



Kayne Anderson Rudnick
Investment Management

A VIRTUS INVESTMENT PARTNER

Small-Mid Cap Core Portfolio
Managed Accounts
Second Quarter 2024 Review



1984 - 2024

Celebrating 40 Years
of Quality

[kayne.com](https://www.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 2500™ Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics*



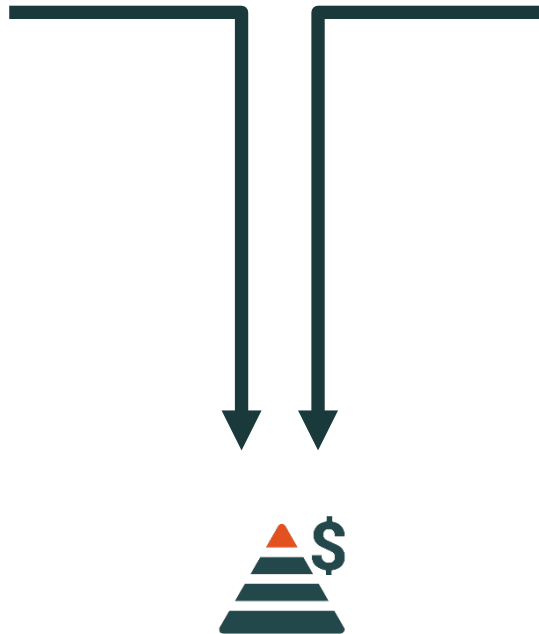
Competitive Protection

- 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 Core Team



Kayne Anderson Rudnick
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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
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
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

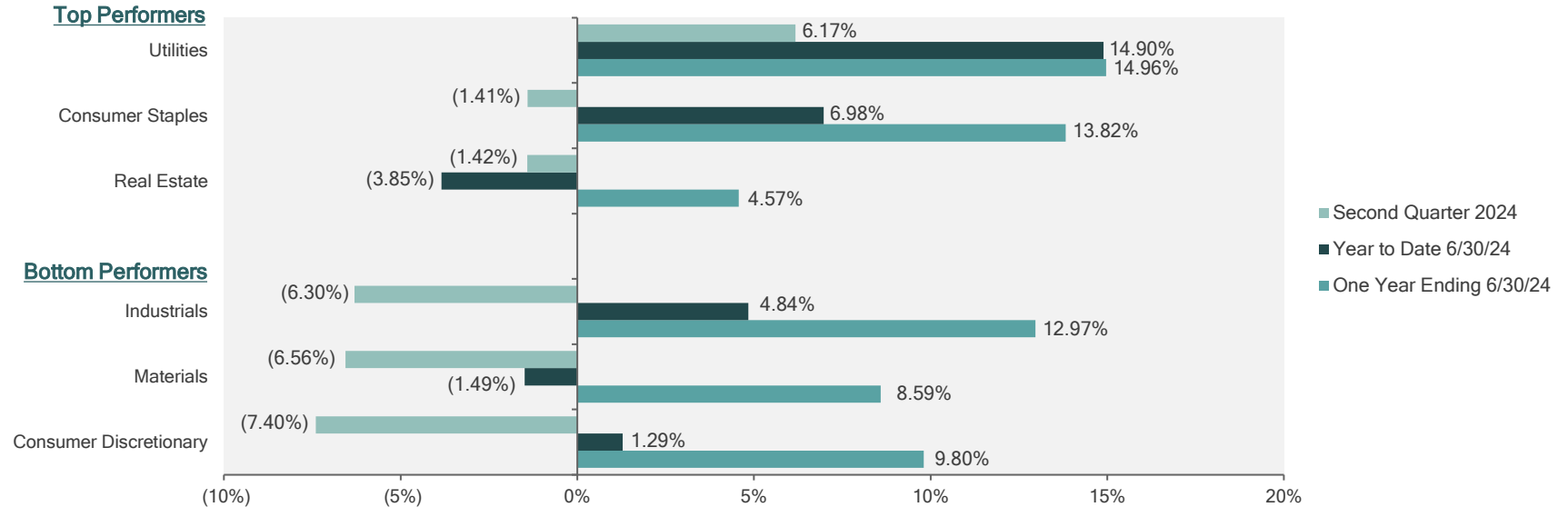
Performance by Sector and Style



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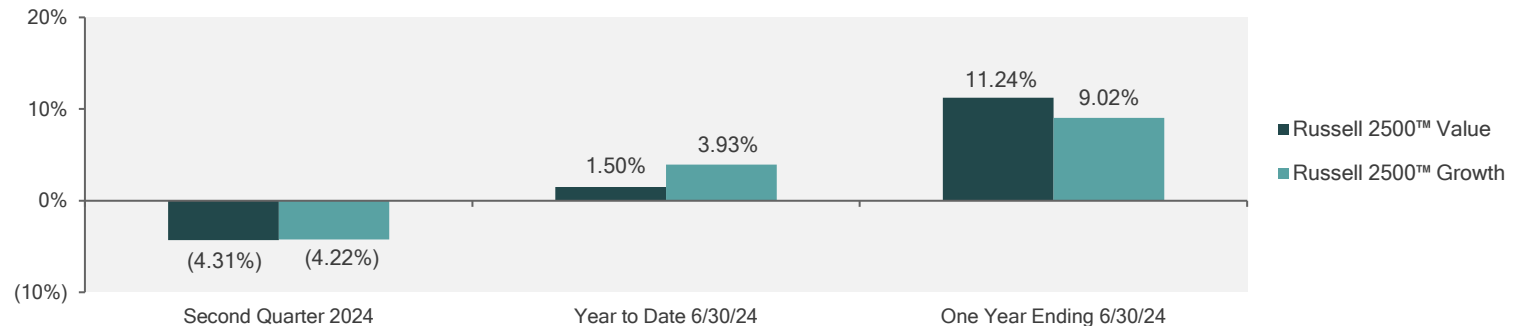
Sector Performance

Russell 2500™ 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

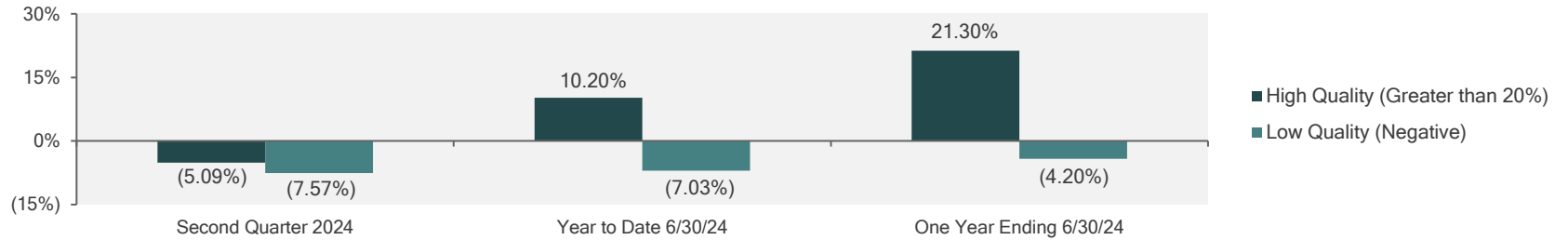
Performance by Financial Metric



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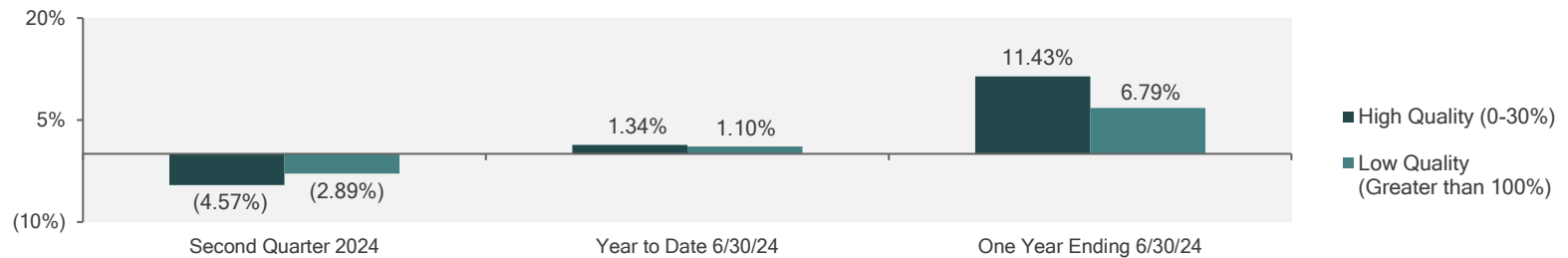
Performance by Return on Equity

Russell 2500™ Index



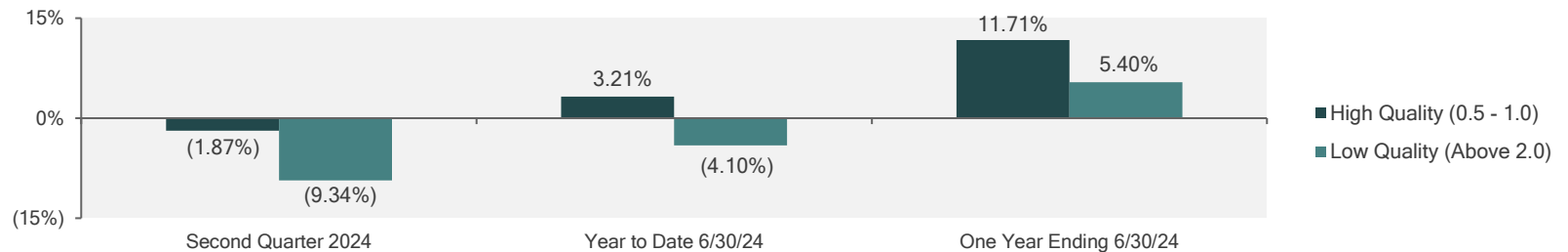
Performance by Debt/Capital Ratio

Russell 2500™ Index



Performance by Beta

Russell 2500™ Index



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Quarterly Performance Overview

Small-Mid Cap Core Portfolio
Periods Ending June 30, 2024



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Monthly, Quarterly and Year to Date Performance

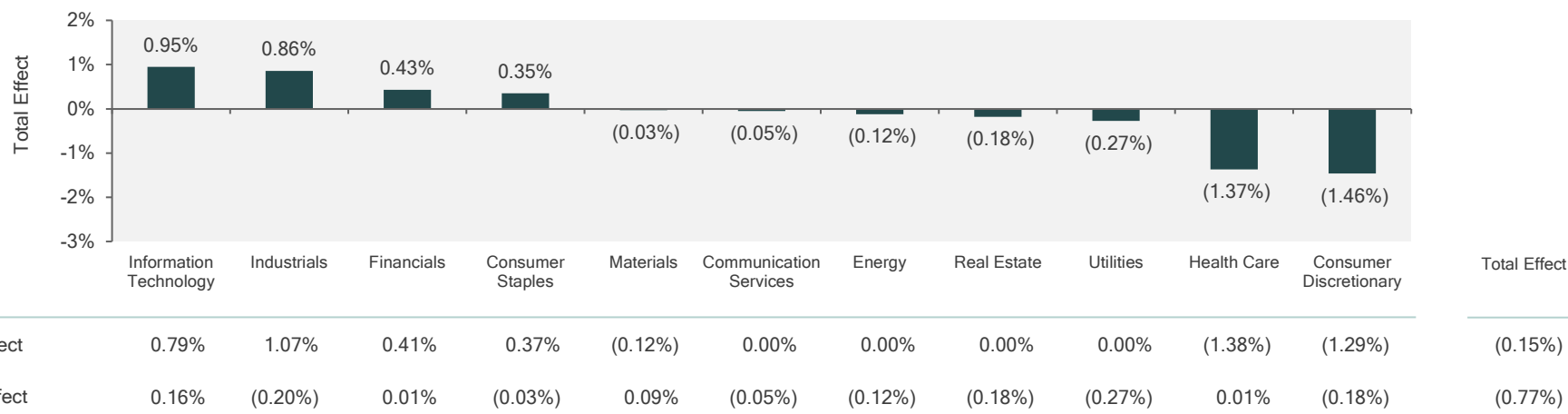
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
April	(7.07)	(7.32)	(6.70)	(62)
May	3.08	2.83	4.16	(133)
June	(0.92)	(1.17)	(1.50)	33
Second Quarter	(5.09)	(5.81)	(4.27)	(153)
Year to Date	2.13	0.61	2.35	(174)

Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)
1 Year	9.75	6.52	10.47
5 Years	12.14	8.85	8.31
10 Years	12.79	9.48	7.99

Attribution by Sector

Quarter Ending June 30, 2024



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Highest Contributors

Small-Mid Cap Core Portfolio

Quarter Ending June 30, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Teradyne	+1.14%	Teradyne experienced better-than-expected results driven by strong growth in memory SoC testing and A&D systems testing, while major end markets such as mobile SoC, automotive, industrial, and automation remained weak. Management raised their outlook driven by increased demand for HBM memory test and AI compute applications. Combined with increased optimism on improving OSAT tester utilization trends, shares outperformed during the quarter.
Fair Isaac	+0.56%	Fair Isaac's shares outperformed in the quarter as the company generated strong revenue and earnings growth and raised its outlook. Revenue growth was driven mostly by price increases for FICO scores. The company's Software business also contributed despite some project deferrals and longer sales cycles. Regulatory concerns on FICO pricing practices have driven volatility, but we believe the company has helped address issues with transparency around its pricing philosophy.
Lennox International	+0.46%	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.
BJ's Wholesale Club	+0.35%	Membership renewal rates for BJ's Wholesale club stand at 90% so far this year. Total locations grew and, in our view, should accelerate in the second half of the year as the company expects to open 11 new stores. The new stores opened are performing well and are either meeting or exceeding expectations. BJ's main competition are grocery stores and, to a lesser degree, Costco. We believe the value BJ's offers customers is magnified at this time of grocery price inflation and benefits the company.
Exponent	+0.34%	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.

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Lowest Contributors

Small-Mid Cap Core Portfolio

Quarter Ending June 30, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
POOLCORP	(1.10%)	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.
Charles River Laboratories International	(0.92%)	Charles River's shares were weaker this quarter as a few issues in the company's Discovery & Safety segments as well as Manufacturing created overall negative organic sales. The company's non-human primate business is coming back but peers are taking aggressive pricing actions. We believe the overall funding environment is slowly coming back but may take time.
SiteOne Landscape Supply	(0.91%)	SiteOne Landscape Supply reported commodity price deflation negatively affecting both sales and margins. 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.
Thor Industries	(0.75%)	Thor Industries continues to feel the effects of the significant downdraft in industry-wide RV sales. The company is experiencing weaker demand, particularly in North America due to economic pressure on the consumer and higher interest rates. 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.
Saia	(0.74%)	Despite Saia's strong first quarter, shares were down sharply in the second quarter. We believe investors have grown concerned that if the weak shipping environment continues, industry pricing could degrade.

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Annual Performance Overview

Small-Mid Cap Core Portfolio

Periods Ending June 30, 2024



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Quarterly and Annual Performance

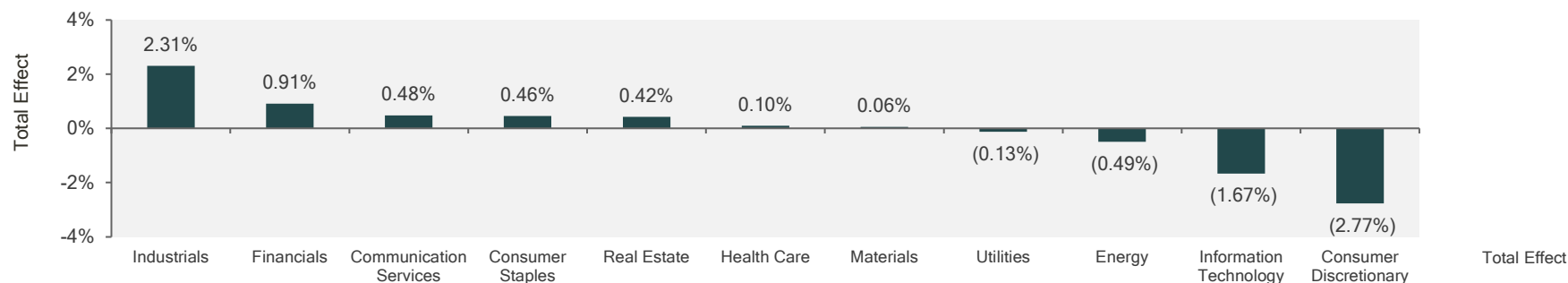
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
Third Quarter 2023	(4.25)	(4.97)	(4.78)	(19)
Fourth Quarter 2023	12.23	11.42	13.35	(193)
First Quarter 2024	7.60	6.81	6.92	(11)
Second Quarter 2024	(5.09)	(5.81)	(4.27)	(153)
1 Year Ending 6/30/24	9.75	6.52	10.47	(395)

Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)
1 Year	9.75	6.52	10.47
5 Years	12.14	8.85	8.31
10 Years	12.79	9.48	7.99

Attribution by Sector

One Year Ending June 30, 2024



	Industrials	Financials	Communication Services	Consumer Staples	Real Estate	Health Care	Materials	Utilities	Energy	Information Technology	Consumer Discretionary	Total Effect
KAR Selection Effect	2.08%	0.98%	0.00%	0.49%	0.00%	(0.13%)	(0.02%)	0.00%	0.00%	(1.93%)	(2.75%)	(1.29%)
KAR Allocation Effect	0.24%	(0.07%)	0.48%	(0.03%)	0.42%	0.22%	0.08%	(0.13%)	(0.49%)	0.26%	(0.02%)	0.96%

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Highest Contributors

Small-Mid Cap Core Portfolio

One Year Ending June 30, 2024



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Security	Contribution	Comments
Lennox International	+2.34%	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.
Fair Isaac	+1.82%	Fair Isaac's shares outperformed over the last twelve months due to strong growth in its Scores business from price increases despite a weak loan origination market, in addition to growth in its Software business as the company expands its share of wallet at existing customers with new solutions.
Interactive Brokers Group	+1.30%	Over the trailing twelve months, Interactive Brokers Group reported consistent revenue and profit growth despite market participant concerns around broader market volatility and the direction of benchmark interest rates potentially affecting the electronic broker's profits. Underlying unit metrics of client growth and client equity growth also remained strong. We believe the combination of these factors resulted in shares outperforming.
W. R. Berkley	+1.24%	A hard property and casualty insurance market has enabled W. R. Berkley to raise prices and expand coverage. Meanwhile, underwriting profitability remains strong and investment income has grown along with rising interest rates.
Teradyne	+1.01%	Shares outperformed over the last twelve months due to increased memory tester demand for high-bandwidth memory (HBM) related to Artificial Intelligence (AI) applications in addition to expectations for better outsourced test and assembly (OSAT) utilization levels as demand for 3nm picks up, particularly at its major smartphone customer.

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Lowest Contributors

Small-Mid Cap Core Portfolio

One Year Ending June 30, 2024



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
SiteOne Landscape Supply	(0.92%)	SiteOne Landscape Supply reported commodity price deflation negatively affecting both sales and margins. 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.
POOLCORP	(0.76%)	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.
Bentley Systems	(0.47%)	Bentley Systems reported solid top- and bottom-line growth over the last twelve months. The company saw strong demand for its global infrastructure software products. It has also been investing in more modern applications for Artificial Intelligence. The company, however, announced its long-time CEO would retire, though remains as Executive Chairman. Shares weakened on that news.
Cooper Companies	(0.46%)	Cooper Companies' shares were lower over the past year 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.
Nordson	(0.18%)	We believe Nordson's underperformance is likely due to the underperformance of its recent and largest acquisition to date, which closed in August 2023. The cyclical nature of the business of the acquired company is greater than Nordson's management's expectations at the time of the acquisition and this impacted the general prospects of the business.

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Purchases

Small-Mid Cap Core Portfolio
Quarter Ending June 30, 2024



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Purchases	Descriptions/Reasons
BJ's Wholesale Club—Initiated Position	BJ's Wholesale Club engages in the operation of membership warehouse clubs. Its product categories include grocery, household and pet, television and electronics, furniture, computer and tablets, patio and outdoor living, lawn and garden, baby and kids, toys, home, health and beauty, appliances, and jewelry.

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New Position

Small-Mid Cap Core Portfolio
Quarter Ending June 30, 2024



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BJ's Wholesale Club (BJ)

- Membership warehouse clubs, such as BJ's Wholesale Club, require customers to purchase a monthly membership before being granted access to shop. This creates a barrier to entry for entrants wanting to break into the membership warehouse club business. Without an established reputation of offering low prices on branded products to be worth the monthly membership, new entrants would find it difficult to reach minimum viable scale.
- Membership warehouse clubs have several features that provide them cost advantages to other retailer concepts that can be passed on as premium product price value to members. First, warehouse clubs offer a relatively narrow assortment of food and general merchandise within a wide range of product categories. This generates high sales volumes and rapid inventory turnover within the limited SKUs that are stocked, as well as purchasing power towards suppliers who compete to have their SKU represented at the warehouse club rather than at an alternative supplier's. Second, warehouse clubs eliminate many of the merchandise handling costs associated with traditional multi-step distribution channels by purchasing directly from manufacturers and by storing merchandise on the sales floor rather than in central warehouses. This saves on distributor commissions and warehousing costs. By passing these savings on to customers, BJ's Wholesale Club is able to offer a differentiated value relative to non-warehouse grocers and retailers.
- From our perspective, the company has been a beneficiary of specific tailwinds in the past three years. These include the exit of Sam's club in 2018, inflation of consumer necessities including gas and groceries, and gains in membership during lockdown when other retailers had supply chain issues.

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Sales

Small-Mid Cap Core Portfolio
Quarter Ending June 30, 2024



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Sales

Reasons

ANSYS—Sold Entire Position

We sold our position in ANSYS to help fund purchases in the portfolio. ANSYS is being acquired with the deal closing in Q1 2025.

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Portfolio Characteristics

Small-Mid Cap Core Portfolio

As of June 30, 2024



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	KAR Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity—Past 5 Years	23.8%	13.4%
Debt/EBITDA*	1.5 x	2.2 x
Earnings Variability—Past 10 Years	41.3%	74.7%
Growth		
Earnings Per Share Growth—Past 5 Years	12.5%	14.3%
Earnings Per Share Growth—Past 10 Years	14.5%	10.8%
Dividend Per Share Growth—Past 5 Years	8.9%	7.6%
Dividend Per Share Growth—Past 10 Years	10.6%	7.5%
Capital Generation—{ROE x (1-Payout)}	19.0%	10.5%
Value		
P/E Ratio—Trailing 12 Months	34.3 x	29.0 x
Dividend Yield	0.8%	1.5%
Free Cash Flow Yield†	3.9%	3.7%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$14.5 B	\$6.8 B
Largest Market Cap—3-Year Average	\$35.4 B	\$29.9 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	16.2%	19.7%

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.

‡April 1, 1992

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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
2020	\$10.60	\$12.68	(\$7.33)	\$29.12	\$23.69	\$7.23	\$32.73	\$4.24	\$19.68	\$6.24	\$3.50	\$142.38
2021	\$16.85	\$12.31	\$9.40	\$46.96	\$29.94	\$13.47	\$42.57	\$6.62	\$22.91	\$5.06	\$3.29	\$209.38
2022	\$14.95	\$13.27	\$26.08	\$29.96	\$31.64	\$18.01	\$42.93	\$7.74	\$25.47	\$6.51	\$5.01	\$221.59
2023P	\$18.86	\$15.10	\$17.22	\$44.14	\$25.88	\$20.31	\$41.33	\$5.47	\$23.95	\$6.99	\$3.69	\$222.94
2024E	\$21.25	\$18.50	\$16.25	\$46.50	\$27.75	\$21.50	\$46.75	\$5.00	\$25.75	\$8.25	\$3.25	\$240.75

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

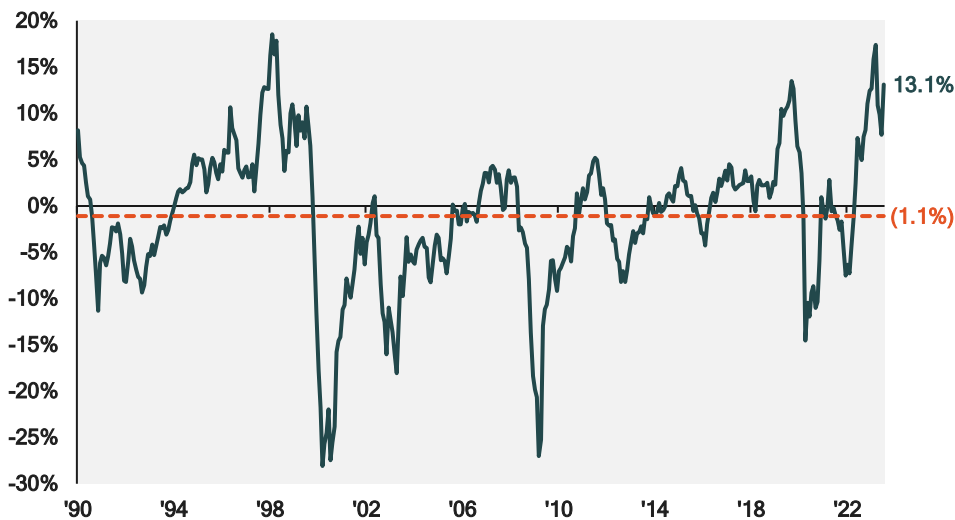
Continuation of Very Narrow U.S. Large Cap Market



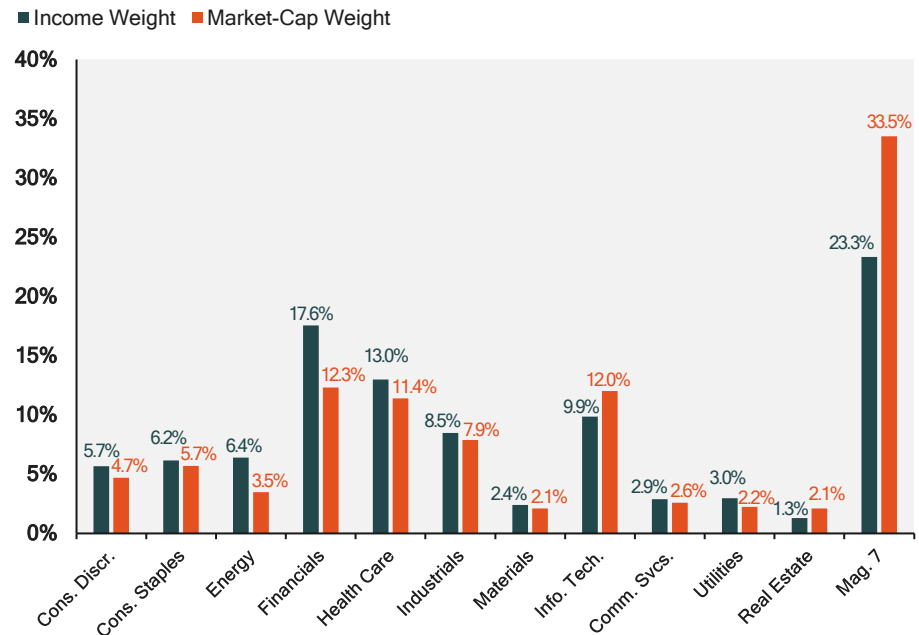
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- From a historical perspective, we have seen two periods where the gap between the market-cap weighted versus equal weighted indices has been this wide (the late 1990s and the late 2010s) and would note that while the gap can persist for some time, 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

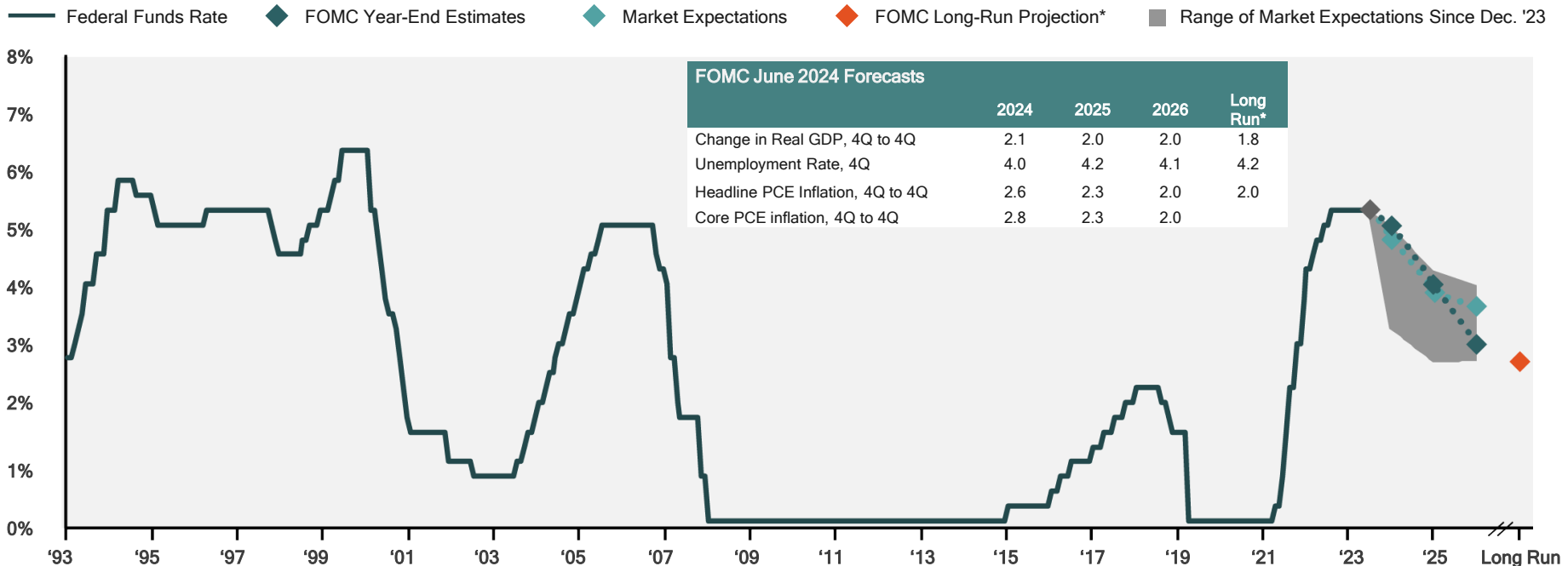


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- While we do expect the Fed to eventually cut interest rates, we do not expect interest rates to return to 0%. The last 13 years are the anomaly, not the current 5.25-5.50%, which is less than 100 basis points above the long-run average.
- Assuming 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

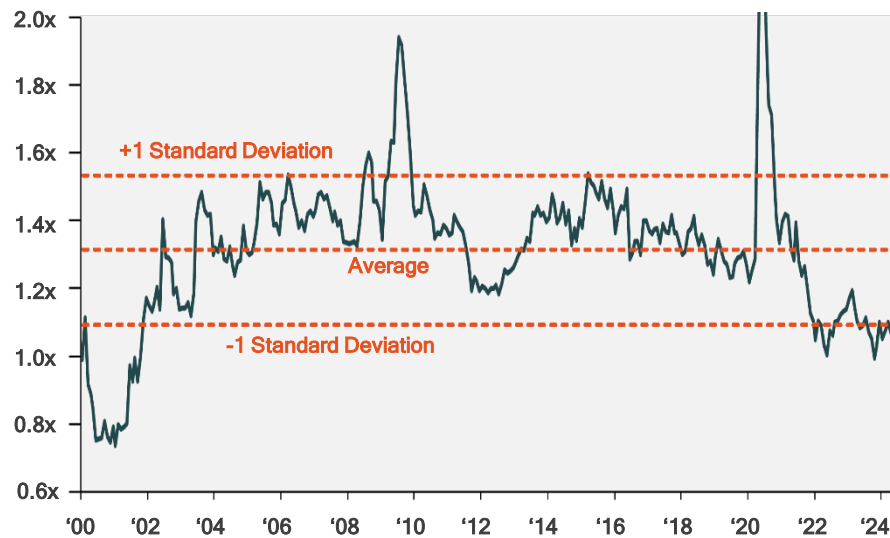
Large Differential in Valuations Between Large and Small Stocks



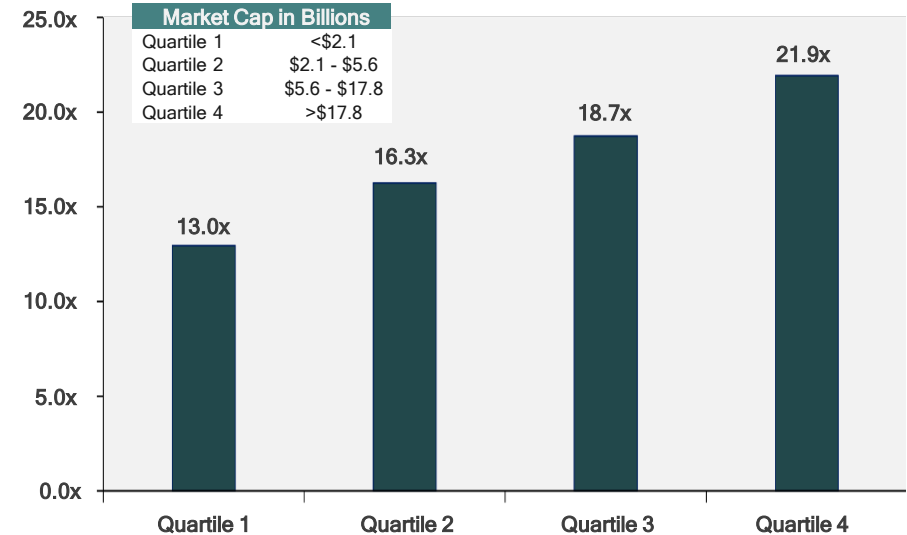
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- Given the disparity in performance between large and small-cap stocks, the differential in large cap and small-cap P/Es are now one standard deviation from their average.
- We also see a direct linear relationship between market cap and P/E multiples.

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

Small-Mid Cap Core Portfolio

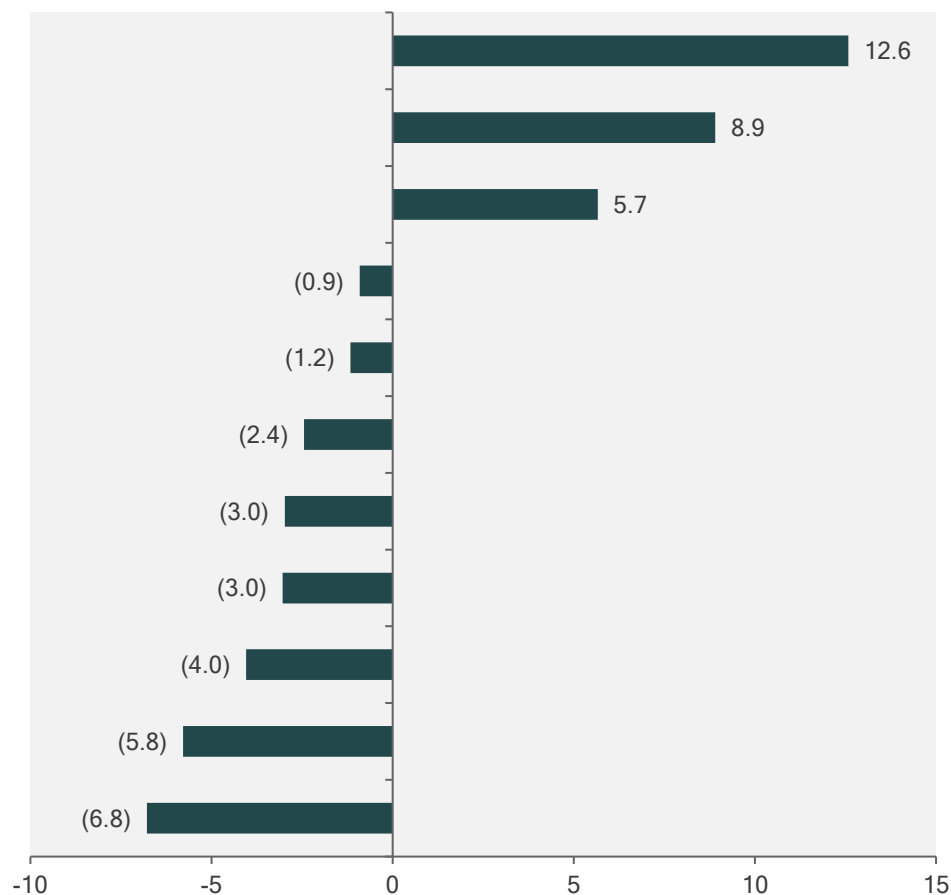
As of June 30, 2024



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Sectors	KAR Small-Mid Cap Core (%)	Russell 2500™ Index (%)
Industrials	31.3	18.7
Information Technology	21.2	12.3
Consumer Discretionary	18.4	12.7
Consumer Staples	2.7	3.6
Financials	15.0	16.1
Utilities	—	2.4
Communication Services	—	3.0
Health Care	9.7	12.7
Materials	1.9	5.9
Energy	—	5.8
Real Estate	—	6.8

Underweight/Overweight (%)



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

Small-Mid Cap Core Portfolio

As of June 30, 2024



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Top 10 Holdings	GICS Sector	% of Portfolio
Lennox International	Industrials	5.2
Teradyne	Information Technology	4.9
Bentley Systems	Information Technology	4.6
LPL Financial Holdings	Financials	4.3
Cooper Companies	Health Care	4.0
Watsco	Industrials	4.0
W. R. Berkley	Financials	3.8
Nordson	Industrials	3.7
POOLCORP	Consumer Discretionary	3.7
Interactive Brokers Group	Financials	3.6
Total		41.8

Research confidence leads to large active weights

	KAR Small -Mid Cap Core	Russell 2500™ Index
# of Holdings	30	2,485
Average Position Size (%)	3.3	0.04
Weight of Top Ten Holdings (%)	41.8	2.9
Active Share (%)	97.1	–

The strategy benefits from diversification while still taking significant active positions

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Returns

Small-Mid Cap Core Portfolio



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Annualized Performance

Periods Ending 6/30/24	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Second Quarter	(5.09)	(5.81)	(4.27)	(153)
Year to Date	2.13	0.61	2.35	(174)
1 Year	9.75	6.52	10.47	(395)
3 Years	0.95	(2.04)	(0.29)	(175)
5 Years	12.14	8.85	8.31	54
7 Years	13.16	9.84	8.44	139
10 Years	12.79	9.48	7.99	149
Since Inception*	11.55	8.30	10.20	(190)

*April 1, 1992

†Performance calculations are for the nine months ended December 31, 1992.

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

Returns for the Kayne Anderson Rudnick composite are final. All periods less than one year are total returns and are not annualized. For periods prior to July 1, 2000, the Small-Mid Cap Core composite calculations have been linked to the firm's Small Cap Core composite performance, which represents all taxable and nontaxable, fully discretionary Small Cap Core Portfolios (including cash) under management for at least one full quarter. Beginning on July 1, 2000, only Small-Mid Cap Core Portfolios are included in the composite. 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. **Technology Concentration:** Because the portfolio is presently heavily weighted in the technology 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	23.87	20.26	17.42	284
2022	(23.73)	(26.04)	(18.37)	(767)
2021	20.90	17.38	18.18	(80)
2020	36.85	32.89	19.99	1,290
2019	40.90	36.84	27.77	907
2018	(5.23)	(8.05)	(10.00)	195
2017	19.77	16.28	16.81	(53)
2016	17.03	13.61	17.59	(398)
2015	5.76	2.65	(2.90)	555
2014	9.25	6.04	7.07	(103)
2013	31.04	27.25	36.80	(955)
2012	9.25	6.04	17.88	(1,184)
2011	8.43	5.24	(2.51)	775
2010	20.23	16.73	26.71	(998)
2009	31.12	27.46	34.39	(693)
2008	(29.90)	(32.18)	(36.79)	461
2007	0.26	(2.71)	1.38	(409)
2006	14.04	10.76	16.17	(541)
2005	3.24	0.20	8.11	(791)
2004	13.69	10.42	18.29	(787)
2003	25.54	22.01	45.51	(2,350)
2002	(17.31)	(19.90)	(17.80)	(210)
2001	4.57	1.48	1.22	26
2000	23.47	19.99	4.27	1,572
1999	7.02	3.89	24.14	(2,026)
1998	20.98	17.54	0.38	1,716
1997	21.00	17.57	24.36	(679)
1996	26.98	23.43	19.03	440
1995	18.57	15.20	31.70	(1,650)
1994	2.75	(0.28)	(1.05)	77
1993	20.00	16.60	16.55	4
1992†	9.65	7.28	11.36	(408)

Risk-Return Analysis

Small-Mid Cap Core Portfolio

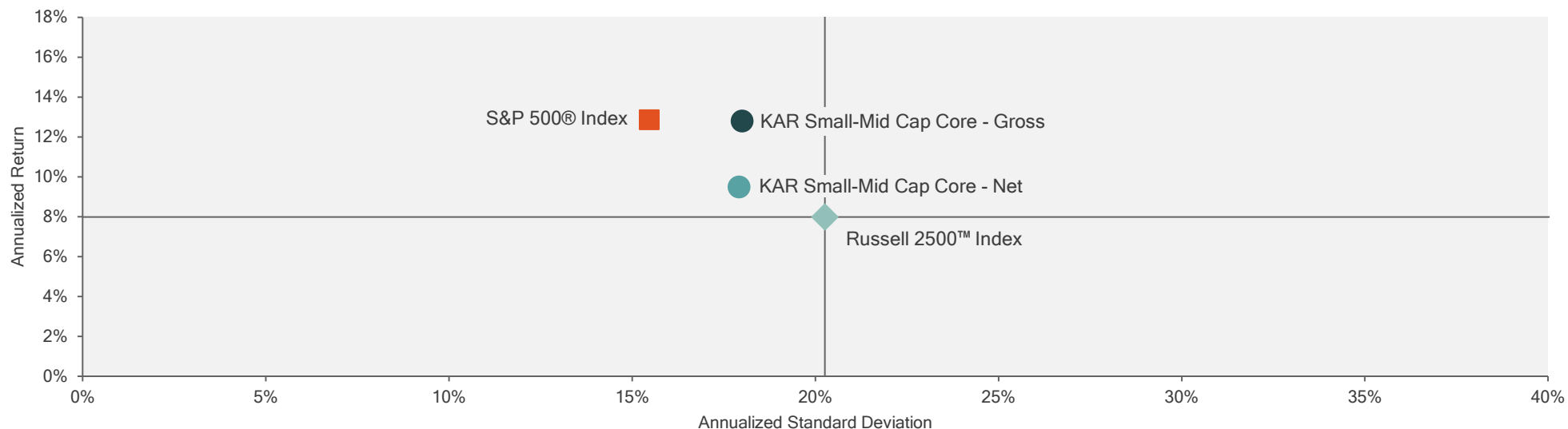
Ten Years Ending June 30, 2024



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Meaningful Excess Return with Lower Volatility

Annualized for the Past 10 Years



Performance Statistics

Annualized for the Past 10 Years

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Small-Mid Cap Core - Gross	12.79	5.49	0.63	0.65	7.35	18.01	0.83	78.99
KAR Small-Mid Cap Core - Net	9.48	2.38	0.44	0.20	7.36	17.92	0.83	87.56
Russell 2500™ Index	7.99	0.00	0.32	N/A	N/A	20.26	1.00	100.00

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 Core (Wrap) Composite



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Investment Management

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2500™ Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	9.25	6.04	7.07	10.13	11.84	35	0.16	373	7,989
2015	5.76	2.65	(2.90)	12.17	12.59	30	0.19	378	8,095
2016	17.03	13.61	17.59	12.62	13.86	30	0.38	369	9,989
2017	19.77	16.28	16.81	11.16	12.31	32	0.26	518	14,609
2018	(5.23)	(8.05)	(10.00)	13.27	14.30	24	0.17	618	17,840
2019	40.90	36.84	27.77	14.85	14.79	28	0.51	1,117	25,685
2020	36.85	32.89	19.99	21.37	24.55	30	0.33	2,556	39,582
2021	20.90	17.38	18.18	19.30	22.80	42	0.29	4,773	47,269
2022	(23.73)	(26.04)	(18.37)	23.35	25.52	52	0.08	3,922	33,531
2023	23.87	20.26	17.42	20.83	20.43	51	0.59	5,027	41,186

*Pure gross returns are supplemental to net returns.

The Russell 2500™ 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.

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 Small-Mid Cap Core Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2023. The verification and performance examination reports are available upon request.

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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 Core Wrap Portfolios. Small-Mid Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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™ Index. The Russell 2500™ Index is a market capitalization-weighted index 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 April 1992. The composite was created in July 2000. 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.