



Kayne Anderson Rudnick
Investment Management

Small Cap Sustainable Growth Portfolio
Managed Accounts
First Quarter 2017 Review

kayne.com

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

Firm Overview

As of March 31, 2017



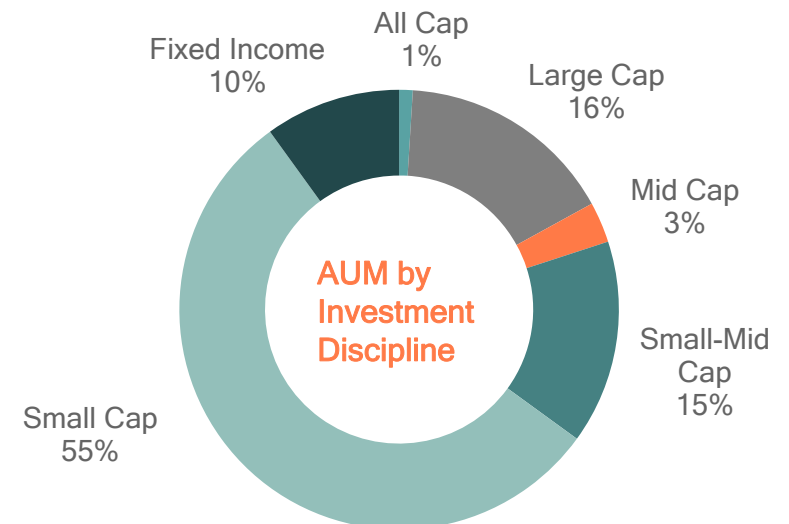
Kayne Anderson Rudnick
Investment Management

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

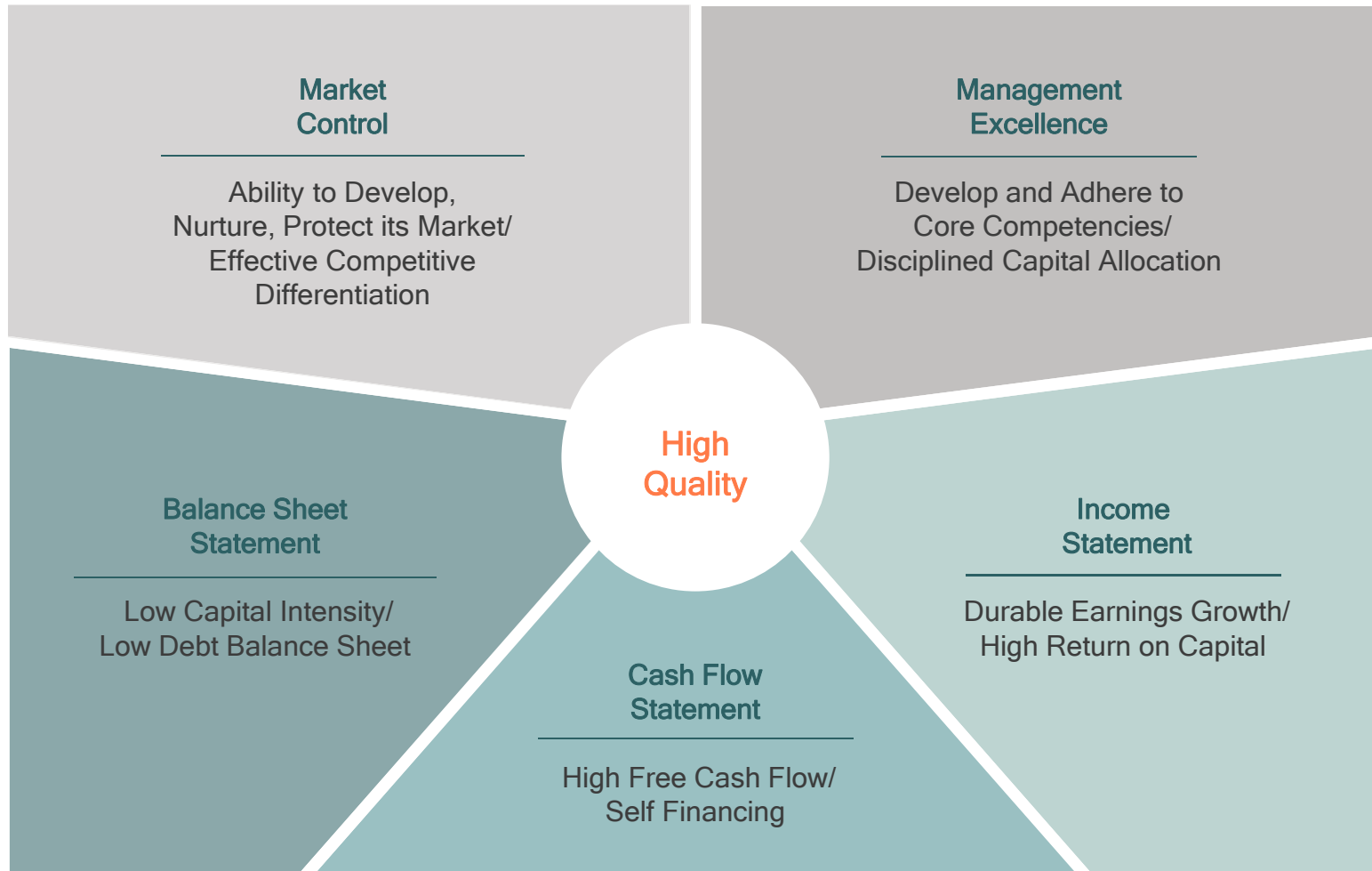


Investment Philosophy

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



Small Cap Sustainable Growth 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.

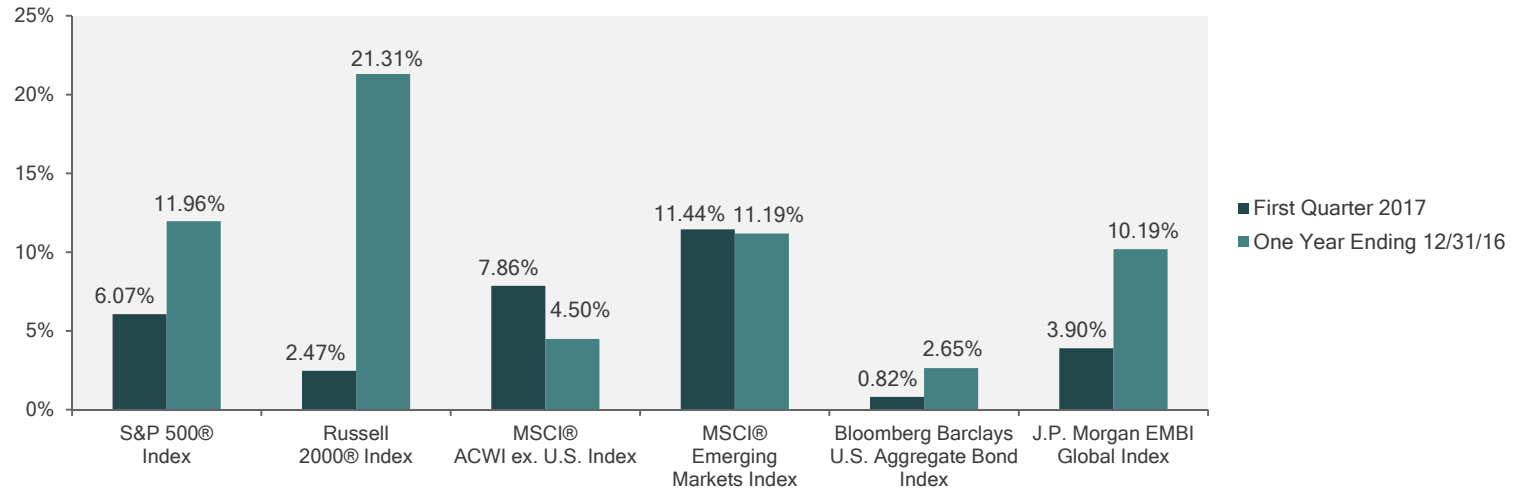
Market Review

Periods Ending March 31, 2017



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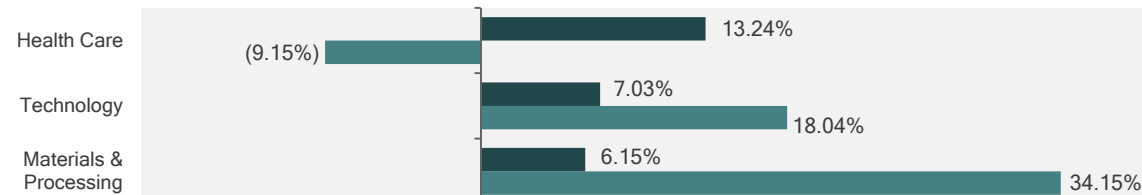
Index Performance



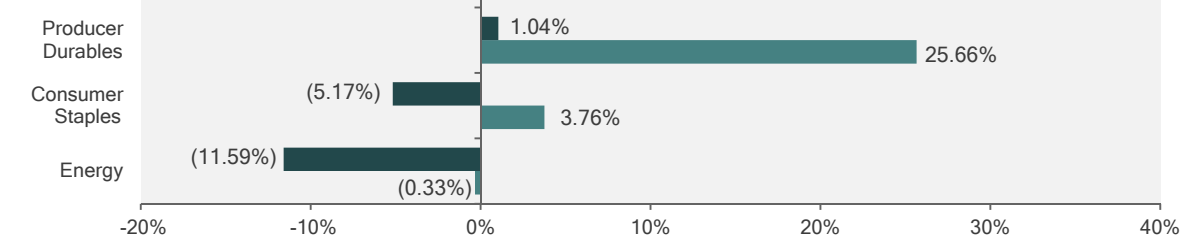
Sector Performance

Russell 2000® Growth Index

Top Performers



Bottom Performers



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Market Review

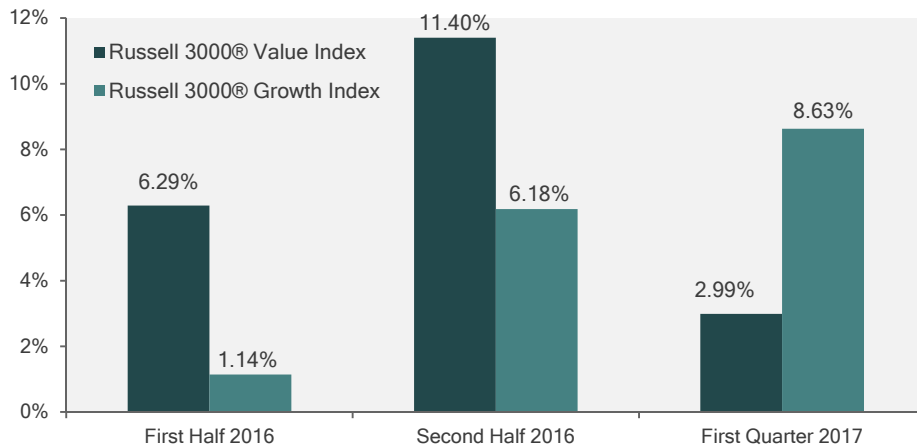
Frequent Style Rotation



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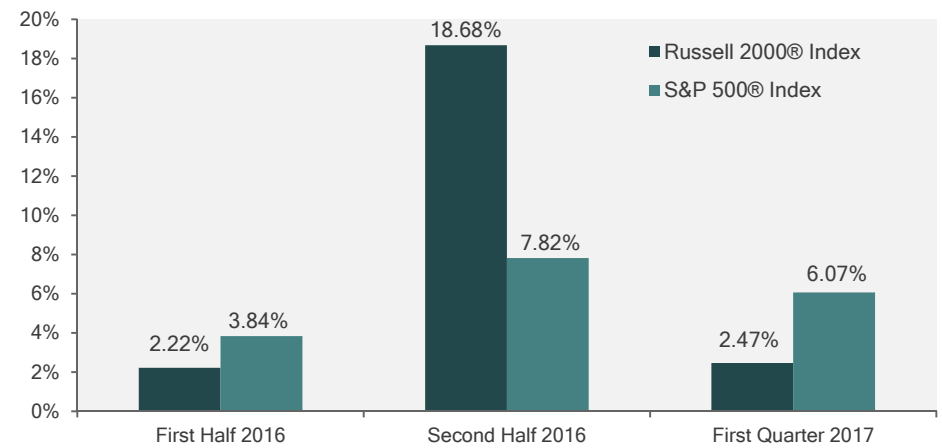
Performance by Style

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



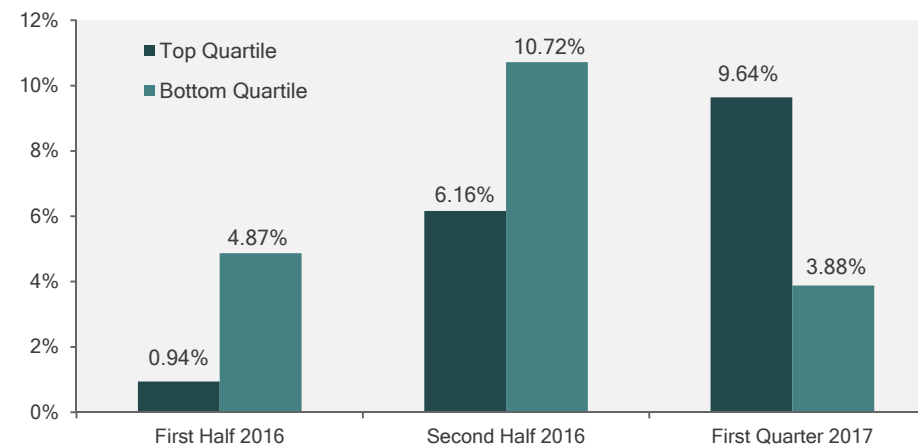
Performance by Market Cap

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



Performance by Sales Growth

Russell 3000® Index



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Quarterly Performance Overview

Small Cap Sustainable Growth Portfolio

Periods Ending March 31, 2017



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Monthly and Quarterly Performance

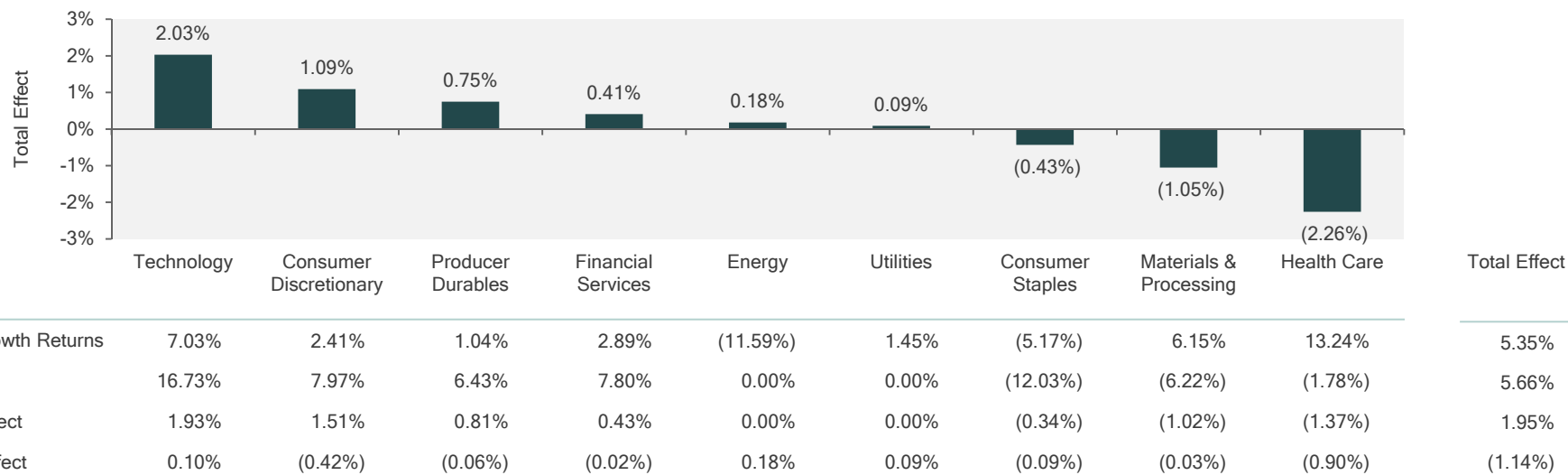
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
January	2.92	2.67	1.62	130
February	1.83	1.58	2.45	(62)
March	0.82	0.57	1.18	(36)
First Quarter	5.66	4.89	5.35	31

Contributors

Highest	Contribution
Autohome	+1.23%
MercadoLibre	+1.12%
Ollie's Bargain Outlet Holdings	+1.08%
Lowest	Contribution
Shutterstock <i>(Sold Q1 2017)</i>	(0.77%)
Omega Flex	(0.75%)
The Chefs' Warehouse	(0.51%)

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 Sustainable Growth Portfolio

Periods Ending March 31, 2017



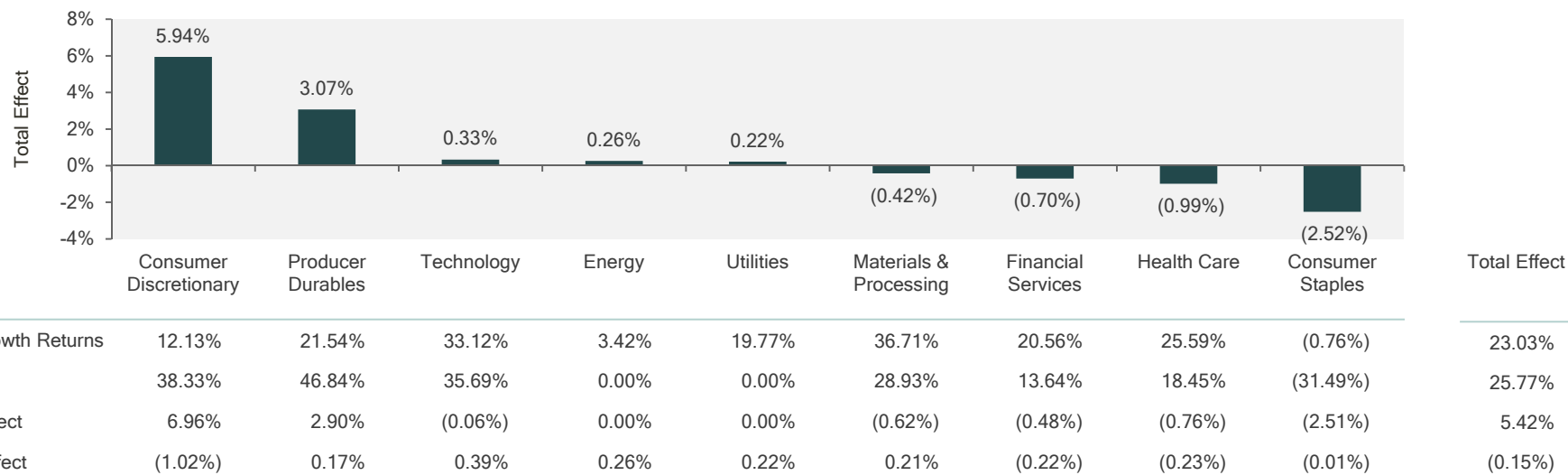
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Second Quarter 2016	3.11	2.35	3.24	(13)
Third Quarter 2016	9.41	8.62	9.22	19
Fourth Quarter 2016	5.50	4.73	3.57	193
First Quarter 2017	5.66	4.89	5.35	31
1 Year Ending 3/31/17	25.77	22.11	23.03	273

Attribution by Sector

One Year Ending March 31, 2017



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Highest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending March 31, 2017



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Security	Contribution	Comments
Fox Factory Holding <i>(Purchased Q2 2016)</i>	+3.65%	Fox Factory's growth has accelerated due to new model specification wins in its mountain bike segment and the initiation of production of on-road sports trucks by its original equipment manufacturer customers. We believe Fox's reputation in its distinctive markets is a healthy competitive advantage that will provide the company with enduring success.
Aspen Technology	+3.11%	With the relative stabilization in oil markets, investors have become more confident in Aspen's long-term prospects. For its part, Aspen's financial results weathered the downturn in oil prices quite well, thanks to its long-term contracts and mission-critical nature of its software. Over the last few quarters, the company has established a new product roadmap to tackle equipment maintenance for customers. This greenfield opportunity would be entirely incremental for Aspen's business and is a natural extension of its existing product suite.
MercadoLibre	+2.85%	MercadoLibre's shares appreciated meaningfully in 2016, as the company reported strong quarterly results throughout the year, including 40%-plus growth in the number of items sold in its marketplace for the year. These results were impressive given the fact that MercadoLibre's largest country by sales, Brazil, continues to be in a deep recession. We remain shareholders of the company due to its strong network effect business and the long-term secular growth opportunity driven by a Latin American market with a combined population of 550 million people and one of the fastest-growing internet penetration rates in the world.

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A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. Kayne Anderson Rudnick has chosen to review the securities in this document based upon objective criteria. It should not be assumed that securities recommended in the future will be profitable. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Lowest Contributors

Small Cap Sustainable Growth Portfolio

One Year Ending March 31, 2017



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Security	Contribution	Comments
The Chefs' Warehouse	(2.40%)	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 last year 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.
Monro Muffler Brake <i>(Sold Q1 2017)</i>	(0.63%)	Monro Muffler Brake continues to struggle with improving traffic into its stores and sales growth. The persistent compensation declines are having an outsized impact on margins, with deleverage on the company's fixed costs. Management continues to blame its geographic exposure to the Northeast as the reason for its lagging peer performance.
Morningstar	(0.50%)	Morningstar's shares lagged, driven primarily by continued weakness in the company's credit ratings segment that resulted from a decline in commercial mortgage-backed securities' issuance volumes observed industry-wide. Importantly, Morningstar remains a strong free-cash-flow generator, returning excess capital to shareholders in the form of regular cash dividends and opportunistic share repurchases.

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Purchases

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2017



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Purchases	Descriptions/Reasons
Interactive Brokers Group—Initiated and Increased Position	Interactive Brokers is an electronic brokerage and market making company. Customers include individual investors, hedge funds, mutual funds, registered investment advisors, proprietary trading groups and introducing brokers. The company operates two segments: Electronic brokerage and market-making.
PriceSmart—Increased Position	PriceSmart's business results have been hindered over the past two years by falling commodity prices, which has hurt the economies in many of the company's markets and also caused the currency exchange rates of those export-dependent countries to decline. However, PriceSmart's competitive position remains strong and the company has a significant long-term opportunity to expand the number of its locations. With the shares more reasonably priced in light of weak recent results, we increased our position.
The Chefs' Warehouse—Increased Position	We increased our position in Chefs' Warehouse on the premise that the majority of the organic and acquired infrastructure build-out is complete and that profitability will improve over the next one-to-three years. However, profitability is not likely to expand in the near-term (next six months), which means the stock is better priced. Meanwhile, gross margins and organic growth remain healthy, indicating our assumptions about the business's value proposition and competitive standing are valid.

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New Position

Small Cap Sustainable Growth Portfolio
Quarter Ending March 31, 2017



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Interactive Brokers Group (IBKR)

- Interactive Brokers is the clear low-cost provider in an industry where costs are important to customers. As a result, the company has grown its customer account base at an industry-leading pace while significant remaining growth opportunities exist.
- Through a focus on automation, Interactive Brokers offers the lowest transaction costs and best executions in the industry. The company's low-cost position and execution abilities are consistently recognized by third-party analytics companies.
- Founder Thomas Peterffy's background is in computer programming and the management team is primarily comprised of science and technology executives. Low commissions, low margin rates and good executions have led to industry-leading growth in customer accounts and client equity.

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Sales

Small Cap Sustainable Growth Portfolio Quarter Ending March 31, 2017



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Sales	Reasons
Monro Muffler Brake—Sold Entire Position	Our original investment premise was that Monro enjoyed a low-cost position in its industry, primarily due to scale-related advantages. Evidence is showing that this assumption is either incorrect or that the advantage is being overwhelmed by other factors. Regardless, the company is experiencing persistent weak organic growth and deteriorating profitability, and therefore we sold our position.
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 has sent the share price lower. Profits from Shutterstock's stock photo 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.
UFP Technologies—Sold Entire Position	Our investment thesis for UFP Technologies was partly based on the company's ability to regain historic levels of profitability. This recovery was proving difficult to achieve so we elected to sell our position.
Aspen Technology—Trimmed Position	We continue to believe that Aspen represents one of the more protected businesses in application software. The company's customer base relies on Aspen's software to run daily business operations and can continue to benefit from further use of Aspen's technology to drive better profitability and efficiency. With the shares trading attractively, however, we view this as an opportune time to reduce our position in the company.

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Portfolio Characteristics

Small Cap Sustainable Growth Portfolio – As of March 31, 2017



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	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
Quality		
Return on Equity—Past 5 Years	24.4%	13.3%
Total Debt/EBITDA	1.0 x	3.8 x
Earnings Variance—Past 10 Years	31.1%	79.5%
Growth		
Earnings Per Share Growth—Past 10 Years	15.9%	8.9%
Capital Generation—{ROE x (1-Payout)}	18.9%	10.7%
Value		
P/E Ratio—Trailing 12 Months	31.5 x	53.5 x
Free Cash Flow Yield†	3.3%	2.7%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$3.1 B	\$2.1 B
Largest Market Cap—4 Qtr. Average	\$9.6 B	\$8.3 B
Annualized Standard Deviation—Since Inception*	19.8%	24.8%

*January 1, 1998

†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

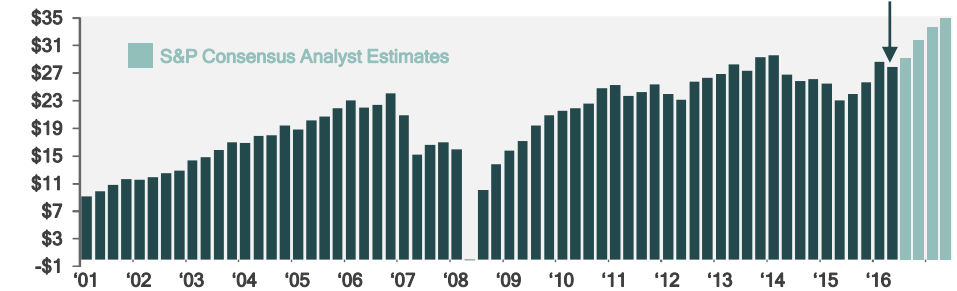


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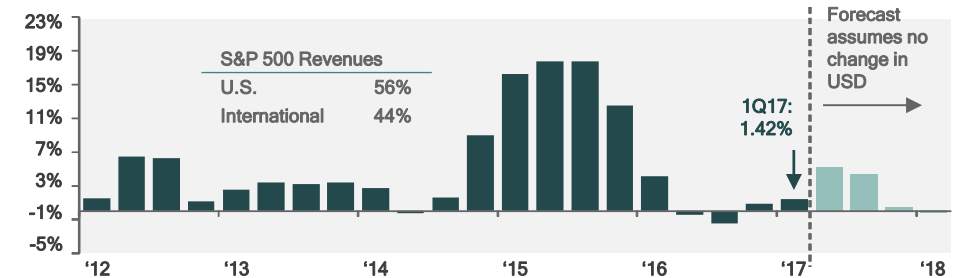
The U.S. economy continues to grow modestly. International economies have started to stabilize, improving the outlook for global economic growth rates.

- 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.

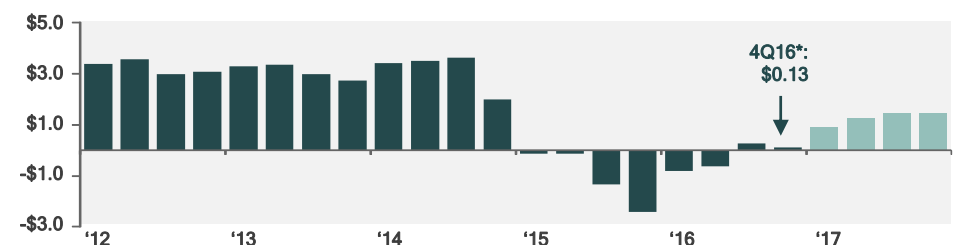
S&P 500® Earnings Per Share
Index Quarterly Operating Earnings



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



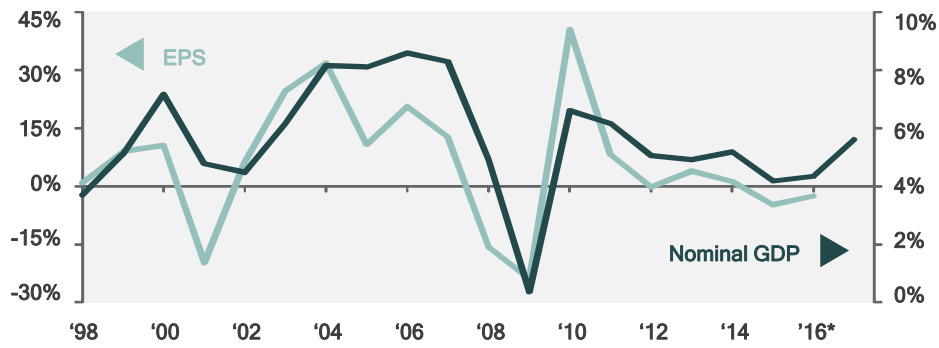
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Global growth prospects are solid in Q1, providing support for risk-based assets abroad.

- 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.

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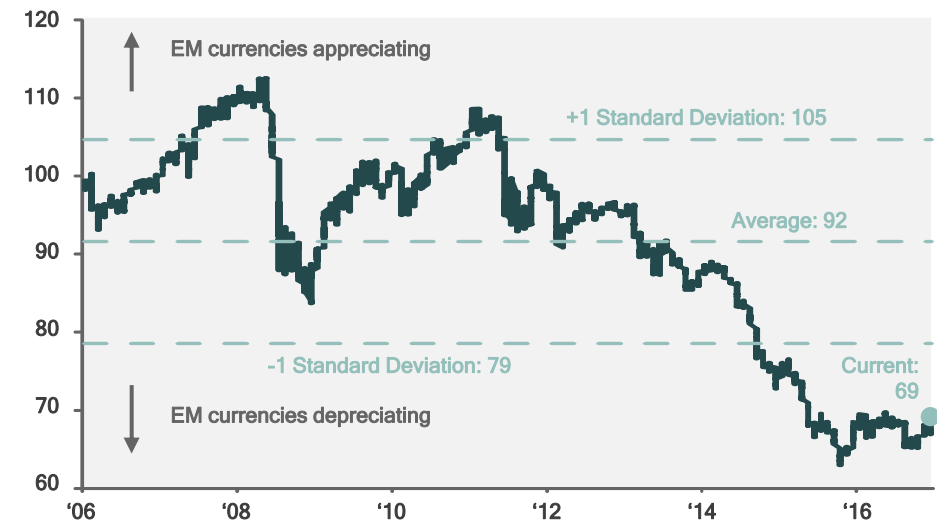
China Nominal GDP

Y/Y%, NSA



EM FX vs. U.S. Dollar

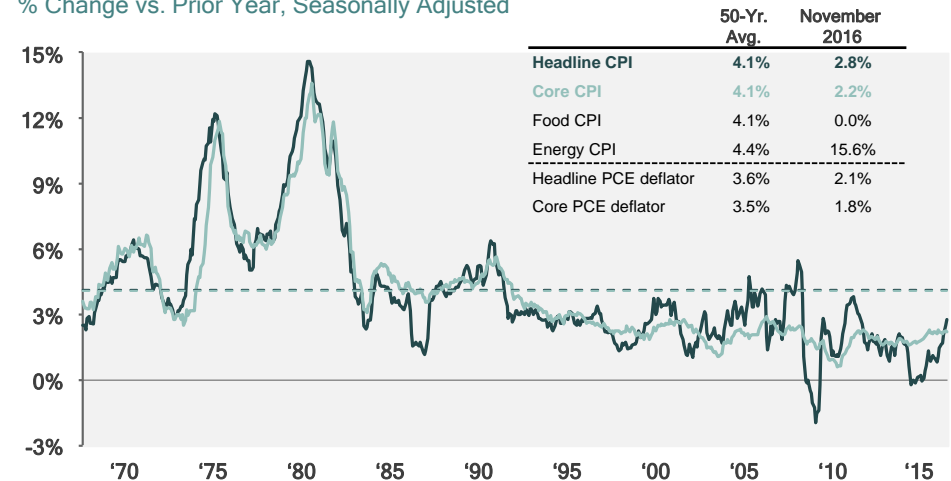
Index Level



Potential Economic Risks:

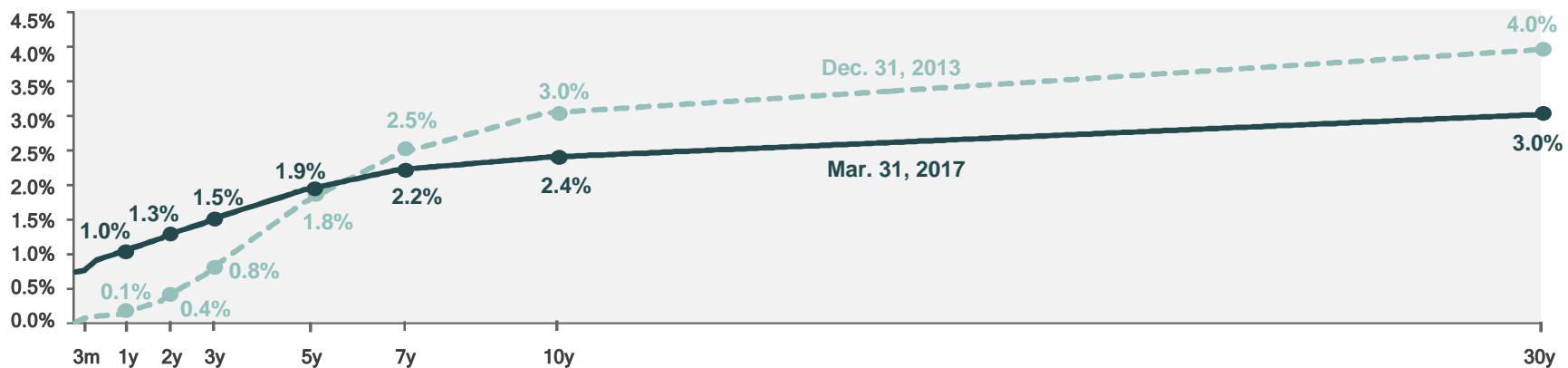
- How will the long end of the bond market continue to react to the Fed's desire to raise short-term rates further into 2017?
- A hard landing in China could slow global GDP materially. It is still a risk.
- Europe goes into another recession despite QE efforts by the ECB due to Brexit effects.
- Does 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.

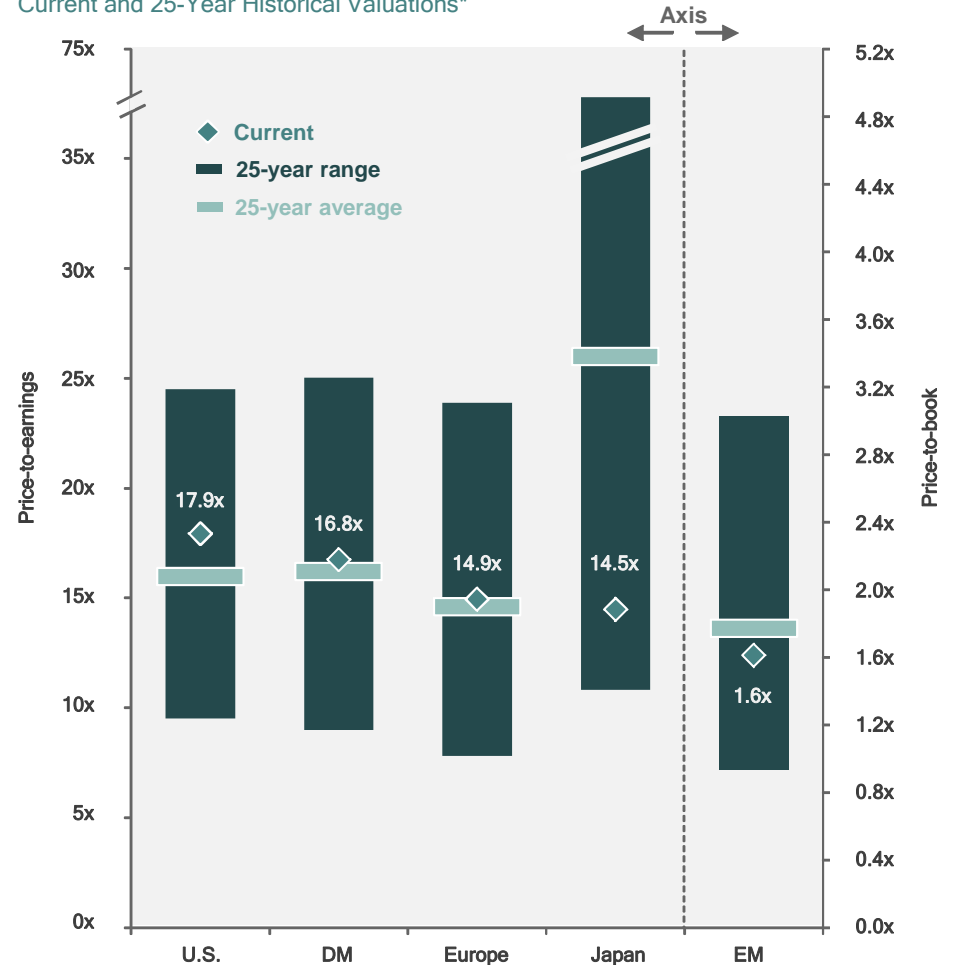
CPI used is CPI-U and values shown are % change versus one year ago and reflect February 2017 CPI data. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight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

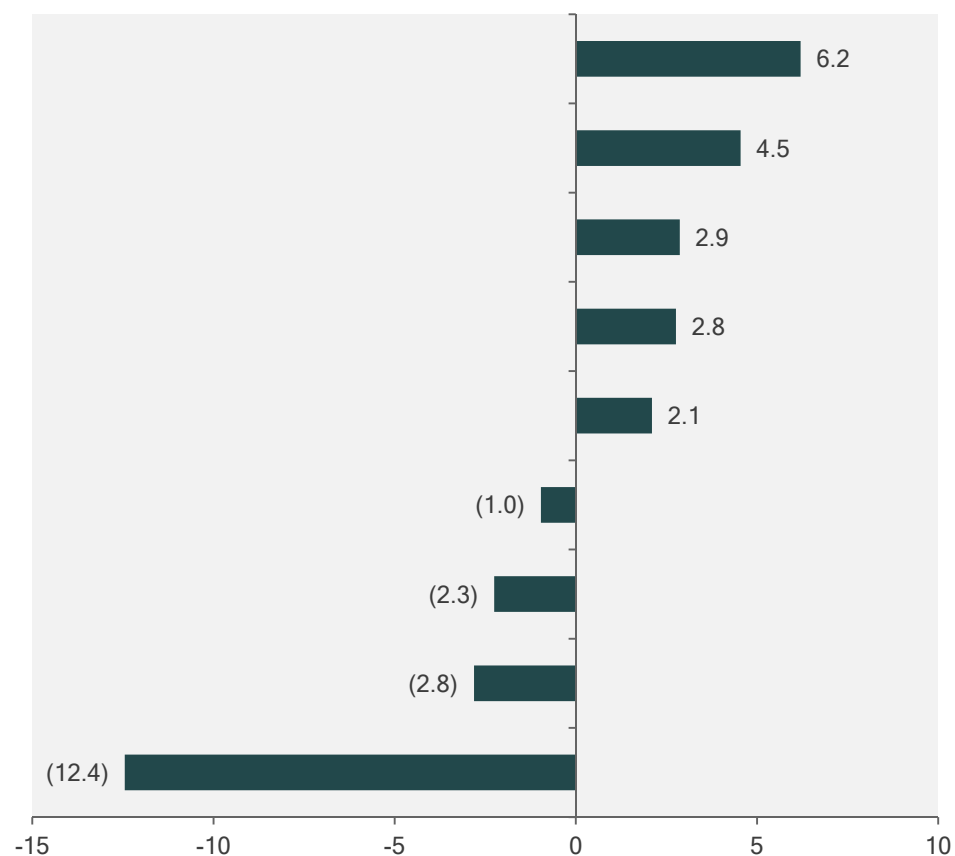
Small Cap Sustainable Growth Portfolio
As of March 31, 2017



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Sectors	KAR Small Cap Sustainable Growth (%)	Russell 2000® Growth Index (%)
Consumer Discretionary	22.3	16.1
Technology	24.2	19.6
Financial Services	15.3	12.4
Producer Durables	16.8	14.0
Consumer Staples	4.8	2.7
Energy	—	1.0
Utilities	—	2.3
Materials & Processing	7.3	10.2
Health Care	9.4	21.8

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small Cap Sustainable Growth Portfolio
As of March 31, 2017



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Top 10 Holdings	Russell Sector	% of Portfolio
Fox Factory Holding	Consumer Discretionary	7.0
Ollie's Bargain Outlet	Consumer Discretionary	6.9
Autohome	Technology	5.9
HEICO	Producer Durables	5.8
NVE	Technology	5.7
Old Dominion Freight Line	Producer Durables	5.0
National Research	Health Care	5.0
The Chefs' Warehouse	Consumer Staples	4.8
Aspen Technology	Technology	4.8
Copart	Producer Durables	4.4
Total		55.5

Research confidence leads to large active weights

	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
# of Holdings	24	1,157
Average Position Size (%)	4.2	0.1
Weight of Top Ten Holdings (%)	55.5	5.4
Active Share (%)	97.7	—

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

Small Cap Sustainable Growth Portfolio

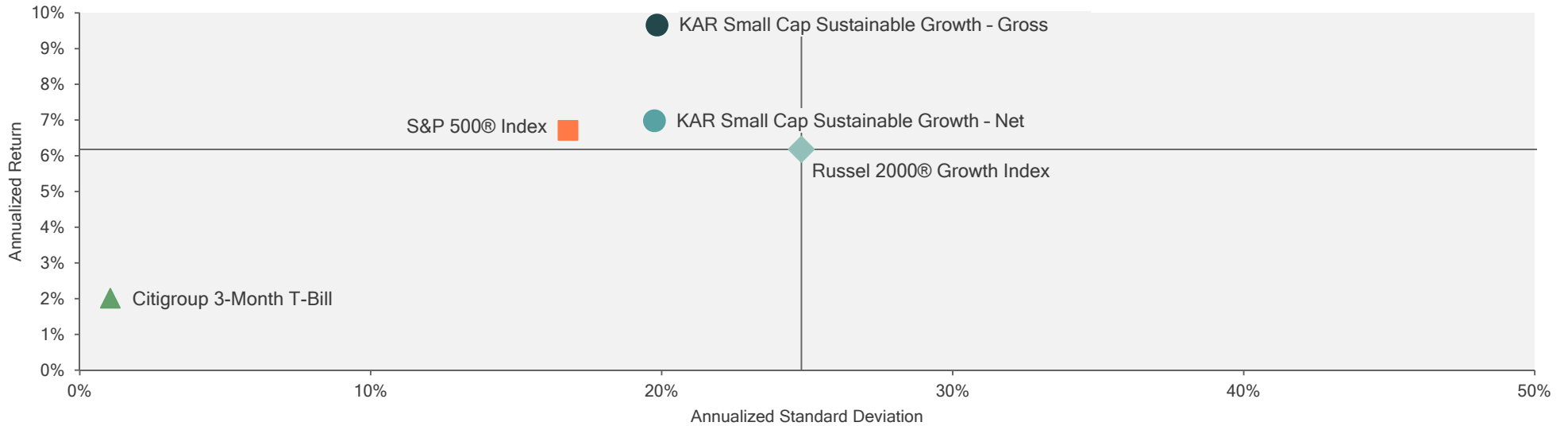
Inception* to March 31, 2017



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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 Sustainable Growth	4.30	0.39	19.84	14.89	0.71	11.51
Russell 2000 Growth Index	0.00	0.17	24.80	18.13	1.00	0.00

*January 1, 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 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.

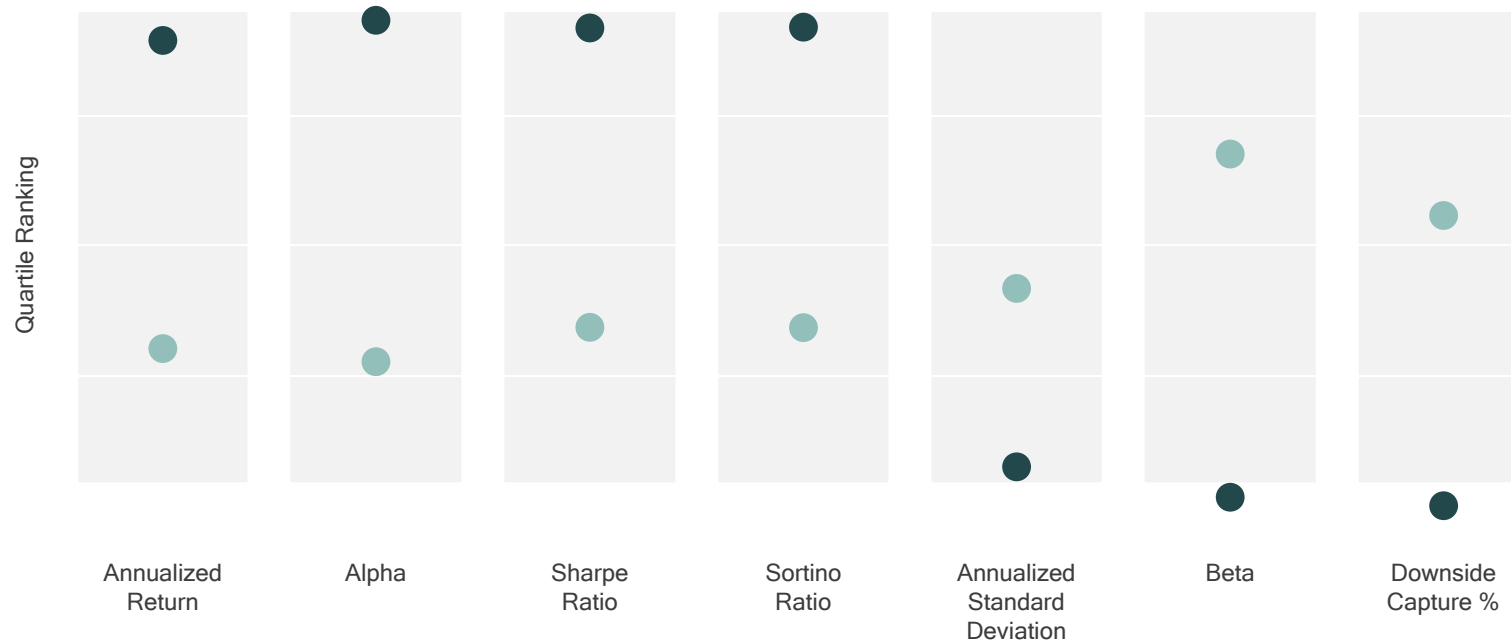
Peer Comparison

Small Cap Sustainable Growth Portfolio

Ten Years Ending March 31, 2017



Kayne Anderson Rudnick
Investment Management



KAR Small Cap Sustainable Growth
 Russell 2000® Growth Index
 Small Cap Growth Universe

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

The Small Cap Growth Universe includes all managers categorized in the small cap growth 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 on performance would grow at a compounded rate. Over a five-year period, if a \$250,000 portfolio had an annual return of 10%, it would grow to \$402,628. The net compounded effect of a 3% annual investment management fee would total \$51,990 and result in a portfolio value of \$350,638.

Returns

Small Cap Sustainable Growth Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 3/31/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
First Quarter	5.66	4.89	5.35	31
1 Year	25.77	22.11	23.03	273
3 Years	14.40	11.75	6.72	768
5 Years	15.74	13.21	12.10	364
7 Years	16.75	14.12	12.88	386
10 Years	11.05	8.72	8.06	300
Since Inception*	9.66	6.98	6.18	348

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	26.59	22.92	11.32	1528
2015	1.91	(0.07)	(1.38)	329
2014	5.16	3.19	5.60	(44)
2013	40.55	37.73	43.30	(275)
2012	12.38	10.05	14.59	(221)
2011	18.59	15.51	(2.91)	2150
2010	15.43	13.07	29.09	(1366)
2009	39.32	36.77	34.47	485
2008	(33.73)	(34.93)	(38.54)	481
2007	(0.61)	(2.14)	7.05	(766)
2006	15.47	13.12	13.35	212
2005	2.71	(0.39)	4.15	(144)
2004	13.42	10.02	14.31	(89)
2003	39.90	35.88	48.54	(864)
2002	(23.82)	(26.14)	(30.26)	644
2001	0.48	(2.42)	(9.23)	971
2000	6.28	3.13	(22.43)	2871
1999	31.19	27.42	43.09	(1190)
1998	3.33	0.20	1.23	210

*January 1, 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 Sustainable Growth 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 Sustainable Growth 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 Sustainable Growth Wrap Portfolios. Small Cap Sustainable Growth Wrap Portfolios are invested in equity securities with market capitalizations in line with the Russell 2000® Growth 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® Growth Index. The Russell 2000® Growth Index is a market capitalization-weighted index of growth-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 July 2003. 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 December 31, 2010, 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 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	15.36	21.01
2013	11.96	17.52
2014	11.97	14.02
2015	13.80	15.16

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® Growth Index Annual Return (%)	Internal Dispersion
2006	6,523	230	100%	10	15.47	13.12	13.35	0.49
2007	5,392	147	100%	9	(0.61)	(2.14)	7.05	0.20
2008	3,445	74	100%	12	(33.73)	(34.93)	(38.54)	0.99
2009	4,010	77	100%	13	39.32	36.77	34.47	1.11
2010	4,729	63	100%	12	15.43	13.07	29.09	0.55
2011	5,232	12	100%	13	18.59	15.51	(2.91)	1.04
2012	6,545	31	100%	32	12.38	10.05	14.59	0.98
2013	7,841	23	100%	26	40.55	37.73	43.30	0.58
2014	7,989	20	100%	23	5.16	3.19	5.60	0.30
2015	8,035	37	100%	24	1.91	(0.07)	(1.38)	0.40

*Beginning July 1, 2003, pure gross returns are supplemental to net returns.

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