



Kayne Anderson Rudnick  
Investment Management

A VIRTUS INVESTMENT PARTNER

Mid Cap Core Portfolio  
Managed Accounts  
Second Quarter 2024 Review



1984 - 2024

Celebrating 40 Years  
of Quality

[kayne.com](http://kayne.com)

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# Firm Overview

As of June 30, 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	\$62.9 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 Midcap<sup>®</sup> Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics\*



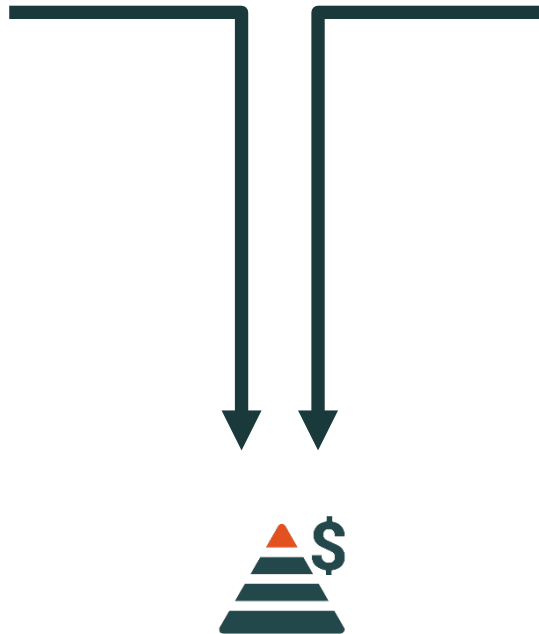
## Competitive Protection

- 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

# Mid Cap Core Team



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Portfolio Manager/Analysts	Responsibility	Research Start Date	KAR Start Date
Jon Christensen, CFA	Portfolio Manager and Senior Research Analyst Sector Coverage: Health Care and Industrials	1995	2001
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Staples	1990	2000
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Financials (Insurance Industry) and Information Technology	1999	2002
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	2004	2013
Julie Kutasov	Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	2001	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

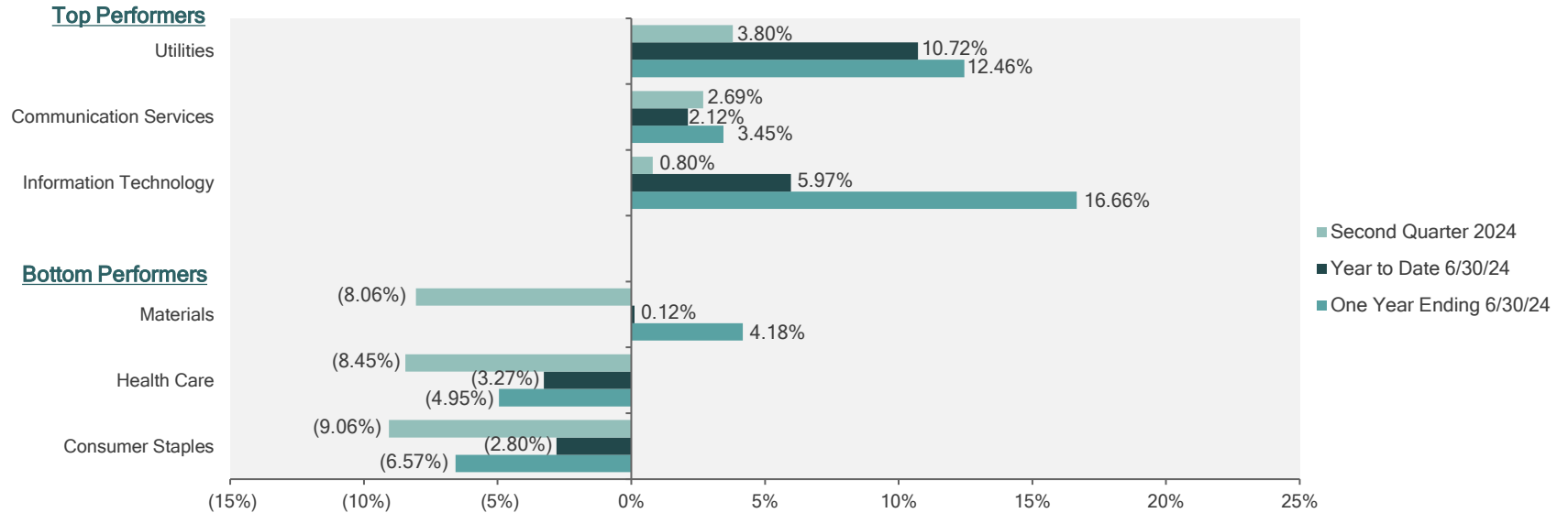
## Performance by Sector and Style



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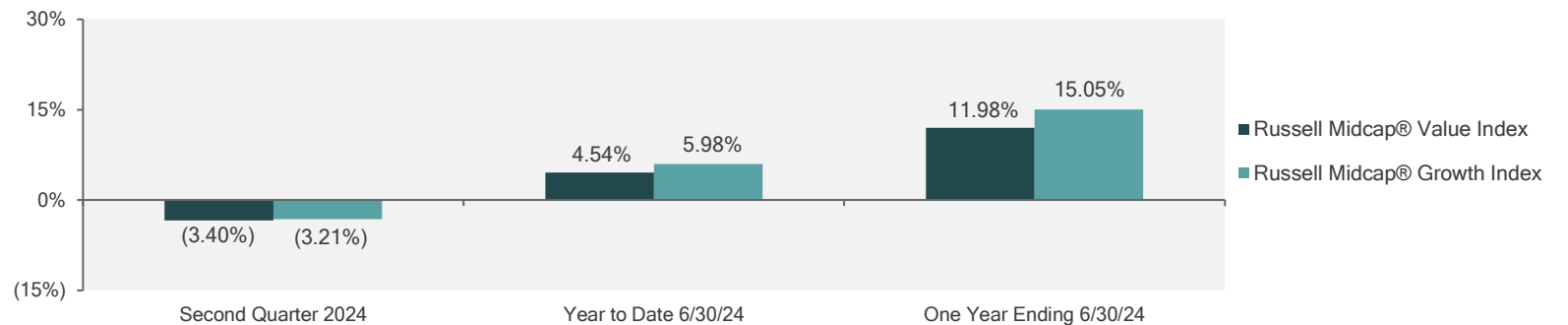
### Sector Performance

Russell Midcap® Index



### Performance by Style

Russell Midcap® Value Index vs. Russell Midcap® 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

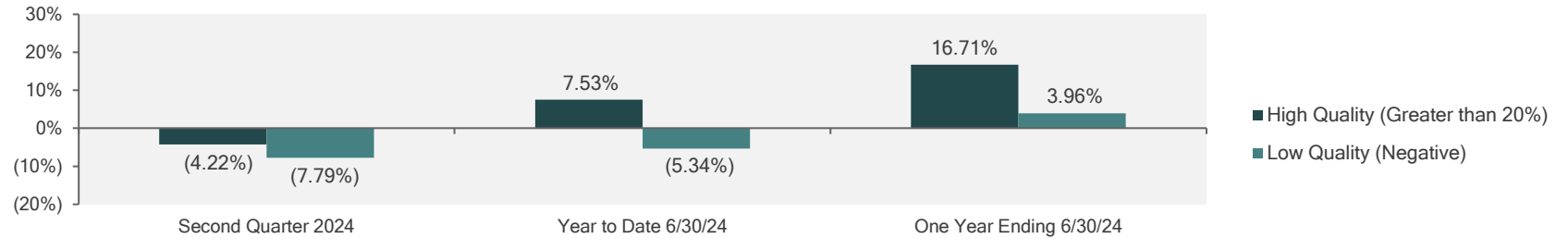
## Performance by Financial Metric



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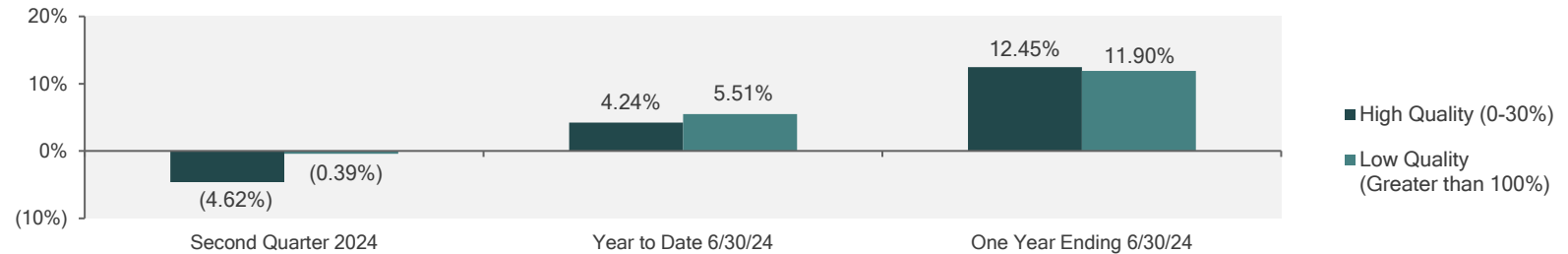
### Performance by Return on Equity

Russell Midcap® Index



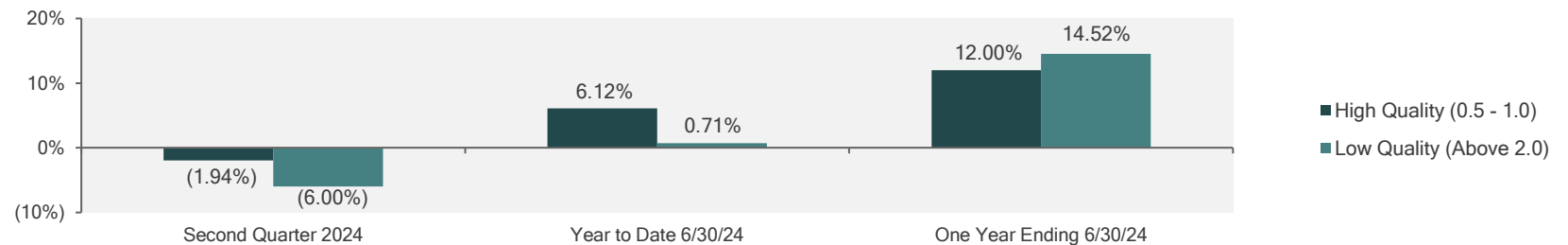
### Performance by Debt/Capital Ratio

Russell Midcap® Index



### Performance by Beta

Russell Midcap® Index



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# Quarterly Performance Overview

Mid Cap Core Portfolio  
Periods Ending June 30, 2024



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## Monthly, Quarterly and Year to Date Performance

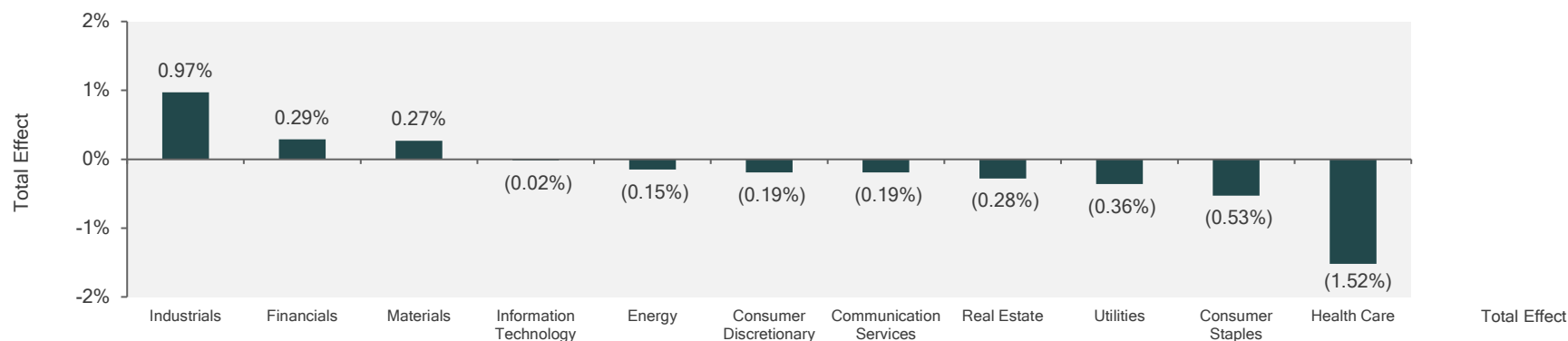
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
April	(6.23)	(6.48)	(5.40)	(108)
May	2.49	2.24	2.85	(62)
June	(0.82)	(1.07)	(0.66)	(41)
Second Quarter	(4.69)	(5.42)	(3.35)	(207)
Year to Date	1.22	(0.29)	4.96	(525)

## Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)
1 Year	10.01	6.78	12.88
5 Years	11.87	8.58	9.46
10 Years	13.13	9.81	9.04

## Attribution by Sector

Quarter Ending June 30, 2024



KAR Selection Effect	1.24%	0.28%	0.00%	(0.09%)	0.00%	(0.16%)	0.00%	0.00%	0.00%	(0.53%)	(1.29%)	(0.55%)
KAR Allocation Effect	(0.27%)	0.01%	0.27%	0.07%	(0.15%)	(0.03%)	(0.19%)	(0.28%)	(0.36%)	0.00%	(0.22%)	(1.16%)

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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. 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.*



# Highest Contributors

## Mid Cap Core Portfolio

### Quarter Ending June 30, 2024



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Security	Contribution	Comments
Monolithic Power Systems	+0.74%	Monolithic Power Systems' shares outperformed in the quarter as strength in its Enterprise Data related to the sale of Graphics Processing Units (GPUs) offset weakness across other segments. The company has been a beneficiary of the artificial intelligence (AI) theme via its dominant position in power management for Nvidia's GPUs and expects further AI-related demand and the recovery of other end markets to support long-term diversified growth for its best-in-class power solutions.
HEICO	+0.57%	HEICO's shares had a strong showing in the quarter as both the company's commercial and defense areas showed solid organic growth.
Exponent	+0.42%	Exponent reported a quarter of improving revenues and utilization. Management expects good demand for its reactive litigation-related services for the year. These factors caused shares to appreciate.
Lennox International	+0.39%	Lennox International executed well in the current quarter with revenue and earnings growth driven by strong commercial performance. While 2024 guidance was maintained, management's outlook remains optimistic on pricing gains from the 2025 refrigeration transition and its ability to regain lost share via "self-help" initiatives. More recently, the company announced a joint venture to sell ductless air conditioning products in the U.S. and Canada, a growing market where Lennox is underpenetrated.
Verisk Analytics	+0.39%	Verisk Analytics' shares outperformed in the quarter driven by consistent revenue growth and margin expansion. We believe the company continues to benefit from a hardening insurance cycle with property and casualty carriers achieving stronger premium growth and increasingly leaning on the company to improve decisioning, risk management, and operational efficiency.

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# Lowest Contributors

## Mid Cap Core Portfolio

### Quarter Ending June 30, 2024



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Security	Contribution	Comments
POOLCORP	(1.00%)	POOLCORP reported slow sales growth caused by customers deferring equipment upgrades exacerbated by poor pool weather at the beginning half of the year. The company also provided a swimming season update in June 2024, guiding business results down because of cautious consumer spending on big ticket items, citing industry-wide weak demand for new pool construction. In addition, when Home Depot announced the acquisition of a private competitor to the company, investors became concerned about the company's competitive environment. These factors caused shares to underperform.
Lamb Weston	(0.86%)	Lamb Weston's ERP implementation disrupted business operations resulting in the company losing share and lowering its near-term financial outlook during its fiscal year Q3 (calendar Q1). Revenues were down 12% organically with volumes down 16%. ERP headwinds contributed to 8 points of volume decline. Of the remaining decline, over half was driven by softer-than-expected restaurant traffic trends and the rest from voluntary exits of low-margin businesses. We believe it will take several quarters of solid execution to provide clarity that the company can work itself out of this problem without making significant concessions that undermine the quality of the business.
West Pharmaceutical Services	(0.75%)	West Pharmaceutical Services continued to report solid results, most notably in its high-value products, which carry strong margins. This quarter it noted weaker order patterns in a few larger customers. We believe these orders are likely delayed and not lost sales. They will however weaken growth for 2024, though the company expects to be able to offset that weakness with growth in newer categories, such as GLP-1 drug delivery devices.
Cooper Companies	(0.65%)	Cooper Companies' shares were lower in the second quarter despite the strong financials the company posted in the first quarter that showed strong organic revenue growth in its eyecare business, which continues to show market share gains. The surgical side of the business has been lumpy as it works through some logistical issues.
Align Technology	(0.64%)	Align Technology's shares were lower in the quarter because of investors' concerns that the economy could impact consumers' decisions to purchase aligners versus traditional braces. Aligners do come at a premium to the wearer. However, we believe the aligner experience for the patient and the higher profit margin for the dental provider create a solid runway of growth for the long-term.

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# Annual Performance Overview

## Mid Cap Core Portfolio

### Periods Ending June 30, 2024



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#### Quarterly and Annual Performance

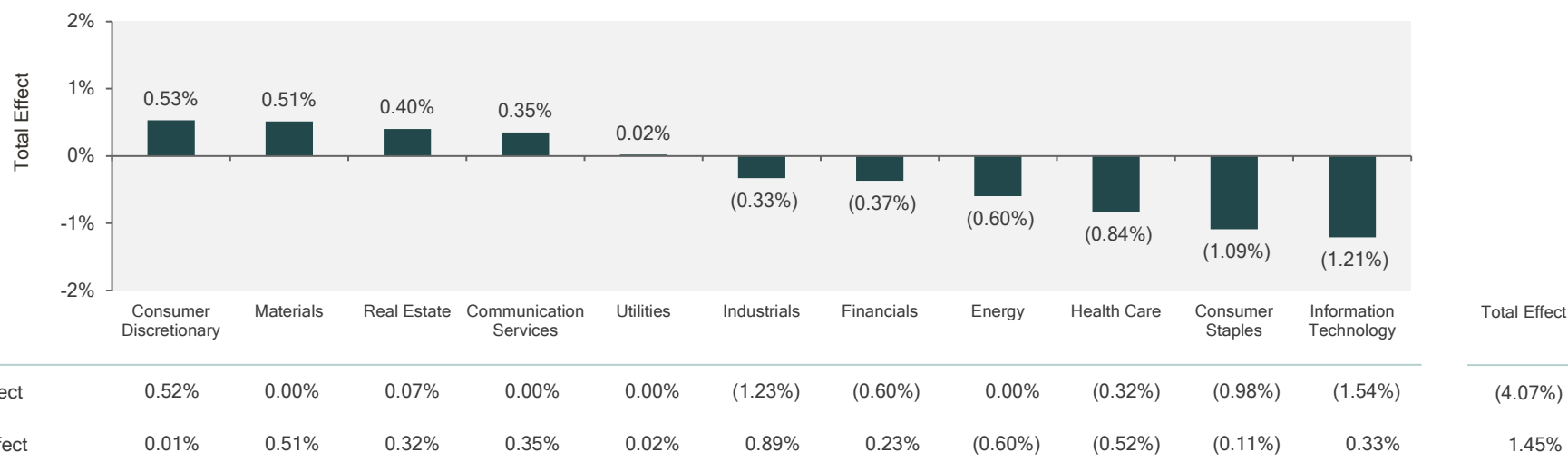
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
Third Quarter 2023	(2.90)	(3.64)	(4.68)	105
Fourth Quarter 2023	11.94	11.13	12.82	(169)
First Quarter 2024	6.20	5.42	8.60	(318)
Second Quarter 2024	(4.69)	(5.42)	(3.35)	(207)
1 Year Ending 6/30/24	10.01	6.78	12.88	(610)

#### Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)
1 Year	10.01	6.78	12.88
5 Years	11.87	8.58	9.46
10 Years	13.13	9.81	9.04

#### Attribution by Sector

One Year Ending June 30, 2024



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# Highest Contributors

## Mid Cap Core Portfolio

### One Year Ending June 30, 2024



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Security	Contribution	Comments
Monolithic Power Systems	+2.06%	Over the last twelve months, shares outperformed due to strong growth in its Enterprise Data segment driven by strong spending for artificial intelligence (AI), specifically Nvidia's graphic processing units (GPUs), where the company has dominant share in power management solutions, which helped offset weakness across all other end markets.
Lennox International	+2.05%	Shares outperformed over the last twelve months as the company continues to experience strong growth and better profitability in its commercial HVAC business despite headwinds in its residential HVAC business. We believe self-help initiatives such as pricing excellence, cost reduction, and distribution optimization are benefiting financial results, providing confidence in the company's long-term outlook and ability to realize attractive returns.
Houlihan Lokey	+1.38%	Houlihan Lokey's focus on smaller deals has allowed it to see more resilient deal volume than several peers over the past several quarters. The company also saw an increase in the financial restructuring work it provides clients from the prior year, helping financial results. The company's fundamental outperformance relative to independent investment banking peers caused its stock to outperform in the trailing twelve-month period.
Domino's Pizza	+1.38%	Domino's Pizza continues to benefit from executing well in their everyday business and bringing their delivery service levels back to pre-COVID levels. Additionally, the business experienced positive sales and transaction levels for its U.S. delivery and carryout business.
Ross Stores	+1.23%	Over the trailing twelve months, Ross saw positive comparable store trends and improving inventory levels despite ongoing macroeconomic pressure on discretionary spending. The company's business model of offering exceptional value on branded products is resonating well with customers in the current environment.

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# Lowest Contributors

## Mid Cap Core Portfolio

### One Year Ending June 30, 2024



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Security	Contribution	Comments
Zebra Technologies	(1.11%)	Shares underperformed over the last twelve months as major e-commerce/retail and logistics customers digested significant capex 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.
Lamb Weston	(1.06%)	Lamb Weston's Enterprise Resource Planning (ERP) implementation disrupted business operations resulting in the company losing share and lowering its near-term financial outlook during its fiscal year. We believe it may take several quarters of solid execution to work itself out of this problem without making significant concessions that undermine the quality of the business.
West Pharmaceutical Services	(0.74%)	While West Pharmaceutical had been a clear beneficiary of growth in GLP-1 drugs, it also saw some weaker order patterns among a small number of large customers. We believe these orders are likely delayed rather than lost to competitors; however, they do present a headwind to earnings, bringing shares lower.
POOLCORP	(0.69%)	POOLCORP reported slow sales growth caused by customers deferring equipment upgrades exacerbated by poor pool weather at the beginning half of the year. The company also provided a swimming season update in June 2024, guiding business results down because of cautious consumer spending on big ticket items, citing industry-wide weak demand for new pool construction. In addition, when Home Depot announced the acquisition of a private competitor to the company, investors became concerned about the company's competitive environment. These factors caused shares to underperform.
Align Technology	(0.64%)	Align Technology's shares were lower in the last year because of investor concern that the economy could impact consumers' decisions to purchase aligners versus traditional braces. Aligners come at a premium to the wearer. However, we believe the aligner experience for the patient and the higher profit margin for the dental provider create a solid runway of growth for the long-term.

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# Purchases

Mid Cap Core Portfolio  
Quarter Ending June 30, 2024



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Purchases	Descriptions/Reasons
Align Technology—Initiated Position	Align Technology designs, manufactures, and markets Invisalign clear aligners, and iTero intraoral scanners and services for orthodontists and general practitioner dentists in the United States and internationally.
LPL Financial—Increased Position	We believe LPL Financial continues to execute well on its strategy as it acquires and integrates other financial advisors into its system. The shares are trading at an attractive valuation so we used the stock's relative underperformance to add to our position.
Teledyne Technologies—Increased Position	Teledyne Technologies has seen slower demand for its Digital Imaging segment as well as its shorter cycle business that has higher margins. We do not view these issues as structural in nature as book-to-bill metrics are still positive and the company's M&A pipeline remains promising. The company also announced a rare share buyback program. We used weakness in the shares to add to our position.

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### Align Technology (ALGN)

- The Invisalign name in the clear aligner system is considered one of the most recognized brands in the world, with over a 90% market share of the clear aligner market. We believe the brand equity combined with innovative technology and the network of trained dentists and orthodontists in Invisalign provide a strong competitive moat. In our view, this creates pricing power not seen in alternative products.
- Most of the company's patents have expired, therefore allowing competition into the category. However, we believe the previously mentioned brand strength combined with spending heavily on innovation that expands the company's addressable market keeps Align Technology ahead of its peers, with new products creating a dynamic environment for providers and solid pricing power in the future.
- The company's fully integrated end-to-end digital workflow system allows dentists and orthodontists to work with Align from the initial scan to full treatment regimes. From our perspective, this allows a greater recurring revenue stream and stability of results over time.

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# Sales

Mid Cap Core Portfolio  
Quarter Ending June 30, 2024

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- There were no sales in the 2<sup>nd</sup> quarter of 2024.

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# Portfolio Characteristics

## Mid Cap Core Portfolio

As of June 30, 2024



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	KAR Mid Cap Core	Russell Midcap® Index
<b>Quality</b>		
Return on Equity—Past 5 Years	24.3%	15.5%
Debt/EBITDA*	1.4 x	2.2 x
Earnings Variability—Past 10 Years	41.4%	62.2%
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	13.2%	12.5%
Earnings Per Share Growth—Past 10 Years	13.9%	11.1%
Dividend Per Share Growth—Past 5 Years	11.9%	8.0%
Dividend Per Share Growth—Past 10 Years	10.9%	7.8%
Capital Generation—{ROE x (1-Payout)}	19.5%	11.0%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	33.0 x	25.1 x
Dividend Yield	0.7%	1.6%
Free Cash Flow Yield†	3.0%	3.6%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Average	\$17.5 B	\$23.0 B
Largest Market Cap—3-Year Average	\$42.7 B	\$63.6 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	15.6%	19.2%

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 March 31, 2024. Prices are as of June 30, 2024. Excludes financials.

‡January 1, 2000

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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

## Continued Strong Earnings Growth in Technology



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- We see earnings growth in the S&P in technology, communication services (which is benefiting from election spending), and utilities (which is seeing earnings grow on the back of high AI spending).
- We can argue that most sectors in the S&P 500 saw earnings bottom in 2023. That has not been the case for small and mid-cap companies which are expected to see earnings growth in the upcoming second quarter earnings season.
- Seven of 11 mid-cap sectors reported improved earnings in the first quarter of 2024. Only two sectors in small cap (health care and utilities) experienced earnings per share improvement in the first quarter. An additional four sectors are expected to show growth this upcoming earnings season.
- That is not to say we would avoid small cap, but rather focus on quality businesses that have more resilient earnings. We believe these durable businesses have performed better than the benchmarks would suggest.

### GICS Sector Contribution to S&P 500® Index Earnings

	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Communication Services	Utilities	Real Estate	Full Year
<b>2020</b>	\$10.60	\$12.68	(\$7.33)	\$29.12	\$23.69	\$7.23	\$32.73	\$4.24	\$19.68	\$6.24	\$3.50	<b>\$142.38</b>
<b>2021</b>	\$16.85	\$12.31	\$9.40	\$46.96	\$29.94	\$13.47	\$42.57	\$6.62	\$22.91	\$5.06	\$3.29	<b>\$209.38</b>
<b>2022</b>	\$14.95	\$13.27	\$26.08	\$29.96	\$31.64	\$18.01	\$42.93	\$7.74	\$25.47	\$6.51	\$5.01	<b>\$221.59</b>
<b>2023P</b>	\$18.86	\$15.10	\$17.22	\$44.14	\$25.88	\$20.31	\$41.33	\$5.47	\$23.95	\$6.99	\$3.69	<b>\$222.94</b>
<b>2024E</b>	\$21.25	\$18.50	\$16.25	\$46.50	\$27.75	\$21.50	\$46.75	\$5.00	\$25.75	\$8.25	\$3.25	<b>\$240.75</b>

Data as of June 30, 2024. Source: Strategas. Data is based on Strategas estimates per share and is assumed to be reliable. This information is being provided by Kayne Anderson Rudnick Investment Management, LLC ("KAR") for illustrative purposes only. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

# Market Commentary

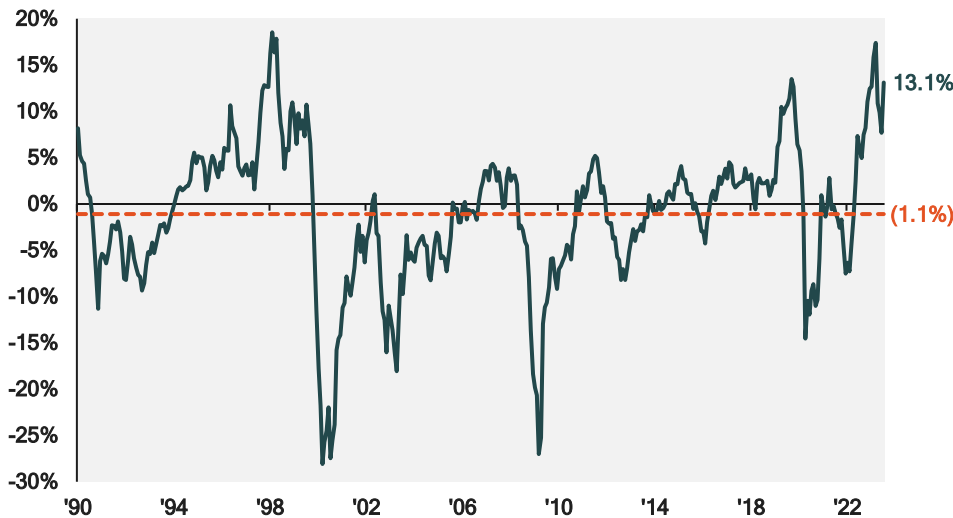
## Continuation of Very Narrow U.S. Large Cap Market



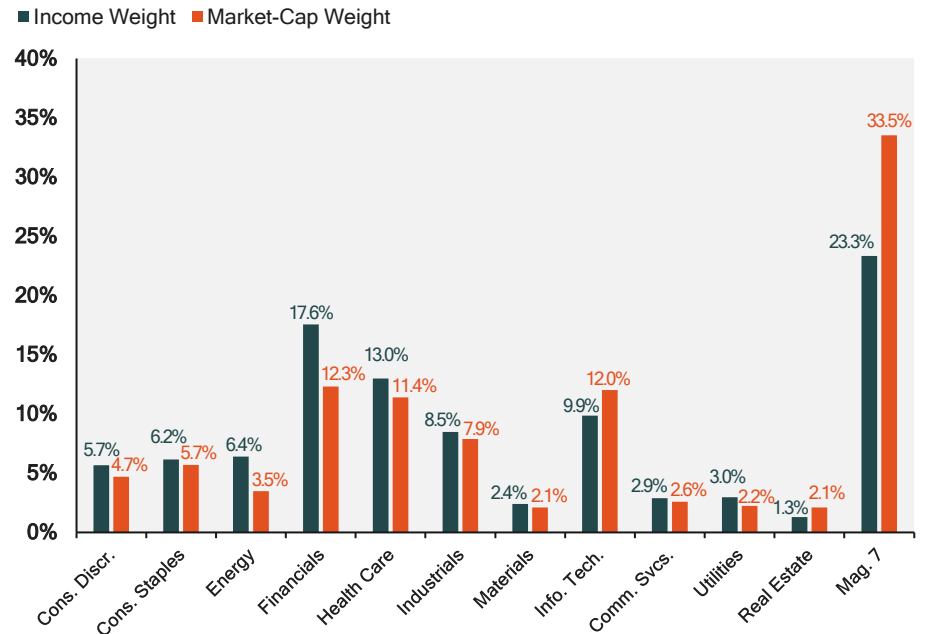
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- From a historical perspective, we have seen two periods where the gap between the market-cap weighted versus equal weighted indices has been this wide (the late 1990s and the late 2010s) and would note that while the gap can persist for some time, the reversals can be sudden.
- The Mag 7 accounts for 32% of the S&P by composite weight but only 23% by earnings. So while we understand investor positioning to go where there is growth, valuations could be a bit full here.
- While many investors seek index investing as a way to diversify, there is less safety in that diversification than in previous periods.

**S&P 500® vs. S&P 500® Equal-Weighted Index**  
Rolling 12-Month Return Differential



**S&P 500® Net Income Weight vs. Sector Weight**



Data as of June 30, 2024. Data for the chart to the left is obtained from Strategas and Bloomberg and is assumed to be reliable. Data for the chart to the right is obtained from Strategas and Factset and is assumed to be reliable. The Magnificent 7 is its own sector and is excluded from the other sectors. The information provided in this chart is for illustrative purposes only. **Past performance is no guarantee of future results.**

# Market Commentary

## A More Normalized Interest Rate Environment Should Allow Quality Companies to Better Differentiate Themselves

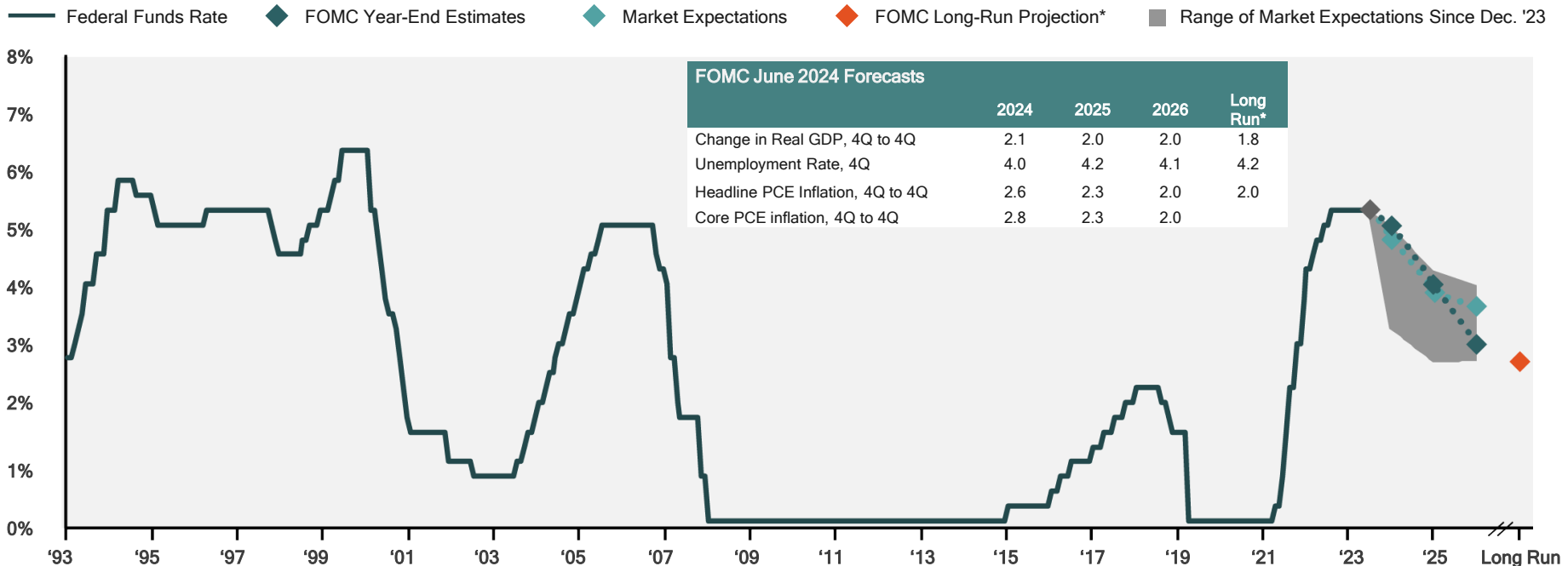


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- While we do expect the Fed to eventually cut interest rates, we do not expect interest rates to return to 0%. The last 13 years are the anomaly, not the current 5.25-5.50%, which is less than 100 basis points above the long-run average.
- Assuming a more normalized or neutral rate of 3-4% could have a profound impact on how companies operate and how assets are priced.
- We believe this should allow for quality companies with low leverage to be better-positioned to weather a more capital-constrained environment by generating all their capital needs internally and finding opportunities to reinvest without relying on free outside financing to do so.

### Federal Funds Rate Expectations

FOMC and Market Expectations for the Federal Funds Rate



Data as of June 30, 2024. Data is obtained from the Bloomberg, FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. Market expectations are based off of USD Overnight Index Swaps. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

# Market Commentary

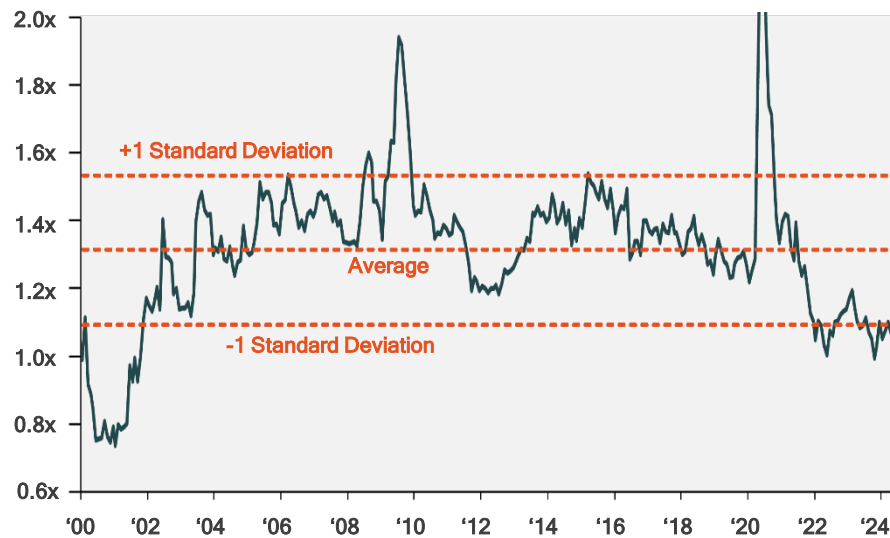
## Large Differential in Valuations Between Large and Small Stocks



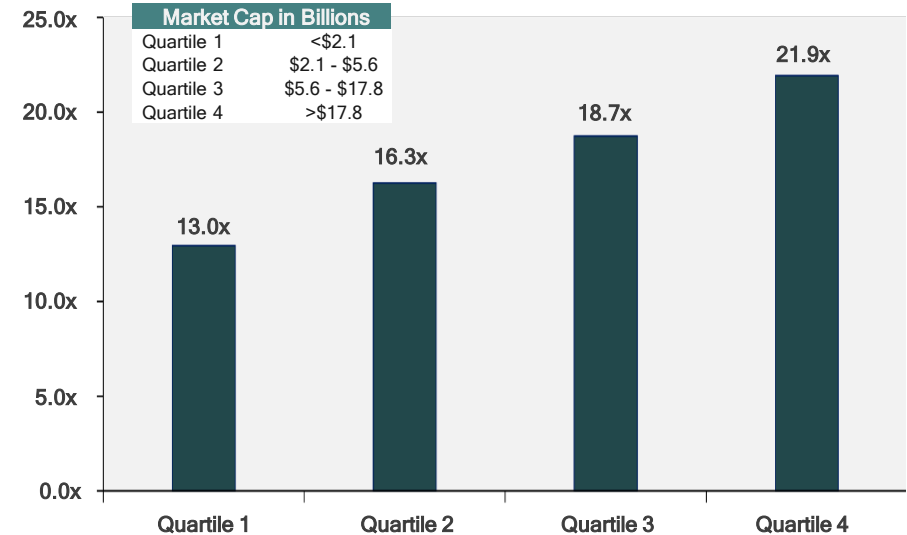
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- Given the disparity in performance between large and small-cap stocks, the differential in large cap and small-cap P/Es are now one standard deviation from their average.
- We also see a direct linear relationship between market cap and P/E multiples.

**Russell 2000® Index P/E Ratio Relative to S&P 500® Index P/E Ratio**  
Next 12 Months



**S&P 1500® Median P/E by Market Cap Quartile**  
Last 12 Months



Data for the chart to the left is as of May 31, 2024. Data for the chart to the right is as of June 18, 2024. Data is obtained from Strategas and Factset and is assumed to be reliable. The information provided in this chart is for illustrative purposes only. **Past performance is no guarantee of future results.**

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

# Sector Weights

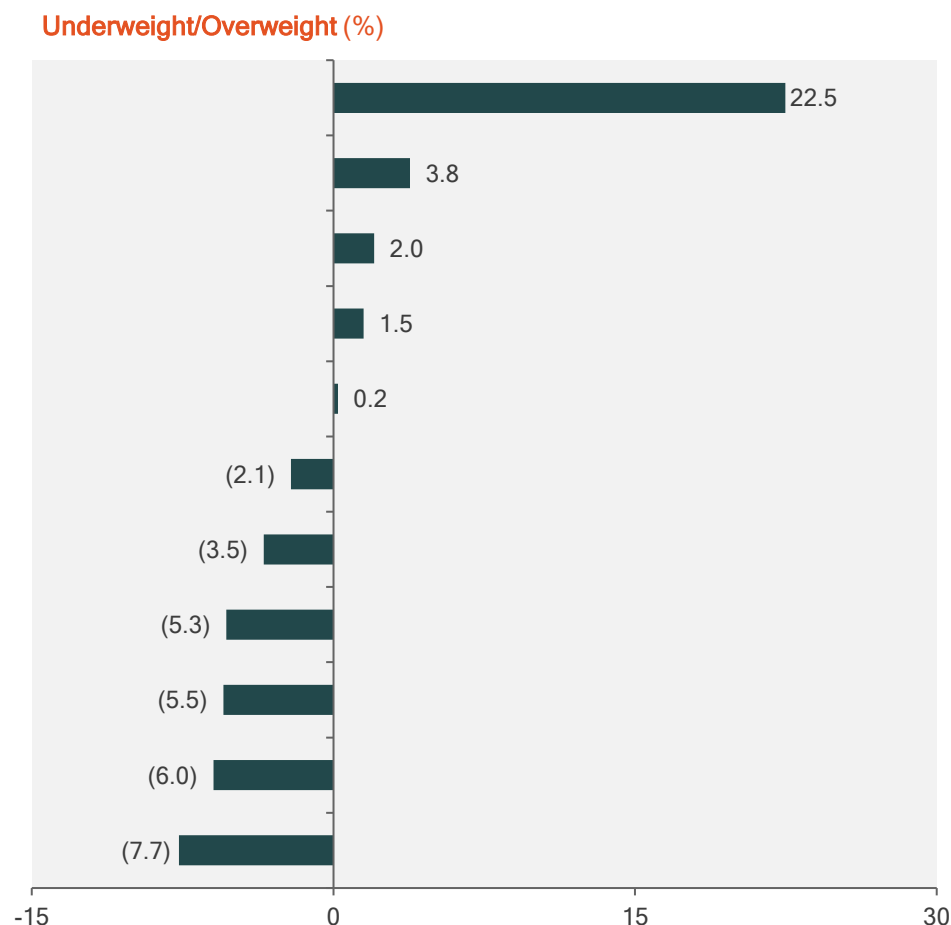
## Mid Cap Core Portfolio

### As of June 30, 2024



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Sectors	KAR Mid Cap Core (%)	Russell Midcap® Index (%)
Industrials	39.4	17.0
Health Care	14.3	10.5
Information Technology	14.7	12.7
Financials	17.1	15.6
Consumer Discretionary	11.3	11.0
Consumer Staples	3.2	5.3
Communication Services	—	3.5
Utilities	—	5.3
Energy	—	5.5
Materials	—	6.0
Real Estate	—	7.7



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

*Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.*

# Top Ten Holdings

## Mid Cap Core Portfolio

### As of June 30, 2024



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Top 10 Holdings	GICS Sector	% of Portfolio
AMETEK	Industrials	6.0
Lennox International	Industrials	4.6
Houlihan Lokey	Financials	4.3
HEICO	Industrials	4.3
Ross Stores	Consumer Discretionary	4.3
Monolithic Power Systems	Information Technology	4.2
Equifax	Industrials	4.1
Cooper Companies	Health Care	4.0
West Pharmaceutical Services	Health Care	3.9
Teledyne Technologies	Information Technology	3.7
<b>Total</b>		<b>43.4</b>

Research confidence leads to large active weights

	KAR Mid Cap Core	Russell Midcap® Index
# of Holdings	29	811
Average Position Size (%)	3.4	0.1
Weight of Top Ten Holdings (%)	43.4	4.7
Active Share (%)	94.9	—

The strategy benefits from diversification while still taking significant active positions

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# Returns

## Mid Cap Core Portfolio



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### Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Second Quarter	(4.69)	(5.42)	(3.35)	(207)
Year to Date	1.22	(0.29)	4.96	(525)
1 Year	10.01	6.78	12.88	(610)
3 Years	3.29	0.23	2.37	(214)
5 Years	11.87	8.58	9.46	(87)
7 Years	13.09	9.77	9.63	14
10 Years	13.13	9.81	9.04	76
Since Inception*	10.43	7.19	8.97	(177)

\*January 1, 2000

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

Returns for the Kayne Anderson Rudnick composite are final. All periods less than one year are total returns and are not annualized. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.

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

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

### Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2023	23.79	20.18	17.23	296
2022	(19.24)	(21.67)	(17.32)	(436)
2021	25.64	21.99	22.58	(60)
2020	26.22	22.55	17.10	544
2019	32.71	28.87	30.54	(167)
2018	(3.24)	(6.11)	(9.06)	295
2017	26.60	22.92	18.52	441
2016	12.24	8.95	13.80	(485)
2015	3.87	0.80	(2.44)	324
2014	17.88	14.43	13.22	122
2013	28.48	24.75	34.76	(1,001)
2012	16.27	12.87	17.28	(441)
2011	4.29	1.21	(1.55)	276
2010	19.46	15.97	25.48	(950)
2009	21.47	18.02	40.48	(2,246)
2008	(28.78)	(31.08)	(41.46)	1,038
2007	6.19	3.09	5.60	(251)
2006	13.10	9.84	15.26	(542)
2005	8.79	5.63	12.65	(702)
2004	15.29	11.99	20.22	(823)
2003	26.67	23.11	40.06	(1,695)
2002	(12.62)	(15.31)	(16.19)	88
2001	(2.76)	(5.68)	(5.62)	(6)
2000	21.54	18.10	8.25	985

# Risk-Return Analysis

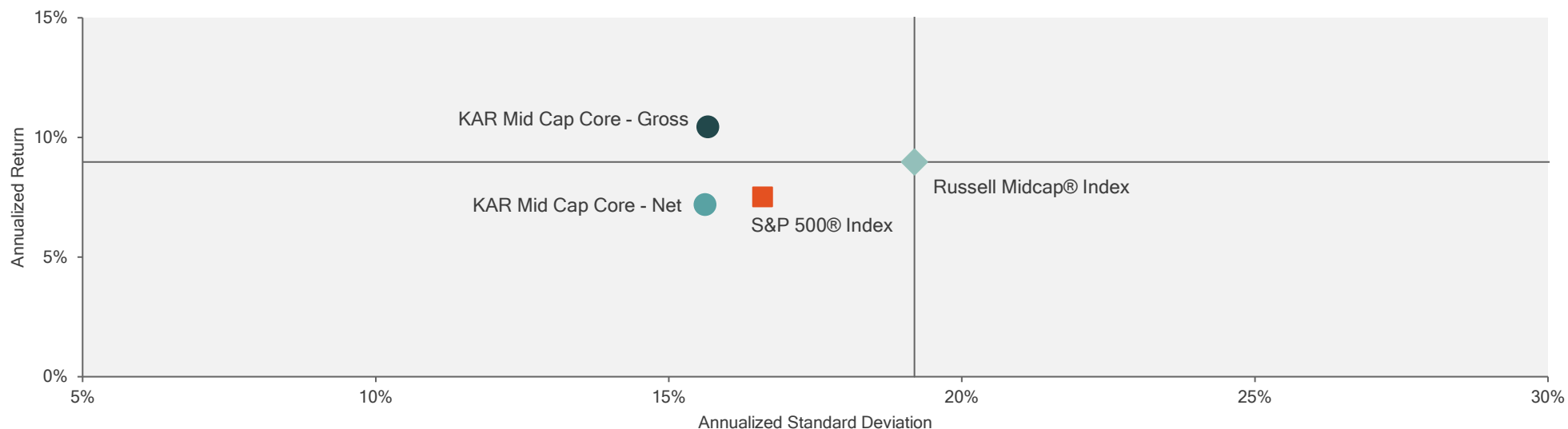
Mid Cap Core Portfolio  
Inception\* to June 30, 2024



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## Meaningful Excess Return with Lower Volatility

Annualized Since Inception\*



## Performance Statistics

Annualized Since Inception\*

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Mid Cap Core - Gross	10.43	2.80	0.55	0.21	7.06	15.67	0.77	69.91
KAR Mid Cap Core - Net	7.19	(0.24)	0.35	(0.25)	7.07	15.62	0.76	78.49
Russell Midcap® Index	8.97	0.00	0.37	N/A	N/A	19.19	1.00	100.00

\*January 1, 2000

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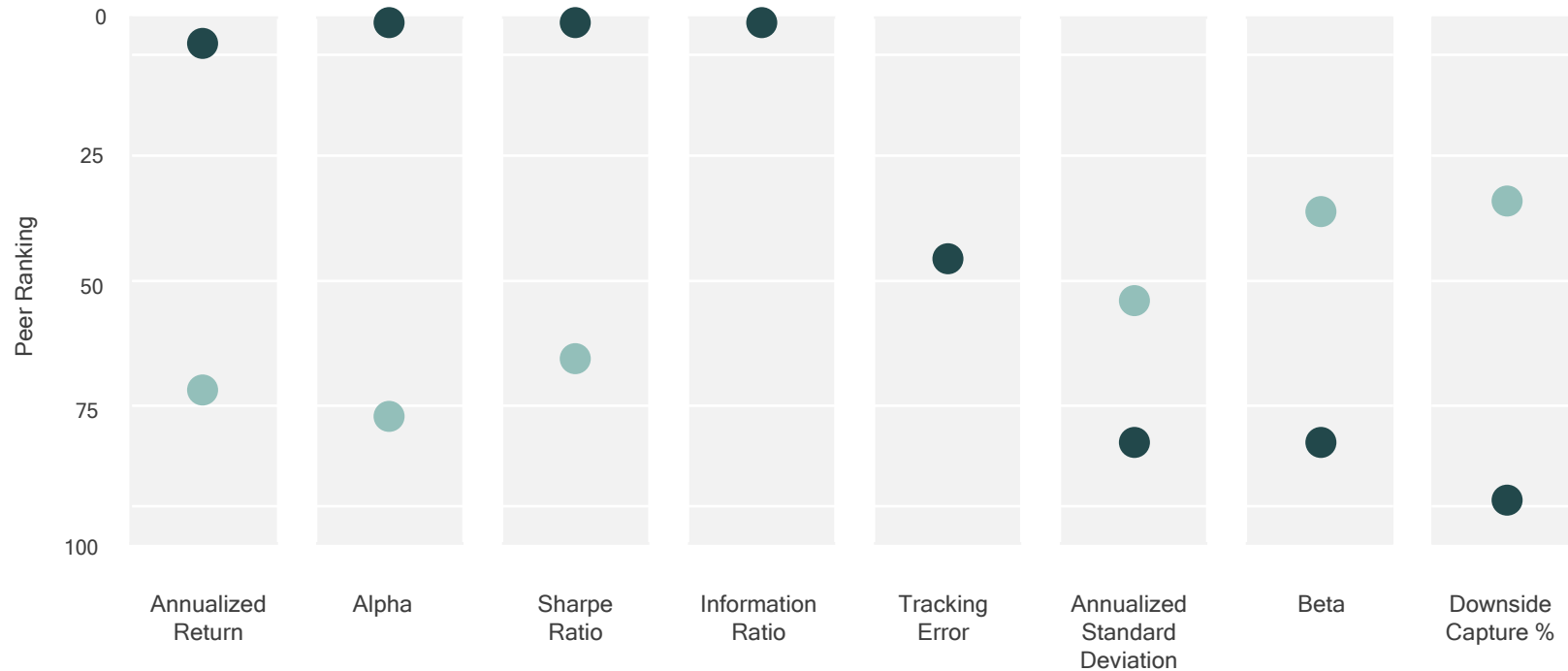
# Peer Comparison

## Mid Cap Core Portfolio

### Ten Years Ending June 30, 2024



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Investment Management



KAR Mid Cap Core
  Russell Midcap® Index
  Mid Cap Core Universe

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

*The eVestment Mid Cap Core Universe includes 45 managers categorized in the mid cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Mid Cap Core Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment managements fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations.*

***Past performance is no guarantee of future results.***

# Disclosure

## Mid Cap Core (Wrap) Composite



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Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell Midcap® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	17.88	14.43	13.22	10.27	10.29	5	0.16	7	7,989
2015	3.87	0.80	(2.44)	11.94	11.00	5	N/A	7	8,095
2016	12.24	8.95	13.80	12.33	11.72	5	0.14	9	9,989
2017	26.60	22.92	18.52	10.79	10.51	< 5	N/A	9	14,609
2018	(3.24)	(6.11)	(9.06)	11.37	12.15	6	N/A	15	17,840
2019	32.71	28.87	30.54	12.56	13.08	< 5	N/A	20	25,685
2020	26.22	22.55	17.10	19.10	22.13	< 5	N/A	15	39,582
2021	25.64	21.99	22.58	17.89	20.84	13	N/A	25	47,269
2022	(19.24)	(21.67)	(17.32)	21.27	23.95	26	0.34	23	33,531
2023	23.79	20.18	17.23	19.00	19.38	33	0.25	41	41,186

\*Pure gross returns are supplemental to net returns.

The Russell Midcap® Index and Russell 1000® Index are trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.

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

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Mid Cap Core Wrap Composite has had a performance examination for the period from January 1, 2000 through December 31, 2023. The verification and performance examination reports are available upon request.

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The composite includes all discretionary Mid Cap Core Wrap Portfolios. Mid Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® 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 Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 2000. The composite was created in July 2003. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

Beginning on January 1, 2006, sub-advisory wrap fee portfolios are also included in composite results. Each sub-advisory relationship is included in the composite as one account. All portfolios included in this composite for all periods are wrap portfolios.

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

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