

Global Dividend Yield Portfolio

Third Quarter 2017

Portfolio Review

The Global Dividend Yield portfolio underperformed the Russell Global Large Cap Developed Index during the quarter. From a sector perspective, performance was hurt by poor stock selection in the consumer staples and consumer discretionary sectors. Performance was helped by strong stock selection and an overweight in the energy sector and stock selection in the financial sector.

Positions that contributed most positively to performance during the quarter were Royal Dutch Shell and Vermilion Energy. Energy prices rose during the quarter and contributed to the outperformance for both Royal Dutch Shell and Vermilion Energy.

Holdings that contributed the least to performance during the quarter were Altria Group and Leggett & Platt. Altria Group was negatively impacted by an FDA announcement about the nicotine levels in cigarettes. However, any implementation is years away and the company remains well-positioned to market and distribute Philip Morris' successful "heat not burn" product in the U.S. Leggett & Platt's bedding products have struggled due to interruption from internet mattress sales. The traditional distribution channels for the company's products (mattress company showrooms and department stores) are being disintermediated as younger consumers are more willing to purchase mattresses online. We sold our shares during the quarter.

Purchases and Sales

During the quarter, we purchased ABB, Coca-Cola and Spark New Zealand. We sold our positions with Coloplast, Kimberly Clark, Leggett & Platt (rationale above) and Unilever.

ABB is a Swiss-based industrial company. The company's results have been pressured over the past several years by its power business, however, we believe it is currently well positioned to benefit from global investment in power grids that take advantage of renewables. ABB produces a low double-digit operating margin, a mid-double digit return on equity and has a solid A-rated balance sheet. In addition, the company was also able to sustain its dividend during the financial crisis.

Coca-Cola has struggled over the past several years with an overly complicated bottling system and a pricing algorithm that emphasized volume over profits and created a misalignment between Coca-Cola and its bottlers. The company has since fixed the pricing misalignment and its new emphasis on revenue over volume has resulted in a positive price-mix dynamic that is expected to play out over the next several years. As a result, earnings are expected to start growing again next year.

Spark New Zealand is the leading mobile operator in the country. The competitive environment is relatively rational and the company benefits from the country's geographic isolation, which creates a barrier to entry. The company is investing to create a wireless broadband network in order to bypass the country's broadband provider and to be the leader when 5G mobile services are launched. Both of these services will allow the company to offer a broad suite of differentiated products.

We sold Coloplast and Unilever to fund purchases that offer better valuation and a higher yield.

Kimberly Clark is seeing increased levels of competition across its business. After years of organically growing the business at a 2% to 6% rate (even during the financial crisis), the company is now struggling to grow at all. Given these issues, and our concern that they will linger for an extended period of time, 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.

Portfolio Highlights

Style: Large Cap
Index: Russell Developed Large Cap Index
Portfolio Turnover: 25%–35%
Number of Holdings: 25–50

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	31
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	19
Chris Armbruster, CFA Research Analyst	12

Top 10 Holdings

As of September 30, 2017

Company	Percent of equity (%)
Zurich Insurance Group	4.2
Royal Dutch Shell	4.1
PPL	4.0
Vodafone Group	4.0
HSBC Holdings	3.6
Las Vegas Sands	3.6
National Grid	3.6
BCE	3.5
Scor	3.5
Royal Bank of Canada	3.5
Total	37.7

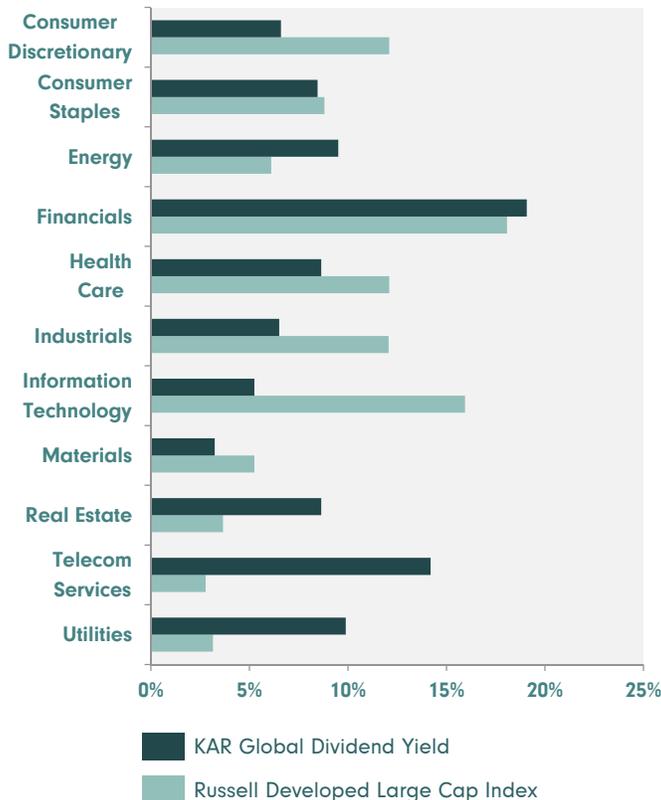
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
<p>KAR Universe</p> <p>Typical Quantitative Screens</p> <ul style="list-style-type: none"> Investment-grade balance sheet Market cap > \$1.0 billion 5-year average ROE > 7.5% No dividend cut last five years <p>Other Resources</p> <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>25-40 Stocks</p> <p>Position Weights</p> <ul style="list-style-type: none"> Average position size is typically 3% Max initial position size is 5% (cost) Max position size is 10% (market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> +/- 15% of the sector weights of the Russell Developed Large Cap Index <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years Portfolio turnover is typically 25% to 35% <p>Cash Levels</p> <ul style="list-style-type: none"> Fully Invested Max cash position is 10% 	<p>Potential dividend cut</p> <p>Balance sheet deterioration</p> <p>Inability to cover dividend via internal cash generation over medium-to-long term</p>
<p>Higher Quality Stronger, More Consistent Growth Better Value</p>			

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 Global Dividend Yield	Russell Developed Large Cap Index
Quality		
Return on Equity—Past 5 Years	15.5%	15.0%
Total Debt/EBITDA	5.8 x	5.1 x
Earnings Variance—Past 10 Years	41.4%	40.6%
Growth		
Dividend Per Share Growth—Past 10 Years	4.6%	7.7%
Dividend Payout Ratio—5 Year Average	81.6%	42.4%
Dividend Yield	4.1%	2.3%
Value		
P/E Ratio—Trailing 12 Months	21.9 x	21.3 x
Market Characteristics		
\$ Weighted Average Market Cap	\$74.0 B	\$118.7 B
Largest Market Cap	\$249.7 B	\$803.6 B

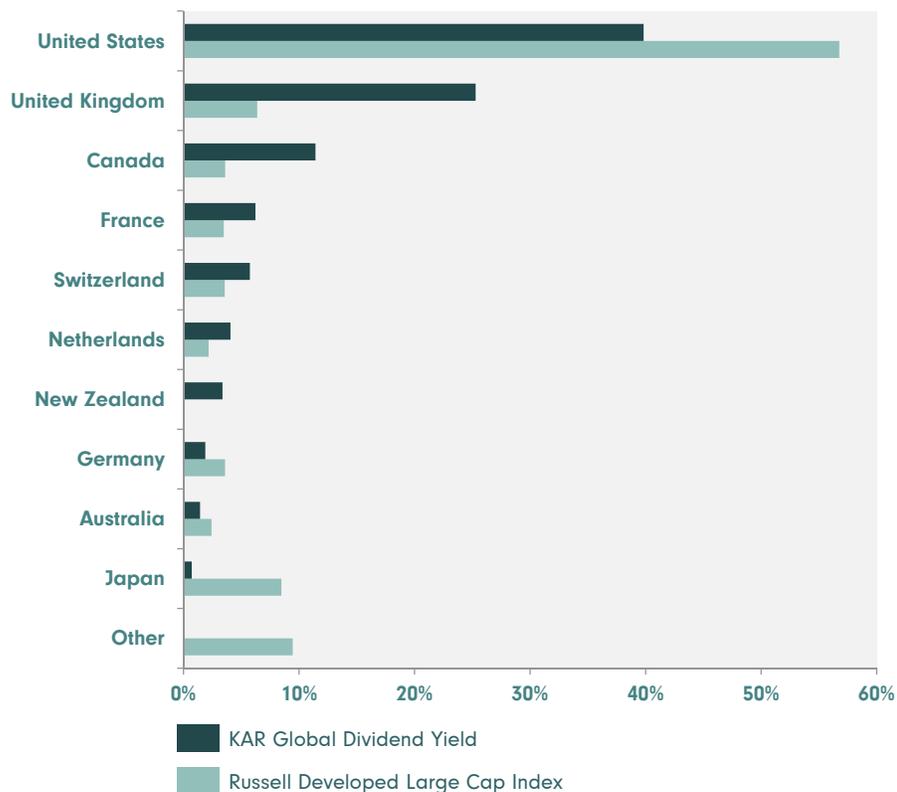
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

Global Dividend Yield Portfolio

Third Quarter 2017

Geographical Exposure

As of September 30, 2017



Peer Comparison Chart

Inception* to September 30, 2017



● KAR Global Dividend Yield
● Russell Developed Large Cap Index

Historical Returns

	KAR Global Dividend Yield (gross)	KAR Global Dividend Yield (net) [†]	Blended Index [§]	Russell Developed Large Cap Index
Annualized Returns (%)[†]				
As of September 30, 2017				
3 rd Quarter	1.96	1.78	3.26	4.88
Year to Date	10.66	10.09	10.72	16.03
One Year	10.72	9.95	10.69	18.28
Three Years	7.33	6.59	5.91	7.83
Five Years	10.44	9.68	7.61	11.23
Inception*	11.30	10.54	8.31	12.09
Annual Returns (%)				
2016	12.22	11.45	5.82	7.70
2015	(3.51)	(4.16)	(0.07)	(0.87)
2014	12.36	11.58	5.56	5.16
2013	22.35	21.53	14.84	27.38
2012	12.36	11.58	11.48	16.16

*January 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.

[§]Blended Index consists of 60% Russell Developed Large Cap Index and 40% Barclays U.S. Aggregate Bond Index.

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. The Global Dividend Yield Universe includes all managers categorized in the global dividend focus asset class by eVestment. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Performance Statistics

Inception* to September 30, 2017

	KAR Global Dividend Yield	Blended Index [§]	Russell Developed Large Cap Index
Annualized Return	11.30	8.31	12.09
Annualized Standard Deviation	8.63	6.40	10.56
Alpha	3.28	0.97	0.00
Beta	0.65	0.60	1.00
Sharpe Ratio	1.30	1.28	1.14
R-Squared	63.39	96.99	100.00

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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.

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. The Global Dividend Yield Composite has been examined for the period from January 1, 2014 through December 31, 2015. The verification and performance examination reports are available upon request.

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 all fully discretionary institutional and pooled Global Dividend Yield Portfolios. Global Dividend Yield Portfolios are

invested in globally diversified securities of high-quality, mature companies with high dividend yields with market capitalizations consistent with the Russell Developed Large Cap Index. For comparison purposes, the composite is measured against the Russell Developed Large Cap Index. The Russell Developed Large Cap Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment in the developed world and is completely reconstituted annually to accurately reflect the changes in the market over time. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in January 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. This composite contained 100% non-fee-paying portfolios as of December 31, 2012, 60% non-fee-paying portfolios as of December 31, 2013, 4% non-fee-paying portfolios as of December 31, 2014, 2% non-fee-paying portfolios as of December 31, 2015 and < 1% non-fee-paying portfolios as of December 31, 2016.

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 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, 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 2014 because 36 monthly composite returns are not available.

3-Yr Annualized Standard Deviation (%)

December 31	Composite	Benchmark
2014	8.95	10.43
2015	10.15	10.94
2016	9.32	11.07

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell Developed Large Cap Index Annual Return (%)	Internal Dispersion
2012	6,545	< 1	< 5	12.36	11.58	16.16	N/A
2013	7,841	1.8	5	22.35	21.53	27.38	N/A
2014	7,989	14	24	12.36	11.58	5.16	0.29
2015	8,095	33	44	(3.51)	(4.16)	(0.87)	0.82
2016	9,989	332	61	12.22	11.45	7.70	0.82

The Russell Developed Large Cap Indices are trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.