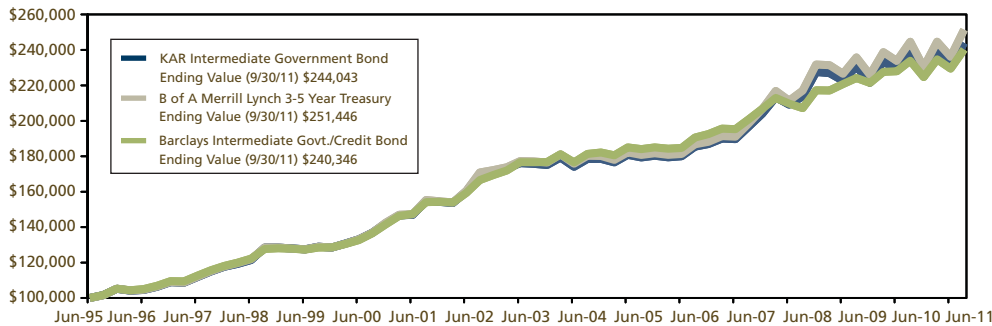




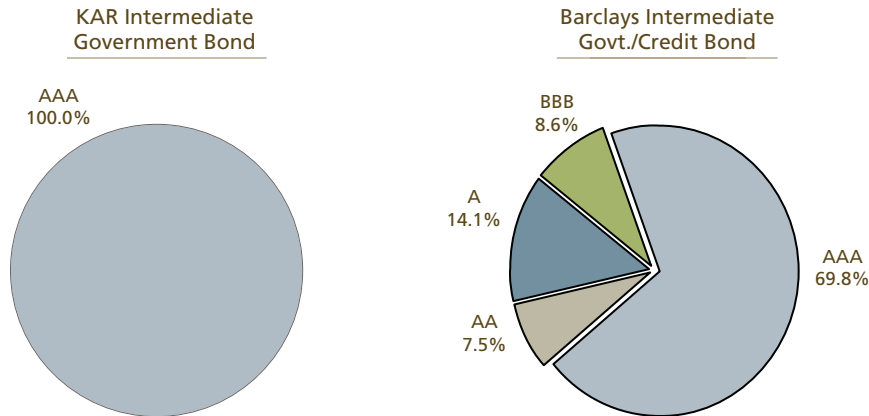
**GROWTH OF \$100,000**

Inception<sup>‡</sup> to September 30, 2011



**COMPARISON OF QUALITY**

As of September 30, 2011



**HISTORICAL RETURNS**

	KAR Intermediate Government Bond (gross)	KAR Intermediate Government Bond (net) <sup>†</sup>	B of A Merrill Lynch 3-5 Year Treasury	Barclays Intermediate Govt./Credit Bond
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ANNUALIZED RETURNS (%)<sup>\*</sup>  
as of September 30, 2011

3rd Quarter	2.25	2.13	2.78	2.39
Year to Date	4.59	4.20	5.44	4.92
One Year	3.04	2.53	3.80	3.40
Three Years	5.04	4.53	5.73	7.02
Five Years	5.97	5.45	6.56	5.92
Seven Years	4.80	4.28	5.17	4.93
Ten Years	4.82	4.30	5.15	5.12
Inception <sup>‡</sup>	5.74	5.22	5.97	5.90

ANNUAL RETURNS (%)

2010	5.20	4.68	5.70	5.89
2009	-1.05	-1.55	-0.67	5.24
2008	11.52	10.97	12.15	5.08
2007	9.17	8.63	9.84	7.39
2006	3.66	3.15	3.55	4.07
2005	0.99	0.49	0.86	1.58
2004	1.99	1.48	2.11	3.04
2003	2.02	1.51	2.47	4.31
2002	11.26	10.71	11.42	9.84
2001	8.54	8.00	8.47	8.96
2000	10.60	10.06	10.86	10.12
1999	0.02	-0.49	0.04	0.38
1998	9.18	8.64	9.08	8.42
1997	8.01	7.47	8.03	7.87

<sup>\*</sup>All periods less than one year are total returns and are not annualized.

<sup>†</sup>Net of all fees and expenses. Assumes a 0.50% annual fee.

<sup>‡</sup>July 1, 1995

**INVESTMENT OBJECTIVE**

Provide a total return comparable to the broad fixed-income market while providing superior quality and maximum liquidity

**INVESTMENT STRATEGY**

- Blend five U.S. Treasury notes to simulate the characteristics of the B of A Merrill Lynch 3-5 Year Treasury Index
- Key characteristics used to mirror the index:
  - Duration
  - Yield to maturity
  - Average coupon

**PORTFOLIO HIGHLIGHTS**

Style: Intermediate Treasuries  
Index: B of A Merrill Lynch 3-5 Year Treasury  
Portfolio Inception: 1995  
Portfolio Assets: \$12.1 M

**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**

	KAR Intermediate Government Bond	B of A Merrill Lynch 3-5 Year Treasury
AVERAGE DURATION	3.2 Years	3.8 Years
AVERAGE CONVEXITY	0.1	0.2
AVERAGE COUPON	4.0%	2.7%
AVERAGE YIELD TO MATURITY	0.6%	0.7%
Maturity	Percent (%)	Percent (%)
<1 Year	1.5	0.0
1-3 Years	19.5	0.0
3-5 Years	79.0	100.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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 Intermediate Government 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 Intermediate Government portfolios (including cash) that are under management for at least one full quarter. Intermediate Government portfolios are invested in short to intermediate maturity investment grade government bonds and cash equivalents seeking maximization of total return. The minimum account size for this composite is \$250,000. For comparison purposes, the composite is measured against the Bank of America Merrill Lynch 3-5 Year Treasury Index. The Bank of America Merrill Lynch 3-5 Year Treasury Index is a market value weighted index of short-term

U.S. government securities with maturities between 3 and 5 years. The composite was created in July 1995. The firm maintains a complete list and description of composites, which is available upon request.

Prior to October 1, 2000, composite results include the fixed-income component of the firm's balanced portfolios whose fixed-income portion was managed according to the Intermediate Government 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 (%)	B of A Merrill Lynch 3-5 Year Treasury Annual Return	Annual Standard Deviation
2001	8,384	3	<5	8.54	8.00	8.47	0.05
2002	8,612	4	<5	11.26	10.71	11.42	0.02
2003	10,262	7	7	2.02	1.51	2.47	0.01
2004	10,320	12	5	1.99	1.48	2.11	0.03
2005	8,533	13	6	0.99	0.49	0.86	0.03
2006	6,523	4	6	3.66	3.15	3.55	0.04
2007	5,392	5	9	9.17	8.63	9.84	0.03
2008	3,445	5	7	11.52	10.97	12.15	0.14
2009	4,010	4	6	-1.05	-1.55	-0.67	0.15
2010	4,729	5	7	5.20	4.68	5.70	0.08