

INVESTMENT CONSULTING SERVICE

KAYNE ANDERSON U.S. SMALL/MID-CAP EQUITY CORE

Asset Class: U.S. Equity

Data as of September 30, 2023

Investment manager(s)

Kayne Anderson Rudnick Investment Management, LLC

Kayne Anderson Rudnick Investment Management, LLC (Kayne Anderson) was founded in 1984 and began its role as a traditional portfolio manager in 1989. Kayne Anderson follows a philosophy of “Quality at a Reasonable Price”. The Equity Team demonstrates its commitment to this philosophy through a bottom-up, value discipline. The team searches for what they believe are strong companies with under-leveraged balance sheets that grow consistently through a full market cycle. The goal of this discipline is to build a diversified portfolio of the next generation of high-quality, blue chip companies.

Investor suitability

The Kayne Anderson U.S. Small/Mid-Cap Equity Core strategy is ideal for investors:

- seeking exposure to U.S. small-cap and mid-cap equities
- who are planning to hold their investments for the long term

Volatility rating

Low	Low to Medium	Medium	Medium to High	High
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Investment objective

The Kayne Anderson U.S. Small/Mid-Cap Equity Core strategy seeks to achieve long-term capital growth through investing in high quality U.S. small-cap and mid-cap equities.

Investment philosophy & process

The firm employs a bottom-up value discipline, and has followed a philosophy of “quality at a reasonable price” since 1989. Kayne Anderson exclusively focuses on the highest quality small-cap and mid-cap companies in the U.S., seeking to build a diversified portfolio of the next generation of high-quality, blue chip companies. The portfolio is structured to produce better quality, stronger, more consistent growth and better value characteristics than the Russell 2500 Index. Companies are screened using quantitative criteria that the firm believes indicate strong, consistent growth, low-debt balance sheet, high profitability, and rising free cash flow.

Kayne Anderson’s independent, fundamental approach emphasizes price evaluation of securities on both a historical and future basis. The goal is to identify companies that exhibit competitive advantages through a brand name franchise, being a low-cost producer or dominating a niche industry.

Four key elements drive the sell discipline: target price is achieved, potential to upgrade the portfolio, diversification is required, and fundamental negative change to the company or industry has occurred.

Investment style

Investment process: Bottom-up

Investment style matrix:

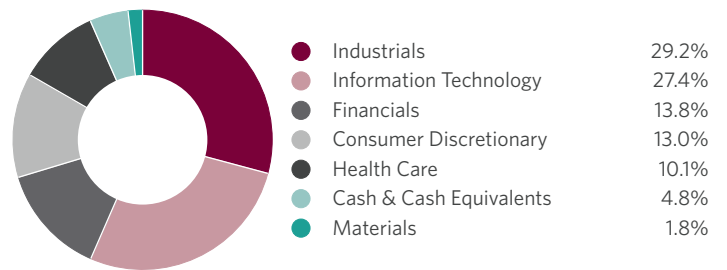
	Value	Core	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

The investment style also exhibits high quality focused characteristics.

Top 10 holdings (%)

Bentley Systems Inc., Class 'B'	5.5
Pool Corp.	4.6
LPL Financial Holdings Inc.	4.2
Lennox International Inc.	4.1
Cooper Cos. Inc. (The)	4.0
Nordson Corp.	4.0
Watsco Inc.	3.6
ANSYS Inc.	3.6
Teradyne Inc.	3.6
Aspen Technology Inc.	3.5
Total	40.7
Current number of holdings:	32

Portfolio asset mix (%)



ICS strategy information

September 30, 2023

The performance returns, risk statistics, and graphs shown in this section are based on a composite of ICS accounts invested in this strategy (the "ICS Composite"). This Strategy can be purchased either in U.S. or Canadian dollars. Performance returns are expressed in U.S. dollars. Performance returns expressed in Canadian dollars are available in the monthly and quarterly performance summaries. Canadian dollar ICS accounts are converted into U.S. dollars using the month-end Bank of Canada noon rate. For details on the ICS Composite, refer to the disclaimer on the last page of this document.

Portfolio characteristics (US\$)

	Kayne Anderson U.S. Small/Mid-Cap Equity Core	Russell 2500 Index
Weighted Average Market Cap (\$Mil)	-	8,310
Price/Earnings (trailing 1 yr)	27.9	21.8
Return on Equity (trailing 1 yr)	26.0	7.3
Equity Dividend Yield (trailing 1 Yr)	1.1	1.8

Trailing returns (%) (US\$)

	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Kayne Anderson U.S. Small/Mid-Cap Equity Core	-4.1	10.6	21.2	-5.9	5.1	10.1	12.3
Russell 2500 Index	-4.8	3.6	11.3	-6.3	8.4	4.5	7.9
Russell 2500 Value Index	-3.7	2.0	11.3	-2.9	13.3	4.0	6.9

Calendar year returns (%) (US\$)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Kayne Anderson U.S. Small/Mid-Cap Equity Core	-25.4	20.5	36.2	40.7	-5.2	19.6	16.9	5.7	9.0	31.1
Russell 2500 Index	-18.4	18.2	20.0	27.8	-10.0	16.8	17.6	-2.9	7.1	36.8
Russell 2500 Value Index	-13.1	27.8	4.9	23.6	-12.4	10.4	25.2	-5.5	7.1	33.3

ICS strategy information

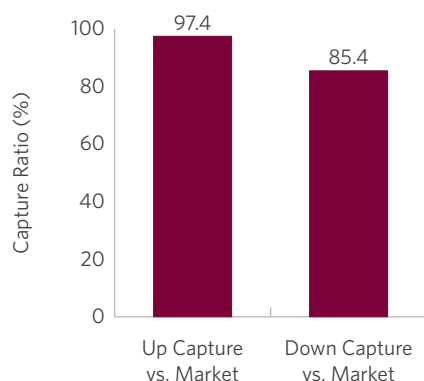
5 Years as of September 30, 2023

Risk statistics (US\$)

	Std Dev (%)	Sharpe Ratio
Kayne Anderson U.S. Small/Mid-Cap Equity Core	22.0	0.38
Russell 2500 Index	23.5	0.12
Russell 2500 Value Index	24.3	0.09

Up/Down market capture (US\$)

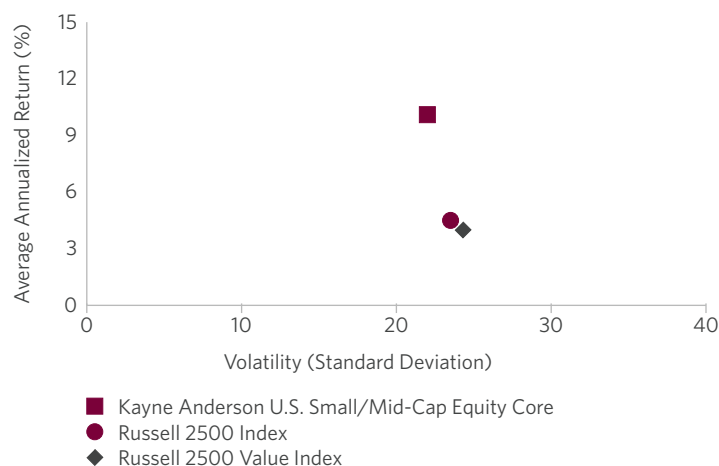
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index



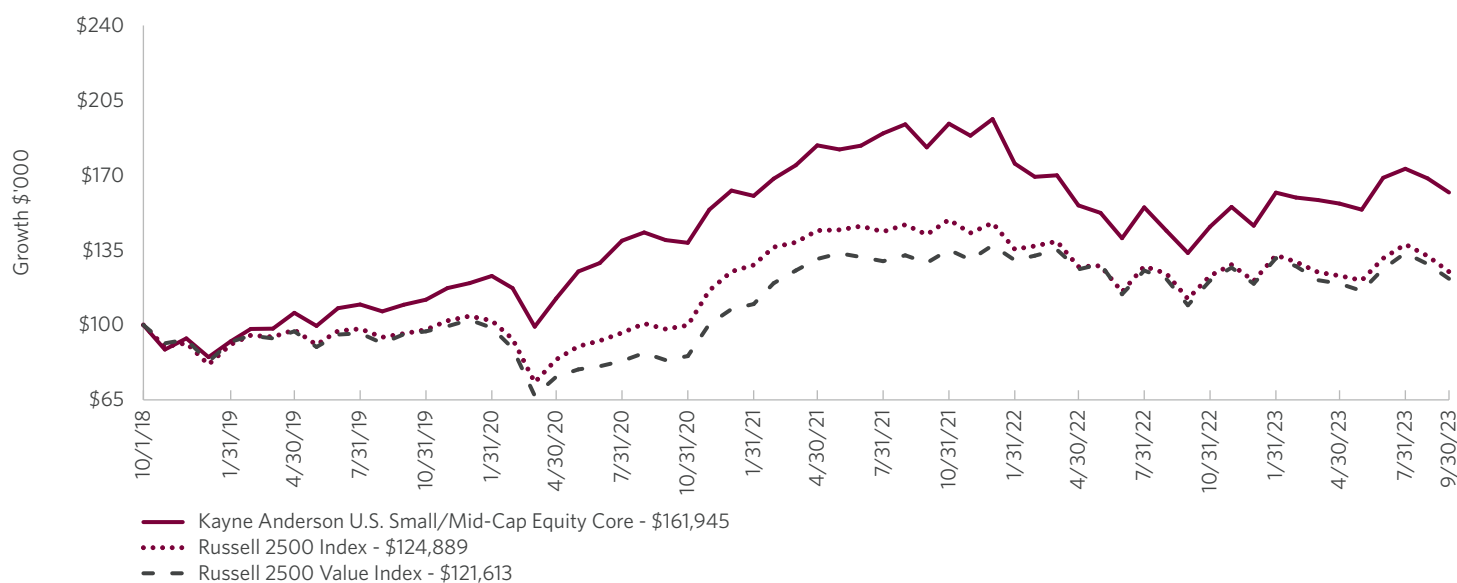
Risk statistics - strategy vs. benchmark (US\$)

	Beta vs. Market	Alpha vs. Market (%)	R-Squared vs. Market (%)
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index	0.88	6.1	0.87
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Value Index	0.81	6.9	0.80

Risk/Reward chart (US\$)



Growth of \$100,000 (US\$)



ICS strategy information

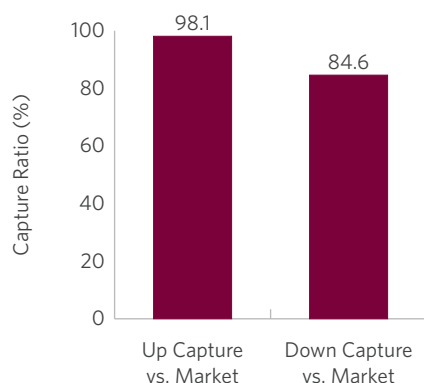
7 Years as of September 30, 2023

Risk statistics (US\$)

	Std Dev (%)	Sharpe Ratio
Kayne Anderson U.S. Small/Mid-Cap Equity Core	19.1	0.57
Russell 2500 Index	20.4	0.31
Russell 2500 Value Index	21.2	0.23

Up/Down market capture (US\$)

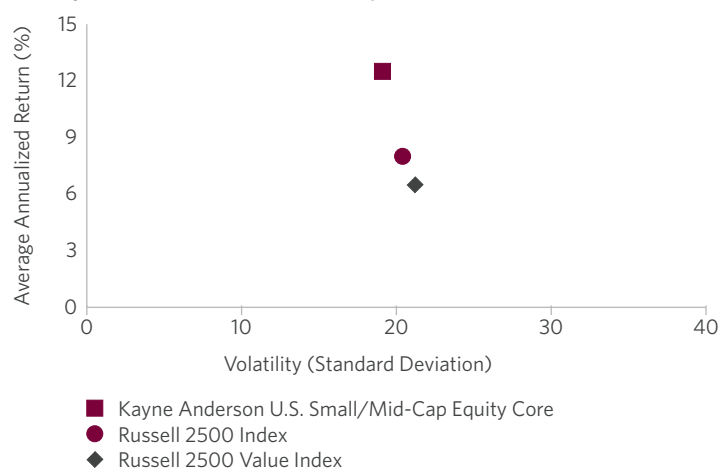
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index



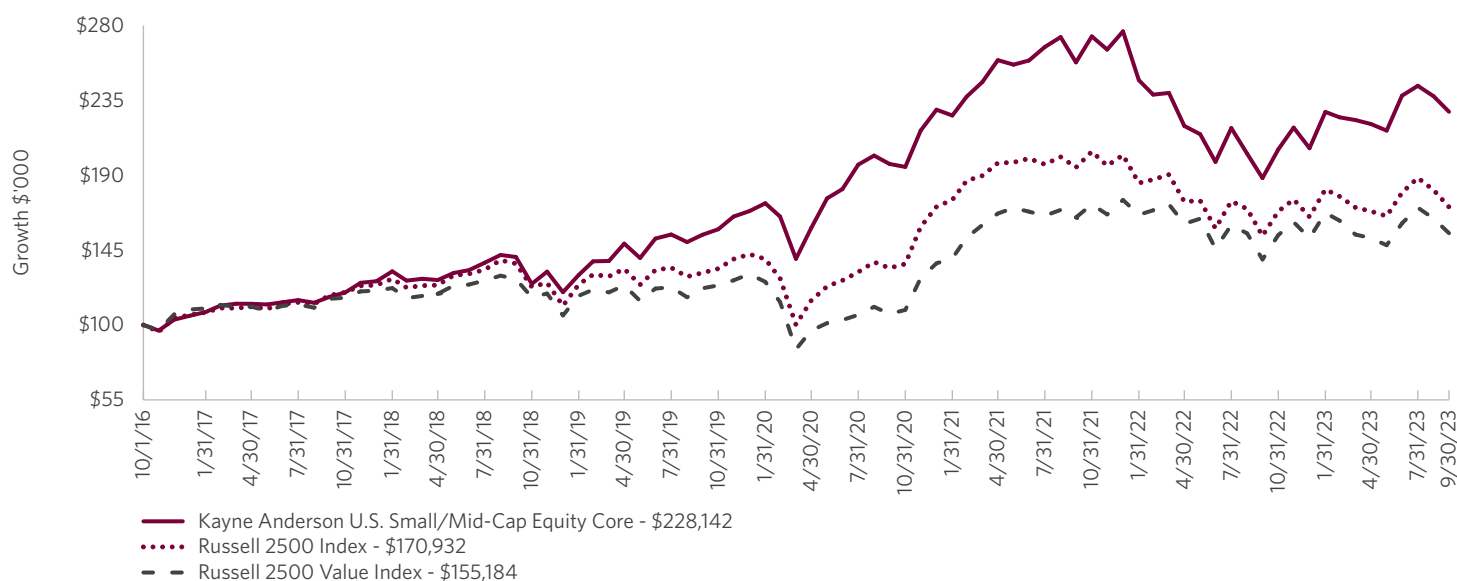
Risk statistics - strategy vs. benchmark (US\$)

	Beta vs. Market	Alpha vs. Market (%)	R-Squared vs. Market (%)
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index	0.87	5.5	0.87
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Value Index	0.80	7.3	0.79

Risk/Reward chart (US\$)



Growth of \$100,000 (US\$)



ICS strategy information

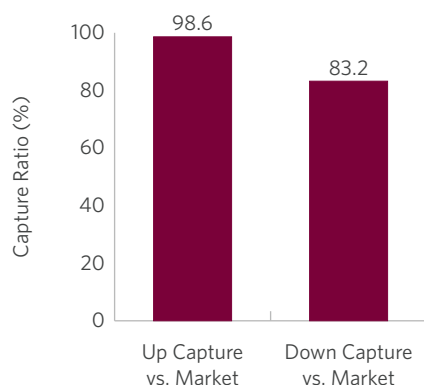
10 Years as of September 30, 2023

Risk statistics (US\$)

	Std Dev (%)	Sharpe Ratio
Kayne Anderson U.S. Small/Mid-Cap Equity Core	17.3	0.64
Russell 2500 Index	18.5	0.37
Russell 2500 Value Index	18.9	0.31

Up/Down market capture (US\$)

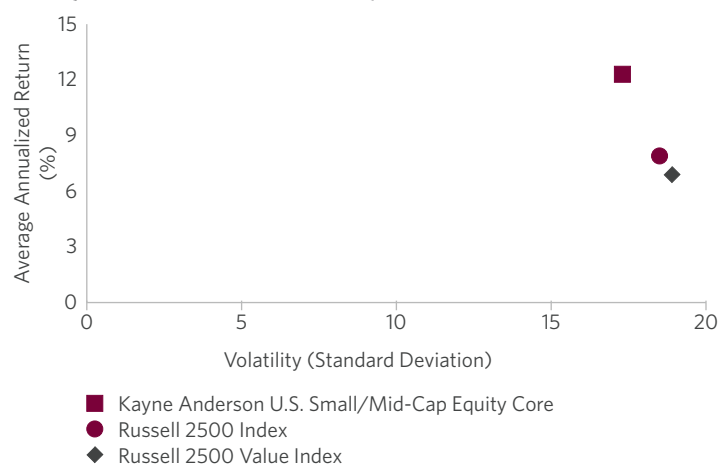
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index



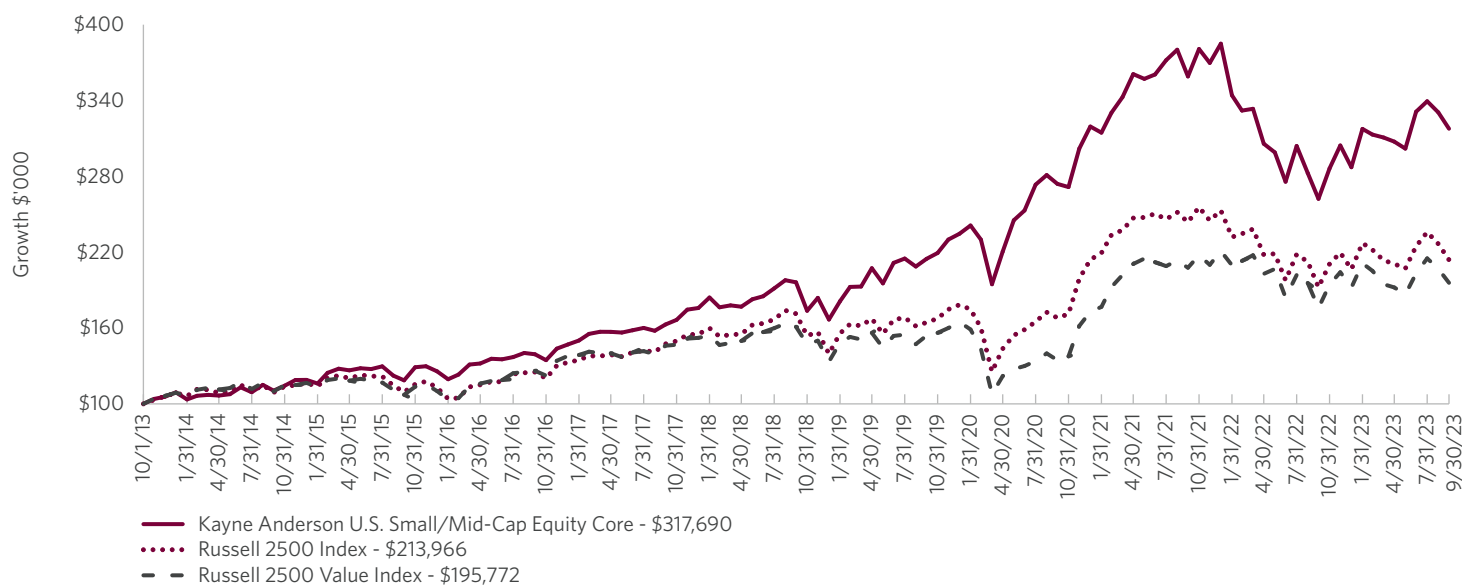
Risk statistics - strategy vs. benchmark (US\$)

	Beta vs. Market	Alpha vs. Market (%)	R-Squared vs. Market (%)
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Index	0.87	5.4	0.86
Kayne Anderson U.S. Small/Mid-Cap Equity Core vs. Russell 2500 Value Index	0.81	6.6	0.79

Risk/Reward chart (US\$)



Growth of \$100,000 (US\$)



ICS Composite

Performance results set out in this document are based on a composite of CIBC Wood Gundy Investment Consulting Service ("ICS") retail accounts with more than \$90,000 invested in the CIBC Wood Gundy ICS Kayne Anderson Rudnick Investment Management, LLC ("Kayne Anderson") U.S. Small/Mid-Cap Equity Core strategy (the "Strategy"). The composite includes open fee-paying discretionary managed ICS accounts held in the Strategy through a purchase or a switch from another investment or ICS strategy. ICS accounts are included at the start of the second month following their inception. Also included in the composite are closed ICS accounts that held the Strategy, up to the last full month the Strategy was held. The composite was created in December 1999. It includes account performance data from March 1, 2000, the second month after the inception of the first account in the Strategy.

Composite performance returns are geometrically linked and calculated by weighting each ICS account's monthly performance, including changes in securities' values, and accrued income (i.e. dividends and interest), against its market value at the beginning of each month, as represented by the market value at the opening of the first business day of each month. Performance returns are expressed in USD and are gross of ICS investment management fees, and other expenses, if any. Each ICS account's performance returns will be reduced by these costs.

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Individual account performance results for clients of ICS invested in the Strategy may also materially differ from the performance results set out in this document, which are based on the Composite due to the factors described above, and other factors such as an account's size, the length of time the Strategy has been held, cash flows in and out of the individual ICS client account, trade execution timing, market conditions and movements, trading prices, foreign exchange rates, specific client constraints, and constraints against purchasing securities of related and connected issuers to CIBC Wood Gundy, the investment manager and/or either of their affiliates. Past performance may not be repeated and is not indicative of future results. Consideration of individual circumstances and current events is critical to sound investment planning. All investments carry a certain degree of risk. It is important to review objectives, risk tolerance, liquidity needs, tax consequences and any other considerations before choosing an ICS strategy. Clients are advised to seek advice regarding their particular circumstances from their tax and legal advisors. Some investment managers may be situated outside of Canada and may not be registered as an advisor in Canada.

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