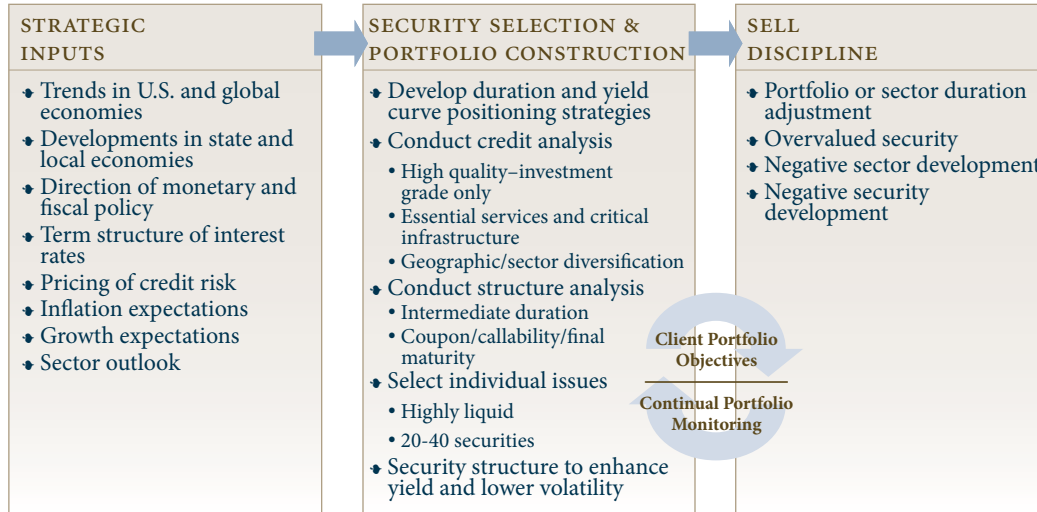




INVESTMENT PROCESS

An Active Fixed Income Strategy



INVESTMENT OBJECTIVE

Preserve capital and generate a high level of tax-free income consistent with the current market environment

INVESTMENT STRATEGY

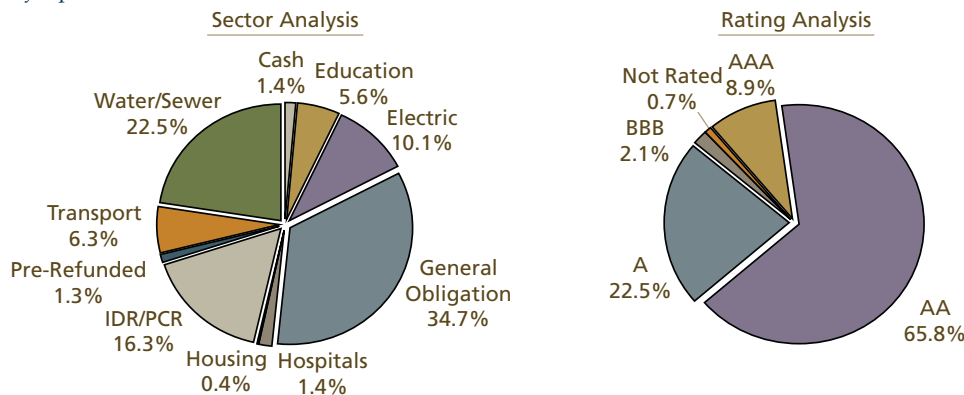
- High quality
- Intermediate duration
- High liquidity
- Commitment to economic and geographic sector diversification
- Focus on essential services and critical infrastructure

PORTFOLIO HIGHLIGHTS

Style: Intermediate high quality
Index: Barclays 5-Year Municipal Bond
Portfolio Inception: 1994
Portfolio Assets: \$750.8 M

SECTOR AND RATING ANALYSIS

As of September 30, 2011



HISTORICAL RETURNS

	KAR CA Intermediate Municipal Bond (gross)	KAR CA Intermediate Municipal Bond (net)†	Barclays 5-Year Municipal Bond
ANNUALIZED RETURNS (%)*			
<i>as of September 30, 2011</i>			
3rd Quarter	2.50	2.37	1.97
Year to Date	6.15	5.76	5.40
One Year	3.55	3.03	3.75
Three Years	6.42	5.90	6.75
Five Years	4.79	4.27	5.55
Seven Years	4.26	3.74	4.59
Ten Years	4.35	3.83	4.68
Inception‡	4.55	4.03	4.98
ANNUAL RETURNS (%)			
2010	3.41	2.90	3.40
2009	7.58	7.04	7.40
2008	1.70	1.19	5.78
2007	4.43	3.91	5.15
2006	3.82	3.31	3.34
2005	2.07	1.56	0.95
2004	3.32	2.80	2.72
2003	3.98	3.46	4.13
2002	7.33	6.80	9.28
2001	5.37	4.85	6.21
2000	7.91	7.37	7.71
1999	0.99	0.51	0.73
1998	6.10	5.60	5.84
1997	6.74	6.22	6.38
1996	4.38	3.88	4.22

*All periods less than one year are total returns and are not annualized.

†Net of all fees and expenses. Assumes a 0.50% annual fee.

‡January 1, 1994

INVESTMENT MANAGEMENT TEAM

NAMES	YEARS of experience
Kimberly C. Friedrichs <i>Director of Fixed Income</i>	24
Lisa Holmes, CFP® <i>Vice President</i>	12

PORTFOLIO CHARACTERISTICS

Average Credit Quality	A+
Average Maturity	3.9 Years
Average Duration	3.4 Years
Average Coupon	5.0%
Current Yield	4.6%
Average Yield to Maturity	3.5%

MATURITY	PERCENT (%)
<1 Year	17.1
1-3 Years	24.5
3-5 Years	25.8
5-7 Years	17.2
7-10 Years	13.8
10-15 Years	1.6
Total	100.0

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from a major consulting firm and is assumed to be reliable. Data is based on the average of the accounts in the Kayne Anderson Rudnick CA Intermediate Municipal Bond Composite. Individual client portfolios may vary. A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change.

DISCLOSURE

Kayne Anderson Rudnick Investment Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Ltd., is a registered investment advisor under the Investment Advisers Act of 1940. Kayne Anderson Rudnick Investment Management, LLC manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite is defined as all non-commissionable, fully discretionary, non-wrap fee California Intermediate Municipal Bond portfolios (including cash) that are under management for at least one full quarter. California Intermediate Municipal Bond portfolios are invested in short to intermediate maturity California municipal bonds and cash equivalents seeking maximization of total return. The minimum account size for this composite is \$1,000,000. For comparison purposes, the composite is measured against the Barclays Five-Year Municipal Bond Index, which is a market value weighted index of national municipal bond issues with maturities between four and six years. From January 1994 to May 2002, the composite was measured against the Barclays Five-Year Municipal Bond Index. From June 2002 through December 2004, the

benchmark index was the S&P California Municipal Bond Index. The S&P California Municipal Bond Index is a market value weighted index of California municipal bond issues that are held by managed municipal bond fund customers of Standard & Poor's and that are priced daily. Historical returns for the S&P California Municipal Bond Index are available beginning January 1999. In January 2005, the benchmark was changed to the Barclays Five-Year Municipal Bond Index. These changes were made in order to better reflect the composite's strategy for comparison purposes. The firm maintains a complete list and description of composites, which is available upon request.

Prior to January 1, 2000, results include only eligible portfolios of at least \$750,000. From January 1, 1999 through September 30, 2000, composite results include the fixed-income component of the firm's balanced portfolios whose fixed-income portion was managed according to the California Intermediate Municipal Bond strategy. All cash balances were allocated to the equity and fixed-income components of the balanced portfolios at the beginning of each month based upon each component's target asset allocation.

Accounts that experience a significant cash flow, defined as aggregate flows that exceed 25% of the beginning of period market value, are removed from the composite for the quarter the significant cash flow occurs. The account remains excluded until it has

been invested without further significant cash flows for one full calendar quarter. Additional information regarding the firm's policies and procedures for calculating and reporting performance and for the treatment of significant cash flows is available upon request.

The standard management fee schedule currently in effect is as follows: 0.50% for the first \$5 million; 0.35% on the next \$5 million; 0.25% on the balance. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Returns are presented gross of management fees and withholding taxes, and net of transaction fees and include the reinvestment of all income. Gross returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Net returns have been calculated after the deduction of an assumed maximum annual fee of 0.50%.

If applicable, the annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for the entire year.

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Barclays 5-Year Municipal Bond Annual Return*	Annual Standard Deviation
2001	8,384	39	7	5.37	4.85	6.21	0.20
2002	8,612	42	8	7.33	6.80	9.28	0.22
2003	10,262	63	13	3.98	3.46	4.13	0.64
2004	10,320	77	21	3.32	2.80	2.72	0.14
2005	8,533	92	23	2.07	1.56	0.95	0.20
2006	6,523	82	23	3.82	3.31	3.34	0.21
2007	5,392	101	27	4.43	3.91	5.15	0.10
2008	3,445	97	23	1.70	1.19	5.78	0.78
2009	4,010	96	27	7.58	7.04	7.40	0.86
2010	4,729	122	32	3.41	2.90	3.40	0.30

*Historical returns for the S&P California Municipal Bond Index are available beginning January 1999. For periods prior to January 1999, the S&P California Municipal Bond Index returns are linked to the returns of the Barclays 5-Year Municipal Bond Index.