



Kayne Anderson Rudnick  
Investment Management

A VIRTUS INVESTMENT PARTNER

Small Cap Quality Value Portfolio  
Managed Accounts  
First Quarter 2024

[kayne.com](https://www.kayne.com)

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# Firm Overview

As of March 31, 2024



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	\$65.3 billion*
Number of Equity Investment Professionals	22
Average Investment Experience	16 Years

\*Figures in USD.

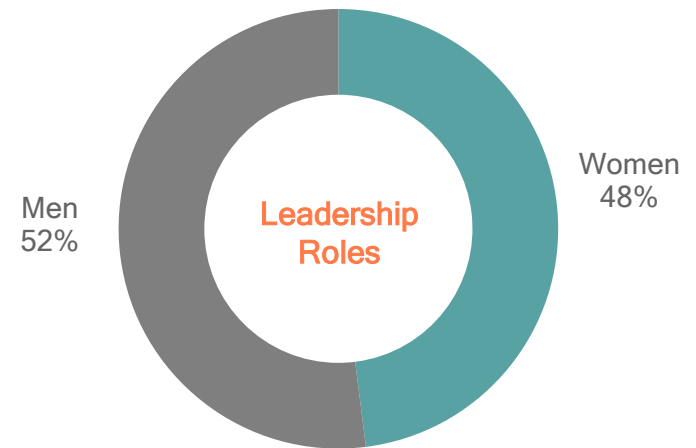
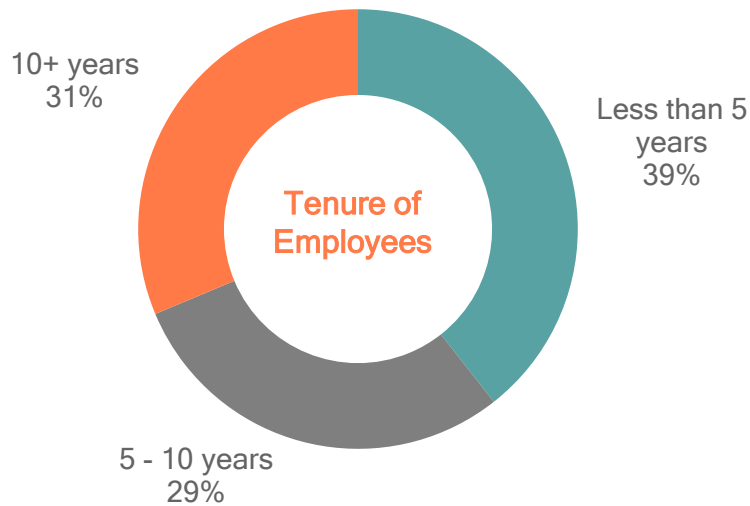
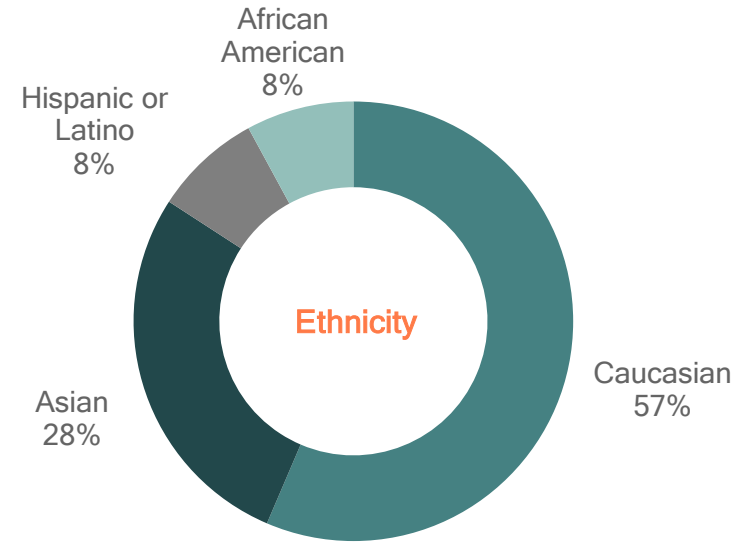
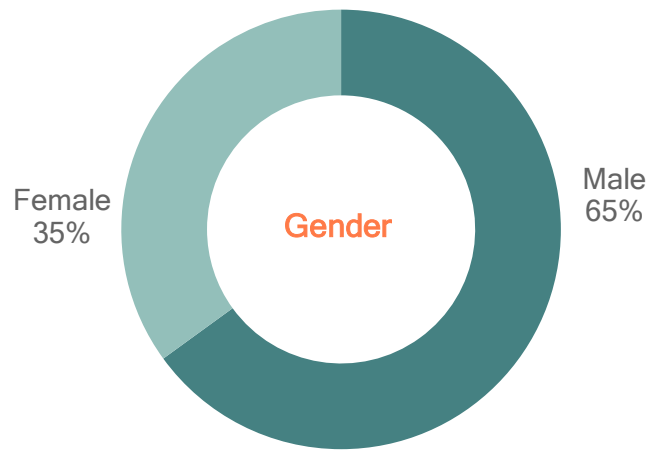
†Please refer to the “Tenets of Quality: Our Quality Business Assessment” slide later in this presentation for KAR’s definition of high-quality businesses.

# Employee Statistics

As of March 31, 2024



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Numbers may not always add up due to rounding.

# Small Cap Quality Value Team



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Portfolio Manager/Analysts	Responsibility	Research Start Date	KAR Start Date
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	2001	2001
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Staples	1990	2000
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Financials (Insurance Industry) and Information Technology	1999	2002
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	2004	2013
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care and Industrials	1995	2001
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials, Information Technology, Energy and Industrials	2012	2012
Adam Xiao, CFA	Senior Research Analyst Sector Coverage: Financials, Consumer Discretionary, Information Technology and Industrials	2013	2018
Tyler Cantarano	Research Analyst Sector Coverage: Information Technology, Consumer Discretionary and Communication Services	2017	2024
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	2008	2018
Luke Longinotti, CFA	ESG Research Analyst	2020	2023
Arthur Su, CFA	Research Analyst Sector Coverage: Information Technology and Industrials	2015	2022
Clarissa Ali	Associate Research Analyst	2023	2018
Client Services	Responsibility	Industry Start Date	KAR Start Date
Jason Pomatto	Managing Director - Senior Client Portfolio Manager	1994	2021
Ben Falcone, CFA	Managing Director - Client Portfolio Manager	1996	2023
James May, CFA	Managing Director - Client Portfolio Manager	1989	2019
Ben Corser	Portfolio Specialist	2006	2018

### 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® Value Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics\*



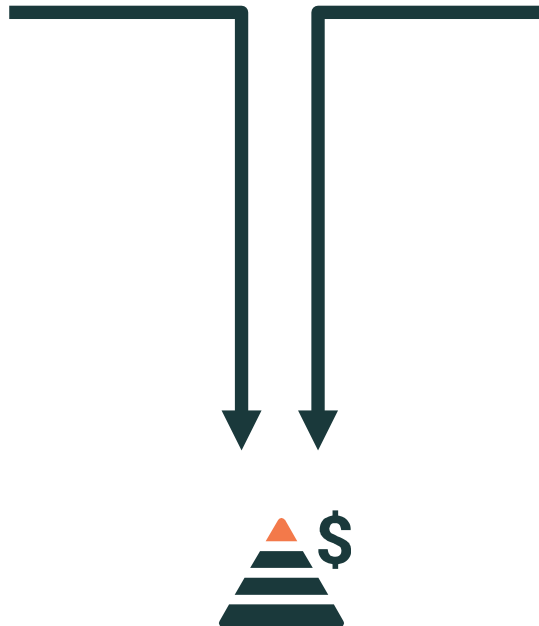
## Competitive Protection

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



## Owner-Oriented Management

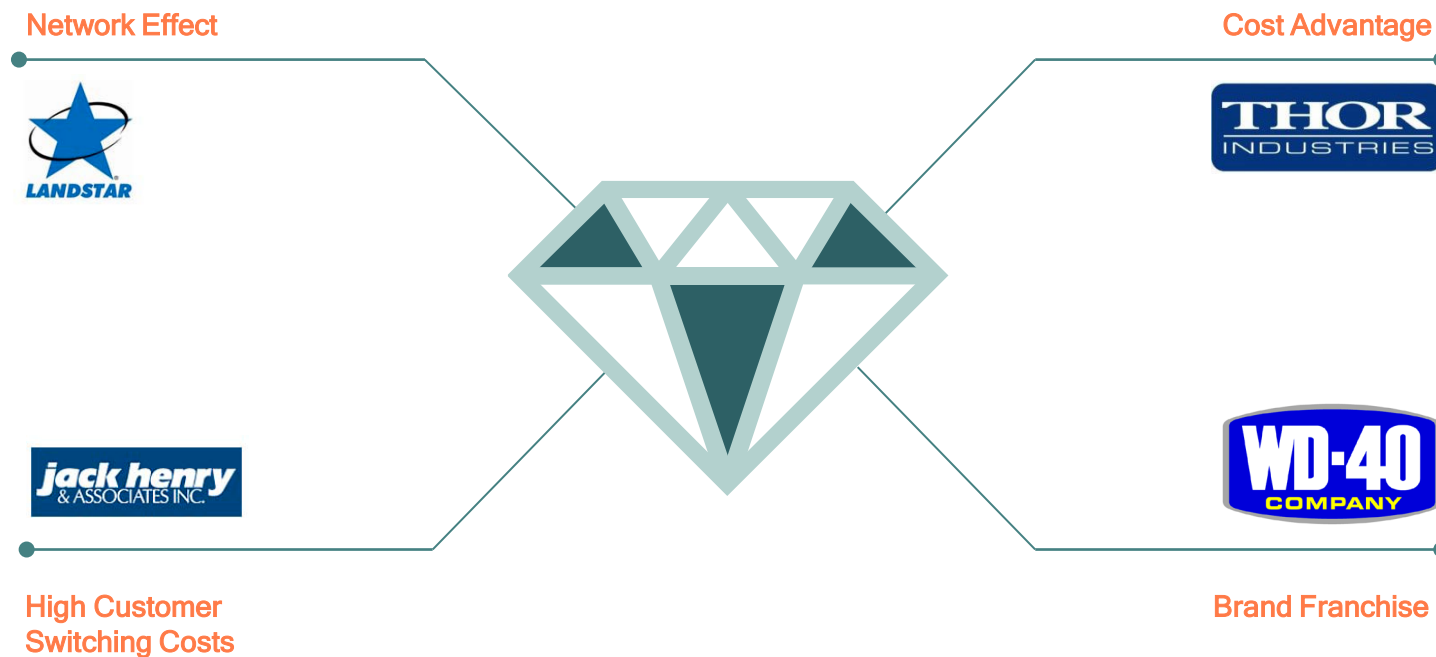
- Cultivates Competitive Advantage
- Rational Capital Allocation
- Considers Stakeholder Interests



## HIGH QUALITY BUSINESS

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

## Examples of High-Quality Business Models



*The securities presented on this page are chosen based upon objective, non-performance based criteria and are current holdings of the strategy. Companies are chosen to exemplify diversification. We typically select companies that operate in large, vast industries, but have overwhelming market share for their particular niches. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. It should not be assumed that securities recommended in the future will be profitable. Holdings are subject to change. Individual investors' holdings may differ slightly.*

# Investment Process Overview

## A Business Analyst Approach

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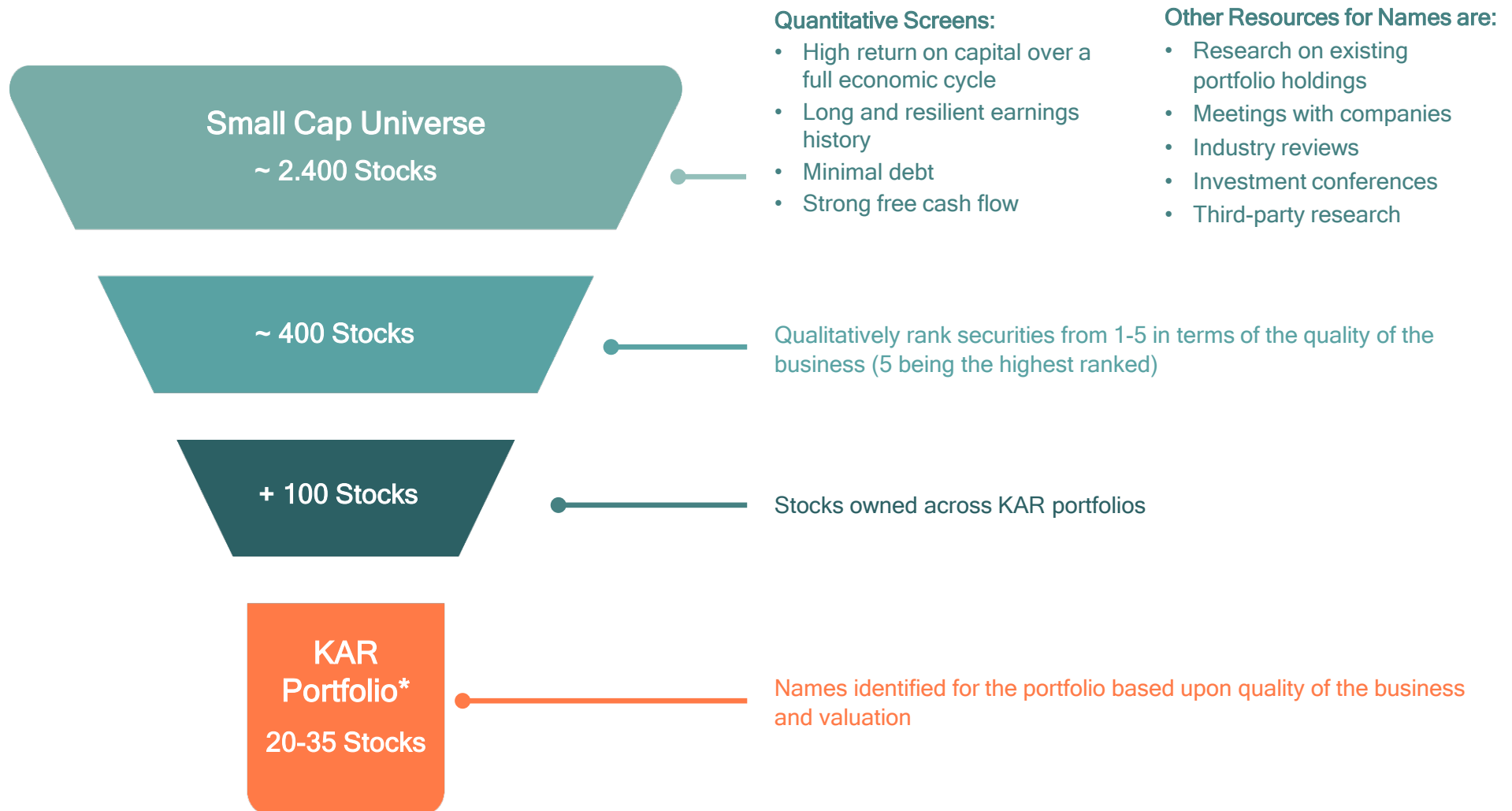


# 1 | Investment Process

## Development of KAR High-Quality Universe



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\*There is no guarantee that the portfolio will meet its objective.

## 2 | Investment Process

### Intensive Fundamental Research



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Research analysts and portfolio managers work together to develop in-depth business knowledge



#### Qualitative Analysis

**Purpose:** Determine if competitive advantage exists and evaluate its strength.

- Review regulatory filings, company materials, industry data, and third party research
- Conduct comprehensive interviews with management; contact other relevant parties
- Understand basis of competition within industry
- Assess competitive threats and obsolescence risk: What protects the business?



#### Financial Analysis

**Purpose:** Evaluate source, level, and sustainability of economic profitability.

- Seek: High and resilient return on capital
- Seek: Persistent earning power
- Seek: Abundant discretionary cash flow
- Seek: Under-levered balance sheet
- Assess management's capital allocation practices; favor high insider ownership



#### Valuation Analysis

**Purpose:** Estimate total return over several year period; compare to other opportunities considering varying levels of certainty

- Consider economic earning power in relation to enterprise value
- In our view, mispricing can be created by: Underfollowed company, investors' over-reaction to short-term challenges, improved competitive position not yet recognized



#### ESG Analysis\*

**Purpose:** Evaluate financially material environmental, social, and/or governance factors to determine if they may impact an investment outcome

- Utilize a proprietary ratings framework identifying five key issues for each sector
- ESG research integrated into research process by each member of the investment team
- Ratings updated annually

\*Where material to a particular investment opportunity and consistent with KAR's investment strategy, KAR seeks to consider environmental, social, and/or governance ("ESG") factors that KAR believes may influence risks and rewards as an element of its investment research and decision-making processes. However, such ESG factors are not by themselves determinative to an investment decision.

### Investment Guidelines

<b>Position Weights</b>	<ul style="list-style-type: none"><li>• 20-35 holdings</li><li>• Maximum initial position size is 5% (at cost)</li><li>• Maximum position size is 10% (at market)</li></ul>
<b>Sector Tolerances</b>	<ul style="list-style-type: none"><li>• Seek broad diversification, but no sector constraints</li></ul>
<b>Non-U.S. Holdings</b>	<ul style="list-style-type: none"><li>• Up to 20%</li></ul>
<b>Holding Period</b>	<ul style="list-style-type: none"><li>• Typically 3-to-5 years, but is often longer</li><li>• Portfolio turnover typically 25% to 35%</li></ul>
<b>Cash Levels</b>	<ul style="list-style-type: none"><li>• Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%</li></ul>

### Sell Discipline

<b>Extended Valuation</b>	<ul style="list-style-type: none"> <li>• Significant premium to intrinsic value</li> <li>• Expected annual return insufficient</li> </ul>
<b>Portfolio Upgrade</b>	<ul style="list-style-type: none"> <li>• Better business</li> <li>• Better price</li> </ul>
<b>Acquisition Activity</b>	<ul style="list-style-type: none"> <li>• Our holding acquired at an attractive premium</li> <li>• Our holding acquires a company diminishing its business or value</li> </ul>
<b>Negative Company or Industry Changes</b>	<ul style="list-style-type: none"> <li>• Position review research report written for any of the following conditions:             <ul style="list-style-type: none"> <li>- Stock price declines 20% or more in a short time period absent an industry or broad market decline</li> <li>- Validity deteriorates for one or more of the reasons for purchase</li> <li>- Credit-quality profile deteriorates</li> </ul> </li> <li>• Quality parameters reviewed by the Chief Investment Officer with the Portfolio Managers</li> </ul>

# 4 | Investment Process

## Risk Management–Investment Oversight



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### Our risk management begins with our high-quality investment approach

#### Risk Management

<b>Investment Philosophy</b>	<ul style="list-style-type: none"><li>• Focus on “high-quality” companies</li><li>• Company’s “business risk” is primary risk control factor</li></ul>
<b>Portfolio Level Controls</b>	<ul style="list-style-type: none"><li>• Broad sector diversification</li><li>• Individual security weights initiated at 1% to 5% of portfolio</li></ul>
<b>Position Reviews</b>	<ul style="list-style-type: none"><li>• “Position Review” report when a portfolio holding declines 20% absent an industry or broad market decline</li><li>• Re-validate reasons for original purchase or sell position</li></ul>

#### Portfolio Monitoring

<b>CIO/PM Meetings</b>	<ul style="list-style-type: none"><li>• Chief Investment Officer and the Portfolio Managers meet to review, discuss, and explain each strategy’s portfolio positioning and its performance</li></ul>
<b>Research Meetings</b>	<ul style="list-style-type: none"><li>• Formal meetings to discuss and evaluate portfolio holdings and overall industry trends</li></ul>

# 4 | Investment Process

## Risk Management—Independent Oversight

Our risk management process also includes independent oversight to ensure that business and investment risk is thoroughly evaluated from multiple viewpoints

<b>Risk and Compliance Committee</b>	Oversees all business and regulatory risk
<b>Portfolio Oversight Committee</b> (Reports to Risk and Compliance Committee)	Oversees all investment and strategy risk
<b>Performance, Analytics &amp; Risk Department</b>	Produces all reporting and quantitative measures of risk
<b>Risk Management Systems</b>	<ul style="list-style-type: none"><li>• FactSet Attribution and Performance Analytics</li><li>• MSCI Barra Risk Model</li><li>• ICE Liquidity Risk Management</li></ul>

# Portfolio Characteristics

## Small Cap Quality Value Portfolio

### As of March 31, 2024



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	KAR Small Cap Quality Value	Russell 2000® Value Index
<b>Quality</b>		
Return on Equity—Past 5 Years	<b>21.8%</b>	9.2%
Debt/EBITDA*	<b>1.6 x</b>	3.0 x
Earnings Variability—Past 10 Years	<b>40.0%</b>	86.3%
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	<b>10.7%</b>	8.4%
Earnings Per Share Growth—Past 10 Years	<b>8.3%</b>	8.6%
Dividend Per Share Growth—Past 5 Years	<b>10.9%</b>	4.8%
Dividend Per Share Growth—Past 10 Years	<b>11.3%</b>	4.4%
Capital Generation—{ROE x (1-Payout)}	<b>15.0%</b>	7.0%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	<b>33.0 x</b>	27.4 x
Dividend Yield	<b>1.3%</b>	2.1%
Free Cash Flow Yield†	<b>4.3%</b>	3.5%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Average	<b>\$5.7 B</b>	\$3.0 B
Largest Market Cap—3-Year Average	<b>\$13.4 B</b>	\$11.9 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	<b>19.1%</b>	21.4%

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 Debt/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. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of December 31, 2023. Prices are as of March 31, 2024. Excludes financials.

‡Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

**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 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.

# Top Ten Holdings

## Small Cap Quality Value Portfolio

### As of March 31, 2024



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Top 10 Holdings	GICS Sector	% of Portfolio
Watsco	Industrials	6.9
Houlihan Lokey	Financials	5.5
Construction Partners	Industrials	5.4
Thor Industries	Consumer Discretionary	4.9
Primerica	Financials	4.4
Hillman Solutions	Industrials	4.3
Armstrong World Industries	Industrials	4.3
RBC Bearings	Industrials	4.2
EVERTEC	Financials	3.9
Landstar System	Industrials	3.9
<b>Total</b>		<b>47.9</b>

Research confidence leads to large active weights

	KAR Small Cap Quality Value	Russell 2000® Value Index
# of Holdings	30	1,416
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	47.9	5.0
Active Share (%)	99.1	—

The strategy benefits from diversification while still taking significant active positions

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*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.*



# Sector Weights

## Small Cap Quality Value Portfolio

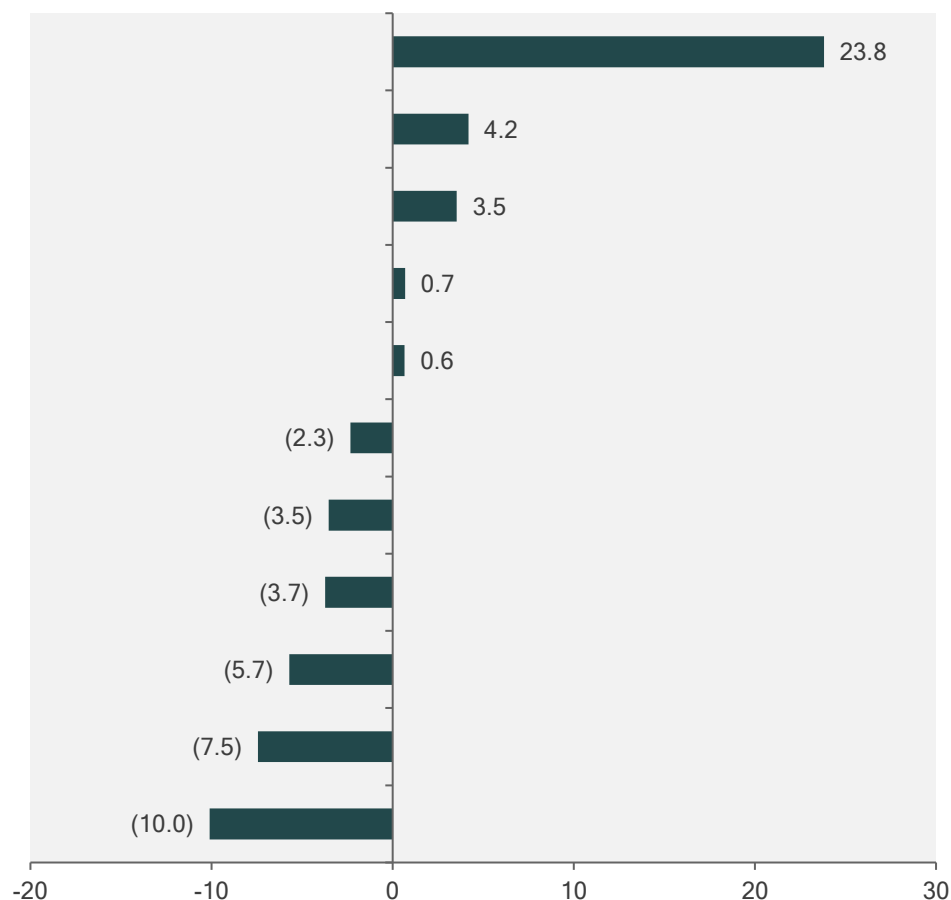
### As of March 31, 2024



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Sectors	KAR Small Cap Quality Value (%)	Russell 2000® Value Index (%)
Industrials	38.2	14.4
Consumer Staples	6.4	2.2
Consumer Discretionary	14.6	11.1
Materials	6.1	5.5
Financials	26.4	25.8
Communication Services	—	2.3
Information Technology	2.4	5.9
Utilities	—	3.7
Health Care	3.6	9.4
Real Estate	2.3	9.7
Energy	—	10.0

### Underweight/Overweight (%)



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# Returns

## Small Cap Quality Value Portfolio



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### Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)	Excess Return -Net (bps)
First Quarter	4.12	3.35	2.90	45
1 Year	21.35	17.81	18.75	(94)
3 Years	0.18	(2.79)	2.22	(501)
5 Years	10.68	7.42	8.17	(74)
7 Years	8.91	5.70	6.55	(85)
10 Years	9.80	6.57	6.87	(30)
Since Inception*	11.02	7.77	7.93	(16)

\*June 1, 1998

†Performance calculations are for the seven months ended December 31, 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 final. 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.** 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, medium, or large-sized companies may enhance that risk. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **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:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

### Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2023	19.64	16.15	14.65	150
2022	(23.47)	(25.79)	(14.48)	(1,130)
2021	19.71	16.22	28.27	(1,205)
2020	28.88	25.13	4.63	2,049
2019	25.09	21.45	22.39	(94)
2018	(14.14)	(16.72)	(12.86)	(385)
2017	20.66	17.14	7.84	930
2016	26.17	22.50	31.74	(924)
2015	(0.27)	(3.22)	(7.47)	424
2014	2.51	(0.52)	4.22	(473)
2013	40.00	35.97	34.52	145
2012	10.01	6.77	18.05	(1,128)
2011	6.73	3.58	(5.50)	908
2010	24.75	21.12	24.50	(338)
2009	27.82	24.21	20.58	363
2008	(28.62)	(30.93)	(28.92)	(201)
2007	1.93	(1.08)	(9.78)	869
2006	23.72	20.23	23.48	(325)
2005	8.53	5.37	4.71	66
2004	27.59	24.03	22.25	178
2003	22.12	18.65	46.03	(2,738)
2002	0.48	(2.51)	(11.43)	892
2001	19.42	16.00	14.02	198
2000	24.92	21.40	22.83	(142)
1999	(7.69)	(10.49)	(1.49)	(900)
1998†	9.61	7.76	(10.93)	1,869

# Risk-Return Analysis

## Small Cap Quality Value Portfolio

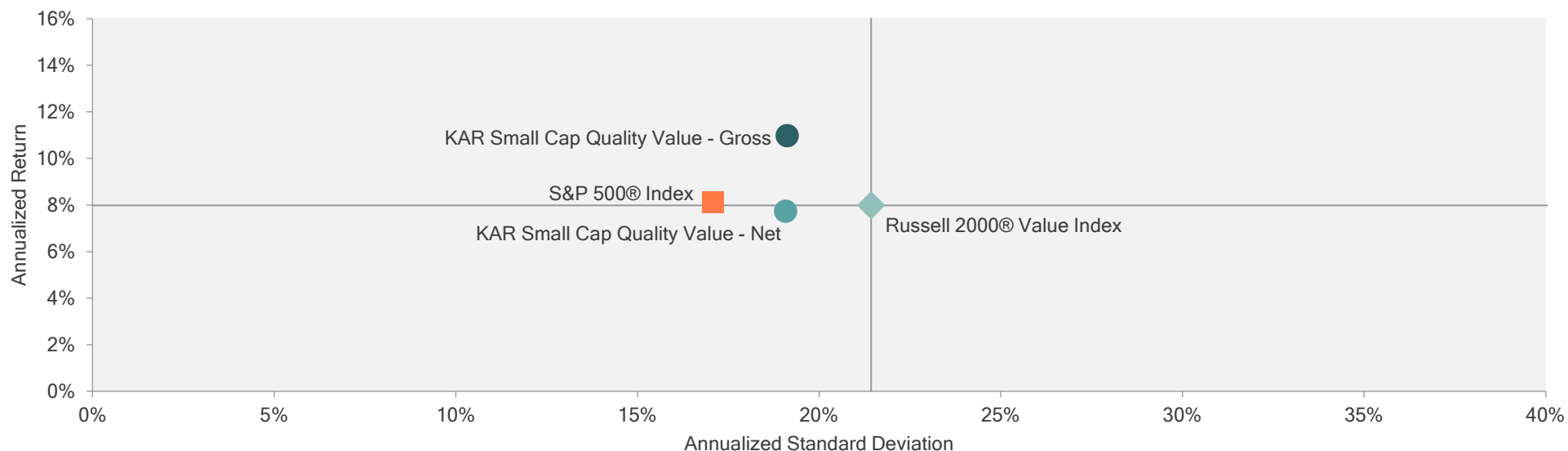
### Inception\* to March 31, 2024



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### Meaningful Excess Return with Lower Volatility

Annualized Since Inception\*



### Performance Statistics

Annualized Since Inception\*

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Small Cap Quality Value - Gross	10.97	3.87	0.47	0.33	9.18	19.12	0.81	73.10
KAR Small Cap Quality Value - Net	7.72	0.80	0.30	(0.03)	9.19	19.08	0.80	80.89
Russell 2000® Value Index	7.98	0.00	0.28	N/A	N/A	21.43	1.00	100.00

\*Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

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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.

# Peer Comparison

## Small Cap Quality Value Portfolio

### Inception\* to March 31, 2024



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\*Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

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

The eVestment Small Cap Value Universe includes 65 managers categorized in the small cap value asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small Cap Value Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment managements fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

# Summary of Key Differentiators

## We Seek to Manage Risk and Generate Returns Differently



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	CLASSIC APPROACH*	KAR APPROACH†
RISK	<p>stock portfolio <b>75</b></p> <p>1% to 2% positions</p>	<p>stock portfolio <b>20-35</b></p> <p>3% to 10% positions in high-quality companies</p> <ul style="list-style-type: none"> <li> Minimal business risk</li> <li> Minimal balance sheet risk</li> <li> Minimal profit risk</li> </ul>
RETURNS	Typically average companies producing average returns on capital	We strive to find companies that produce strong returns on capital with a sustainable competitive advantage
	Typically buying cheap and selling dear required for above-average portfolio returns	We strive to buy at attractive prices and let strong returns on capital drive growth and income over extended period of time
	6 months average holding period	36 to 60 months average holding period, but often longer
	High frictional costs due to rapid trading	Low frictional costs due to less trading
	Poor tax efficiency due to short holding periods	Inherent tax efficiency

\* The Classic Approach is based upon competitors with 75 holdings or more. The observations are generalized and do not represent any specific competitor's investment approach.

† There is no guarantee that the portfolio will meet its objective.

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- **ESG Principles & Process**
- **Biographies**
- **Disclosure**

### Policy

We believe that responsible investment practices which incorporate the consideration of environmental, social, and governance (ESG) topics add sustainable value for our investors and are consistent with our fiduciary duty.

### Philosophy

Our investment strategy is driven by the belief that:

- Long-term sustainable and successful businesses incorporate and manage all relevant factors whether they be economic, financial, operational, environmental, social, or governance related.
- Where material to a particular investment opportunity and consistent with a strategy's investment goals and objectives, we seek to consider environmental, social, and/or governance factors that we believe may influence risks and rewards as an element of our investment research and decision-making processes.
- However, such environmental, social, and/or governance factors are not by themselves determinative to an investment decision.

### Experience



Natural alignment with our quality-focused investment approach



PRI Signatory  
Since 2019



\$3.9 billion in mandates with client specific ESG objectives\*

\*As of March 31, 2024

Where material to a particular investment opportunity and consistent with KAR's investment strategy, KAR seeks to consider environmental, social, and/or governance ("ESG") factors that KAR believes may influence risks and rewards as an element of its investment research and decision-making processes. However, such ESG factors are not by themselves determinative to an investment decision.

We use a proprietary ESG ratings framework to generate ESG scores for businesses in our portfolios as well as portfolio scores.



- ESG research is conducted by each member of the investment team
- Five key issues identified that we believe are the most material and financially relevant for each sector
- These five key issues are largely informed by SASB



We analyze each of these key issues and assign each one an A, B, or C rating

- ✓ A Rating - Demonstrates leadership within ESG
- ✓ B Rating - Demonstrates neither leading the charge nor doing something egregious
- ✓ C Rating - Demonstrates one or more ESG issues of significant concern



- The rating on the key issues informs the overall company rating
- Rating updated annually or more frequently if a material event should occur



# Biographies

## Small Cap Quality Value Team



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### **Julie Kutasov**

*Portfolio Manager and Senior Research Analyst with primary research responsibilities for the small and mid-capitalization materials, industrials and utilities sectors*

Ms. Kutasov began her career in equity research in 2001. Before joining Kayne Anderson Rudnick in 2001, she worked at Goldman Sachs in a program focused on investment management for high-net worth individuals and at Arthur Andersen as a Senior Associate leading teams that provided financial-audit and business-advisory services to a variety of clients in service-related industries. Ms. Kutasov holds a Certified Public Accountant license (currently inactive) in the state of California. Ms. Kutasov earned a B.A. in Business Economics from the University of California, Los Angeles, where she graduated summa cum laude, and an M.B.A. from Harvard Business School.



### **Craig Stone**

*Portfolio Manager and Senior Research Analyst with primary research responsibilities for the small and mid-capitalization real estate and consumer staples sectors*

Mr. Stone began his equity research career in 1990. Before joining Kayne Anderson Rudnick in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He earned a B.S. in International Business from San Francisco State University and an M.B.A. from the University of Southern California.



### **Todd Beiley, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials (insurance industry) and information technology sectors*

Mr. Beiley began his equity research career in 1999. Before joining Kayne Anderson Rudnick in 2002, he worked as an Associate Analyst in equity research at Prudential Securities and before that was an Equity Research Associate at RNC Capital Management. Mr. Beiley earned a B.S. in Finance from Northern Arizona University and an M.B.A. from the University of Southern California. Mr. Beiley is a CFA charterholder.



### **Julie Biel, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization information technology and health-care sectors*

Ms. Biel began her equity research career in 2004. Before joining Kayne Anderson Rudnick in 2013, Ms. Biel worked at Imperial Capital as an Equity Research Associate. Prior to business school, Ms. Biel was an Equity Research Associate at Merrill Lynch. Ms. Biel earned a B.A., in Economics and Psychology from New York University and an M.B.A. from the University of California, Los Angeles. Ms. Biel is a CFA charterholder.

# Biographies

## Small Cap Quality Value Team



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### **Jon Christensen, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization health-care and industrials sectors*

Mr. Christensen began his equity research career in 1995. Before joining Kayne Anderson Rudnick in 2001, Mr. Christensen was a Portfolio Manager and Senior Research Analyst for Doheny Asset Management. He earned a B.S. in Mathematics/Applied Science from the University of California, Los Angeles, and an M.B.A. from the California State University, Long Beach. Mr. Christensen is a CFA charterholder.



### **Adam Xiao, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials, consumer discretionary, information technology and industrials sectors*

Mr. Xiao began his career in equity research in 2013. Prior to joining Kayne Anderson Rudnick in 2018, Mr. Xiao was with Diamond Hill Capital Management, where he was a senior associate covering telecommunications and networking equipment companies. Mr. Xiao earned his B.A. in operations research and management science from University of California, Berkeley and his M.B.A. from Columbia Business School. Mr. Xiao is a CFA charterholder.



### **Chris Wright, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials, information technology, energy and industrials sectors*

Mr. Wright began his career in equity research in 2012. Before joining Kayne Anderson Rudnick in 2012, Mr. Wright worked at Alvarez & Marsal as a Senior Associate in Turnarounds and Restructuring and at Houlihan Lokey Howard & Zukin as an Associate in the Investment Banking Financial Institutions Group. Mr. Wright earned a B.S.E., concentration in Finance, from the Wharton School at the University of Pennsylvania and an M.B.A. from the University of California, Los Angeles where he was selected for the Student Investment Fund. Mr. Wright is a CFA charterholder and is a member of the CFA Society of Los Angeles, Inc.



### **Tyler Cantarano**

*Research Analyst with primary research responsibilities for the small and mid-capitalization information technology, consumer discretionary and communication services sectors*

Mr. Cantarano began his career in equity research in 2017. Before joining KAR in 2024, Mr. Cantarano worked as an Equity Analyst for Franklin Templeton working in small and midcap equity funds. Prior to Franklin Templeton, Mr. Cantarano worked as an investment associate at Citadel and in private equity at Lexington Partners. He earned a B.A. in Philosophy with a minor in Economics from Duke University, and an MBA in Investment Management from the UCLA Anderson School of Business.

# Biographies

## Small Cap Quality Value Team



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### Sean Dixon

*Research Analyst with primary research responsibilities for the small and mid-capitalization consumer discretionary and industrials sectors*

Mr. Dixon began his career in equity research in 2008. Prior to joining Kayne Anderson Rudnick in 2018, Mr. Dixon worked as an analyst at Denver Investments, covering international small-cap stocks. Mr. Dixon earned his bachelor's degree in finance from the University of Denver.



### Arthur Su, CFA

*Research Analyst with primary research responsibilities for the small and mid-capitalization information technology and industrials sectors*

Mr. Su began his career in equity research in 2015. Prior to joining Kayne Anderson Rudnick in 2022, Mr. Su worked at Capital Group as an equity research associate. Prior to that he served as an equity research associate at Needham & Company. Mr. Su earned his B.A. in Economics from University of California, Berkeley and is a CFA charterholder.



### Luke Longinotti, CFA

*ESG Research Analyst with primary research responsibilities for providing specialist ESG support across all strategies*

Mr. Longinotti began his career in equity research in 2020. Before joining Kayne Anderson Rudnick in 2023, Mr. Longinotti was an ESG Research Analyst with Pzena Investment Management. His responsibilities at Pzena included conducting ESG research at the company level for a global portfolio as well as researching and publishing on broader thematic ESG topics. Mr. Longinotti earned his B.A. in political science from Yale University and is a CFA charterholder.



### Clarissa Ali

*Associate Research Analyst*

Ms. Ali works with the investment team, conducting industry and market research to assist in the decision and management of investments. She also helps integrate material ESG factors into the process and provides support for the research framework to identify ESG risks and opportunities. Clarissa joined Kayne Anderson Rudnick in 2018 as an Office Services Associate and began her career in equity research in 2023. She earned her B.A. in Business/Managerial Economics from the University of California, Los Angeles.

# Biographies

## Client Services Team



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### Jason Pomatto

*Managing Director - Senior Client Portfolio Manager*

Mr. Pomatto began his career in the investment management industry in 1994. Before joining Kayne Anderson Rudnick in 2021, Mr. Pomatto worked at bfinance US for four years as Managing Director where he spearheaded the launch of the US division for the investment consulting firm. Mr. Pomatto also worked at Driehaus Capital Management for 20 years in a variety of roles, most recently as Vice President Institutional Sales. Mr. Pomatto earned a B.S in Finance from Northern Illinois University and his M.B.A. from Northwestern University, Kellogg School of Management.



### James May, CFA

*Managing Director - Client Portfolio Manager*

Mr. May began his career in investment management in 1989. Prior to joining Kayne Anderson Rudnick in 2019, Mr. May worked as a product specialist covering domestic and international equity strategies at Virtus Investment Partners and as a senior portfolio manager and ETF specialist in the Global Structured Products Group at SSgA. Mr. May earned a B.A. in Finance from Bentley University and an M.B.A. from Boston College. Mr. May is a CFA Charterholder and a member of the CFA Society Boston, Inc.



### Ben Falcone, CFA

*Managing Director - Client Portfolio Manager*

Mr. Falcone began his career in the investment management in 1996. Before joining Kayne Anderson Rudnick in 2023, Mr. Falcone served as a Client Portfolio Manager for Vontobel Asset Management. Prior to that, he worked as a Portfolio Manager and Research Analyst at Echo Point Investment Management and Morgan Stanley Investment Management, and as a Fund Analyst at BlackRock. Ben received his B.A in Business Economics with a minor in Communications from The College of Wooster. Mr. Falcone is a CFA Charterholder and a member of the CFA Society New York, Inc.



### Ben Corser

*Portfolio Specialist*

Mr. Corser began his career in the investment management industry in 2006. Before joining Kayne Anderson Rudnick in 2018, Mr. Corser worked as a Client Service and Marketing Associate at Wilshire Associates and before that he worked in a variety of roles at Western Asset Management, including RFP Associate and Portfolio Administrator. Mr. Corser earned his B.B.A. in Finance from the University of Portland.



### **Stephen A. Rigali, CFA**

*Executive Managing Director and Member of the Executive Management Committee*

Mr. Rigali has worked in the investment management industry since 1979. Before joining Kayne Anderson Rudnick in 1991, Mr. Rigali was a Vice President at Shearson Lehman Brothers. Mr. Rigali earned a B.S. in Business and Economics from Loyola Marymount University. He is a CFA charterholder and a member of the CFA Society of Los Angeles, Inc.



### **Douglas S. Foreman, CFA**

*Co-Chief Investment Officer and Member of the Executive Management Committee*

Mr. Foreman has worked in investment management since 1986 and joined Kayne Anderson Rudnick in 2011. Prior to joining KAR, Mr. Foreman was Director of Equities at HighMark Capital Management and before that he was Group Managing Director and Chief Investment Officer of U.S. equities at Trust Company of the West (TCW). He earned a B.S. in Marine Engineering from The U.S. Naval Academy and an M.B.A. from Harvard University. Mr. Foreman is a CFA charterholder.



### **Jeannine G. Vanian**

*Chief Operating Officer and Member of the Executive Management Committee*

Ms. Vanian has worked in the investment management industry since 1987 and began her career at Kayne Anderson Rudnick in 1989. Ms. Vanian attended The American University in Cairo, Egypt.



### **Craig Stone**

*Co-Chief Investment Officer and Member of the Executive Management Committee*

Mr. Stone began his equity research career in 1990. Before joining Kayne Anderson Rudnick in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He earned a B.S. in International Business from San Francisco State University and an M.B.A. from the University of Southern California.

# Disclosure

## Small Cap Quality Value (Wrap) Composite



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Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2000® Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	2.51	(0.52)	4.22	12.88	12.98	26	0.43	648	7,989
2015	(0.27)	(3.22)	(7.47)	13.64	13.65	24	0.32	624	8,095
2016	26.17	22.50	31.74	14.09	15.72	26	0.55	641	9,989
2017	20.66	17.14	7.84	12.17	14.17	28	0.22	803	14,609
2018	(14.14)	(16.72)	(12.86)	14.39	15.98	30	0.19	644	17,840
2019	25.09	21.45	22.39	14.54	15.90	32	0.15	779	25,685
2020	28.88	25.13	4.63	22.10	26.49	29	0.20	945	39,582
2021	19.71	16.22	28.27	19.98	25.35	29	0.15	1,373	47,269
2022	(23.47)	(25.79)	(14.48)	23.17	27.66	29	0.10	894	33,531
2023	19.64	16.15	14.65	19.91	22.06	25	0.26	864	41,186

\*Pure gross returns are supplemental to net returns.

The Russell 2000® Value 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, 2023.

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 Cap Quality Value Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2023. The verification and performance examination reports are available upon request.

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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 Cap Quality Value Wrap Portfolios. Small Cap Quality Value Wrap Portfolios are invested in equity securities with capitalizations consistent with the Russell 2000® Value 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® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-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 inception date of the composite is June 1998. The composite was created in January 2002. 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.