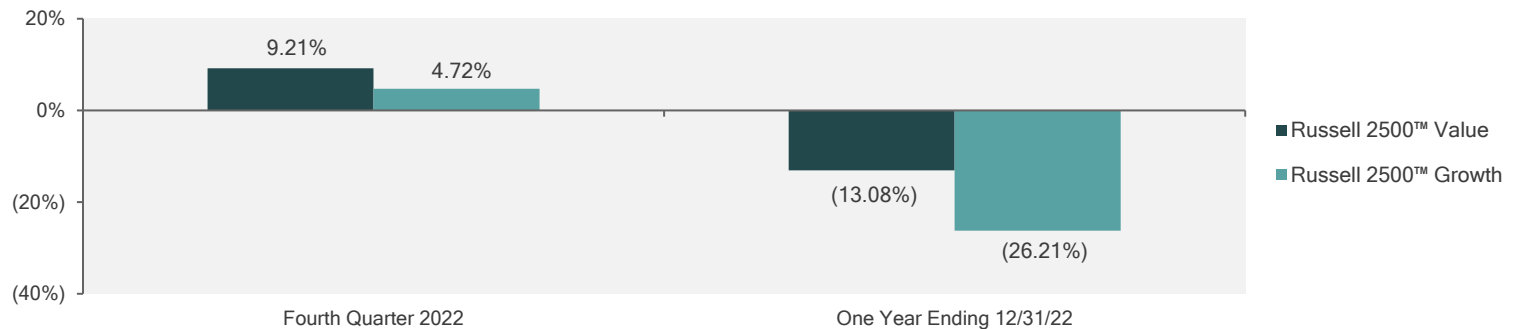
### Sector Performance

Russell 2500™ Index



### Performance by Style

Russell 2500™ Value Index vs. Russell 2500™ Growth Index



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

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

# Market Review

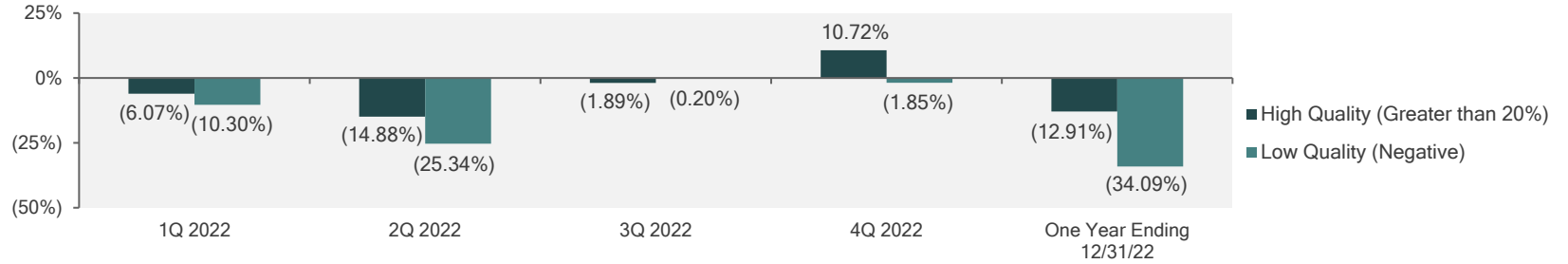
## Performance by Financial Metric



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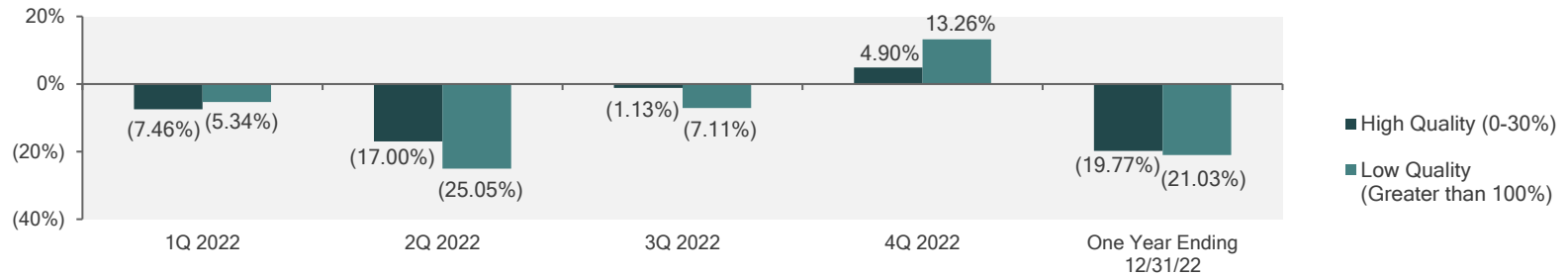
### Performance by Return on Equity

Russell 2500™ Index



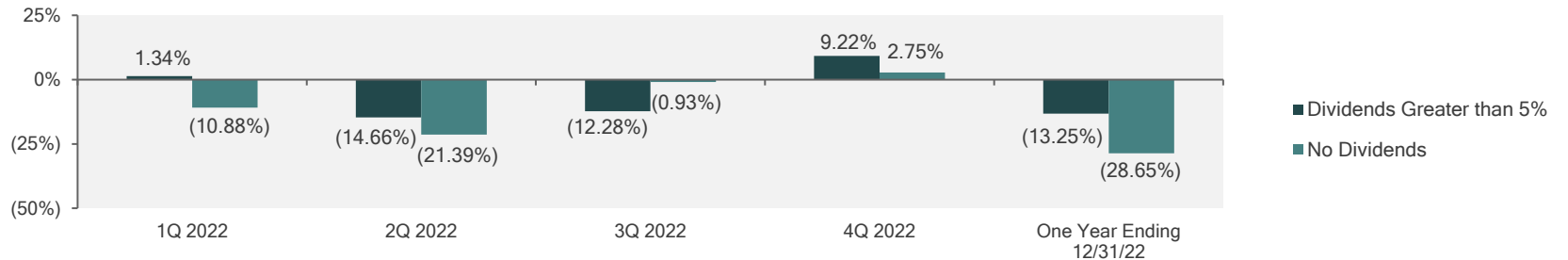
### Performance by Debt/Capital Ratio

Russell 2500™ Index



### Performance by Dividend Yield

Russell 2500™ Index



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# Quarterly Performance Overview

## Small-Mid Cap Core Portfolio

Periods Ending December 31, 2022



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### Monthly and Quarterly Performance

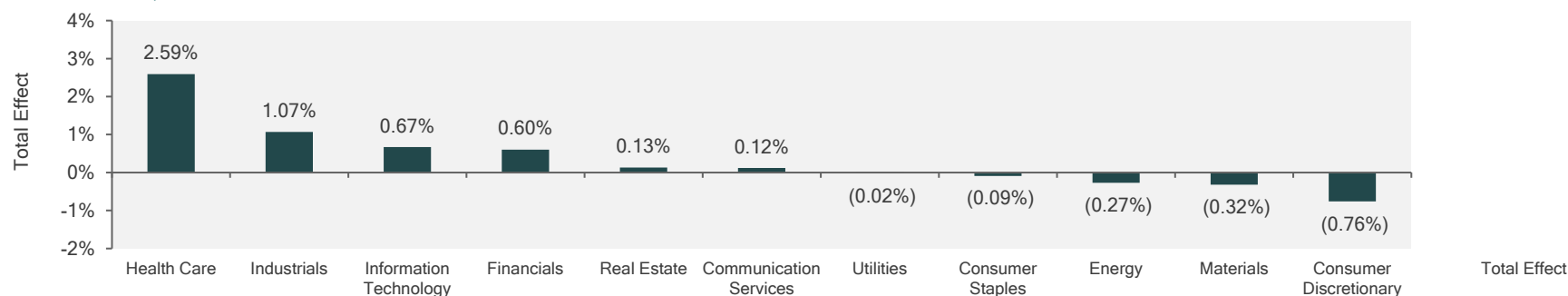
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
October	9.27	9.02	9.59	(57)
November	7.18	6.93	4.22	271
December	(5.63)	(5.88)	(5.95)	6
Fourth Quarter	10.52	9.72	7.43	229

### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)
1 Year	(23.72)	(26.03)	(18.37)
5 Years	11.00	7.74	5.89
10 Years	13.59	10.26	10.03

### Attribution by Sector

Quarter Ending December 31, 2022



	Health Care	Industrials	Information Technology	Financials	Real Estate	Communication Services	Utilities	Consumer Staples	Energy	Materials	Consumer Discretionary	Total Effect
Russell 2500™ Returns	1.25%	11.08%	3.03%	6.21%	5.76%	3.02%	7.95%	10.31%	13.26%	15.97%	11.06%	7.43%
KAR Returns (Gross)	19.60%	13.92%	7.39%	8.16%	0.00%	0.00%	0.00%	0.00%	0.00%	15.01%	5.28%	10.52%
KAR Selection Effect	2.57%	0.75%	1.10%	0.47%	0.00%	0.00%	0.00%	0.00%	0.00%	(0.03%)	(0.96%)	3.90%
KAR Allocation Effect	0.02%	0.32%	(0.42%)	0.13%	0.13%	0.12%	(0.02%)	(0.09%)	(0.27%)	(0.29%)	0.19%	(0.20%)

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*The attribution data provided herein is based upon a buy and hold methodology and gross returns for a representative portfolio. 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. Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.*



# Highest Contributors

## Small-Mid Cap Core Portfolio

### Quarter Ending December 31, 2022



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Security	Contribution	Comments
Cooper Companies	+0.92%	Cooper's business remains steady with growth in its premium vision solutions as well as the non-core fertility and medical device business. Margins have been hurt by changes in currency and higher labor and transport costs. Nonetheless, demand remains robust across the business.
Fair Isaac	+0.87%	Fair Isaac reported a good quarter despite a tough macro environment with large mortgage declines. In addition, the company's fiscal year 2023 guidance was stronger than expected. As a result, shares increased in the quarter.
Bentley Systems	+0.84%	Bentley Systems continues to experience growth in its business across geographies and product types. The company is working to control costs to preserve profitability while managing foreign exchange headwinds. While China is a question mark in the near-term, the company has taken proactive steps to grow the region.
W. R. Berkley	+0.78%	Underwriting profits have been healthy at W.R. Berkley despite catastrophe losses suffered from Hurricane Ian. We believe the company's specialty Property & Casualty markets should continue hardening amid capital scarcity and ongoing commercial demand.
Globus Medical	+0.68%	Demand for Globus Medical's solutions continues to be robust, most notably abroad. While this is negatively impacted by foreign currency translation, we believe the long-term positioning of Globus in foreign markets should enable it to drive sustainable profitability over the longer term. The company is managing cost headwinds, which has preserved profitability.

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# Lowest Contributors

## Small-Mid Cap Core Portfolio

### Quarter Ending December 31, 2022



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Security	Contribution	Comments
Aspen Technology	(0.38%)	Aspen's merger with another software business closed in May 2022, which made the comparability of reported financials this quarter to previous quarters challenging. The main takeaways from the current quarter were that despite the uncertain macro environment, demand from clients remains strong and merger business has already helped Aspen source deals in new industry verticals. Although management touted the company's increased scale and access to new geographies and verticals, the share price came under pressure in December as markets became more challenging and concerns rose about a highly anticipated recession in 2023.
POOLCORP	(0.21%)	Despite having a business model that is resilient during recessionary environments, as seen during past economic cycles, investors sold housing-related stocks and POOL was no exception, which caused shares to decline in the quarter.
Zebra Technologies	(0.09%)	Zebra Technologies missed revenue and profit expectations on poor execution in the quarter and noted a softening in pockets of demand, both of which sent the share price down.
Jack Henry & Associates	(0.09%)	In the most recent quarter, Jack Henry reported continued revenue growth but an unexpected decline in profit margins. While management reiterated their guidance for the full-year, the quarterly margin contraction sent the share price lower.
Watsco	(0.04%)	In the quarter, Watsco reported good revenue growth and margins, but saw diminishing benefits from the inflationary environment. Market participants remained concerned about a HVAC slowdown in 2023 after two strong years of growth, driving the share price lower.

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# Annual Performance Overview

## Small-Mid Cap Core Portfolio

### Periods Ending December 31, 2022



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#### Quarterly and Annual Performance

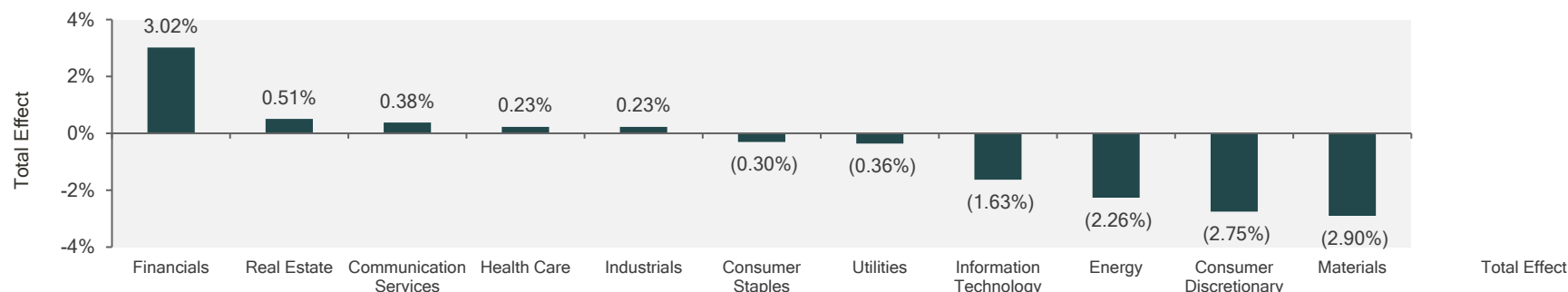
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
First Quarter 2022	(13.13)	(13.81)	(5.82)	(800)
Second Quarter 2022	(16.75)	(17.41)	(16.98)	(43)
Third Quarter 2022	(4.56)	(5.29)	(2.82)	(247)
Fourth Quarter 2022	10.52	9.72	7.43	229
1 Year Ending 12/31/22	(23.72)	(26.03)	(18.37)	(766)

#### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)
1 Year	(23.72)	(26.03)	(18.37)
5 Years	11.00	7.74	5.89
10 Years	13.59	10.26	10.03

#### Attribution by Sector

One Year Ending December 31, 2022



Russell 2500™ Returns	(12.87%)	(24.93%)	(32.82%)	(28.66%)	(14.33%)	(7.81%)	(2.69%)	(28.13%)	50.18%	(27.78%)	(7.61%)	(18.37%)
KAR Returns (Gross)	13.92%	0.00%	0.00%	(25.90%)	(16.07%)	0.00%	0.00%	(29.50%)	0.00%	(39.39%)	(68.82%)	(23.72%)
KAR Selection Effect	2.87%	0.00%	0.00%	0.21%	(0.12%)	0.00%	0.00%	(0.56%)	0.00%	(2.30%)	(2.78%)	(2.67%)
KAR Allocation Effect	0.15%	0.51%	0.38%	0.02%	0.35%	(0.30%)	(0.36%)	(1.07%)	(2.26%)	(0.45%)	(0.12%)	(3.14%)

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# Highest Contributors

## Small-Mid Cap Core Portfolio

### One Year Ending December 31, 2022



Kayne Anderson Rudnick  
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Security	Contribution	Comments
LPL Financial Holdings	+1.67%	Over the trailing 12 months, LPL Financial reported consistent advisor growth. Combined with the rise in federal interest rates, company profits increased and the stock appreciated.
W. R. Berkley	+1.29%	Underwriting profits have been healthy at W.R. Berkley despite catastrophe losses suffered from Hurricane Ian. We believe the outlook is favorable as specialty Property & Casualty markets should continue hardening amid capital scarcity and ongoing commercial demand.
Fair Isaac	+0.79%	Most of the outperformance in the year for Fair Isaac is attributed to stronger-than-expected fiscal year 2023 guidance. This is despite a tough macro environment with significant mortgage declines as FICO demonstrates its pricing power. Shares also performed well following the recent fourth quarter results.
Aspen Technology	+0.33%	Over the past year, Aspen Technology reported sustained improvement in operating results following a slowdown brought on by the pandemic. In addition, a previously announced merger closed in May. We believe the transaction outlook is positive given Aspen's strong track record of being able to optimize a software business for profitability and rationale growth.
Rollins	+0.30%	We believe Rollins' advantageous competitive position stemming from its route density benefits, reputation, and scale, continues to foster the strong fundamental performance of the business.

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# Lowest Contributors

## Small-Mid Cap Core Portfolio

### One Year Ending December 31, 2022



Kayne Anderson Rudnick  
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Security	Contribution	Comments
Zebra Technologies	(3.89%)	Over the past twelve months, Zebra faced increasing supply chain costs, which lowered profitability expectations. More recently, Zebra suffered from poor execution around a distribution center transition that impacted revenue growth, while experiencing softening pockets of demand. Combined with a general rotation out of technology stocks, the company's shares were under pressure over the year.
Scotts Miracle-Gro	(3.85%)	Scotts Miracle-Gro's shares lagged as the conflict in Ukraine created unprecedented pressure on commodity prices such as urea—a key ingredient in fertilizer products. The company was unable to recoup the impact of higher costs and shares suffered further in early June following the company's revised annual outlook that reflected lower-than-anticipated order replenishment by retailers. In August, shares declined again following the company's reports of lower-than-expected operating results, reduction of the annual free-cash-flow outlook, and an unexpected departure of the Chief Financial Officer. At the same time, cannabis oversupply issues continued to weigh on the performance of Hawthorne, the company's hydroponics division.
POOLCORP	(2.84%)	Despite having a business model that we believe is resilient during recessionary environments, as seen during past economic cycles, investors sold housing-related stocks and POOL was no exception. We believe the stock price decline experienced in 2022 reflects recessionary sentiment for the pool industry.
SiteOne Landscape Supply	(2.70%)	SiteOne reported positive organic sales growth and higher quarterly earnings-per-share comparisons, but investors nonetheless soured on housing-related stocks. The general concern over the probability of a recession has hurt the performance of consumer discretionary stocks. Coupled with pandemic benefits slowing, the stock has underperformed. However, longer-term, with nearly 65% of its business tied to maintenance or repair and remodel, we believe the company should see muted declines in revenues even during a recession.
Teradyne	(2.49%)	The semiconductor industry and related equipment demand is cyclical. Over the last twelve months, Teradyne's shares underperformed due to order pushouts at TSMC, a broader slowdown in test equipment demand beginning in the third quarter after several years of strong spending, and a general rotation out of technology stocks.

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# Purchases

## Small-Mid Cap Core Portfolio

Quarter Ending December 31, 2022



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Purchases	Descriptions/Reasons
ANSYS—Increased Position	We believe that ANSYS' engineering simulation software should continue to enable customers to test products before the manufacturing or design process is complete, allowing them to develop products that are better, faster, and cheaper. With the valuation at a more reasonable multiple, we increased our position.
Bright Horizons Family Solutions—Increased Position	While the recovery in the childcare industry is likely to take time post COVID, we believe Bright Horizons is well positioned to gain market share by leveraging its brand and scale advantages. With these considerations in mind, we increased our small position in the company.
Cooper Companies—Increased Position	Our ongoing confidence in Cooper's business combined with the company's longer-term opportunity in the myopia market were the catalysts for increasing our position in the company.
Dolby Laboratories—Increased Position	Dolby Laboratories' balance sheet is strong and the company remains a solid free-cash-flow generator returning excess cash to shareholders in the form of regular cash dividends and opportunistic share repurchases. With the shares' valuation attractive, we increased our position.
Globus Medical—Increased Position	Globus Medical's business continues to re-emerge from the COVID lockdown as spinal procedure growth increases. We increased our position as we believe the market has not fully identified the company's unique competitive position.
POOLCORP—Increased Position	POOLCORP's stock significantly declined this year as investors sold or avoided new housing-related businesses. Longer-term, however, the high non-discretionary nature of spending in the pool industry gives us continued confidence in our ownership of the company's shares so we increased our position.

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# Sales

Small-Mid Cap Core Portfolio

Quarter Ending December 31, 2022



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## Sales

## Reasons

LPL Financial Holdings—Trimmed Position

We trimmed LPL Financial given its direct exposure to the interest rate environment and with the stock trading at the higher end of its historic valuation range. We reduced our overweight position and used the proceeds to increase our holdings in other portfolio names that we believe provide a more attractive risk-adjusted return opportunity.

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# Portfolio Characteristics

## Small-Mid Cap Core Portfolio

### As of December 31, 2022



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	KAR Small-Mid Cap Core	Russell 2500™ Index
<b>Quality</b>		
Return on Equity—Past 5 Years	23.4%	13.1%
Total Debt/EBITDA*	1.5 x	2.4 x
Earnings Variability—Past 10 Years	40.0%	72.2%
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	19.8%	13.9%
Earnings Per Share Growth—Past 10 Years	14.1%	10.2%
Dividend Per Share Growth—Past 5 Years	8.8%	6.6%
Dividend Per Share Growth—Past 10 Years	10.2%	7.7%
Capital Generation—{ROE x (1-Payout)}	18.7%	10.0%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	25.0 x	21.0 x
Dividend Yield	0.8%	1.6%
Free Cash Flow Yield†	3.1%	2.5%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Average	\$14.7 B	\$6.4 B
Largest Market Cap—3-Year Average	\$36.9 B	\$27.3 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	16.4%	20.1%

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

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

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

†Free cash flow data is as of September 30, 2022. Prices are as of December 31, 2022. Excludes financials.

‡April 1, 1992

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Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. The statistics presented above are based on a representative portfolio. Actual results may vary. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

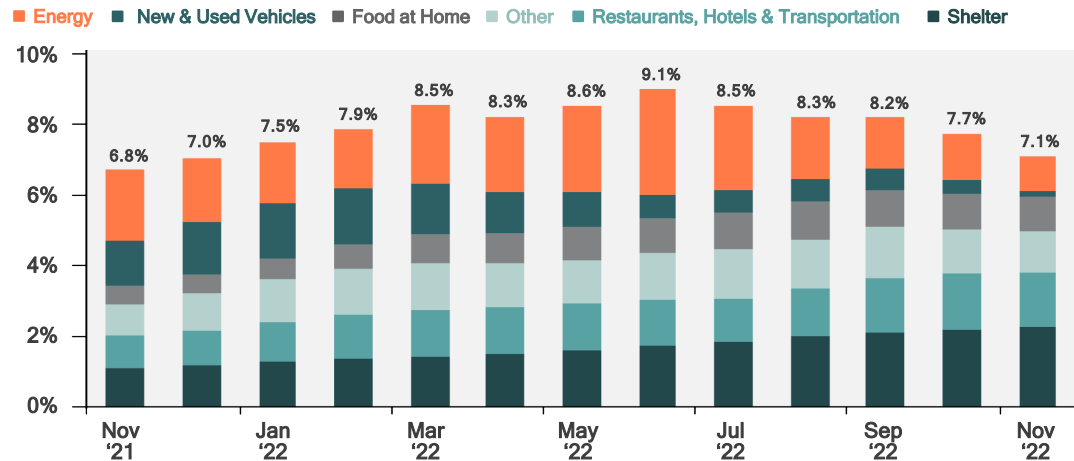


We believe the economy will continue to slow in 2023. Hawkish monetary policy in response to unacceptable levels of inflation is slowing economic growth already and threatens to engineer a hard landing in 2023.

- We believe corporate profit growth will moderate in 2023 but will remain slightly positive. However, recession risks, due to rising inflation, are growing and threatening earnings per share growth over the next year. We believe recession concerns have started to become the dominant investor concern replacing inflation.
- Inflation concerns started to moderate since June 2022. Continued improvement in the inflation outlook should give the Federal Reserve more flexibility in monetary policy in the future. We believe the Fed is attempting to fight inflation without pushing the economy into a severe recession.
- Monetary policy is already slowing sectors, such as autos, housing, raw materials, used car prices, and even rents now.
- Short-term interest rate increases and slowing GDP and corporate profits could lead to continued volatility in 2023.

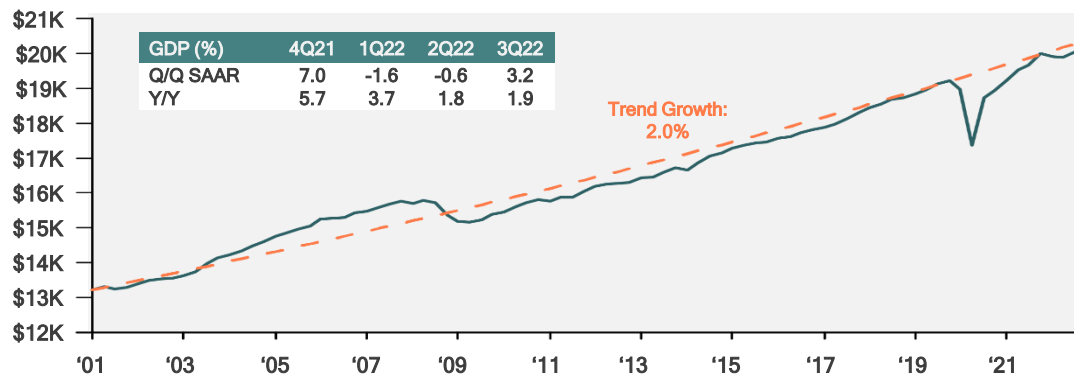
**Figure 1: Contributors to Headline Inflation**

Contribution to Y/Y % Change in CPI, Non Seasonally Adjusted



**Figure 2: Real GDP**

Billions of Chained (2012) Dollars, Seasonally Adjusted at Annual Rates



Data as of December 31, 2022. Figure 1 data is obtained from Compustat, FactSet, Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 2 data is obtained from BEA, FactSet and J.P. Morgan Asset Management and is assumed to be reliable. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owner's equivalent rent and rent of primary residence. "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. **Past performance is no guarantee of future results.**

The global economy is still significantly slowing as well due to interest rate increases by many central banks.

- Global inflation expectations have risen along with the U.S., particularly in Asia where numerous city and country shutdowns have continued to contribute to the supply/demand shortfall globally. Supply chain issues finally appear to be improving.
- The U.S. has continued to produce significant returns for over a decade now; however, if the technology sector decline continues, diversification and foreign markets may do relatively better because of a lack of technology exposure in many of the international developed indices.
- Emerging markets struggled in 2022 with the prospect of rising interest rates and continued COVID-19 variants causing economic disruptions. China's regulatory crackdown was a clear negative for many Chinese technology and educational companies. China is struggling to grow now, but policies are starting to shift back to fostering recovery.
- The invasion of Ukraine has negative implications for European economic growth. The longer the conflict lasts, the more likely Europe will slip into a deeper recession.

Figure 3: Global PMI Input and Output Prices\*

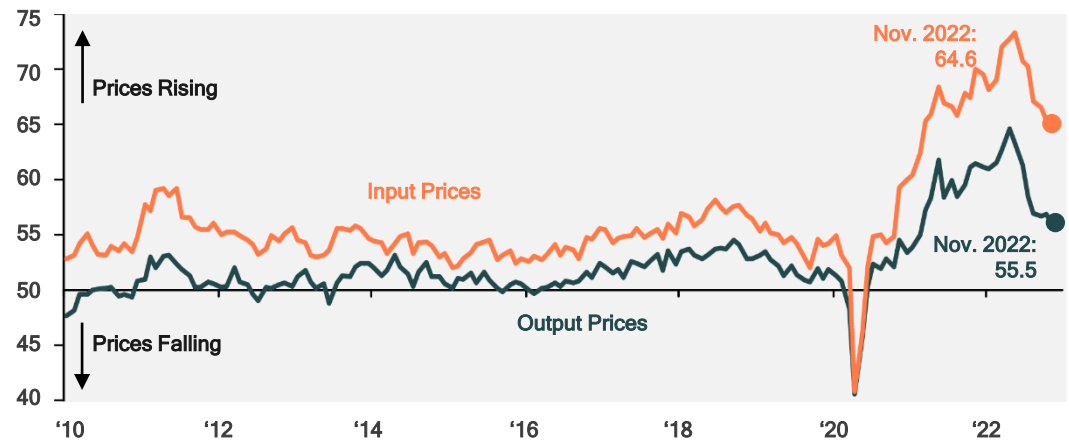
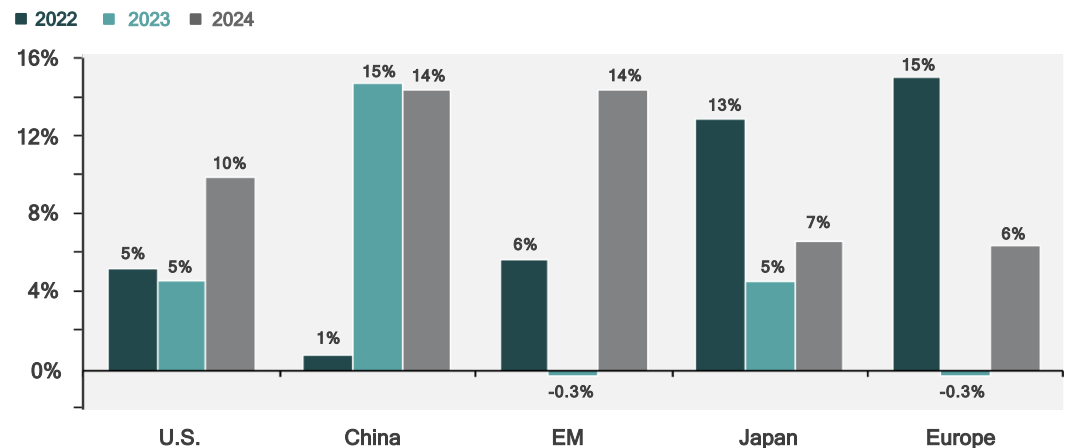


Figure 4: Global Earnings Growth  
Calendar Year Consensus Estimates



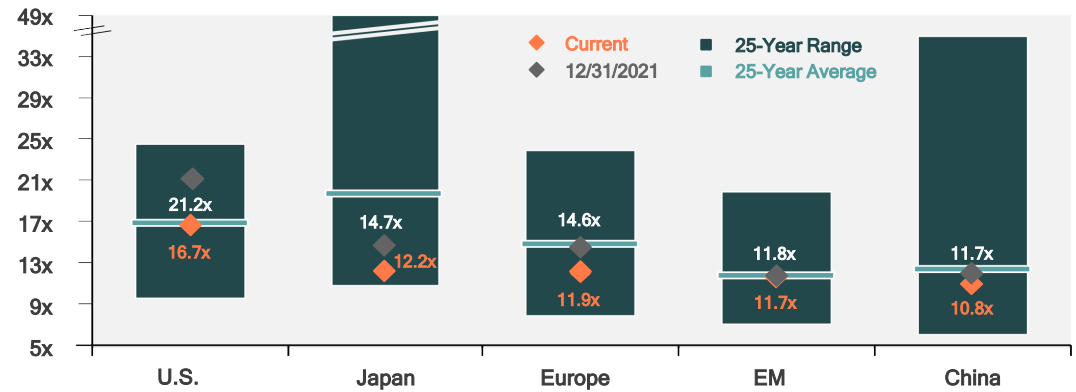
Data as of December 31, 2022. Figure 3 data is obtained from Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 4 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. \*Participants are asked: "Are input/output prices the same, higher or lower?". Values shown reflect the composite index, which includes both manufacturing and services. A reading of 50 = no change, >50 = price increase, <50 = price decrease. Calendar year consensus estimates are based on pro-forma earnings. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index). **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.**

- Monetary policy should continue to slow the economy into 2023. However, slower growth and/or a recession may not be as deep as the market currently fears.
- Equity valuations are about normal by historic measures on absolute levels. We think earnings are likely to continue to improve from here on a multi-year basis, albeit at a slower rate.
- Geopolitical events have caused a more uncertain outlook for global growth, including the U.S.
- Corporate profit margins are declining due to high input costs, transportation bottlenecks, and supply constraints although these factors are moderating now.
- In our view, the biggest risk is the Fed overshoots rate increases and slows the economy more than expected and we enter a deeper than anticipated recession over the next 12-to-24 months.
- We believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets over the long term.
- Long-term interest rates need to at least plateau for equities to stage a substantial turnaround.

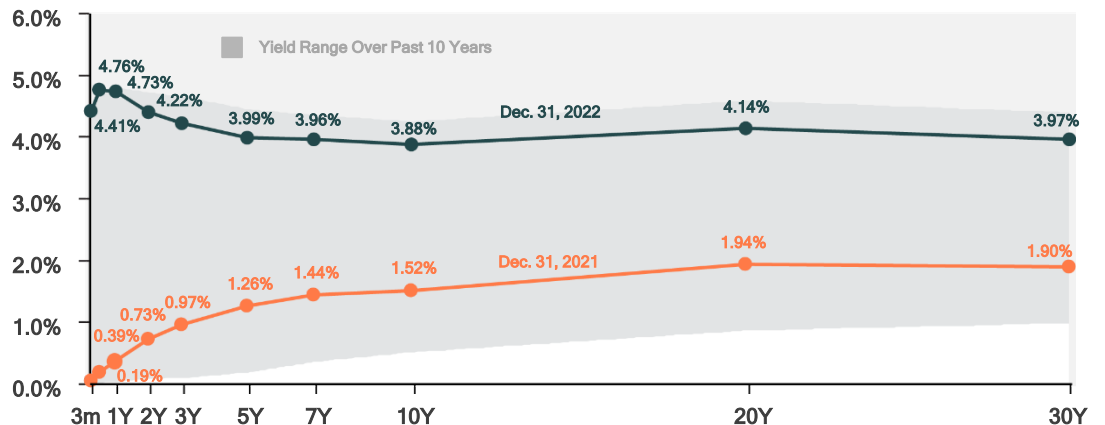
**Figure 5: Global Valuations**

Current and 25-Year Next 12 Months Price-to-Earnings Ratio



**Figure 6: Yield Curve**

U.S. Treasury Yield Curve



Data as of December 31, 2022. Figure 5 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. Figure 6 data is obtained from FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index). **Past performance is no guarantee of future results.**

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

# Sector Weights

## Small-Mid Cap Core Portfolio

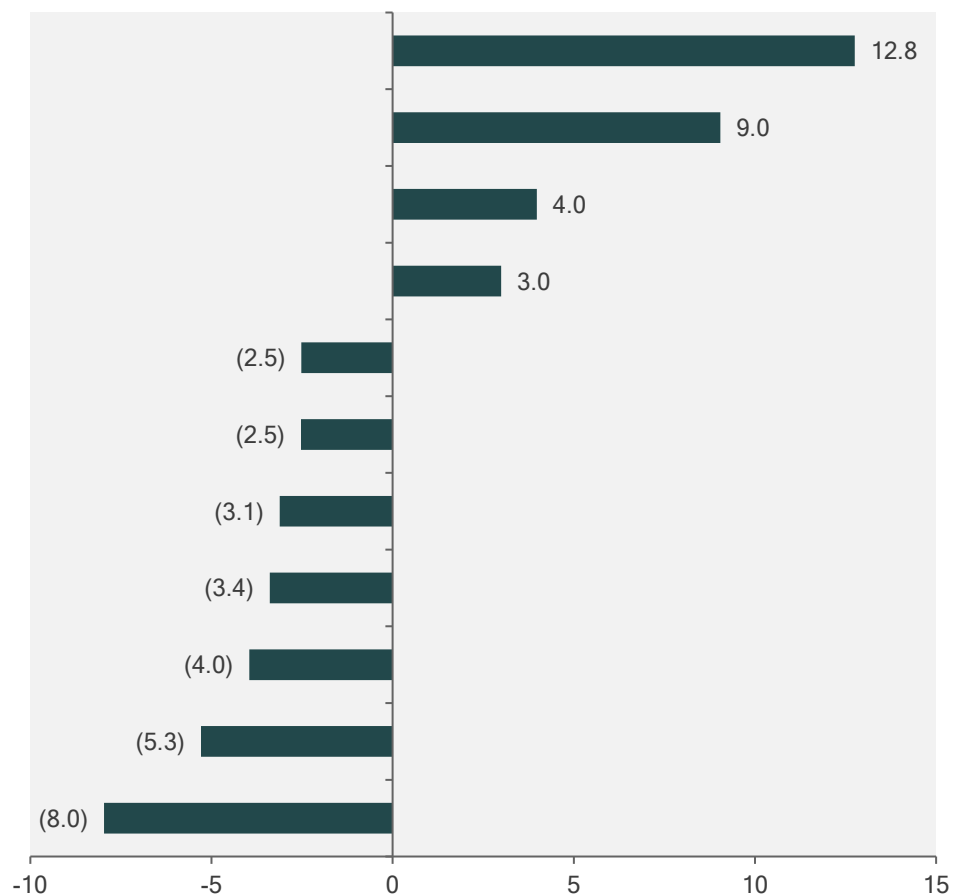
### As of December 31, 2022



Kayne Anderson Rudnick  
Investment Management

Sectors	KAR Small-Mid Cap Core (%)	Russell 2500™ Index (%)
Information Technology	26.1	13.4
Industrials	27.2	18.2
Consumer Discretionary	15.4	11.4
Health Care	15.9	12.9
Financials	13.6	16.1
Communication Services	—	2.5
Utilities	—	3.1
Consumer Staples	—	3.4
Materials	1.8	5.8
Energy	—	5.3
Real Estate	—	8.0

### Underweight/Overweight (%)



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

*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 GICS sector classifications. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.*

# Top Ten Holdings

## Small-Mid Cap Core Portfolio

### As of December 31, 2022



Kayne Anderson Rudnick  
Investment Management

Top 10 Holdings	GICS Sector	% of Portfolio
W. R. Berkley	Financials	5.8
Cooper Companies	Health Care	4.7
Nordson	Industrials	4.6
POOLCORP	Consumer Discretionary	4.5
Bentley Systems	Information Technology	4.4
Charles River Laboratories International	Health Care	4.3
LPL Financial Holdings	Financials	4.2
Globus Medical	Health Care	3.9
Exponent	Industrials	3.8
Copart	Industrials	3.8
<b>Total</b>		<b>44.1</b>

Research confidence leads to large active weights

	KAR Small -Mid Cap Core	Russell 2500™ Index
# of Holdings	29	2,448
Average Position Size (%)	3.4	0.04
Weight of Top Ten Holdings (%)	44.1	3.1
Active Share (%)	97.0	–

The strategy benefits from diversification while still taking significant active positions

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# Returns

## Small-Mid Cap Core Portfolio



Kayne Anderson Rudnick  
Investment Management

### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Fourth Quarter	10.52	9.72	7.43	229
1 Year	(23.72)	(26.03)	(18.37)	(766)
3 Years	8.07	4.88	5.00	(11)
5 Years	11.00	7.74	5.89	185
7 Years	13.07	9.75	9.00	75
10 Years	13.59	10.26	10.03	24
Since Inception*	11.29	8.05	10.06	(202)

\*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 periods prior to July 1, 2000, the Small-Mid Cap Core composite calculations have been linked to the firm's Small Cap Core composite performance, which represents all taxable and nontaxable, fully discretionary Small Cap Core Portfolios (including cash) under management for at least one full quarter. Beginning on July 1, 2000, only Small-Mid Cap Core Portfolios are included in the composite. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

**IMPORTANT RISK CONSIDERATIONS: Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities.

**Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the speed of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

### Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2022	(23.72)	(26.03)	(18.37)	(766)
2021	20.90	17.38	18.18	(80)
2020	36.85	32.89	19.99	1,290
2019	40.90	36.84	27.77	907
2018	(5.23)	(8.05)	(10.00)	195
2017	19.77	16.28	16.81	(53)
2016	17.03	13.61	17.59	(398)
2015	5.76	2.65	(2.90)	555
2014	9.25	6.04	7.07	(103)
2013	31.04	27.25	36.80	(955)
2012	9.25	6.04	17.88	(1,184)
2011	8.43	5.24	(2.51)	775
2010	20.23	16.73	26.71	(998)
2009	31.12	27.46	34.39	(693)
2008	(29.90)	(32.18)	(36.79)	461
2007	0.26	(2.71)	1.38	(409)
2006	14.04	10.76	16.17	(541)
2005	3.24	0.20	8.11	(791)
2004	13.69	10.42	18.29	(787)
2003	25.54	22.01	45.51	(2,350)
2002	(17.31)	(19.90)	(17.80)	(210)
2001	4.57	1.48	1.22	26
2000	23.47	19.99	4.27	1,572
1999	7.02	3.89	24.14	(2,026)
1998	20.98	17.54	0.38	1,716
1997	21.00	17.57	24.36	(679)
1996	26.98	23.43	19.03	440
1995	18.57	15.20	31.70	(1,650)
1994	2.75	(0.28)	(1.05)	77
1993	20.00	16.60	16.55	4
1992†	9.65	7.28	11.36	(408)

# Risk-Return Analysis

## Small-Mid Cap Core Portfolio

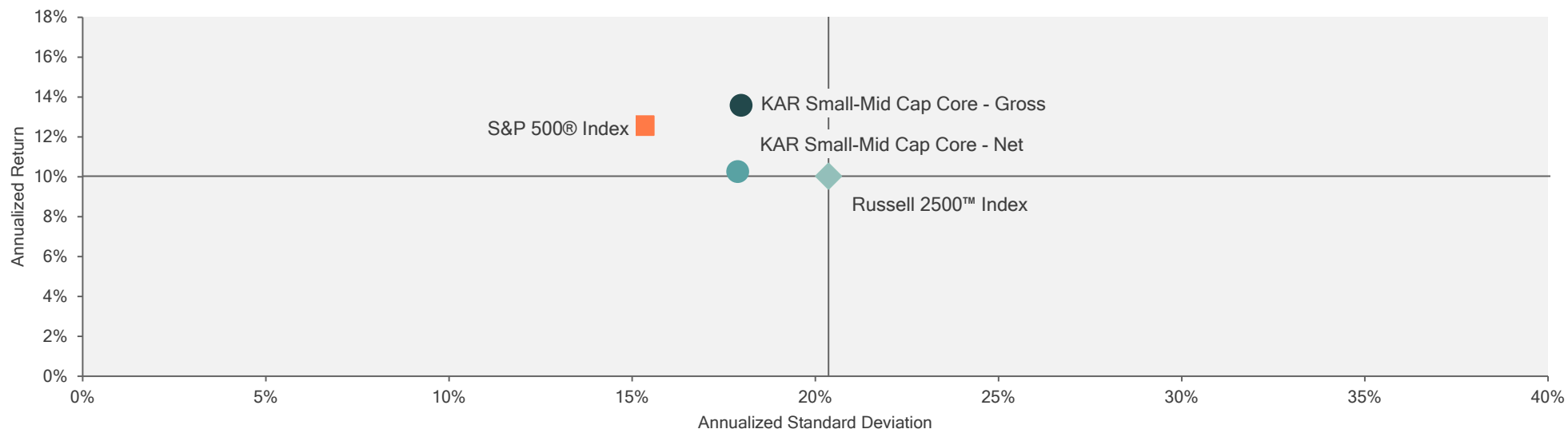
### Ten Years Ending December 31, 2022



Kayne Anderson Rudnick  
Investment Management

#### Meaningful Excess Return with Lower Volatility

Annualized for the Past 10 Years



#### Performance Statistics

Annualized for the Past 10 Years

	Alpha (%)	Sharpe Ratio	Standard Deviation (%)	Semi-Standard Deviation (%)	Beta	Tracking Error
KAR Small-Mid Cap Core - Gross	4.84	0.72	17.97	13.32	0.82	7.53
KAR Small-Mid Cap Core - Net	1.74	0.54	17.88	13.26	0.82	7.54
Russell 2500™ Index	0.00	0.46	20.36	15.35	1.00	0.00

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



# Disclosure

## Small-Mid Cap Core Portfolio



Kayne Anderson Rudnick  
Investment Management

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2500™ Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	9.25	6.04	17.88	15.22	19.24	44	0.62	422	6,545
2013	31.04	27.25	36.80	12.17	15.85	39	0.36	362	7,841
2014	9.25	6.04	7.07	10.13	11.84	35	0.16	373	7,989
2015	5.76	2.65	(2.90)	12.17	12.59	30	0.19	378	8,095
2016	17.03	13.61	17.59	12.62	13.86	30	0.38	369	9,989
2017	19.77	16.28	16.81	11.16	12.31	32	0.26	518	14,609
2018	(5.23)	(8.05)	(10.00)	13.27	14.30	24	0.17	618	17,840
2019	40.90	36.84	27.77	14.85	14.79	28	0.51	1,117	25,685
2020	36.85	32.89	19.99	21.37	24.55	30	0.33	2,556	39,582
2021	20.90	17.38	18.18	19.30	22.80	42	0.29	4,773	47,269

\*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.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2021.

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

The Small-Mid Cap Core Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2021. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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

The composite includes all fully discretionary Small-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 inception date of the composite is April 1992. The composite was created in July 2000. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

Beginning on January 1, 2006, sub-advisory wrap fee portfolios are also included in composite results. Each sub-advisory relationship is included in the composite as one account. All portfolios included in this composite for all periods are wrap portfolios.

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part 2A of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Net annual returns are calculated by deducting 1/12th of an assumed maximum annual wrap fee of 3% on a monthly basis. Wrap fees include all charges for trading costs, portfolio management, custody and other administrative expenses.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite (using pure gross returns) and the benchmark for the 36-month period.