



Kayne Anderson Rudnick
Investment Management

Small Cap Quality Value Portfolio
Managed Accounts
First Quarter 2017 Review

kayne.com

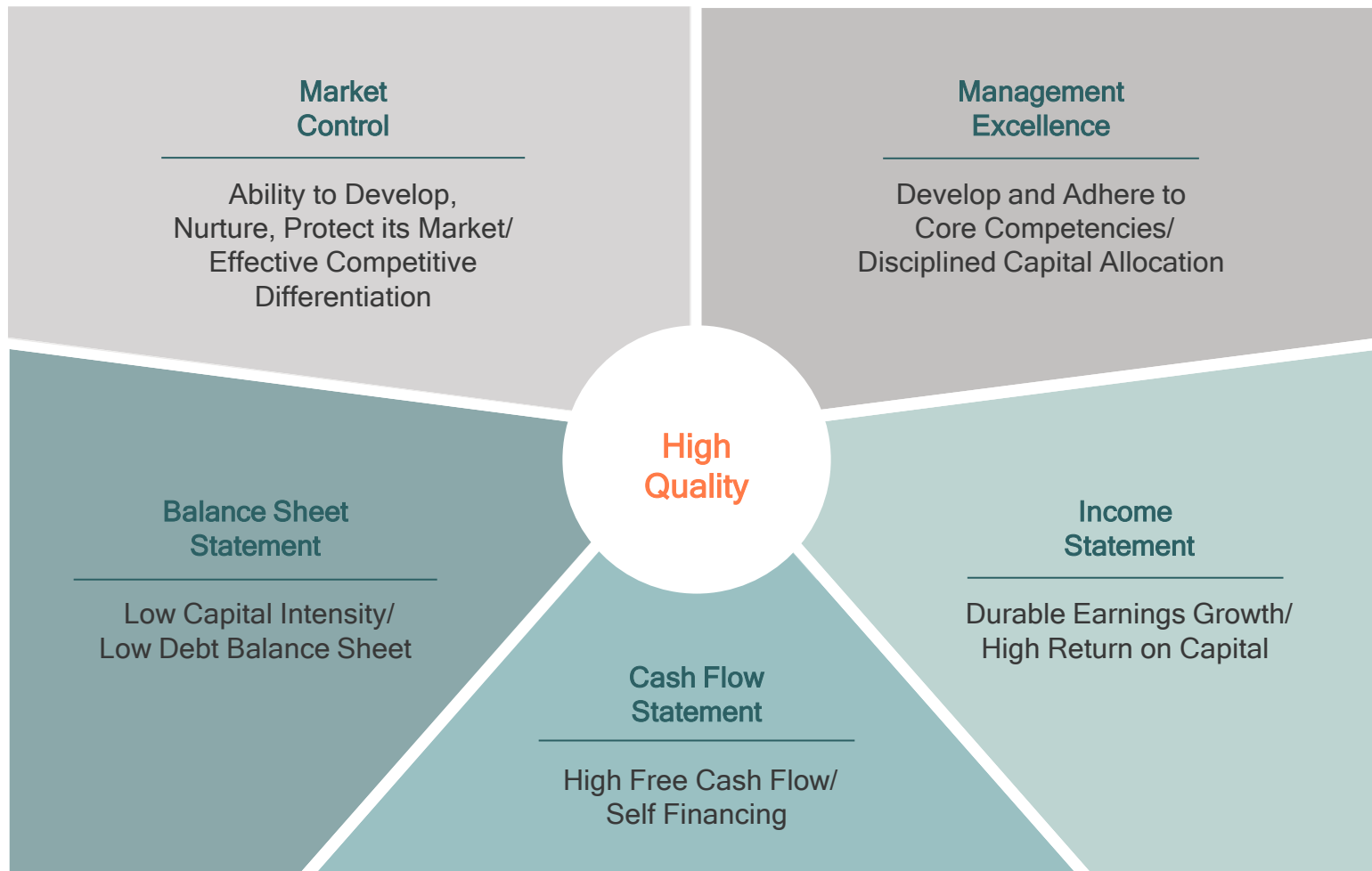
1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067 T 800.231.7414

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



Small Cap Quality Value Team



Kayne Anderson Rudnick
Investment Management

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

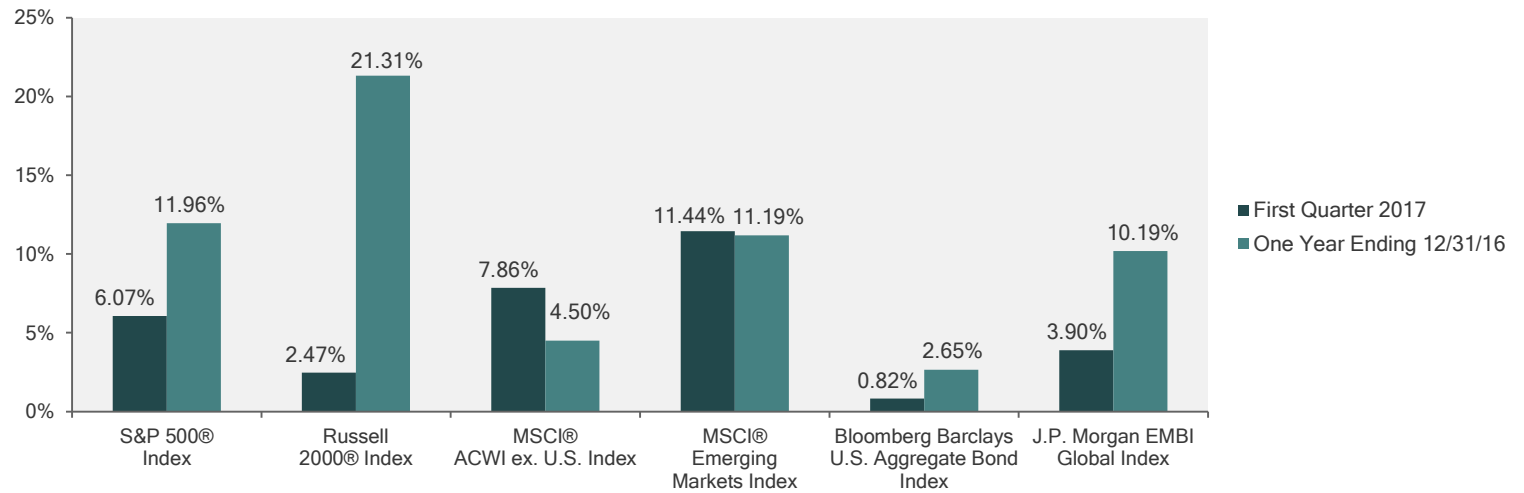
Market Review

Periods Ending March 31, 2017



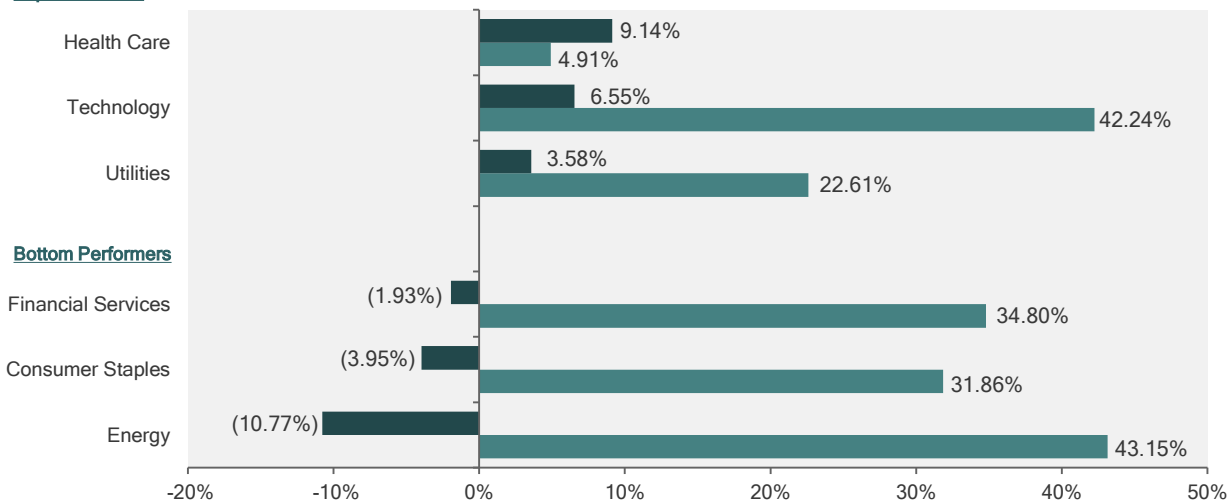
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Index Performance

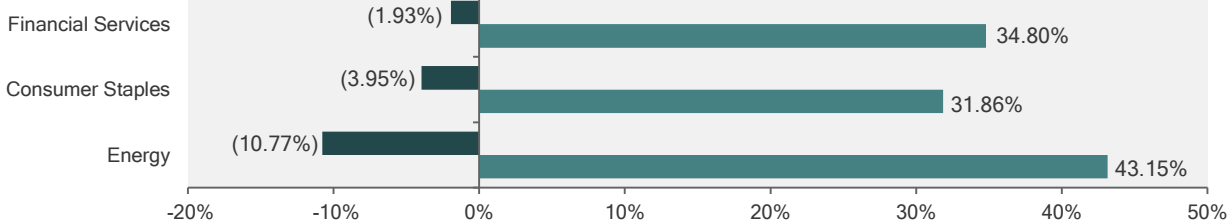


Sector Performance Russell 2000® Value Index

Top Performers



Bottom Performers



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

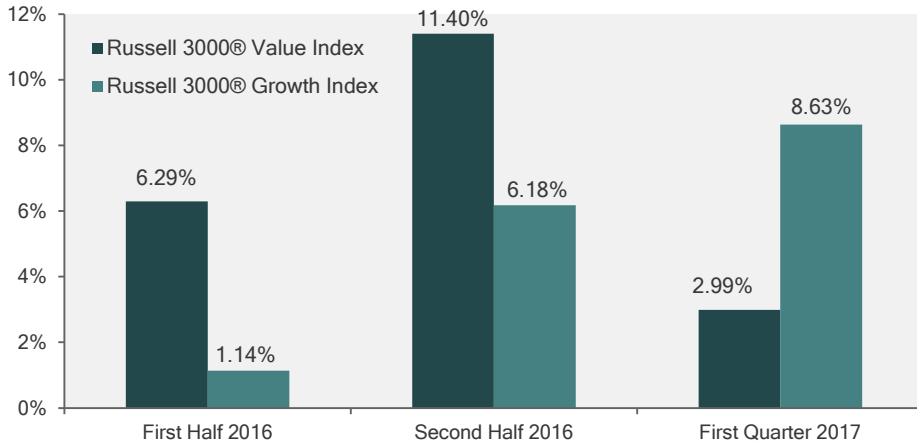
Frequent Style Rotation



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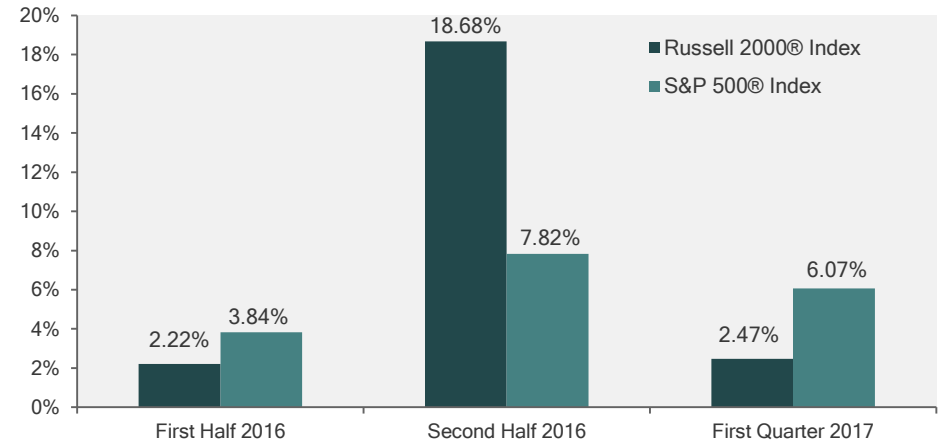
Performance by Style

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



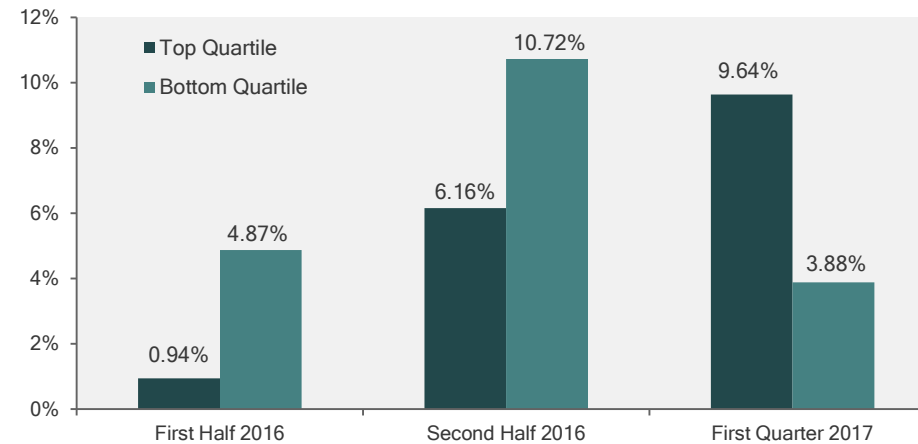
Performance by Market Cap

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



Performance by Sales Growth

Russell 3000® Index



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Quarterly Performance Overview

Small Cap Quality Value Portfolio

Periods Ending March 31, 2017



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Monthly and Quarterly Performance

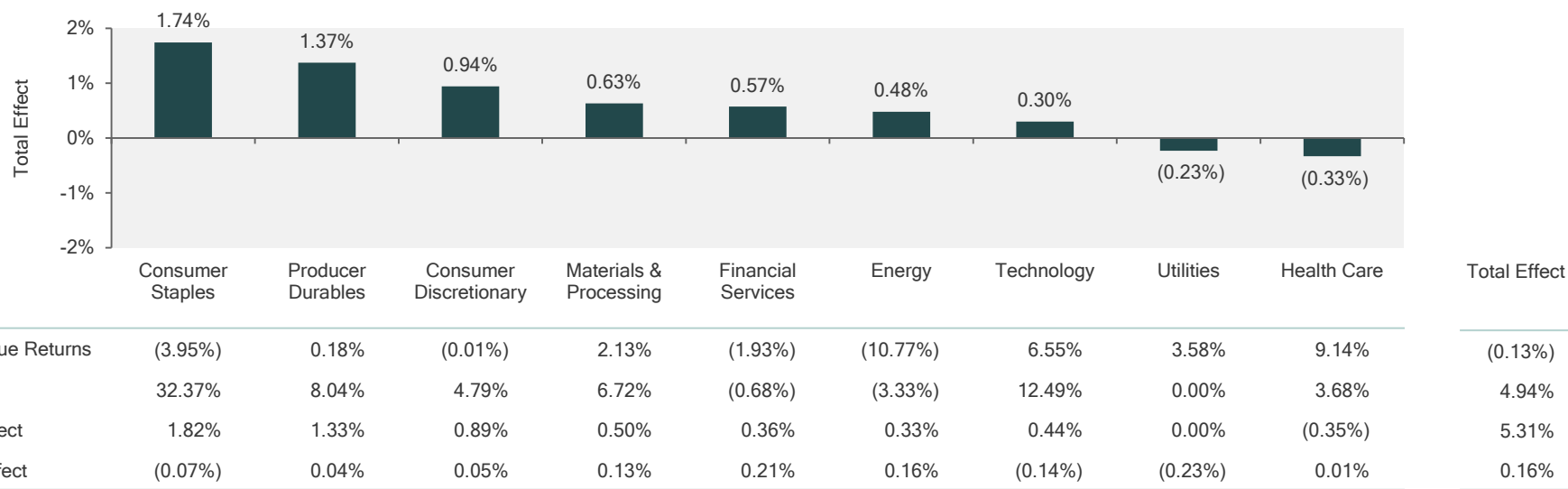
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
January	1.22	0.97	(0.71)	193
February	1.39	1.14	1.45	(6)
March	2.25	2.00	(0.85)	310
First Quarter	4.94	4.16	(0.13)	507

Contributors

Highest	Contribution
National Beverage	+1.83%
SiteOne Landscape Supply <i>(Purchased Q1 2017)</i>	+1.01%
Cognex	+0.84%
Lowest	Contribution
Sally Beauty Holdings	(0.90%)
Cass Information Systems	(0.49%)
Anika Therapeutics <i>(Purchased Q1 2017)</i>	(0.34%)

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 Quality Value Portfolio

Periods Ending March 31, 2017



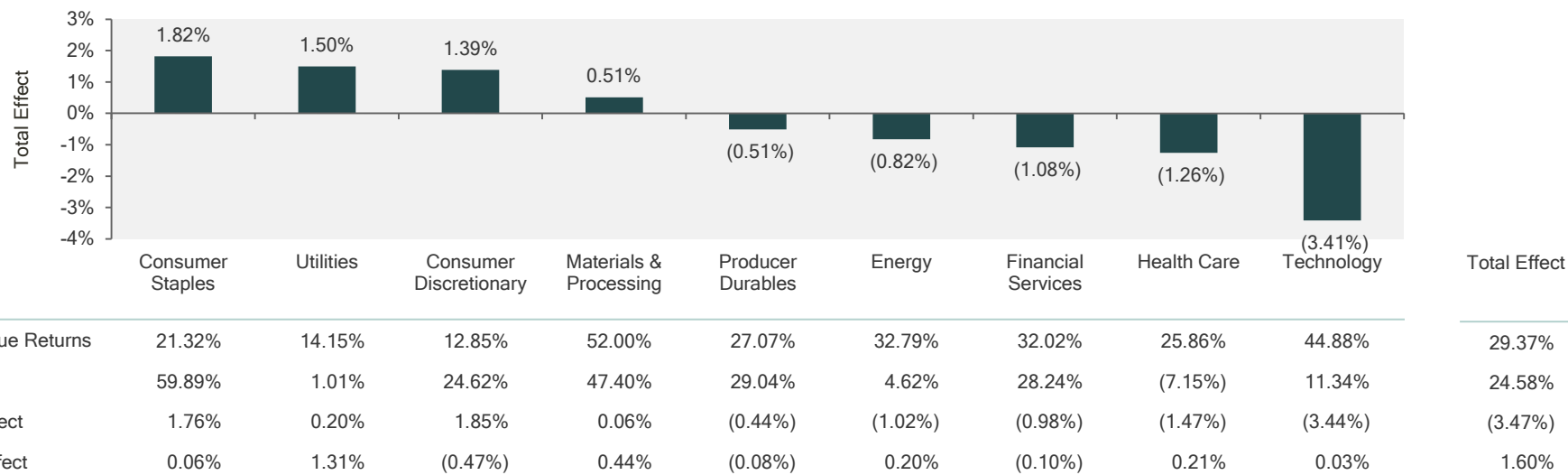
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Second Quarter 2016	4.53	3.76	4.31	22
Third Quarter 2016	1.53	0.78	8.87	(734)
Fourth Quarter 2016	11.86	11.05	14.07	(222)
First Quarter 2017	4.94	4.16	(0.13)	507
1 Year Ending 3/31/17	24.58	20.95	29.37	(479)

Attribution by Sector

One Year Ending March 31, 2017



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Highest Contributors

Small Cap Quality Value Portfolio

One Year Ending March 31, 2017



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Investment Management

Security	Contribution	Comments
National Beverage	+3.06%	National Beverage's carbonated soft drink brands have been weak like the rest of the industry. However, these declines have been more than offset by growth in its sparkling water portfolio, particularly the LaCroix brand. As the market has begun to price in the potential for LaCroix to be a billion dollar brand, the stock has continued to move meaningfully higher. We expect the company to continue to report strong results, combined with a cash-rich balance sheet.
Primerica	+3.04%	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.
RE/MAX Holdings	+2.92%	RE/MAX's stock increased over the past year due to strong agent growth and the purchase of independent RE/MAX agencies. We remain confident in RE/MAX's capital light business model and its ability to generate superior returns over the long term.

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Lowest Contributors

Small Cap Quality Value Portfolio

One Year Ending March 31, 2017



Kayne Anderson Rudnick
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Security	Contribution	Comments
Syntel <i>(Sold Q4 2016)</i>	(1.46%)	Syntel again reported weak results, with sluggish end-market demand. Management commented that decision cycles continue to lengthen with persistent contract delays. Customer concentration has been an ongoing issue for the company and is a concern from the standpoint of long-term prospects and profitability. Following continued weakness in the business, we exited our position.
Sally Beauty Holdings <i>(Purchased Q3 2016)</i>	(1.07%)	Sally Beauty Holdings has maintained its core loyal shoppers but is struggling to drive new traffic to the stores. The new management team continues to implement new initiatives, such as a new loyalty program, social media marketing and product brands launches. Eventually, we believe this will gain traction and support more sustainable results. The stock has also been pressured by fears that the core professional business could weaken. Management is working to ensure there is enough newness and core product to sustain its strong professional business.
Monotype Imaging Holdings	(0.44%)	Monotype Imaging Holdings announced the acquisition of Olapic, a user-generated content company. Many view this expensive acquisition as being outside Monotype's core competency. It will also have a dilutive impact on margins in the near-term, in addition to margin declines we have already seen as the company invests in its creative professional business. Longer-term, the acquisition could make sense depending on how much the company invests to support its growth. For now, the company's business should be supported by solid HTML5 demand and potential stability in its printer business.

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Purchases

Small Cap Quality Value Portfolio Quarter Ending March 31, 2017



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Purchases	Descriptions/Reasons
Anika Therapeutics—Initiated Position	Anika Therapeutics develops, manufactures and commercializes therapeutic products for tissue protection, healing and repair. The company's products are based on hyaluronic acid (HA), a naturally occurring biocompatible polymer found in the body. Its main ortho-biologics products are for the treatment of osteoarthritis of the knee, and Hyalofast, a biodegradable support used for cartilage regeneration and as an adjunct for micro fracture surgery. The company also has several products in the dermal, ophthalmic and veterinarian areas.
Lincoln Electric Holdings—Initiated Position	Lincoln Electric Holdings is a global leader in the design, development and manufacturing of welding products. Welding products include arc-welding power sources, plasma-cutters, wire-feeding systems, robotic welding packages, integrated automation systems, consumable electrodes and welding accessories.
SiteOne Landscape Supply—Initiated Position	SiteOne is the largest and only national wholesale distributor of landscape supplies in the U.S. SiteOne is four times the size of its largest competitor, and larger than the next 2-10 competitors combined.
Watsco—Initiated Position	Watsco is the largest HVAC distributor in North America, with 10% market share versus 2.5% for the closest competitor.
Sally Beauty Holdings—Increased Position	Near-term disappointing sales, along with continued higher store operating expenses in terms of store refreshes and IT upgrades has led to the underperformance of the stock versus the overall market and the benchmark since our initial purchase. However, we expect that the company should begin to see improved store performance over the coming quarters. Gross margin improvements should also continue along with better cash flow which should provide a boost to the stock price. Given the attractive valuation, we slightly increased our weight.
Scotts Miracle-Gro—Increased Position	With the stock underperforming the general market since the Presidential election, we increased our weighting in the portfolio.

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New Position

Small Cap Quality Value Portfolio
Quarter Ending March 31, 2017



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Anika Therapeutics (ANIK)

- Anika Therapeutics is a solid medical device company in a niche area of health care that has solid industry fundamentals, along with a solid and improving market share position. While the company's core visco-supplementation products continue to perform well, we believe the real opportunity is in the company's new products.
- The global market opportunity for visco-supplementation is estimated at \$2 billion and growing in the high single digits. This has been driven by demographics (aging population), as well the need for greater alternatives to knee replacement surgery.
- While it may take some products several years to reach the market, the company's compelling valuation, strong profitability and high cash position warrant a place in our portfolios with a long-term outlook.

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New Position

Small Cap Quality Value Portfolio
Quarter Ending March 31, 2017



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Lincoln Electric Holdings (LECO)

- The company has a leading global position in the brazing and soldering alloy market. The company serves an array of industrial markets, including metal fabrication, power generation, steel construction, heavy equipment fabrication, shipbuilding, automotive, pipe mills and pipelines and offshore oil and gas exploration.
- Lincoln has the “number one” market share in North America, accounting for nearly one-third of industry sales. Though Illinois Tool Works is close behind in terms of share, the mix of consumables to equipment sales is much higher at Lincoln than at Illinois Tool Works. Welders tend to be very loyal to the brand of the equipment and do not like to switch allegiance.
- Though the stock has moved up post-election of Trump, the move up in commodity prices and the prospect of higher infrastructure spending should help reverse revenue declines over the past two-plus years. Free cash flow has been more consistent, which is also a testament to management’s recent execution despite the tough environment. We believe the growth of sales over the next five years should be better than the previous five. In addition, there is also still room for margin improvement as outlined by the company’s 2020 goals.

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New Position

Small Cap Quality Value Portfolio
Quarter Ending March 31, 2017



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SiteOne Landscape Supply (SITE)

- Given its large and fragmented customer and supplier bases, the company has the ability to exert some pricing concessions from suppliers over its smaller competitors while maintaining the ability to price at a premium given fragmented local competition.
- The company's customers are primarily residential (55% of revenues) and commercial (30%) landscape professionals, who specialize in design, installation and maintenance of lawns, gardens, golf courses and other outdoor spaces. SiteOne has over 470 store locations in 45 states and five Canadian provinces, serving over 180,000 customers.
- Although the majority of customers do not buy a national basis, SiteOne's product breadth allows the company to provide them with a "one-top shop" offering. And with purchases usually being delivered to customers' job sites, it also gives SiteOne slight advantages of having higher route density versus smaller competitors.

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New Position

Small Cap Quality Value Portfolio
Quarter Ending March 31, 2017



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Watsco (WSO)

- Watsco distributes HVAC equipment to residential and commercial customers. Residential accounts for 75% of total sales and commercial makes up the remaining 25%. A majority of revenue (75% of total) is replacement, which brings stability to the earnings stream.
- Watsco has strong relationships with several heating, ventilation and air conditioning original equipment manufacturers (OEMs), and their considerable scale creates contractor loyalty, as the contractors know the necessary product will be in stock for quick turnarounds. As sales volumes grow, Watsco will leverage their fixed costs to drive competitive pricing and gradual margin expansion. The founder remains heavily involved in the business and allocates capital to the benefit of shareholders.
- Despite their size, Watsco wields minor purchasing power due to the concentration of HVAC OEMs. Where the company does benefit from scale is on the availability and operating expense side, as 75% of HVAC sales are replacement-related, with a considerable portion of these replacements required the same day. Watsco's inventory breadth and number of locations ensures that they will have multiple products in stock when it is needed by a contractor immediately. The company also benefits, as high sales volumes allow them to leverage the fixed costs associated with multiple store locations.

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Sales

Small Cap Quality Value Portfolio Quarter Ending March 31, 2017



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Sales	Reasons
CEB—Sold Entire Position	During the quarter, CEB announced that it was being acquired by Gartner in a cash-and-stock transaction representing about a 25% premium based on the two companies' previous day stock closing prices. Consideration for the transaction (which has been unanimously approved by each company's Board of Directors) will consist of \$54 in cash and 0.2284 shares of Gartner stock for each share of CEB stock at closing. With the shares trading at the level representing an insignificant discount to the acquisition price, we exited our position in the company.
Cognex—Trimmed Position	We trimmed our position in Cognex based on valuation. With growth accelerating over the past year, accordingly, the stock has done well. With the stock trading at an extended valuation, we reduced our position in the portfolio. The company has recently entered new market segments with products that will increase the total addressable market for its businesses that is leading to the enthusiasm for the shares.

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Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Small Cap Quality Value Portfolio – As of March 31, 2017



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	KAR Small Cap Quality Value	Russell 2000® Value Index
Quality		
Return on Equity—Past 5 Years	21.5%	8.1%
Total Debt/EBITDA	1.7 x	6.9 x
Earnings Variance—Past 10 Years	25.7%	85.1%
S&P Stock Ranking (A+, A, A-, B+)	67.4%	24.0%
Growth		
Earnings Per Share Growth—Past 5 Years	6.7%	6.7%
Earnings Per Share Growth—Past 10 Years	10.4%	4.7%
Dividend Per Share Growth—Past 5 Years	11.8%	7.0%
Dividend Per Share Growth—Past 10 Years	9.9%	1.8%
Capital Generation—{ROE x (1-Payout)}	10.9%	5.7%
Value		
P/E Ratio—Trailing 12 Months	29.7 x	31.0 x
Dividend Yield	1.5%	1.9%
Free Cash Flow Yield†	4.3%	3.9%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$3.0 B	\$1.9 B
Largest Market Cap—4 Qtr. Average	\$7.0 B	\$8.3 B
Annualized Standard Deviation—Since Inception*	18.3%	20.1%

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

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

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

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

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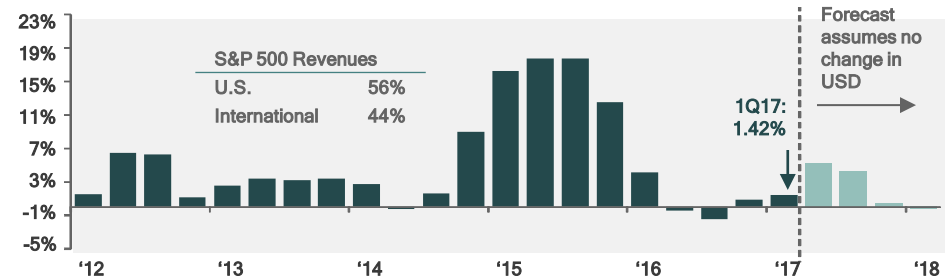
The U.S. economy continues to grow modestly. International economies have started to stabilize, improving the outlook for global economic growth rates.

- 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.

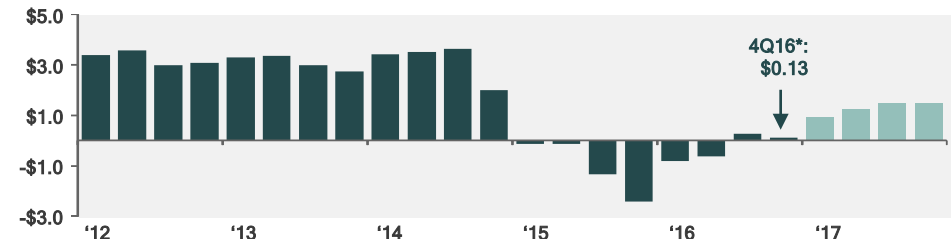
S&P 500® Earnings Per Share
Index Quarterly Operating Earnings



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



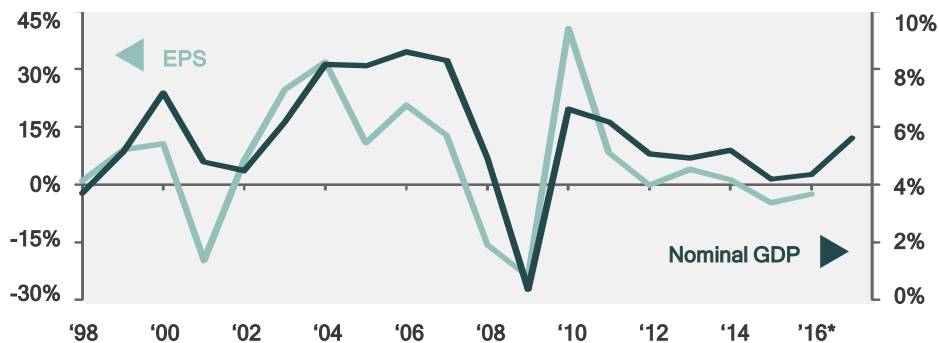
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Global growth prospects are solid in Q1, providing support for risk-based assets abroad.

- 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.

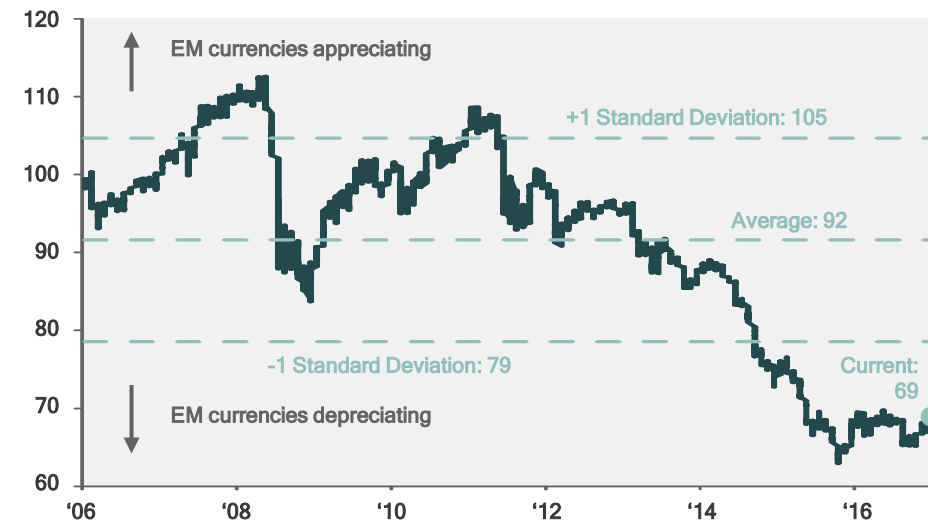
China Nominal GDP

Y/Y%, NSA



EM FX vs. U.S. Dollar

Index Level

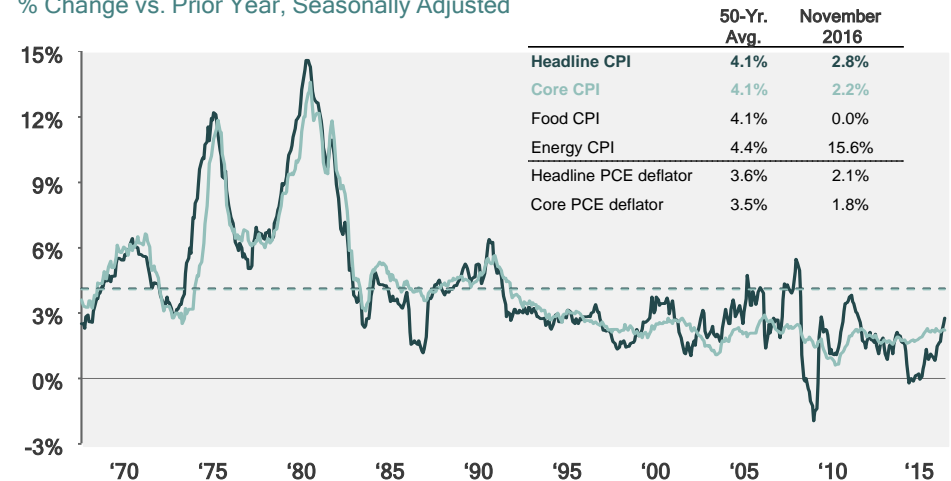


Potential Economic Risks:

- 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.

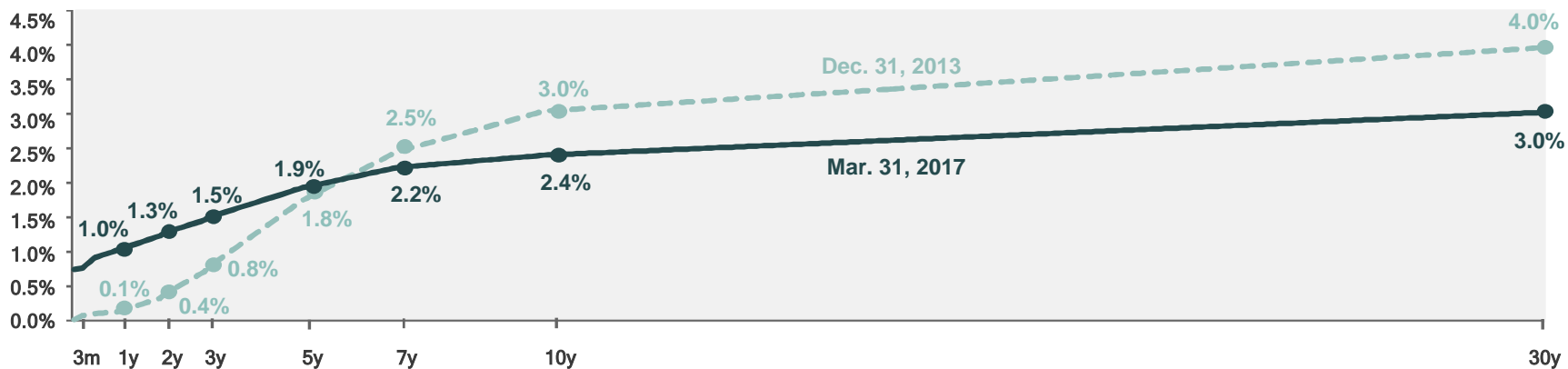
CPI and Core CPI

% Change vs. Prior Year, Seasonally Adjusted



Yield Curve

U.S. Treasury Yield Curve



Data as of March 31, 2017.

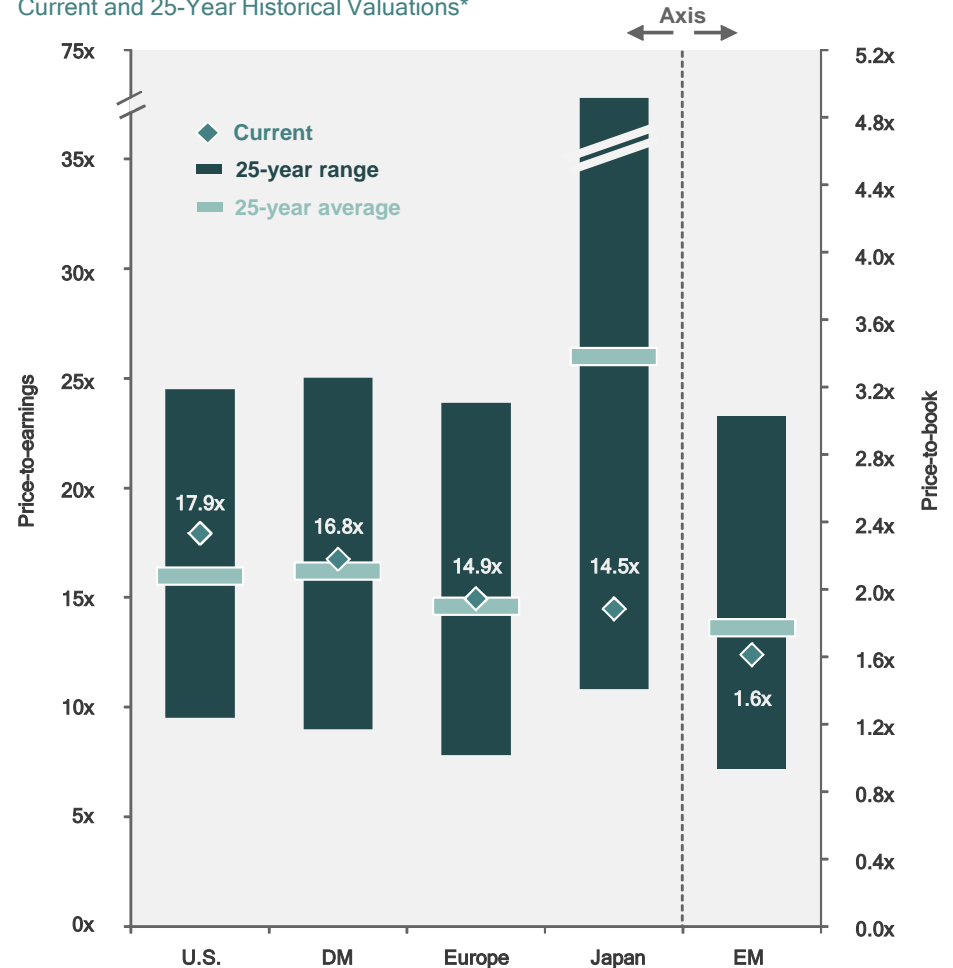
CPI used is CPI-U and values shown are % change versus one year ago and reflect February 2017 CPI data. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight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

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

- As consumer confidence stays strong, there is potential for P/E ratios to improve slightly. Retail investors still are not 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.

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

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

Sector Weights

Small Cap Quality Value Portfolio

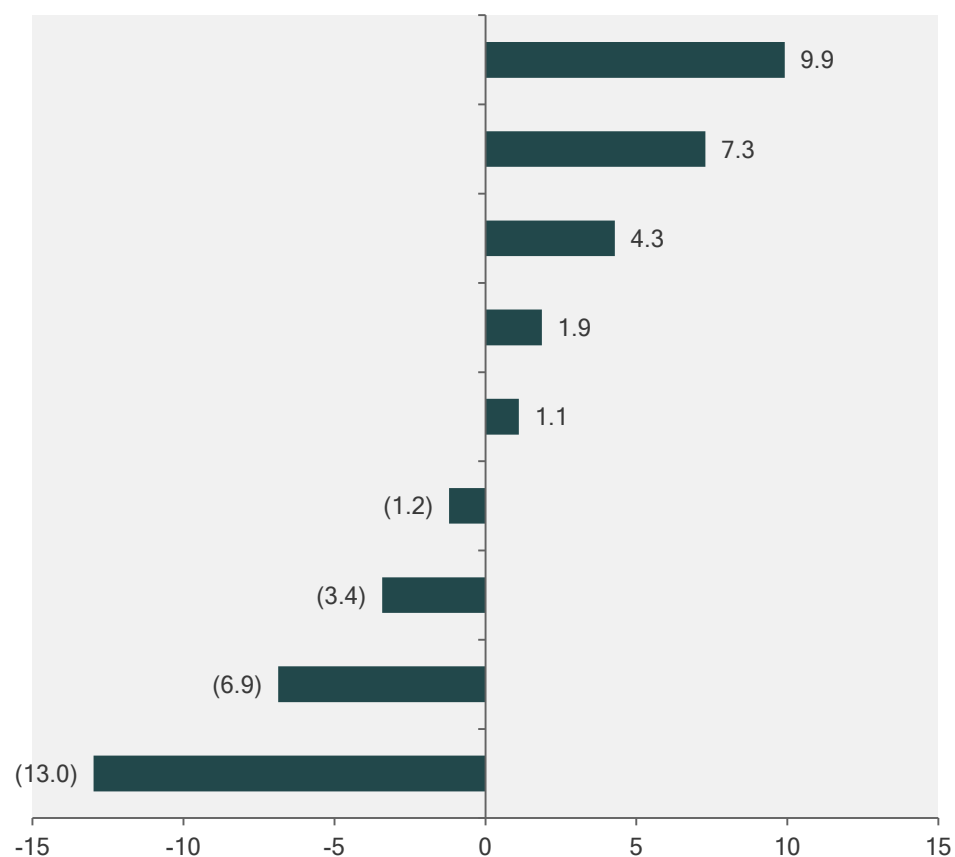
As of March 31, 2017



Kayne Anderson Rudnick
Investment Management

Sectors	KAR Small Cap Quality Value (%)	Russell 2000® Value Index (%)
Consumer Discretionary	20.0	10.1
Materials & Processing	13.0	5.7
Consumer Staples	6.5	2.2
Producer Durables	14.7	12.9
Health Care	5.8	4.7
Energy	4.1	5.3
Technology	6.6	10.1
Utilities	—	6.9
Financial Services	29.3	42.3

Underweight/Overweight (%)



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

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

Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Quality Value Portfolio

As of March 31, 2017



Kayne Anderson Rudnick
Investment Management

Top 10 Holdings	Russell Sector	% of Portfolio
RE/MAX Holdings	Financial Services	5.0
Cinemark Holdings	Consumer Discretionary	4.7
National Beverage	Consumer Staples	4.3
Graco	Producer Durables	4.3
Cheesecake Factory	Consumer Discretionary	4.2
SiteOne Landscape Supply	Consumer Discretionary	4.2
Core Laboratories	Energy	4.1
Thor Industries	Consumer Discretionary	4.0
RBC Bearings	Materials & Processing	3.9
Cass Information Systems	Financial Services	3.9
Total		42.7

Research confidence leads to large active weights

	KAR Small Cap Quality Value	Russell 2000® Value Index
# of Holdings	31	1,352
Average Position Size (%)	3.2	0.1
Weight of Top Ten Holdings (%)	42.7	4.9
Active Share (%)	99.6	—

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

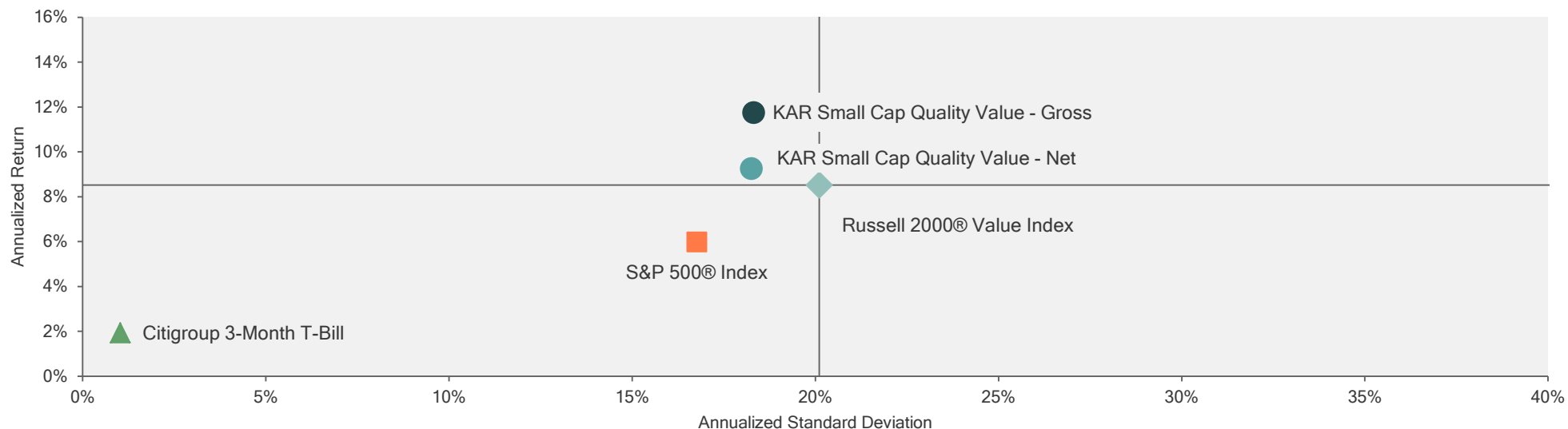
Small Cap Quality Value Portfolio
Inception* to March 31, 2017



Kayne Anderson Rudnick
Investment Management

Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Small Cap Quality Value	4.20	0.54	18.31	13.19	0.82	8.94
Russell 2000 Value Index	0.00	0.33	20.11	15.23	1.00	0.00

*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.

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

Returns

Small Cap Quality Value Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 3/31/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
First Quarter	4.94	4.16	(0.13)	507
1 Year	24.58	20.95	29.37	(479)
3 Years	11.92	9.54	7.62	429
5 Years	13.34	11.19	12.54	80
7 Years	14.70	12.56	11.59	311
10 Years	9.55	7.57	6.09	346
Since Inception*	11.76	9.28	8.45	331

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	26.17	22.50	31.74	(557)
2015	(0.27)	(1.80)	(7.47)	720
2014	2.51	0.85	4.22	(170)
2013	40.00	37.83	34.52	548
2012	10.01	8.32	18.05	(805)
2011	6.73	4.58	(5.50)	1223
2010	24.76	22.81	24.50	25
2009	27.82	25.92	20.58	724
2008	(28.62)	(29.99)	(28.92)	30
2007	1.93	0.27	(9.78)	1171
2006	23.72	21.87	23.48	24
2005	8.53	5.31	4.71	382
2004	27.59	23.80	22.25	535
2003	22.12	18.59	46.03	(2391)
2002	0.48	(2.52)	(11.43)	1191
2001	19.42	16.06	14.02	540
2000	24.92	21.28	22.83	210
1999	(7.69)	(10.39)	(1.49)	(620)
1998†	9.61	7.99	(10.93)	2054

*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 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 Quality Value 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 Quality Value 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 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 composite was created in January 2002. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

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

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Prior to December 31, 2005, net annual returns are calculated after 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 measures the variability of the composite (using gross returns) and the benchmark for the 36-month period is presented starting December 31, 2012, because prior to January 1, 2010, the composite return was calculated quarterly and 36 monthly returns are not available.

3-Yr Annualized Standard Deviation (%)		
December 31	Composite	Benchmark
2012	16.04	20.17
2013	14.24	16.05
2014	12.88	12.98
2015	13.64	13.65

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® Value Index Annual Return (%)	Internal Dispersion
2006	6,523	571	100%	25	23.72	21.87	23.48	0.42
2007	5,392	765	100%	28	1.93	0.27	(9.78)	0.33
2008	3,445	441	100%	33	(28.62)	(29.99)	(28.92)	0.73
2009	4,010	531	100%	34	27.82	25.92	20.58	0.55
2010	4,729	651	100%	34	24.76	22.81	24.50	0.75
2011	5,232	478	100%	36	6.73	4.58	(5.50)	0.33
2012	6,545	622	100%	31	10.01	8.32	18.05	0.43
2013	7,841	637	100%	27	40.00	37.83	34.52	0.42
2014	7,989	648	100%	26	2.51	0.85	4.22	0.43
2015	8,095	624	100%	24	(0.27)	(1.80)	(7.47)	0.32

*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.