



PORTFOLIO OVERVIEW

During the third quarter, the Large Cap Value Portfolio outperformed the Russell 1000 Value Index. The portfolio's high-quality bias and the outperformance by higher-quality securities contributed to the outperformance during the quarter. The portfolio's stock selection was strong in the quarter, notably in the consumer discretionary and materials sectors, although it lagged somewhat in the energy and industrial sectors.

The companies that contributed the most to performance during the quarter included Kimberly-Clark and VF. Kimberly-Clark's ability to produce stable results in good economies as well as bad was rewarded by investors during the quarter. Despite a tough economic environment, VF continues to execute well. From Lee and Wrangler jeans to The North Face and Vans, the company continues to produce products that consumers desire. In addition, the company's supply chain expertise and distribution capabilities have contributed to strong margins and profitability.

The companies that contributed the least to performance during the quarter included National Oilwell Varco and MetLife. Despite a strong backlog that is somewhat immune to lower oil prices, National Oilwell Varco's stock was negatively impacted by lower energy prices during the quarter. Concerns regarding low interest rates and a slowing economy negatively impacted MetLife's stock during the quarter. However, we believe that the company's strong brand name and capital strength keep it well positioned for the long term.

PURCHASES AND SALES

In the Large Cap Value Portfolio, we purchased Deere, Diageo, and PPG Industries and sold Medtronic and Sysco.

Deere is a leading manufacturer of farm and construction equipment. The company has an extensive dealer network to provide support for its high-quality products, which typically resale for a much higher rate than its competition. Deere has a very strong, established position in the U.S., but has also developed strong positions in key emerging markets. As emerging-market economies continue to develop, the demand for higher quality food will increase. This will require the more advanced farming equipment that Deere can deliver.

Diageo is one of the world's foremost spirits companies. The company also has a wine business and its beer portfolio is spearheaded by Guinness, an iconic global brand. Diageo's spirits business is well diversified with a strong focus on premium brands. The company also has a host of discount brands which can be used to ward off competition. Unlike many consumer-staples companies that struggle with higher input costs and an inability to fully capture raw-material price increases, Diageo is well positioned.

PPG is a leading manufacturer of coatings, optical materials, and glass products. The company's coating business represents about 75% of revenue and reflects the company's leading position as a specialty paint company. This business sells into a number of industrial markets such as aerospace, automotive, consumer products, and construction. PPG also has a strong position in the specialty opticals market via its transition lenses.

Although many of the positive elements that initially attracted us to Medtronic remain, such as their research capabilities and technical expertise, we were concerned about some structural headwinds that appear to be greater than we originally estimated. These headwinds include continued pressure on health-care costs and increased regulation. As a result of these concerns, we sold our position in the stock.

Over the past couple of years, Sysco has struggled in the face of volatile food prices and a lackluster environment for its core restaurant customers. At the moment, Sysco is struggling from an inability to pass along the higher price of food products and a strategic initiative to maintain and grow shares at the expense of margins. We sold Sysco to invest in other businesses that we believe offer a better mix of quality, growth, and value.

OUTLOOK

Given the recent decline in equity markets and the relative resiliency of the business results of the companies that we own, we find the valuation of high-quality, large-capitalization companies to be quite reasonable today. We believe that this can lay the foundation for attractive investment returns relative to the Russell 1000 Value Index. As always, we believe that the businesses in which we invest—those that have significant control over their markets and do not depend on external financing—will prosper over a full economic cycle. Through all of the economic and market gyrations, we endeavor to manage your portfolio with the highest quality businesses, outgrowing their markets, purchased at discount values.

This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should not be considered a recommendation or solicitation to purchase securities. A complete list of holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change. Past performance is no guarantee of future results.

PORTFOLIO HIGHLIGHTS

Style: Large Cap
Sub-Style: Value
Index: Russell 1000® Value
Portfolio Inception: 1994
Portfolio Assets: \$160.7 M
Portfolio Turnover: 25%–35%

INVESTMENT MANAGEMENT TEAM

NAMES	YEARS of research experience
Robert Schwarzkopf, CFA CIO	30
Doug Foreman, CFA Director of Equities	25
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	12
Todd Beiley, CFA Senior Research Analyst	12
Jon Christensen, CFA Senior Research Analyst	16
Julie Kutasov Senior Research Analyst	10
Craig Stone Senior Research Analyst	22
Craig Thrasher, CFA Research Analyst	6
Gregory Toppe, CFA Research Analyst	11

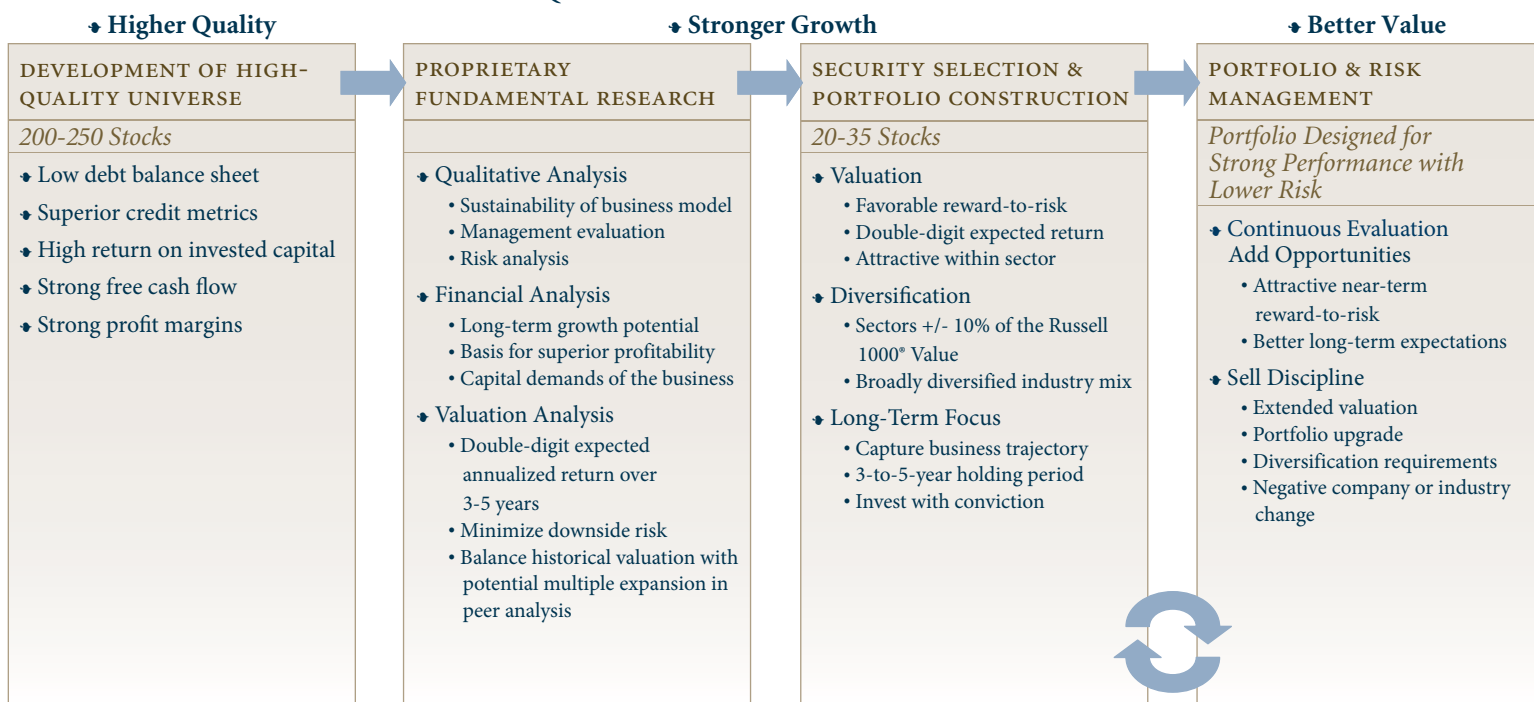
TOP FIVE HOLDINGS

as of September 30, 2011

COMPANY	PERCENT of equity (%)
AGL Resources	4.8
Microsoft	4.8
Becton Dickinson	4.4
TJX	4.1
Kimberly-Clark	4.1
Total	22.2

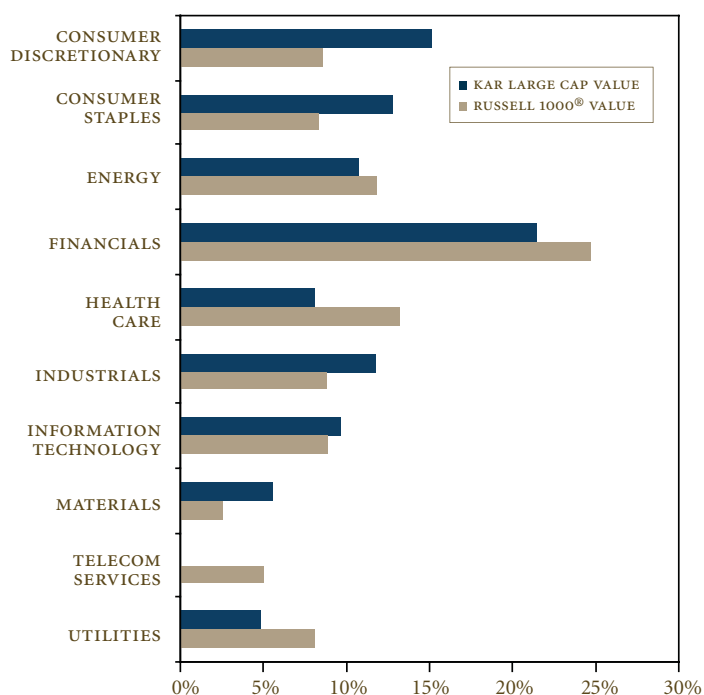
A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings listed above are based on a representative portfolio of the Kayne Anderson Rudnick Large Cap Value strategy. Individual investors' holdings may differ slightly from the composite.

INVESTMENT PROCESS—DISCOVERING QUALITY



SECTOR DIVERSIFICATION

as of September 30, 2011



Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change.

PORTFOLIO CHARACTERISTICS

as of September 30, 2011

KAR Large Cap Value Russell 1000® Value

QUALITY	KAR Large Cap Value	Russell 1000® Value
Return on Equity—Past 5 yrs.	24.2%	13.8%
Total Debt/EBITDA	2.3x	3.8x
Earnings Variance—Past 10 yrs.	28.0%	59.0%
S&P Stock Ranking (A+, A, A-, B+)	83.2%	65.7%
GROWTH		
Earnings Per Share Growth—Past 5 yrs.	5.5%	0.5%
Earnings Per Share Growth—Past 10 yrs.	10.8%	7.8%
Dividend Per Share Growth—Past 5 yrs.	7.7%	1.0%
Dividend Per Share Growth—Past 10 yrs.	9.8%	6.9%
Capital Generation—(ROE x {1-Payout})	15.5%	8.9%
VALUE		
P/E Ratio—Trailing 12 Months	11.3x	11.7x
Dividend Yield	2.8%	2.9%
Free Cash Flow Yield†	5.8%	7.1%
MARKET CHARACTERISTICS		
\$ Weighted Avg. Market Cap	\$57.9 B	\$66.5 B
Beta—Since Inception*	0.8	1.0
Annualized Standard Deviation—Since Inception*	15.5%	17.6%

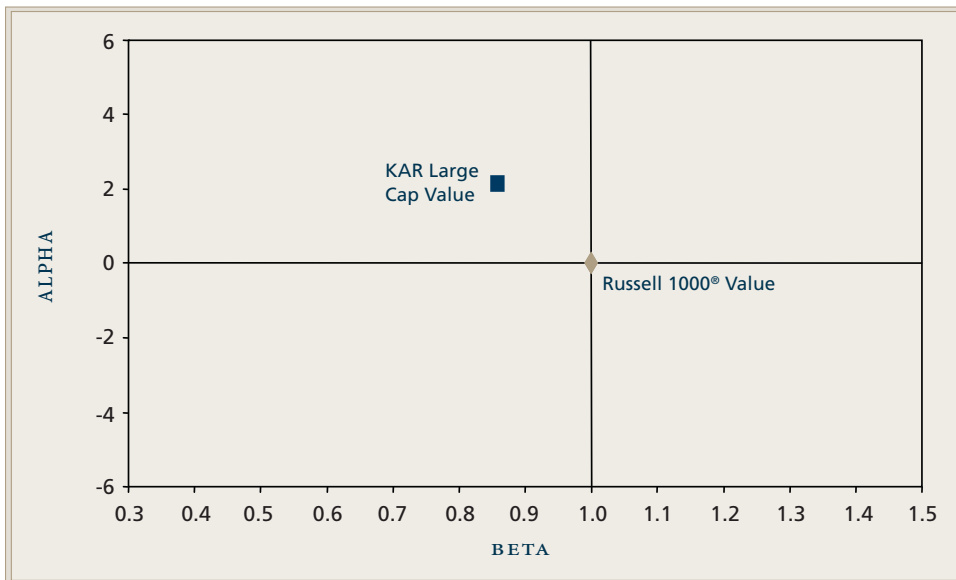
*October 1, 1994

†Free cash flow data is as of June 30, 2011. Prices are as of September 30, 2011. Excludes financials.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Results shown reflect past performance and are not indicative of future results. Data is obtained from Bloomberg, FactSet Research Systems, and a major consulting firm, and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information.

RISK-RETURN ANALYSIS

Five Years Ending September 30, 2011



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HISTORICAL RETURNS

	KAR Large Cap Value (gross)	KAR Large Cap Value (net)†	Russell 1000® Value
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ANNUALIZED RETURNS (%)*
as of September 30, 2011

3rd Quarter	-14.79	-14.95	-16.20
Year to Date	-9.41	-9.91	-11.24
One Year	0.86	0.06	-1.89
Three Years	0.78	-0.16	-1.52
Five Years	-0.25	-1.21	-3.53
Seven Years	1.53	0.55	1.60
Ten Years	2.55	1.55	3.36
Inception‡	7.57	6.51	7.89

ANNUAL RETURNS (%)

2010	14.32	13.21	15.51
2009	26.02	24.79	19.69
2008	-30.58	-31.31	-36.85
2007	1.45	0.44	-0.17
2006	18.35	17.19	22.25
2005	-2.03	-3.01	7.05
2004	7.93	6.86	16.49
2003	24.10	22.89	30.03
2002	-16.04	-16.88	-15.52
2001	0.30	-0.69	-5.59
2000	9.21	8.11	7.01
1999	6.95	5.91	7.35
1998	12.82	11.70	15.63
1997	37.28	35.95	35.18
1996	18.77	17.59	21.64
1995	35.03	33.72	38.35

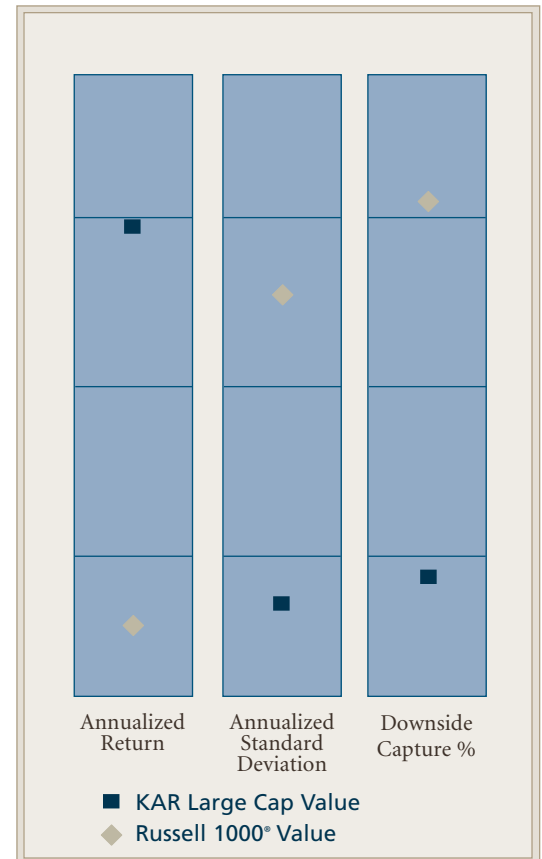
*All periods less than one year are total returns and are not annualized.

†Net of all fees and expenses. Assumes a 1% annual fee.

‡October 1, 1994

PEER COMPARISON CHART

Five Years Ending June 30, 2011



PERFORMANCE STATISTICS

Five Years Ending September 30, 2011

	KAR Large Cap Value	Russell 1000® Value
ANNUALIZED RETURN	-0.25	-3.53
ANNUALIZED STANDARD DEVIATION	19.72	22.26
ALPHA	2.49	0.00
BETA	0.88	1.00
SHARPE RATIO	-0.10	-0.24
R-SQUARED	97.61	100.00

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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 fully discretionary, non-wrap fee Large Cap Quality Value portfolios (including cash) under management for at least one full quarter. Large Cap Quality Value portfolios are invested in equity securities which generally have rising free cash flow, rising dividends and or stock repurchases, strong balance sheets, and a high relative yield. The minimum account size for this composite is \$250,000. For comparison purposes, the composite is measured against the Russell 1000® Value Index. The Russell 1000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises of 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 composite was created in October 1994. The firm maintains a complete list and description of composites, which is available upon request.

Prior to July 1, 2004, the composite represented all non-taxable, fully discretionary, non-wrap Large Cap Quality Value portfolios (including cash) under management for at least one full quarter. Beginning July 1, 2004, results include only eligible portfolios of at least \$250,000, from October 1, 1994 to June 30, 2004, only eligible portfolios of at least \$500,000 are included in the composite.

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: 0.70% for the first \$10 million; 0.50% on the next \$30 million; 0.40% on the next \$60 million; 0.35% 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 1%.

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	% of Non Fee-Paying Accounts	Gross Annual Return (%)	Net Annual Return (%)	Russell 1000® Value Annual Return	Annual Standard Deviation
2001	8,384	2	<5	0	0.30	(0.69)	(5.59)	N/A
2002	8,612	2	<5	0	(16.04)	(16.88)	(15.52)	N/A
2003	10,262	2	<5	0	24.10	22.89	30.03	N/A
2004	10,320	27	10	26	7.93	6.86	16.49	0.06
2005	8,533	37	20	0	(2.03)	(3.01)	7.05	0.11
2006	6,523	55	30	15	18.35	17.19	22.25	0.06
2007	5,392	31	18	0	1.45	0.44	(0.17)	0.07
2008	3,445	7	14	0	(30.58)	(31.31)	(36.85)	0.34
2009	4,010	11	14	0	26.02	24.79	19.69	0.20
2010	4,729	6	12	0	14.32	13.21	15.51	0.29

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

The Russell 1000® Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.