

All Cap Sustainable Growth Portfolio

Third Quarter 2017

Portfolio Review

The All Cap Sustainable Growth portfolio outperformed the Russell 3000 Growth Index during the third quarter. The portfolio benefited from strong stock selection in the information technology and consumer staples sectors, while negative stock selection in the financials and energy sectors detracted from performance.

Holdings that contributed the most to performance during the quarter were Alibaba Group and Facebook. Alibaba Group's two marketplaces, Taobao and Tmall.com, combine to form the largest online commerce company in the world. Management has a number of social initiatives to further improve mobile monetization over time. Alibaba's marketplaces have huge network effects and the company is fostering the ecosystem with investments in payments and logistics partnerships. Taobao, in particular, has become a destination for consumers, merchants and Key Opinion Leaders to interact and engage in what Alibaba calls social commerce. Ecommerce penetration, mobile usage and growth in Chinese consumer spending power are all durable long-term tailwinds benefitting the company. In turn, Alibaba is seizing the opportunity using data to improve targeting and increasingly consummating transactions through Alipay, its leading mobile payment offering. Facebook continues to grow advertising revenue and take share in the online digital marketing space. The company delivers an unprecedented global reach of approximately 30% of the earth's population to advertisers in a very measureable way (Return on Investment). Monetization of this audience has barely scratched the surface of its long-term potential. Facebook's second quarter user growth remained in the high teens despite its scale, and Instagram's Stories format has been a resounding success in fighting off competitors, such as Snapchat. The company's next act will be leveraging its AI capabilities to further increase engagement and deliver even higher return on investment to advertisers.

Holdings that detracted the most from performance were Ellie Mae and Westinghouse Air Brake Technologies. Ellie Mae reported slightly weaker-than-expected results and lowered guidance for the year. The company underestimated the impact of the material drop off in refinance loan volume this year and the associated impact on closed-loan fees. Additionally, Ellie has had success winning larger customer deals, which take longer to implement. This delayed revenue also impacted Ellie's financial results. We believe the new guidance is appropriately conservative and expect the company to resume its more robust growth in 2018, as its substantial customer wins offset any weakness in loan volumes. The expected recovery in Westinghouse Air Brake Technologies' freight business has sputtered as utilization of the North American railcar fleet remains low and railroad efficiency improvements threaten to keep it that way for some time. It has also become clear that Westinghouse acquired Faively near the peak of a 10 year cycle that is showing signs of rolling over. The company has also lowered guidance four times in the last five quarters, shaking our confidence in guidance and execution ability. Therefore, we sold our shares.

Outlook

On balance, the outlook for equities continues to be favorable. Any meaningful uptick in inflation caused by either higher energy prices or significant wage growth is the principal risk in the outlook for the stock market. We will continue to monitor inflationary trends closely over the next couple of years. Geopolitical events, such as hurricanes and tensions with North Korea, have taken a back seat to the improving global earnings outlook so far this year. With the stock market at all-time highs, we believe it is important for clients to focus more than ever on their longer-term goals and risk tolerance, as market corrections can and do occur frequently—even in bull markets. With such unpredictability, we recommend that clients do not try to time the market, as most often investors fail severely in this endeavor and hurt their returns.

Purchases and Sales

New Purchases	Complete Sales
Emerald Expositions Events	Dentsply Sirona
Juno Therapeutics	Kite Pharmaceuticals
McDonalds	MSC Industrial Direct
Mettler Toledo	Schlumberger
Teladoc	Union Pacific
Tencent Holdings	Walt Disney Company
	Westinghouse Air Brake Technologies

Portfolio Highlights

Style: All Cap
 Sub-Style: Growth
 Index: Russell 3000® Growth
 Portfolio Assets: \$131.1 M
 Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer + Portfolio Manager	31
Todd Beiley, CFA Senior Research Analyst	18
Jon Christensen, CFA Senior Research Analyst	22
Julie Kutasov Senior Research Analyst	16
Richard Sherry Senior Research Analyst	19
Craig Stone Senior Research Analyst	28
Chris Wright, CFA Senior Research Analyst	7
Chris Armbruster, CFA Research Analyst	12
Chris Benway, CFA Research Analyst	8
Julie Biel, CFA Research Analyst	9

Top Five Holdings

As of September 30, 2017

Company	Percent of equity (%)
Facebook	5.8
Alibaba Group	3.7
Monster Beverage	3.0
Netflix	2.4
Autohome	2.4
Total	17.4

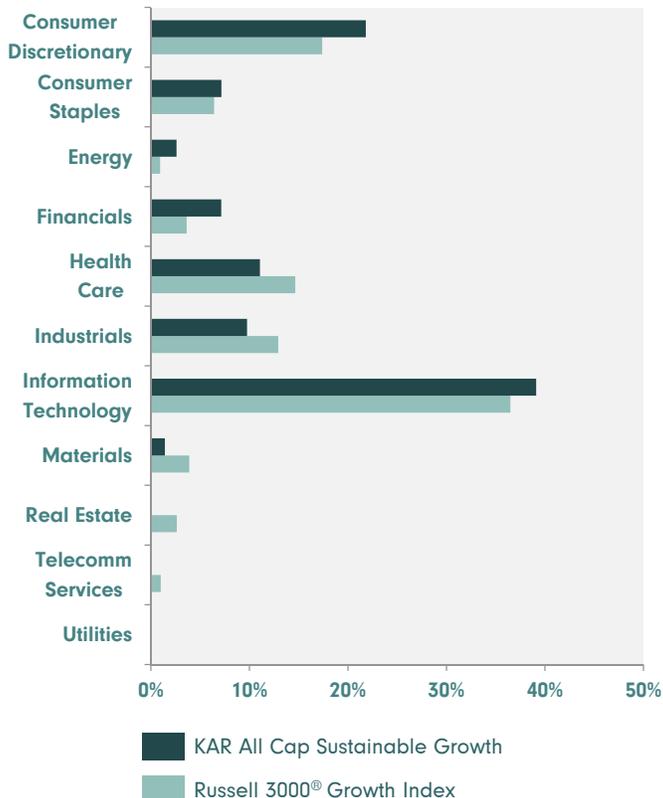
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. 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 are based on a representative portfolio. Individual Investors' holdings may differ slightly. Data is obtained by 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.

Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
300 Stocks Quantitative Screens <ul style="list-style-type: none"> High return on capital over a full economic cycle Long and resilient earnings history High return on net operating assets Minimal debt Other Resources <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	100–120 Stocks Qualitative Analysis <ul style="list-style-type: none"> Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market Financial Analysis <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately Valuation Analysis <ul style="list-style-type: none"> Determine the current and potential value of the business 	80–100 Stocks Position Weights <ul style="list-style-type: none"> Average position size is typically 2% Max initial position size is 5% (cost) Max position size is 10% (market) Sector Tolerances <ul style="list-style-type: none"> +/- 10% of the sector weights of the Russell 3000® Growth Index Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Fully Invested Max cash position is 10% 	Extended Valuation Portfolio Upgrade Diversification Requirements Acquisition Activity Negative Company or Industry Changes
Higher Quality Stronger, More Consistent Growth Better Value			

Sector Diversification

As of September 30, 2017



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 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 by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of September 30, 2017

	KAR All Cap Sustainable Growth	Russell 3000® Growth Index
Quality		
Return on Equity—Past 5 Years	21.8%	20.9%
Total Debt/EBITDA	2.1 x	2.4 x
Earnings Variance—Past 10 Years	40.0%	41.9%
Growth		
Earnings Per Share Growth—Past 5 Years	14.6%	11.2%
Earnings Per Share Growth—Past 10 Years	12.1%	12.8%
Capital Generation—{ROE x (1-Payout)}	17.6%	14.3%
Value		
P/E Ratio—Trailing 12 Months	44.2 x	28.1 x
P/E-to-10-Year Growth	3.6 x	2.2 x
Free Cash Flow Yield*	2.9%	4.2%
Market Characteristics		
\$ Weighted Average Market Cap	\$101.9 B	\$188.0 B
Largest Market Cap	\$667.8 B	\$803.6 B

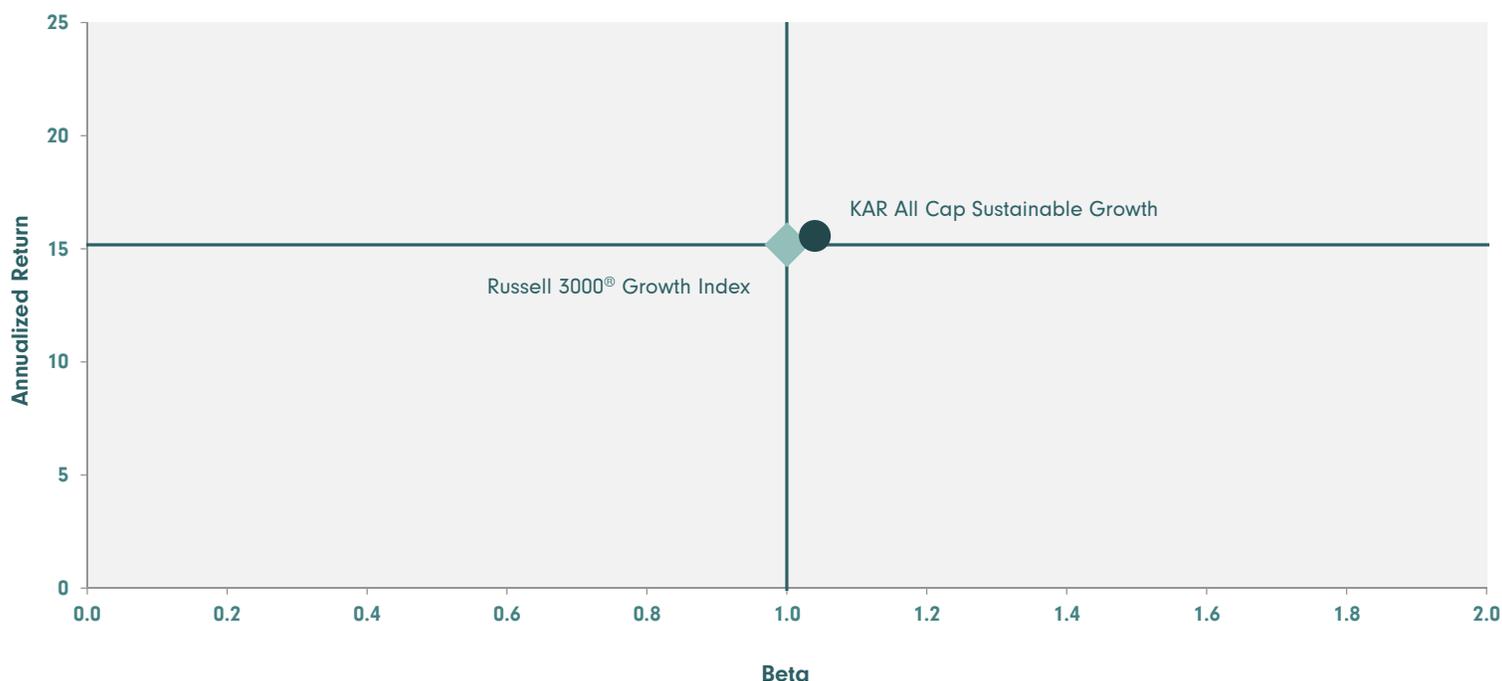
*Free cash flow data is as of June 30, 2017. Prices are as of September 30, 2017. Excludes financials. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

All Cap Sustainable Growth Portfolio

Third Quarter 2017

Risk-Return Analysis

Inception* to September 30, 2017



Historical Returns

	KAR All Cap Sustainable Growth (gross)	KAR All Cap Sustainable Growth (net) [‡]	Russell 3000 [®] Growth Index
Annualized Returns (%)[†]			
As of September 30, 2017			
3 rd Quarter	7.97	7.78	5.93
Year to Date	27.89	27.24	20.43
One Year	25.41	24.55	21.87
Three Years	16.08	15.28	12.65
Five Years	16.11	15.31	15.18
Inception*	15.57	14.77	15.18
Annual Returns (%)			
2016	5.88	5.15	7.39
2015	7.41	6.67	5.09
2014	9.48	8.70	12.44
2013	32.17	31.27	34.23
2012 [§]	7.87	7.17	8.59

Performance Statistics

Inception* to September 30, 2017

	KAR All Cap Sustainable Growth	Russell 3000 [®] Growth Index
Annualized Return	15.57	15.18
Annualized Standard Deviation	11.37	10.32
Beta	1.04	1.00
Sharpe Ratio	1.36	1.46
R-Squared	88.59	100.00

*February 1, 2012

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary.

[‡]Net of all fees and expenses. Assumes a 0.70% annual fee.

[§]Performance calculations are for eleven months ended December 31, 2012.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns of the Kayne Anderson Rudnick composite are preliminary and gross of fees unless otherwise specified. 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.

All Cap Sustainable Growth Portfolio

Third Quarter 2017

Disclosure

Kayne Anderson Rudnick Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Kayne Anderson Rudnick Investment Management, LLC has been independently verified for the period from January 1, 1999 through December 31, 2015. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Kayne Anderson Rudnick Investment Management, LLC, 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. 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 includes as all fully discretionary institutional and pooled All Cap Sustainable Growth Portfolios. All Cap Sustainable Growth Portfolios are invested in equity securities with market capitalizations

consistent with the Russell 3000® Growth 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 3000® Growth Index. The Russell 3000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 3,000 largest 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 composite was created in February 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The standard management fee schedule currently in effect is as follows: 0.70% for the first \$10 million; 0.55% on the next \$25 million; 0.45% on the next \$50 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 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. 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. Model net returns have been calculated by deducting 1/12th of the highest tier of the standard management fee schedule in effect for the respective period from the gross composite returns on a monthly basis.

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 or for time periods less than one year, no dispersion measure is presented. The three-year annualized ex-post standard deviation, which measures the variability of the composite (using gross returns) and the benchmark for the 36-month period, is not presented for periods prior to 2015 because 36 monthly composite returns are not available. The three-year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36-month period ended at the following dates:

3-Yr Annualized Standard Deviation (%)

December 31	Composite	Benchmark
2015	12.34	10.95
2016	13.13	11.50

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 3000® Growth Index Annual Return (%)	Internal Dispersion
2012*	6,545	67	12	7.87	7.17	8.59	N/A
2013	7,841	65	10	32.17	31.27	34.23	0.37
2014	7,989	89	10	9.48	8.70	12.44	0.37
2015	8,095	92	9	7.41	6.67	5.09	N/A
2016	9,989	97	10	5.88	5.15	7.39	0.10

*Performance calculations are for the eleven months ended December 31, 2012.

The Russell 3000® Growth Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.