



Kayne Anderson Rudnick
Investment Management

Small Cap Core Portfolio
Managed Accounts
First Quarter 2017 Review

kayne.com

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Firm Overview

As of March 31, 2017



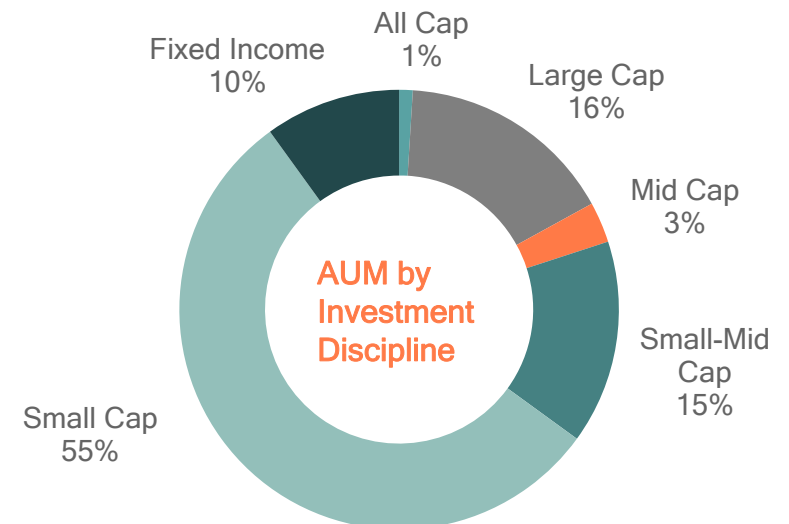
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Investment Management

Profile

- Originally established to manage founder capital
- Boutique firm specializing in small cap equity strategies with over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$14.2 billion
Number of Investment Professionals	15
Average Investment Experience	15 Years

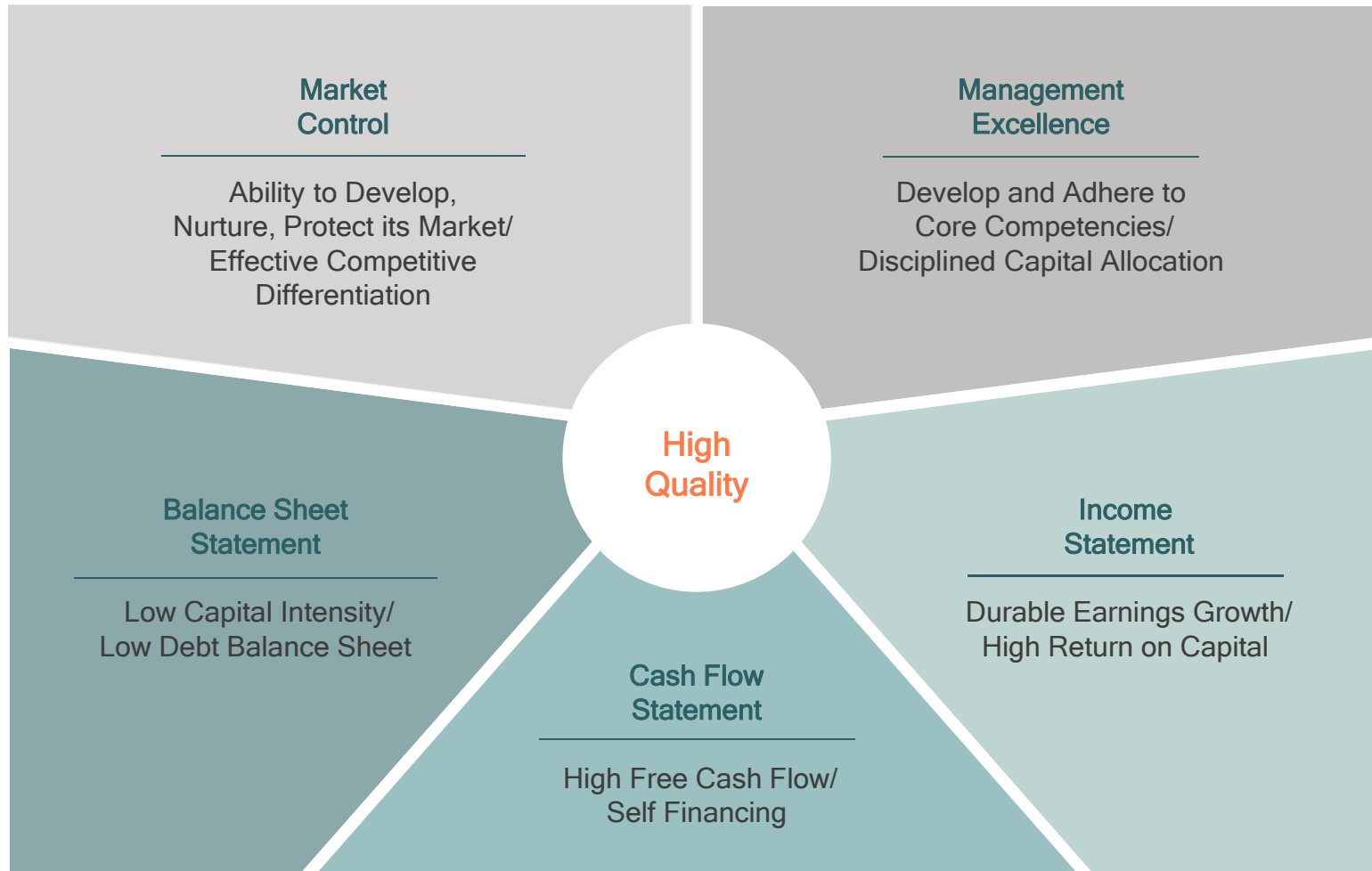


Investment Philosophy

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

Investment Objectives

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



Small Cap Core Team

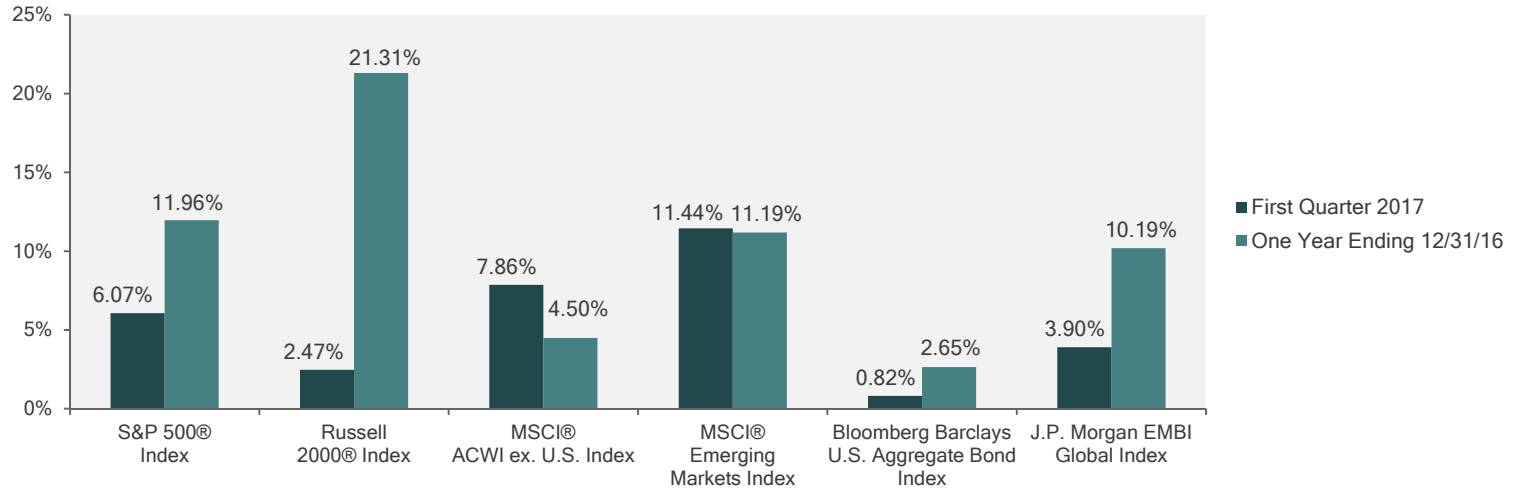


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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	31 Years	6 Years
Todd Bailey, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Financials and Producer Durables	18 Years	15 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	22 Years	16 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Energy and Financials	16 Years	16 Years
Craig Stone	Senior Research Analyst Sector Coverage: Producer Durables	28 Years	17 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Consumer Discretionary, Consumer Staples, and Financials	7 Years	6 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.

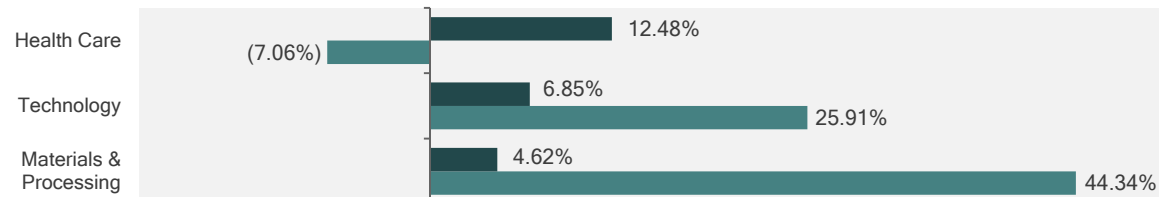
Index Performance



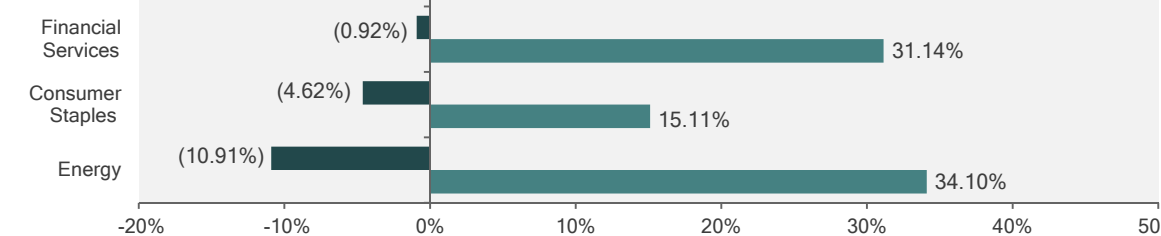
Sector Performance

Russell 2000® Index

Top Performers



Bottom Performers



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Market Review

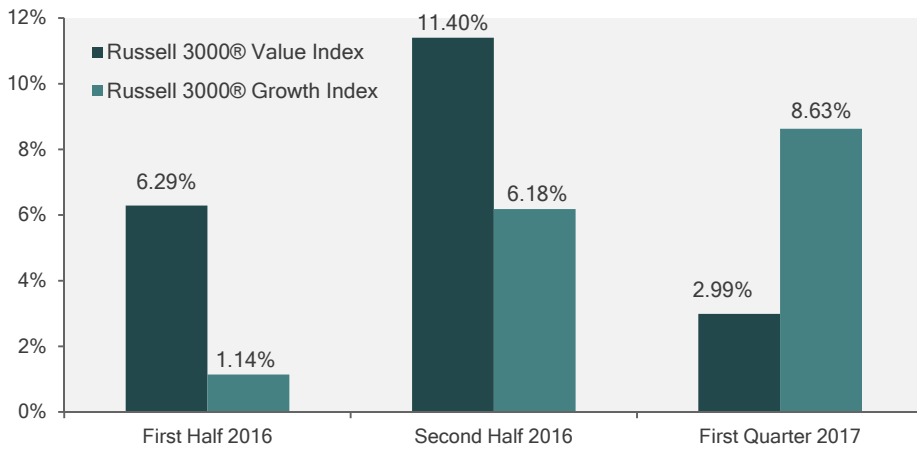
Frequent Style Rotation



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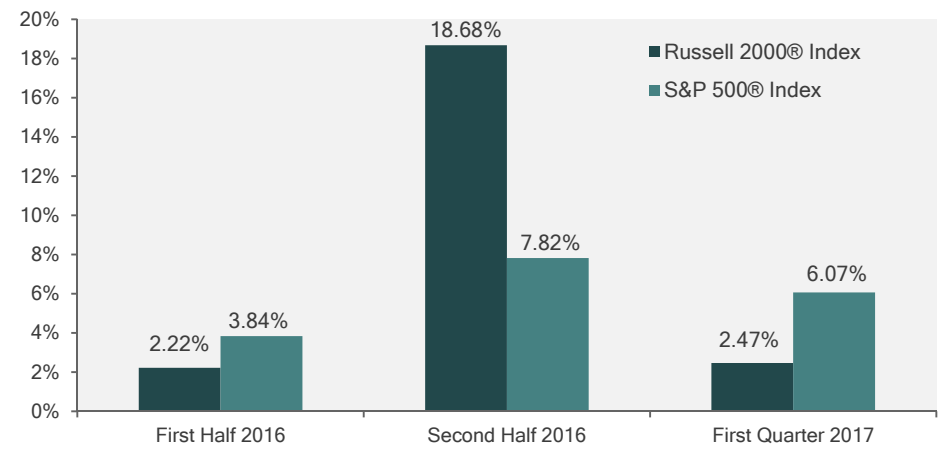
Performance by Style

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



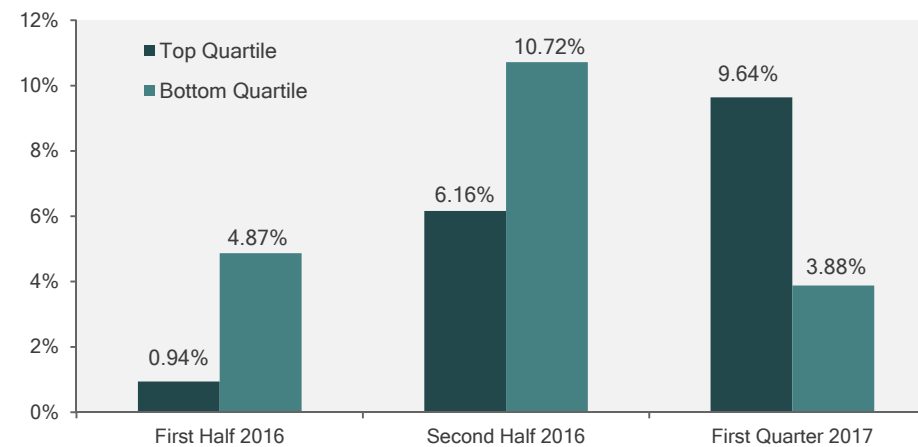
Performance by Market Cap

Russell 2000® Index vs. S&P 500® Index



Performance by Sales Growth

Russell 3000® Index



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Quarterly Performance Overview

Small Cap Core Portfolio
Periods Ending March 31, 2017



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Monthly and Quarterly Performance

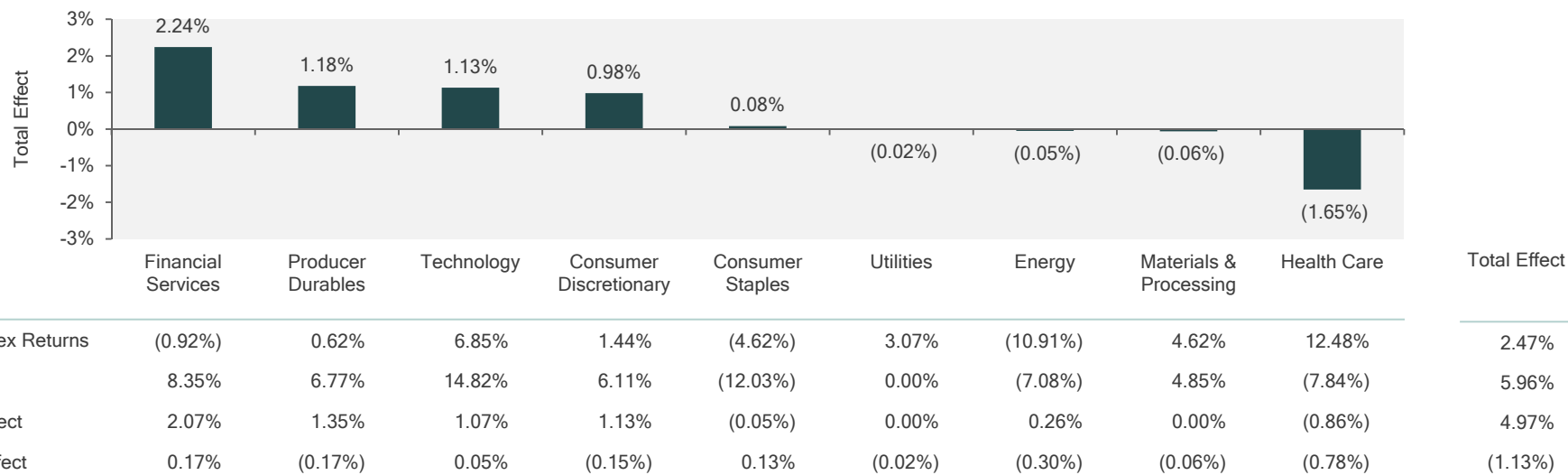
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
January	3.79	3.54	0.39	340
February	2.58	2.33	1.93	65
March	(0.48)	(0.73)	0.13	(61)
First Quarter	5.96	5.18	2.47	349

Contributors

Highest	Contribution
Autohome	+1.24%
Primerica	+1.07%
MarketAxess Holdings	+0.92%
Lowest	Contribution
Shutterstock <i>(Sold Q1 2017)</i>	(0.56%)
Abaxis	(0.35%)
Dril-Quip	(0.31%)

Attribution by Sector

Quarter Ending March 31, 2017



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

Annual Performance Overview

Small Cap Core Portfolio

Periods Ending March 31, 2017



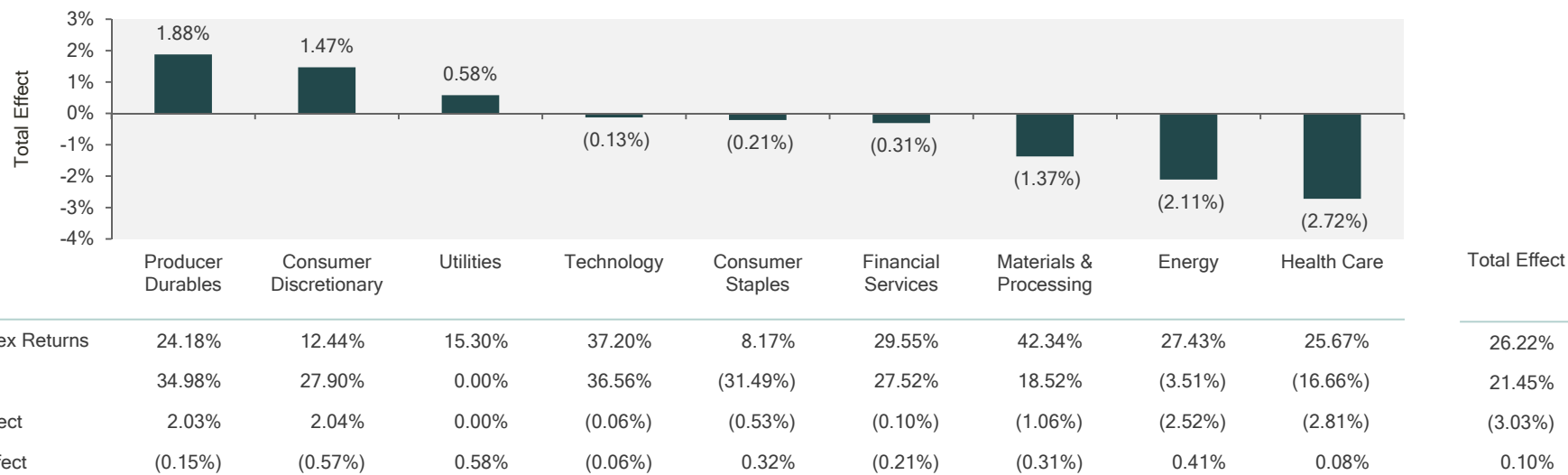
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Second Quarter 2016	4.47	3.70	3.79	68
Third Quarter 2016	3.30	2.53	9.05	(575)
Fourth Quarter 2016	6.22	5.44	8.83	(261)
First Quarter 2017	5.96	5.18	2.47	349
1 Year Ending 3/31/17	21.45	17.91	26.22	(477)

Attribution by Sector

One Year Ending March 31, 2017



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Highest Contributors

Small Cap Core Portfolio

One Year Ending March 31, 2017



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Security	Contribution	Comments
Primerica	+3.82%	Primerica's shares were under pressure due to concern over how the Department of Labor's Fiduciary Standard Rule would impact the retirement investment account industry. While the final language of the rule was less onerous than feared, some questions had remained over the ultimate cost of implementation. The Trump administration has delayed implementation of the rule and there is a good chance it may never be enacted. With this overhang now removed from the stock, investors have refocused on the fundamentals of the business.
MarketAxess Holdings	+2.23%	MarketAxess' network economics are enabling the company's platform to persistently gain market share in its core high grade fixed income market. Additional meaningful opportunities exist in other fixed income markets as well.
Copart	+2.15%	Copart's stock was strong over the past year as end-market tailwinds, such as more cars on the road, more miles driven and more complex vehicles drove salvage volumes higher. Copart's advantaged business model will enable them to capitalize consistently on these positive industry dynamics.

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Lowest Contributors

Small Cap Core Portfolio

One Year Ending March 31, 2017



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Security	Contribution	Comments
Computer Programs and Systems <i>(Sold Q4 2016)</i>	(1.74%)	Computer Programs and Systems has seen its shares impacted by the lower spend by their customers as the meaningful use mandate begins to subside and competition becomes more pronounced.
Dril-Quip	(0.53%)	Dril-Quip's shares lagged driven by continuous weakness in deepwater drilling activity due to depressed crude oil prices. 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 a low-cost manufacturer. Importantly, Dril-Quip has a long-term track record of disciplined capital allocation (with a focus on organic growth and returning excess cash to shareholders in the form of opportunistic share repurchases), and the company's balance sheet remains pristine with plenty of cash and no debt.
The Chefs' Warehouse	(0.47%)	The Chefs' Warehouse's shares increased meaningfully in the fourth quarter of 2016, along with many other small-cap stocks, following the results of the election. However, the share price is still down meaningfully over the past 12 months due to earnings estimate misses and guidance cuts in previous quarters. More recently, the company gave weak guidance for 2017, which further pressured the share price.

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Purchases

Small Cap Core Portfolio
Quarter Ending March 31, 2017



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Purchases	Descriptions/Reasons
Fox Factory Holding—Initiated Position	Fox Factory designs and manufactures premium suspension products for use on mountain bikes, all-terrain vehicles, off-road trucks, snowmobiles and motorcycles.

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New Position

Small Cap Core Portfolio
Quarter Ending March 31, 2017



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Fox Factory Holding (FOXF)

- Fox possesses a durable competitive position through its brand recognition and reputation for high performance in the suspension category, which is perceived as important to the functionality of the product (bikes and off-road vehicles) by loyal users. Fox's brand has been developed over decades and is cultivated through sponsorships of widely-recognized riders and racers.
- Fox has developed over many years a favorable reputation for high performance suspension products among mountain bike and off-road vehicle enthusiasts. Fox maintains over 50% market share in front fork and rear shock suspension products on premium mountain bikes.
- Fox's core bike market is mature although the company has opportunities to expand into other vehicle markets and adjacent product categories. Organic growth rates will likely average mid-single digits augmented with acquisitions.

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Sales

Small Cap Core Portfolio
Quarter Ending March 31, 2017



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Sales	Reasons
Exponent—Sold Entire Position	Exponent continues to perform well, fundamentally, despite top-line sales growth being muted by some large contracts rolling off, and exposure to the energy markets creating some headwinds. The shares are now trading at an all-time high. However, we don't believe the current valuation creates room for multiple expansion. We also don't anticipate the acceleration of sales in the medium term.
Shutterstock—Sold Entire Position	Shutterstock's share price had rebounded in the first half of 2016 as concerns regarding the competitive threat from Adobe's new stock photo offering abated. However, a meaningful slowdown in revenue growth the past two quarters sent the share price lower. Our original investment thesis was based on the network effects of Shutterstock's core stock photo marketplace business. Even at lower growth rates, that marketplace business is very profitable and valuable. Unfortunately, the profits from that great business will remain depressed as management seeks growth by investing capital to grow other parts of the company where Shutterstock's competitive advantage is less clear.

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Portfolio Characteristics

Small Cap Core Portfolio – As of March 31, 2017



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	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	27.6%	10.4%
Total Debt/EBITDA	1.3 x	5.4 x
Earnings Variance—Past 10 Years	35.1%	82.6%
Growth		
Earnings Per Share Growth—Past 10 Years	13.0%	6.5%
Dividend Per Share Growth—Past 10 Years	15.7%	3.8%
Capital Generation—{ROE x (1-Payout)}	21.2%	7.8%
Value		
P/E Ratio—Trailing 12 Months	24.5 x	39.1 x
Dividend Yield	0.9%	1.4%
Free Cash Flow Yield†	4.3%	3.2%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$4.2 B	\$2.0 B
Largest Market Cap—4 Qtr. Average	\$8.2 B	\$8.3 B
Annualized Standard Deviation—Since Inception*	15.7%	19.6%

*April 1, 1992

†Free cash flow data is as of December 31, 2016. Prices are as of March 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



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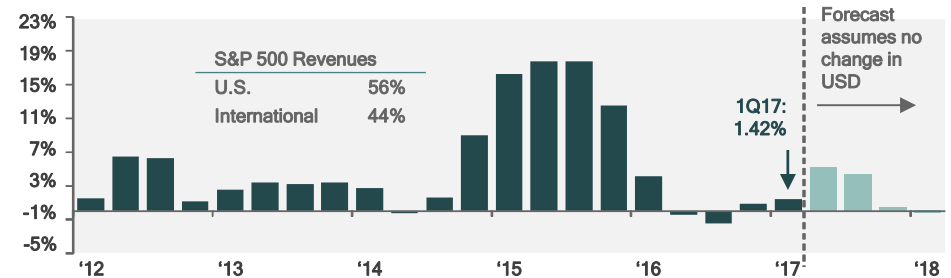
The U.S. economy continues to grow modestly. International economies have started to stabilize, improving the outlook for global economic growth rates.

- Corporate earnings and revenue continue to grow in constant currency and companies are maintaining historically high operating margins. However, the strength in the U.S. dollar and the decline in energy earnings have been hurting reported earnings of the S&P 500 over the last two years, but this is abating. S&P 500 EPS should improve from low single-digit to mid-to-high single-digit growth over the next 12 to 18 months.
- Trump's election should accelerate U.S. GDP to the 2.5% to 3.5% range over the next two years if his agenda becomes a reality or perhaps even in a gridlock political environment.
- Corporate cash is at all-time highs, leading to share buybacks, dividend increases and acquisitions. Companies have become more disciplined about their capital allocation. M&A activity has slowed somewhat, but IPO activity is finally picking up.
- Household net wealth continues to hit a new high. Consumer confidence is back to 2007 levels. The labor market continues to improve meaningfully, however, this is a lagging indicator.
- Energy costs have declined significantly providing input cost relief for consumers and companies. However, many energy-related businesses are quickly recovering from recession conditions.
- Innovation is alive and well with the U.S. creating many investment opportunities in industries such as technology, health care and energy.
- Bond yields and mortgage rates have continued to stay fairly low by historical standards which has helped real estate markets continue to recover.

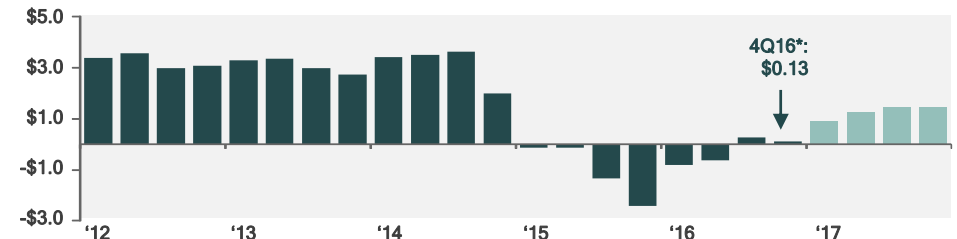
S&P 500® Earnings Per Share
Index Quarterly Operating Earnings



U.S. Dollar
Year-Over-Year % Change†, Quarterly, USD Major Currencies Index



Energy Sector Earnings
Energy Sector Contribution to S&P 500® EPS, Quarterly



Data as of March 31, 2017.

*4Q16 earnings are calculated using actual earnings for 98.2% S&P 500 market cap and earnings estimates for the remaining companies.

†Year-over-year change is calculated using the quarterly average for each period. USD forecast assumes no changes in the U.S. dollar from its March 31, 2017 level.

EPS levels are based on operating earnings per share. Earnings estimates are Standard & Poor's consensus analyst expectations. Currencies in the Trade Weighted U.S. Dollar Major Currencies Index are: British pound, euro, Swedish krona, Australian dollar, Canadian dollar, Japanese yen and Swiss franc. Data is obtained from FactSet Research Systems, J.P. Morgan Asset Management, Compustat, Standard & Poor's, Federal Reserve, S&P 500 individual company 10k filings and S&P Index Alert. Past performance is no guarantee of future results.

Market Outlook

International Economy



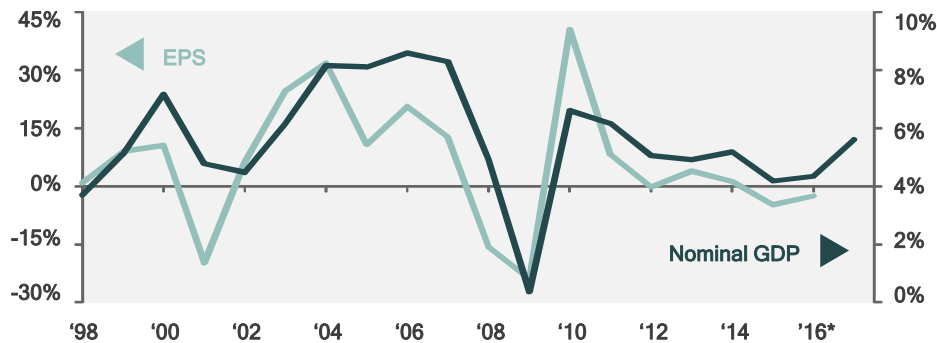
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Global growth prospects are solid in Q1, providing support for risk-based assets abroad.

- At a 2.39% yield on the U.S. 10-year bond, a higher initial yield combined with a 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 been starting to improve due to a steepening yield curve.
- European inflation is very benign but is reaching targets. Yields have risen this quarter, lifting many European countries out of a negative interest rate environment.
- Chinese economic growth rates have stabilized in 2016, albeit at lower rates than historically. The transition to a consumption-led economy will take time, but is clearly occurring.
- Weak commodity prices have pressured emerging market growth rates and currencies, but are showing signs of stability over the last couple of quarters. Uncertainty about U.S. trade policies may slow down the recovery in progress, but initial negotiations appear better than expected.

Global GDP Growth and Corporate Profits

Year-Over-Year Growth, Nominal GDP, MSCI AC World Trailing EPS



Data as of March 31, 2017.

*2016 are IMF estimates.

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

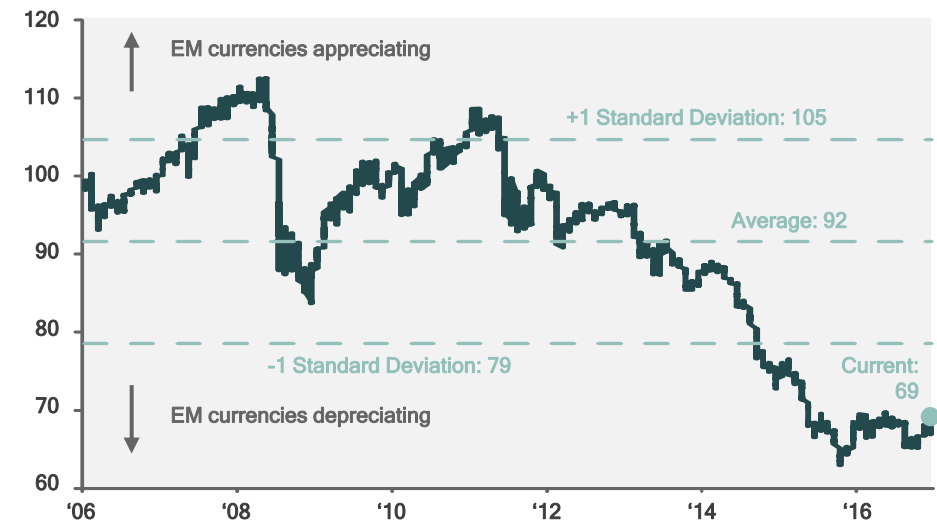
China Nominal GDP

Y/Y%, NSA



EM FX vs. U.S. Dollar

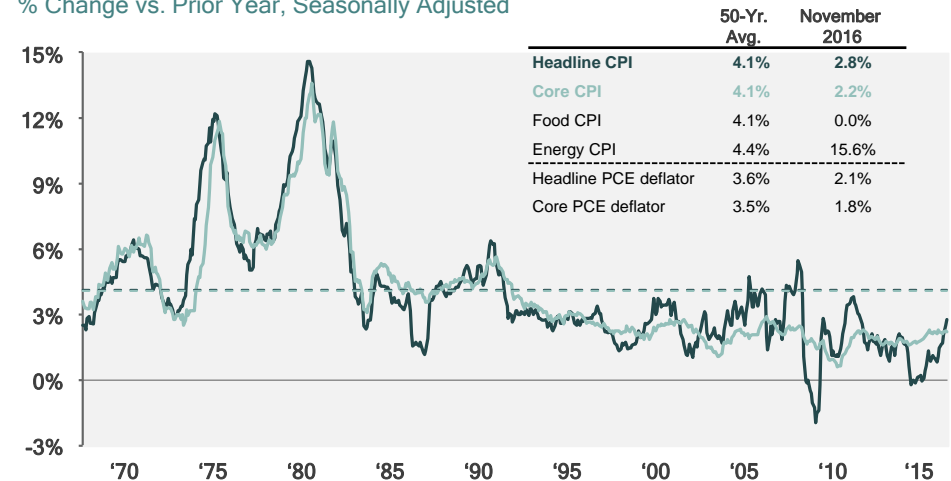
Index Level



Potential Economic Risks:

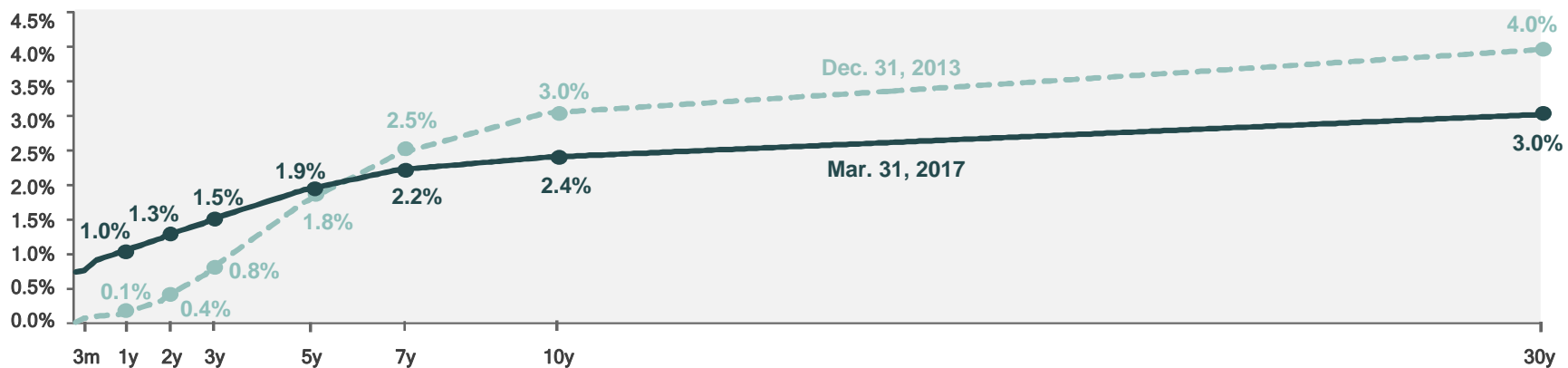
- How will the long end of the bond market continue to react to the Fed's desire to raise short-term rates further into 2017?
- A hard landing in China could slow global GDP materially. It is still a risk.
- Europe goes into another recession despite QE efforts by the ECB due to Brexit effects.
- Does the EU unravel as referendums occur into 2017/18 (France, Italy, etc.)?
- Global deflation, not inflation, continues to be principal risk, but inflation expectations are finally rising.
- Renewed energy price weakness could continue to erode capital spending and business confidence.
- Continued uncertainty surrounding global trade and immigration policy in the U.S.

CPI and Core CPI
% Change vs. Prior Year, Seasonally Adjusted



Yield Curve

U.S. Treasury Yield Curve



Data as of March 31, 2017.

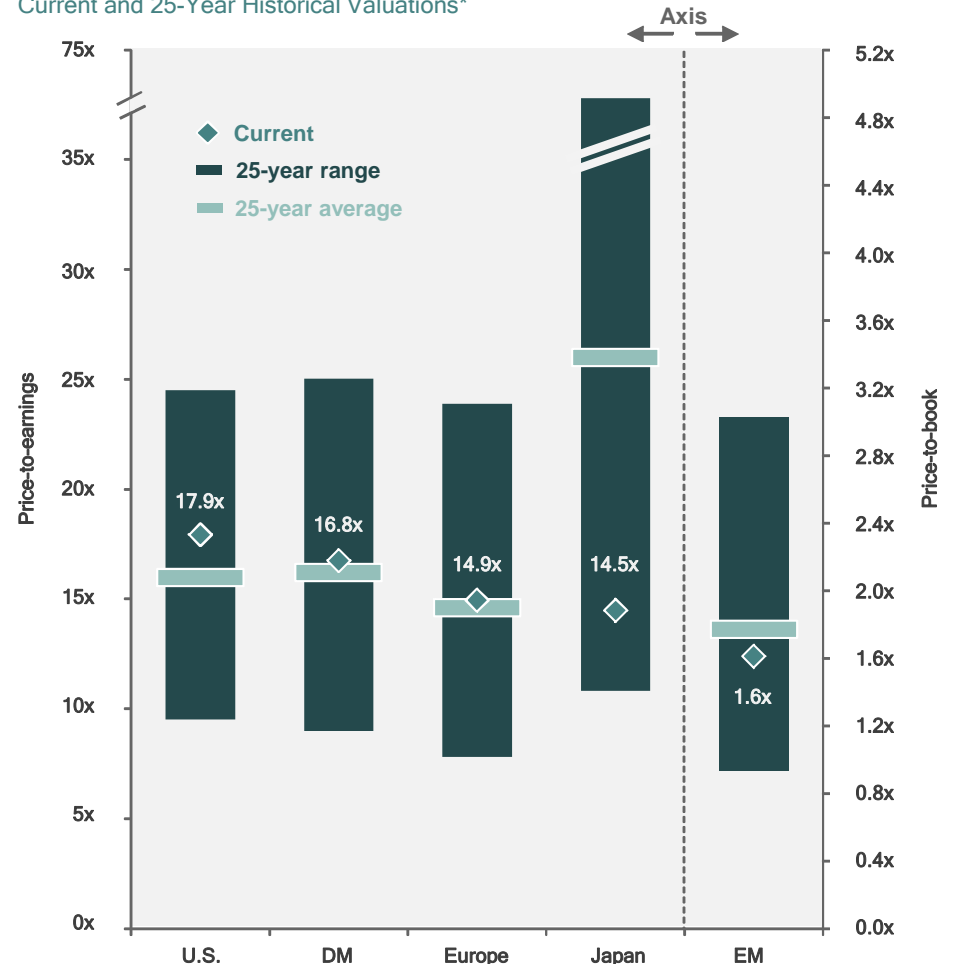
CPI used is CPI-U and values shown are % change versus one year ago and reflect February 2017 CPI data. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.

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

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

- As consumer confidence stays strong, there is potential for P/E ratios to improve slightly. Retail investors still are not engaged.
- Equity valuations remain reasonable by historic measures, both at absolute levels but particularly relative to interest rates.
- 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 levels even in an overall slower growth environment.
- In the modest growth economy and maturing economic cycle we foresee, we believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets.
- 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.

Global Valuations
Current and 25-Year Historical Valuations*



Data as of March 31, 2017.

*Valuations refer to NTMA P/E for Europe, U.S., Japan and developed markets, and P/B for emerging markets. Valuation and earnings charts use 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 used elsewhere in the book.

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- Portfolio Data
- Disclosure

Sector Weights

Small Cap Core Portfolio

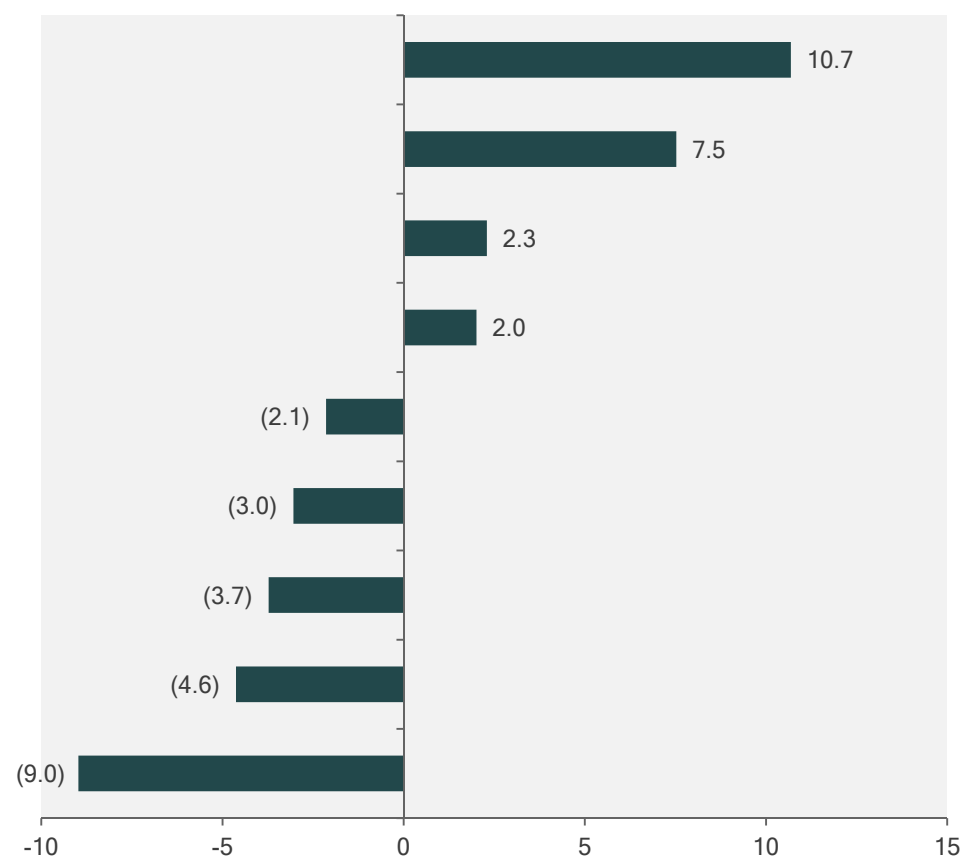
As of March 31, 2017



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Sectors	KAR Small Cap Core (%)	Russell 2000® Index (%)
Producer Durables	24.1	13.4
Consumer Discretionary	20.5	13.0
Energy	5.5	3.2
Technology	16.7	14.7
Consumer Staples	0.3	2.4
Materials & Processing	4.8	7.9
Financial Services	24.1	27.8
Utilities	—	4.6
Health Care	4.0	13.0

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Core Portfolio
As of March 31, 2017



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Top 10 Holdings	Russell Sector	% of Portfolio
Primerica	Financial Services	6.7
CDW	Technology	6.2
Autohome	Technology	5.9
Copart	Producer Durables	5.5
WABCO Holdings	Consumer Discretionary	5.2
Teledyne Technologies	Producer Durables	5.2
Old Dominion Freight Line	Producer Durables	4.8
Aspen Technology	Technology	4.6
MarketAxess Holdings	Financial Services	4.2
Abaxis	Health Care	4.0
Total		52.3

Research confidence leads to large active weights

	KAR Small Cap Core	Russell 2000® Index
# of Holdings	28	1,946
Average Position Size (%)	3.6	0.1
Weight of Top Ten Holdings (%)	52.3	3.1
Active Share (%)	98.8	—

The strategy benefits from diversification while still taking significant active positions

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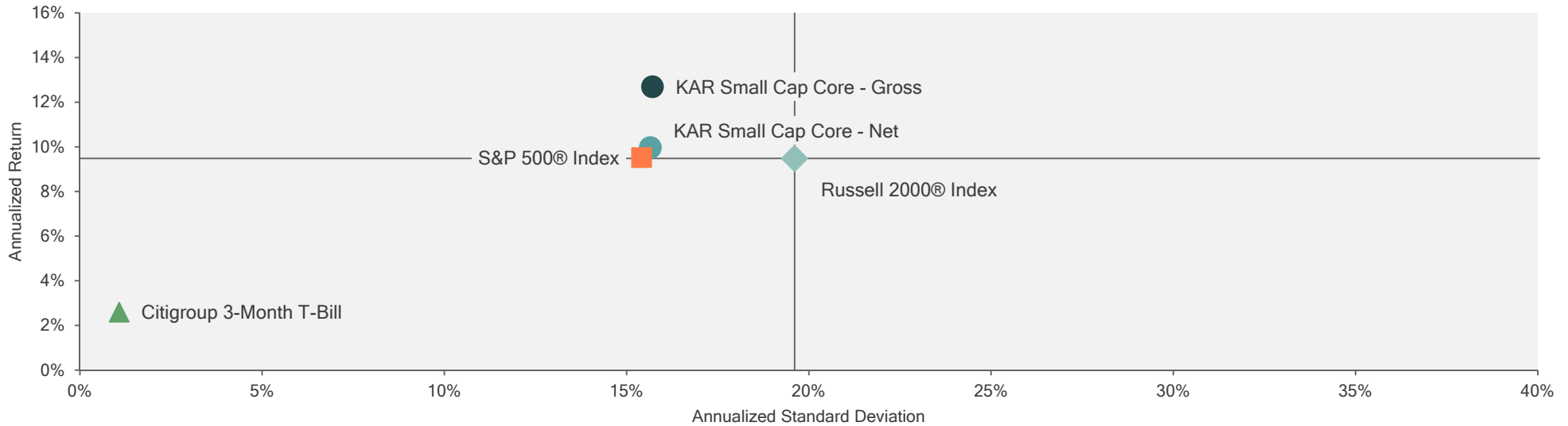
Strong Risk-Adjusted Returns

Small Cap Core Portfolio
Inception* to March 31, 2017



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Meaningful Excess Return with Lower Volatility Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics Annualized Since Inception*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Small Cap Core	4.69	0.65	15.71	11.69	0.72	8.67
Russell 2000® Index	0.00	0.35	19.61	14.60	1.00	0.00

*April 1, 1992

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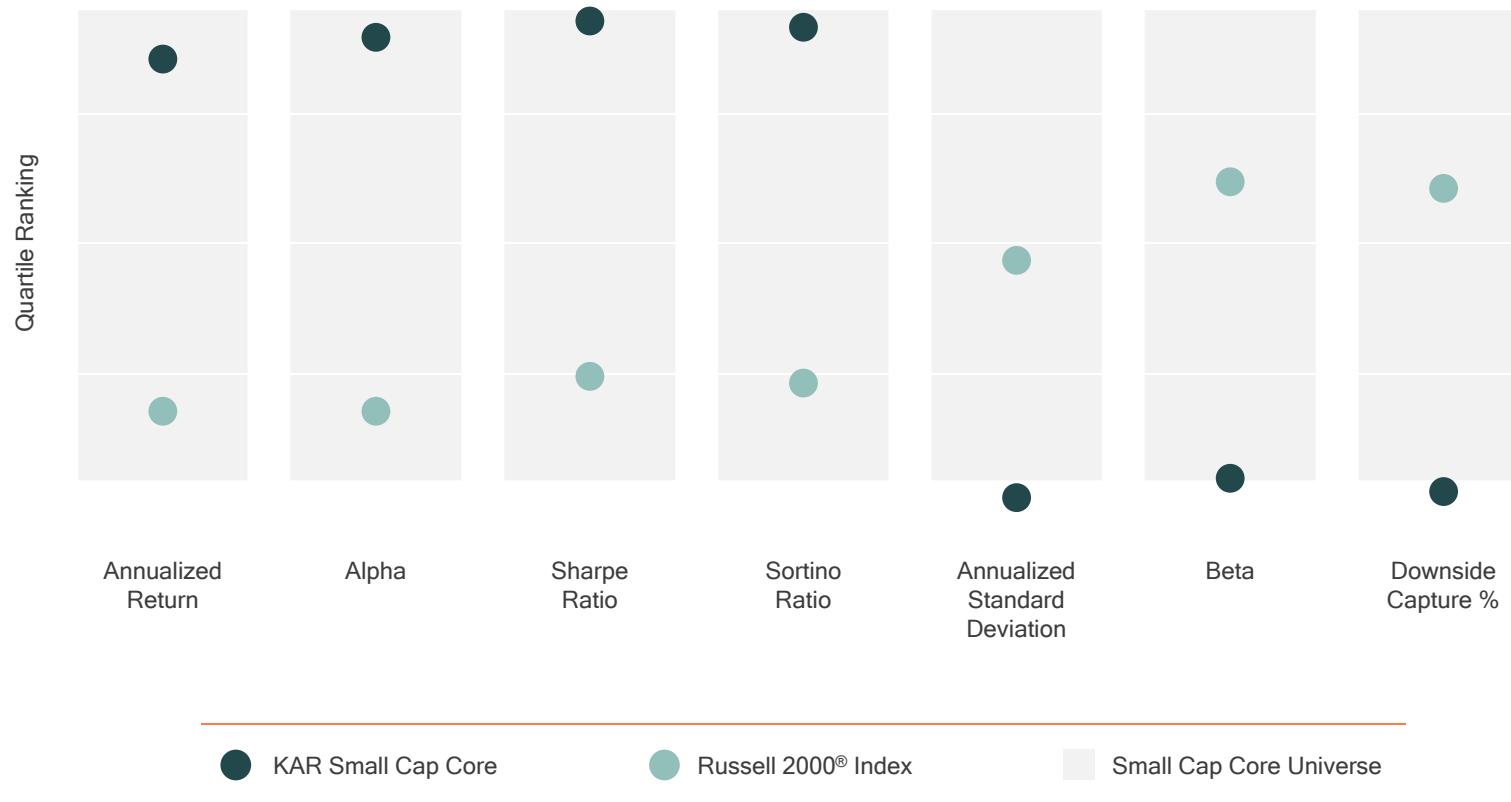
Peer Comparison

Small Cap Core Portfolio

Ten Years Ending March 31, 2017



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The Small Cap Core Universe includes all managers categorized in the small cap core asset class by eVestment.

Returns for the Kayne Anderson Rudnick composite are preliminary and are gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results. Management fees are described in Part II of our form ADV, which is available upon request. Gross annual returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Net annual returns have been calculated after the deduction of an assumed maximum annual fee of 3%. The effect of fees on performance would grow at a compounded rate. Over a five-year period, if a \$100,000 portfolio had an annual return of 10%, it would grow to \$161,051. The net compounded effect of a 3% annual investment management fee would total \$20,796 and result in a portfolio value of \$140,255.

Returns

Small Cap Core Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 3/31/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
First Quarter	5.96	5.18	2.47	349
1 Year	21.45	17.91	26.22	(477)
3 Years	12.03	9.63	7.22	481
5 Years	12.78	10.59	12.35	43
7 Years	14.96	12.80	12.27	269
10 Years	10.30	8.30	7.12	318
Since Inception*	12.69	9.97	9.48	321

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	18.55	15.09	21.31	(275)
2015	2.09	0.51	(4.41)	650
2014	7.31	5.57	4.89	241
2013	30.89	28.76	38.82	(793)
2012	13.75	11.80	16.35	(260)
2011	9.64	7.75	(4.18)	1382
2010	24.83	22.52	26.85	(203)
2009	31.80	29.72	27.17	463
2008	(28.15)	(29.36)	(33.79)	563
2007	3.25	1.71	(1.57)	481
2006	13.46	11.87	18.37	(491)
2005	7.87	4.63	4.55	331
2004	23.07	19.42	18.33	474
2003	35.02	31.19	47.25	(1223)
2002	(13.73)	(16.34)	(20.48)	675
2001	6.82	3.74	2.49	434
2000	20.98	17.42	(3.02)	2400
1999	7.02	3.93	21.26	(1423)
1998	20.98	17.42	(2.55)	2353
1997	21.00	17.45	22.36	(136)
1996	26.98	23.22	16.49	1049
1995	18.57	15.07	28.45	(988)
1994	2.75	(0.26)	(1.82)	457
1993	20.00	16.54	18.88	112
1992†	9.65	7.25	10.16	(51)

*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 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, 2014.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Small Cap Core Wrap Composite has been examined for the period from January 1, 1999 through December 31, 2014. The verification and performance examination reports are available upon request.

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

The composite includes all fully discretionary Small Cap Core Wrap Portfolios. Small Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® 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® Index. The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in October 1995. 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 exceed 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. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Prior to December 31, 2005, net annual returns are calculated by deducting 1/4th of an assumed maximum annual wrap fee of 3% on a quarterly basis. Beginning January 1, 2006, net annual returns are calculated using actual fees incurred. If no fee data is provided by wrap sponsors, the maximum annual wrap fee of 3% is used to calculate net of fee performance. 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	15.37	20.48
2013	11.96	16.68
2014	9.77	13.31
2015	11.15	14.16

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Wrap Accounts as % of Composite Assets	Accounts at Year End	Pure Gross Annual Return (%)*	Net Annual Return (%)	Russell 2000® Index Annual Return (%)	Internal Dispersion
2006	6,523	1,011	100%	51	13.46	11.87	18.37	0.46
2007	5,392	847	100%	39	3.25	1.71	(1.57)	0.21
2008	3,445	469	100%	49	(28.15)	(29.36)	(33.79)	0.42
2009	4,010	565	100%	54	31.80	29.72	27.17	0.71
2010	4,729	659	100%	67	24.83	22.52	26.85	0.71
2011	5,232	846	100%	70	9.64	7.75	(4.18)	0.51
2012	6,545	1,073	100%	71	13.75	11.80	16.35	0.31
2013	7,841	1,336	100%	67	30.89	28.76	38.82	0.45
2014	7,989	1,294	100%	70	7.31	5.57	4.89	0.27
2015	8,095	1,023	100%	55	2.09	0.51	(4.41)	0.38

*Beginning October 1, 1995, pure gross returns are supplemental to net returns.

The Russell 2000® Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.