



Kayne Anderson Rudnick
Investment Management

A VIRTUS INVESTMENT PARTNER

Small-Mid Cap Quality Value Portfolio
Managed Accounts
First Quarter 2024 Review

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

2000 Avenue of the Stars, Suite 1110 Los Angeles, CA 90067 T 800.231.7414

Firm Overview

As of March 31, 2024



Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses†
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$65.3 billion*
Number of Equity Investment Professionals	22
Average Investment Experience	16 Years

*Figures in USD.

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

Investment Philosophy

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

Investment Objectives

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



Competitive Protection

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



Owner-Oriented Management

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



HIGH QUALITY BUSINESS

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

Small-Mid Cap Quality Value Team



Kayne Anderson Rudnick
Investment Management

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

Market Review

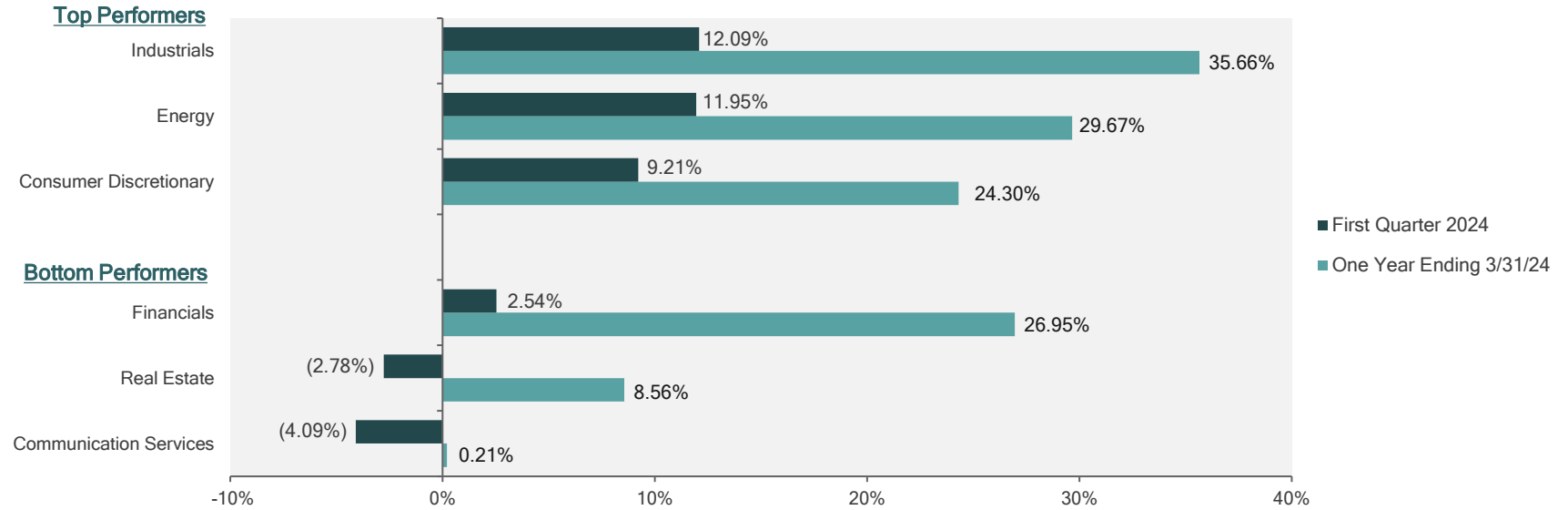
Performance by Sector and Style



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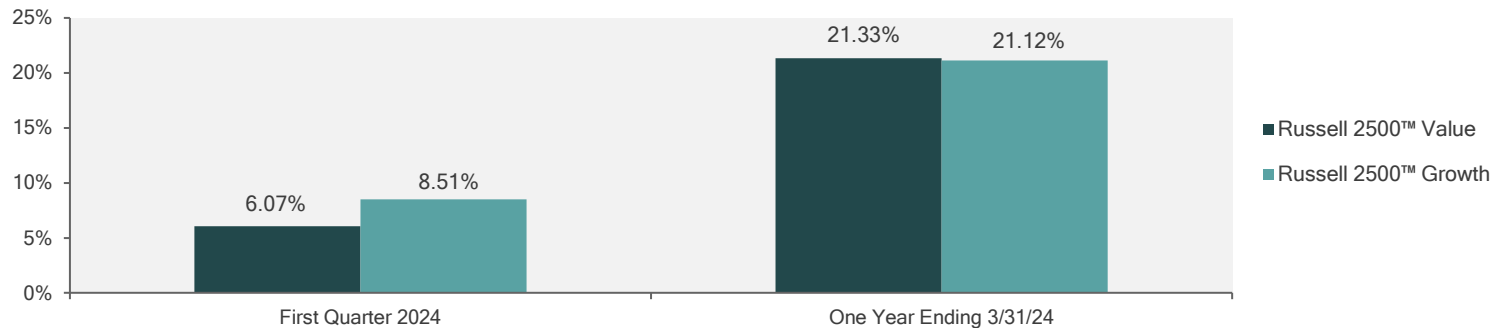
Sector Performance

Russell 2500™ Value Index



Performance by Style

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



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

Data is obtained from FactSet Research Systems and is assumed to be reliable. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment. Past performance is no guarantee of future results.

Market Review

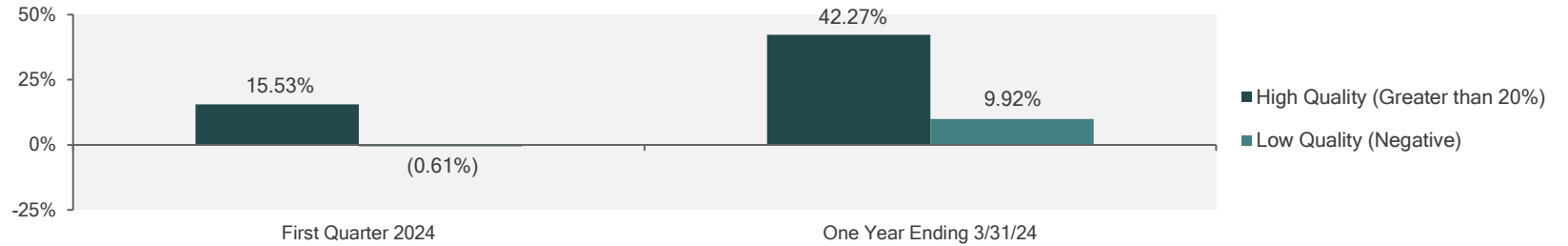
Performance by Financial Metric



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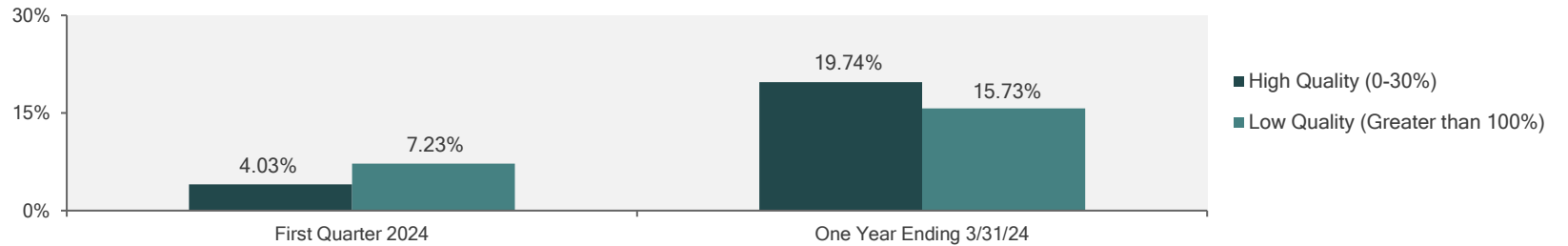
Performance by Return on Equity

Russell 2500™ Value Index



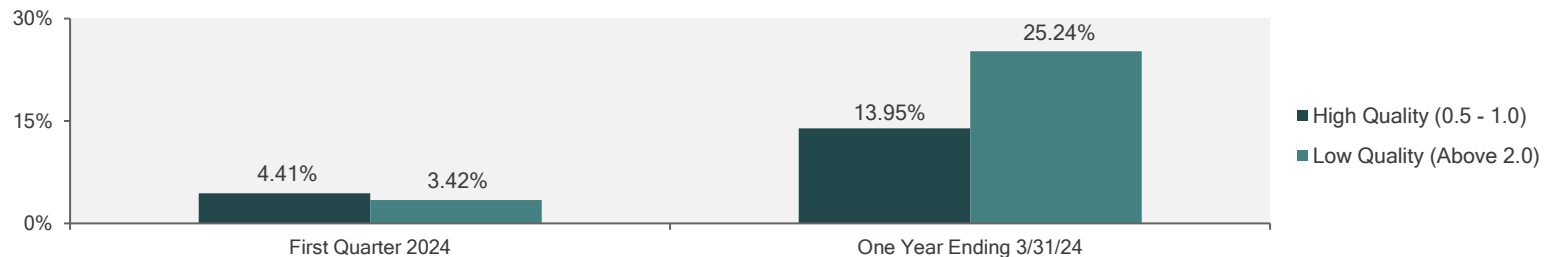
Performance by Debt/Capital Ratio

Russell 2500™ Value Index



Performance by Beta

Russell 2500™ Value Index



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Quarterly Performance Overview

Small-Mid Cap Quality Value Portfolio

Periods Ending March 31, 2024



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Monthly and Quarterly Performance

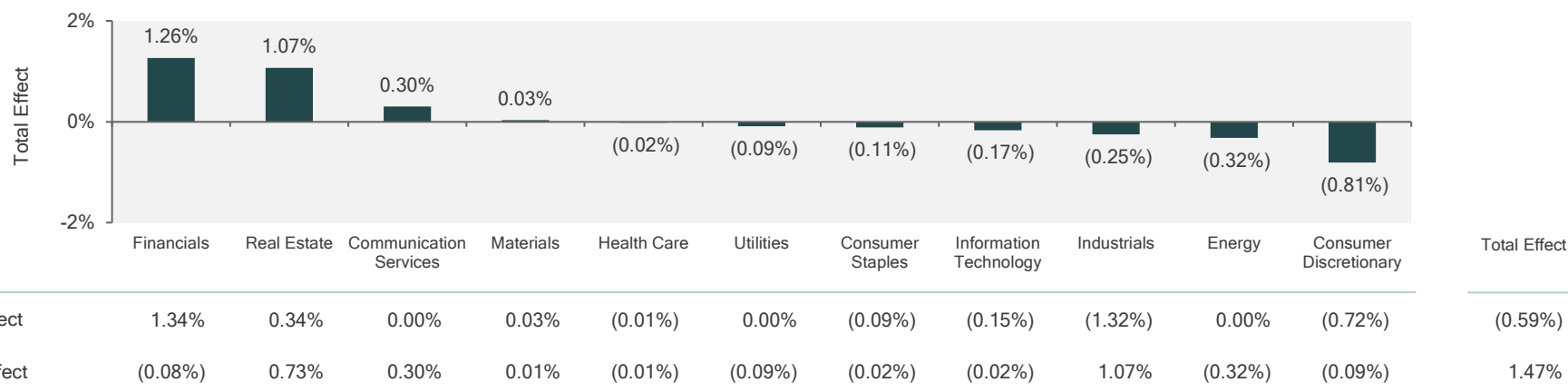
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
January	(1.46)	(1.71)	(2.81)	109
February	7.27	7.02	4.01	301
March	1.03	0.78	4.93	(415)
First Quarter	6.79	6.01	6.07	(6)

Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)
1 Year	20.91	17.38	21.33
5 Years	12.14	8.84	9.38
10 Years	10.77	7.52	7.68

Attribution by Sector

Quarter Ending March 31, 2024



KAR Selection Effect	1.34%	0.34%	0.00%	0.03%	(0.01%)	0.00%	(0.09%)	(0.15%)	(1.32%)	0.00%	(0.72%)	(0.59%)
KAR Allocation Effect	(0.08%)	0.73%	0.30%	0.01%	(0.01%)	(0.09%)	(0.02%)	(0.02%)	1.07%	(0.32%)	(0.09%)	1.47%

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The attribution data provided herein is based upon a buy and hold methodology and gross returns for a representative portfolio. Returns for the Kayne Anderson Rudnick composite are final. All periods less than one year are total returns and are not annualized. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.

Highest Contributors

Small-Mid Cap Quality Value Portfolio

Quarter Ending March 31, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
W. R. Berkley	+1.29%	We believe a hard insurance cycle and past underwriting discipline is propelling healthy growth and profitability at W.R. Berkley.
TransUnion	+0.70%	TransUnion's shares outperformed in the quarter following a significant correction last quarter as the company generated better-than-expected financial results with stabilization in lending markets and some improvements in emerging vertical markets. Additionally, the company accelerated cost reduction initiatives and provided constructive full-year guidance with upside potential should interest rates move lower.
Armstrong World Industries	+0.70%	Armstrong World Industries' shares performed strongly following the company's reports of better-than-expected operating results and an improved annual outlook.
LPL Financial Holdings	+0.62%	LPL Financial reported organic advisor and profit growth. The company earns high-margin net interest on client cash balances, and these cash balances stabilized after previously falling as a percentage of client assets.
Kadant	+0.55%	We believe Kadant continues to benefit from healthy underlying organic growth and improved profitability over time as the company continues to focus on driving efficiencies throughout its business.

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Lowest Contributors

Small-Mid Cap Quality Value Portfolio

Quarter Ending March 31, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Bank of Hawaii	(0.43%)	Bank of Hawaii's shares, like many other regional banks, moved lower in the quarter as investors became less certain of when the Federal Reserve will start cutting interest rates. Positively, the bank's quarterly results showed continued stability in deposits and no credit issues.
RBC Bearings	(0.25%)	We believe RBC Bearings' underperformance in the quarter was driven by the decline in its Industrial business year-over-year as an improved supply chain created a bulge in the prior year period.
National Beverage	(0.16%)	National Beverage's shares underperformed in the quarter mostly due to weak sentiment around food-related consumer staples despite resilient sales and a recovery in profit margins in the quarter.
Leslie's	(0.15%)	Leslie's experienced a lack of discretionary pool spending on items such as hot tubs along with chemical retail price adjustments, which created disappointing guidance for fiscal year 2024. Investor concerns about near-term consumer spending dampened sentiment for the company and the pool industry.
Toro	(0.14%)	We believe Toro's underperformance stems from the company's elevated field inventory across residential and contractor-grade lawn care products. The current oversupply of Toro residential and contractor-grade lawn care products has weakened Toro's near-term outlook.

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Annual Performance Overview

Small-Mid Cap Quality Value Portfolio

Periods Ending March 31, 2024



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Quarterly and Annual Performance

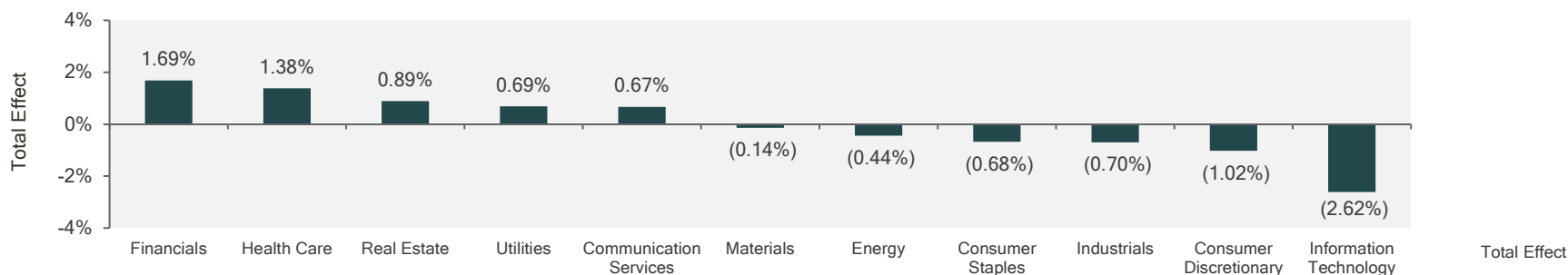
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
Second Quarter 2023	3.34	2.58	4.37	(179)
Third Quarter 2023	(2.90)	(3.63)	(3.66)	3
Fourth Quarter 2023	12.83	12.01	13.76	(174)
First Quarter 2024	6.79	6.01	6.07	(6)
1 Year Ending 3/31/24	20.91	17.38	21.33	(395)

Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)
1 Year	20.91	17.38	21.33
5 Years	12.14	8.84	9.38
10 Years	10.77	7.52	7.68

Attribution by Sector

One Year Ending March 31, 2024



KAR Selection Effect	1.52%	0.69%	(0.09%)	0.00%	0.00%	(0.14%)	0.00%	(0.05%)	(2.77%)	(0.85%)	(2.40%)	(4.09%)
KAR Allocation Effect	0.17%	0.68%	0.99%	0.69%	0.67%	0.00%	(0.44%)	(0.64%)	2.07%	(0.17%)	(0.22%)	3.80%

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Highest Contributors

Small-Mid Cap Quality Value Portfolio

One Year Ending March 31, 2024



Kayne Anderson Rudnick
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Security	Contribution	Comments
Lennox International	+3.22%	Over the last twelve months, Lennox International's shares continued to outperform on multiple quarters of recovery in growth and profitability in its commercial HVAC business, which offset softer dynamics in the residential HVAC market. With what we believe to be timely progress from the new management's turnaround strategy, the company raised its long-term financial outlook reflecting further improvements in execution and industry fundamentals.
W. R. Berkley	+2.18%	We believe a hard insurance cycle and past underwriting discipline is propelling healthy growth and profitability at W.R. Berkley.
Thor Industries	+1.75%	Thor Industries continues to feel the effects of the downdraft in industry-wide RV sales. However, the business continues to operate largely as an assembler and not a vertical manufacturer, which we believe helps the business continue to generate free cash flow, even as RV sales decline. Also, the business's valuation multiple expansion has aided the performance of the stock.
Broadridge Financial Solutions	+1.73%	Broadridge Financial Solutions reported several quarters of recurring revenue growth driven by an increase in equity and fund positions held by investors, which aided growth in its investor communications business and client wins for its technology solutions business. This, combined with growth in profit margin from operating leverage, caused shares to outperform for the trailing twelve-month period.
Armstrong World Industries	+1.63%	Armstrong World Industries' shares performed strongly following the company's reports of better-than-expected operating results and an improved annual outlook.

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Lowest Contributors

Small-Mid Cap Quality Value Portfolio

One Year Ending March 31, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Leslie's	(0.99%)	Leslie's experienced a lack of discretionary pool spending on items such as hot tubs along with chemical retail price adjustments, which created disappointing guidance for fiscal year 2024. Investor concerns about near-term consumer spending dampened sentiment for the company and the pool industry.
Toro	(0.86%)	We believe Toro's underperformance stems from the company's elevated field inventory across residential and contractor-grade lawn care products.
Zebra Technologies	(0.55%)	Zebra Technologies' shares underperformed over the last twelve months as major e-commerce/retail and logistics customers digested significant capital expenditure investments made during the pandemic and extended the useful life of existing assets. Distributor inventory normalization on weaker sell-through further exacerbated the decline in topline performance and profitability.
National Beverage	(0.45%)	Over the last twelve months, National Beverage's shares underperformed due to decelerating revenue growth as price increases were offset by volume declines. While margins and earnings recovered over the last twelve months, share performance was muted by weak sentiment among consumer staple stocks.
Cheesecake Factory	(0.45%)	The Cheesecake Factory's underperformance stems from the long-term negative impacts of an inflationary environment on the profitability of its business. To combat these pressures, the company has increased prices which have improved profitability in the near-term, but the business continues to experience long-term declines in traffic.

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Purchases and Sales

Small-Mid Cap Quality Value Portfolio

Quarter Ending March 31, 2024



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- There were no purchases or sales in the 1st quarter of 2024.

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Portfolio Characteristics

Small-Mid Cap Quality Value Portfolio

As of March 31, 2024



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	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
Quality		
Return on Equity—Past 5 Years	25.3%	12.8%
Debt/EBITDA*	1.5 x	2.5 x
Earnings Variability—Past 10 Years	36.2%	76.3%
Growth		
Earnings Per Share Growth—Past 5 Years	7.2%	11.6%
Earnings Per Share Growth—Past 10 Years	11.2%	9.4%
Dividend Per Share Growth—Past 5 Years	8.9%	6.6%
Dividend Per Share Growth—Past 10 Years	12.7%	7.3%
Capital Generation—{ROE x (1-Payout)}	18.1%	9.4%
Value		
P/E Ratio—Trailing 12 Months	33.6 x	26.7 x
Dividend Yield	1.0%	1.8%
Free Cash Flow Yield†	3.7%	4.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$10.3 B	\$6.8 B
Largest Market Cap—3-Year Average	\$32.7 B	\$25.0 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	17.8%	20.2%

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

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

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

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

‡January 1, 2008

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

Market Commentary

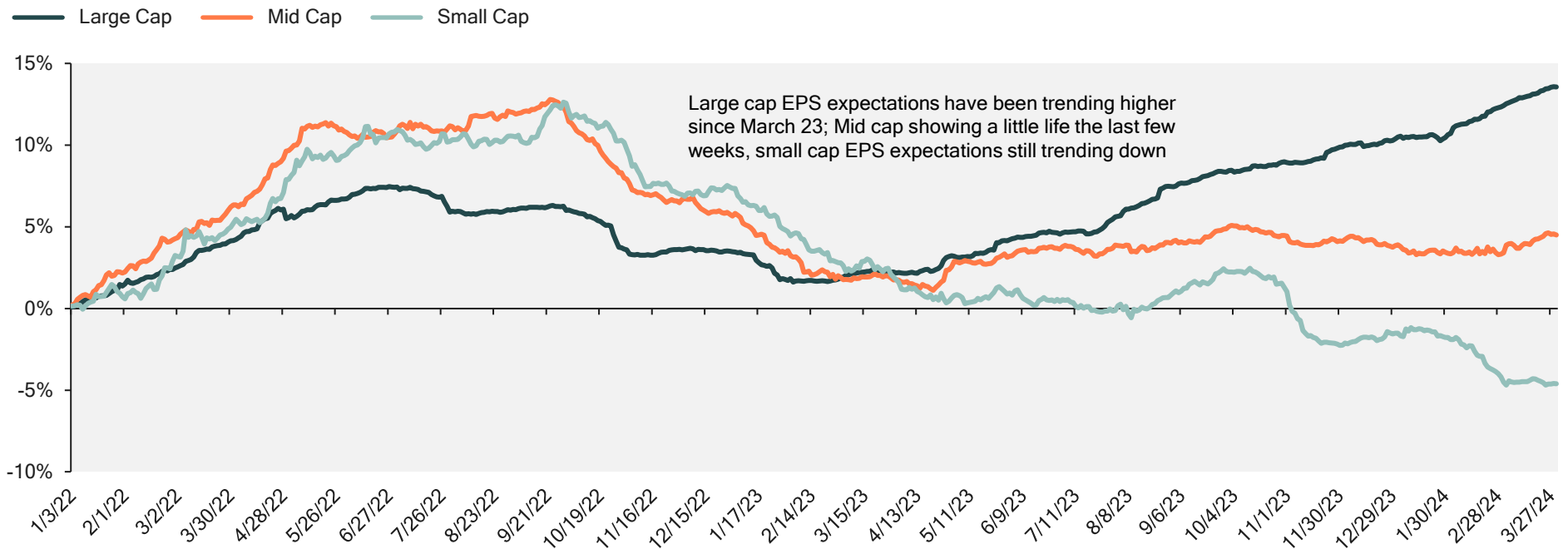
We Believe the Narrowness of the Market Makes Sense



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- The major driver of equity market performance has been the Magnificent 7 technology stocks that have been direct beneficiaries of the recent advances in AI.
- We don't believe this rally is wholly unjustified as investors are simply going where the earnings are growing.
- Earnings expectations for large-caps are well ahead of mid and small-cap stocks which has translated directly to valuations.

Consensus Earnings Per Share (Next 12 Months) Indexed to December 31, 2021



Data as of March 27, 2024. Data is obtained from Factset and Raymond James and is assumed to be reliable. The information provided in this chart is for illustrative purposes only. The indices presented above are not actively managed and do not reflect the deduction of any investment management or other fees and expenses. Indices are not available for direct investment. **Past performance is no guarantee of future results.**

Market Commentary

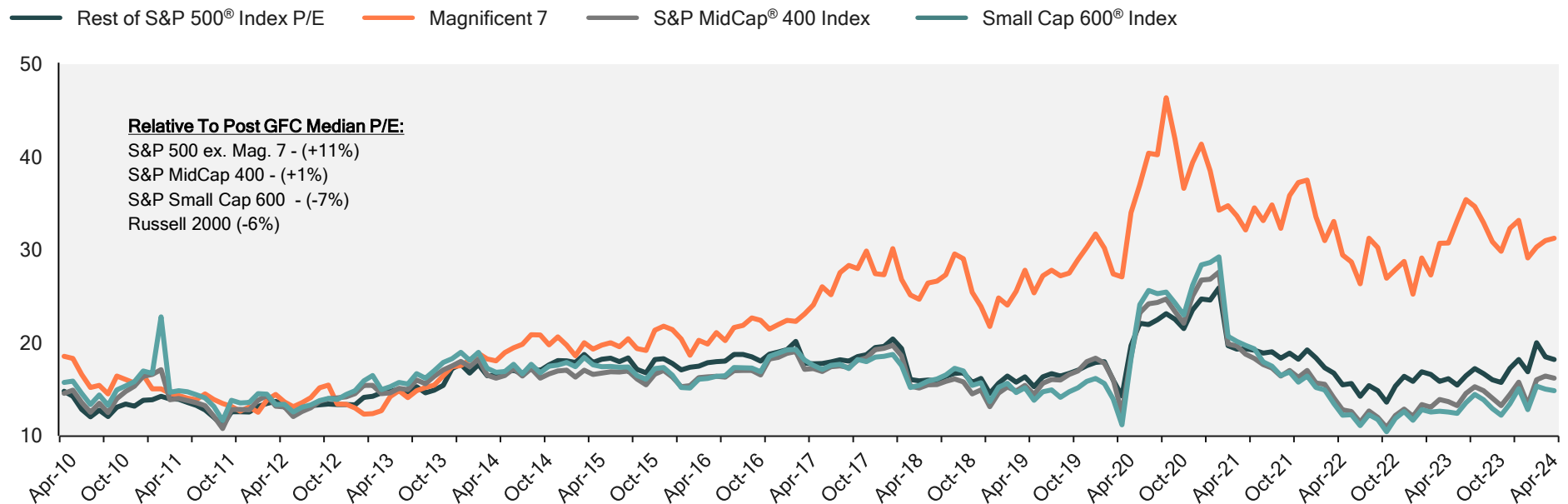
We Expect Small-Cap Valuations to Remain Pressured



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Investment Management

- Much has been made of the gap in valuations for small caps relative to large. That gap has narrowed a bit, but it's not because the stocks had a material rally, but rather a more modest increase in prices and a decline in earnings expectations for small capitalization companies.
- Until earnings growth materializes for these smaller companies, we believe stock performance could continue to lag.
- We believe that this is an asset class best served by active management, as 42% of the index has negative earnings.

P/E of Magnificent 7 Tech Stocks vs. Rest of S&P 500® Index, Mid, and Small Cap Indices GAAP, Current Year



Data as of March 31, 2024. Data is obtained from the Factset and Raymond James and is assumed to be reliable. The Magnificent 7 stocks include Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. The Russell 2000 Index excludes companies with negative earnings. The information provided in this chart is for illustrative purposes only. The indices presented above are not actively managed and do not reflect the deduction of any investment management or other fees and expenses. Indices are not available for direct investment. **Past performance is no guarantee of future results.**

Market Commentary

We Expect More Fundamentals to Drive Equity Performance Going Forward

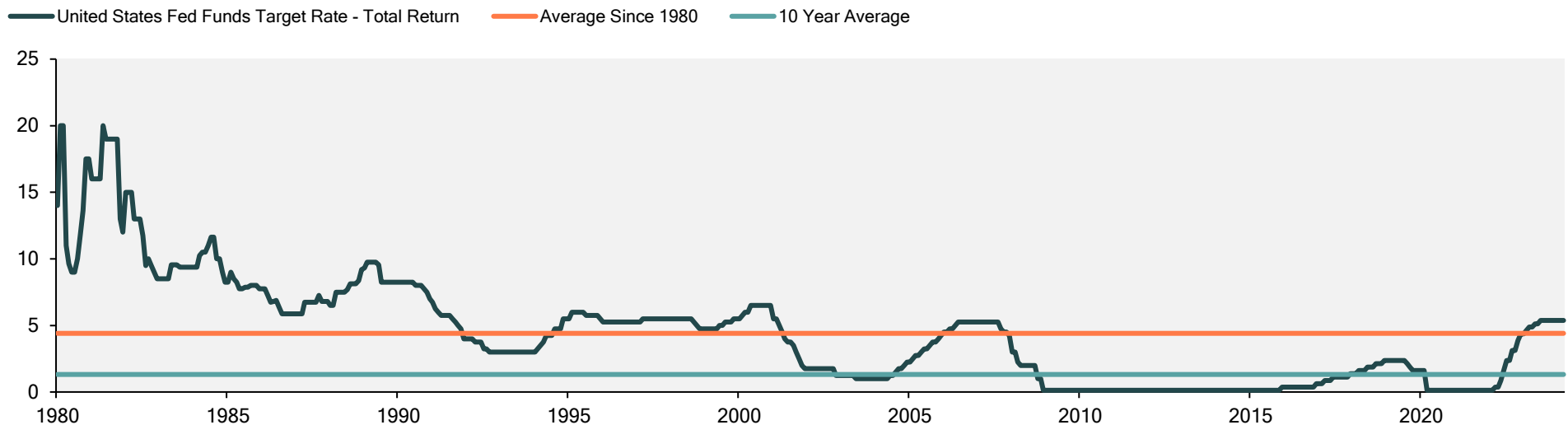


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- Coming out of the pandemic, it has been hard to gauge how much of the strength in the U.S. economy is due to fundamentals versus other exogenous factors.
- The U.S. economy has a very large Federal deficit and while interest rates may have peaked, they are unlikely to return to the very low rates enjoyed during the pandemic.
- Despite rates having increased materially in a short period of time, they are only modestly restrictive compared to the long-run average.
- We expect more fundamental factors will drive corporate profits and thus equity performance going forward.
- The level of deficit to GDP in the U.S. economy is more consistent with 7% unemployment than the 4% we are currently seeing.

Rates Are Not That High Relative To History

Interest Rates Remain Above the 10-Year Average but Near the Long-Term Historical Average



Data as of March 31, 2024. Data is obtained from the Federal Reserve Bank of St. Louis and Factset and is assumed to be reliable. The information provided in this chart is for illustrative purposes only. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer, or solicitation to buy or sell any securities or to adopt any investment strategy. KAR does not undertake to update the information presented. KAR makes no warranty as to the accuracy or reliability of the information contained herein. **Past performance is no guarantee of future results.**

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

Sector Weights

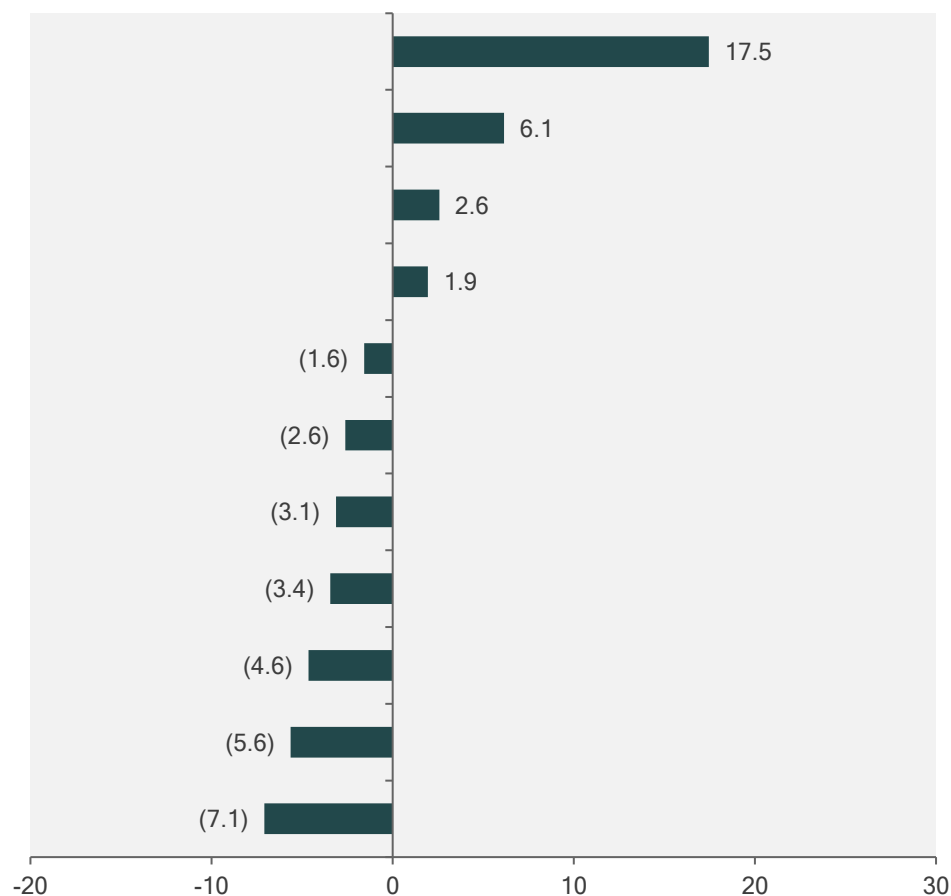
Small-Mid Cap Quality Value Portfolio
As of March 31, 2024



Kayne Anderson Rudnick
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Sectors	KAR Small-Mid Cap Quality Value (%)	Russell 2500™ Value Index (%)
Industrials	38.3	20.8
Consumer Staples	9.0	2.8
Financials	22.7	20.2
Information Technology	10.2	8.2
Materials	5.1	6.6
Communication Services	—	2.6
Consumer Discretionary	9.9	13.1
Utilities	—	3.4
Health Care	2.7	7.4
Energy	—	5.6
Real Estate	2.1	9.2

Underweight/Overweight (%)



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Top Ten Holdings

Small-Mid Cap Quality Value Portfolio

As of March 31, 2024



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Top 10 Holdings	GICS Sector	% of Portfolio
W. R. Berkley	Financials	5.7
Lennox International	Industrials	4.8
TransUnion	Industrials	4.6
Broadridge Financial Solutions	Financials	4.4
Graco	Industrials	4.2
RBC Bearings	Industrials	4.1
Gentex	Consumer Discretionary	4.1
LPL Financial Holdings	Financials	4.0
Landstar System	Industrials	3.9
Jack Henry & Associates	Financials	3.9
Total		43.6

Research confidence leads to large active weights

	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
# of Holdings	30	1,851
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	43.6	5.1
Active Share (%)	97.6	—

The strategy benefits from diversification while still taking significant active positions

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Returns

Small-Mid Cap Quality Value Portfolio



Kayne Anderson Rudnick
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Annualized Performance

Periods Ending 3/31/24	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
First Quarter	6.79	6.01	6.07	(6)
1 Year	20.91	17.38	21.33	(395)
3 Years	3.09	0.05	5.36	(531)
5 Years	12.14	8.84	9.38	(53)
7 Years	10.64	7.39	7.74	(35)
10 Years	10.77	7.52	7.68	(17)
Since Inception*	11.74	8.46	8.23	23

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2023	18.24	14.78	15.98	(120)
2022	(20.01)	(22.43)	(13.08)	(934)
2021	22.18	18.62	27.78	(916)
2020	23.53	19.93	4.88	1,505
2019	32.48	28.65	23.56	508
2018	(11.08)	(13.74)	(12.36)	(138)
2017	19.17	15.69	10.36	533
2016	19.40	15.91	25.20	(929)
2015	(0.59)	(3.53)	(5.49)	195
2014	8.88	5.68	7.11	(143)
2013	36.30	32.37	33.32	(96)
2012	11.01	7.75	19.21	(1,146)
2011	7.40	4.24	(3.36)	760
2010	25.83	22.18	24.82	(264)
2009	32.51	28.67	27.68	99
2008	(18.99)	(21.44)	(31.99)	1,055

*January 1, 2008

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Returns for the Kayne Anderson Rudnick composite are final. All periods less than one year are total returns and are not annualized. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.

Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.

IMPORTANT RISK CONSIDERATIONS: Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Risk-Return Analysis

Small-Mid Cap Quality Value Portfolio

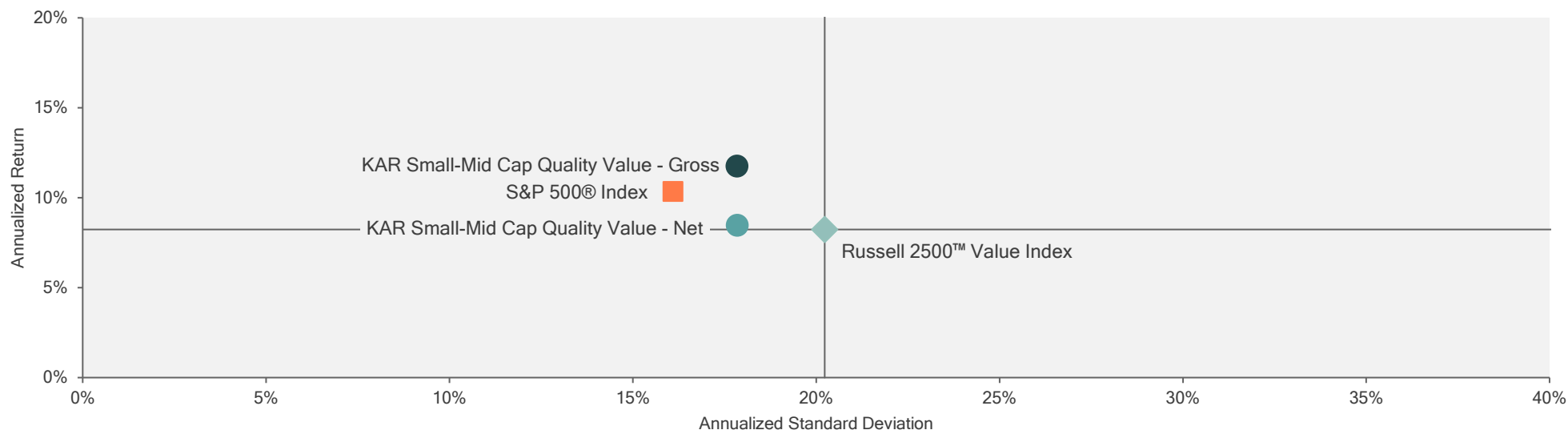
Inception* to March 31, 2024



Kayne Anderson Rudnick
Investment Management

Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Performance Statistics

Annualized Since Inception*

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Small-Mid Cap Quality Value - Gross	11.74	4.30	0.60	0.53	6.67	17.85	0.83	76.65
KAR Small-Mid Cap Quality Value - Net	8.46	1.22	0.42	0.03	6.67	17.85	0.83	81.63
Russell 2500™ Value Index	8.23	0.00	0.36	N/A	N/A	20.23	1.00	100.00

*January 1, 2008

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

Returns for the Kayne Anderson Rudnick composite are final. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Disclosure

Small-Mid Cap Quality Value (Wrap) Composite



Kayne Anderson Rudnick
Investment Management

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2500™ Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	8.88	5.68	7.11	10.65	11.41	12	0.09	140	7,989
2015	(0.59)	(3.53)	(5.49)	12.26	12.19	< 5	N/A	< 1	8,095
2016	19.40	15.91	25.20	12.26	13.36	< 5	N/A	< 1	9,989
2017	19.17	15.69	10.36	10.95	11.98	< 5	N/A	< 1	14,609
2018	(11.08)	(13.74)	(12.36)	12.82	13.77	< 5	N/A	< 1	17,840
2019	32.48	28.65	23.56	13.58	14.43	< 5	N/A	< 1	25,685
2020	23.53	19.93	4.88	21.90	25.40	20	N/A	143	39,582
2021	22.18	18.62	27.78	20.14	24.49	74	0.15	232	47,269
2022	(20.01)	(22.43)	(13.08)	23.21	26.84	< 5	N/A	< 1	33,531
2023	18.24	14.78	15.98	19.44	20.99	< 5	N/A	< 1	41,186

*Pure gross returns are supplemental to net returns.

The Russell 2500™ Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2023. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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

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

The composite includes all fully discretionary Small-Mid Cap Quality Value Wrap Portfolios. Small-Mid Cap Quality Value Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Value Index. The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is January 2008. The composite was created in July 2015. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

For periods prior to July 1, 2015, and from October 1, 2020 through June 30, 2022, the composite calculations have been linked to the firm's Small-Mid Cap Quality Value actual historical non-wrap fee composite performance. All portfolios included in this composite for all other periods are wrap portfolios.

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

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