



Kayne Anderson Rudnick  
Investment Management

## Form CRS Relationship Summary

March 27, 2024

### Item 1 - Introduction

**Kayne Anderson Rudnick Investment Management, LLC ("KAR")** is registered with the U.S. Securities and Exchange Commission as an investment adviser. You should be aware that services and fees differ between investment advisers and broker-dealers, and it is important for you to understand the differences. Free and simple tools are available to research firms like KAR and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which provides educational materials about broker-dealers, investment advisers, and investing.

### Item 2 - Relationships and Services

#### Q. | *What investment services and advice can you provide me?*

We provide a variety of **investment management and advisory services**. Our investment management services include managing assets principally invested in, among other products, domestic and international equities, fixed income securities, proprietary and unaffiliated mutual funds, exchange-traded funds, structured notes, and unaffiliated private funds. A product is **proprietary** if it is advised or sub-advised by us. We also provide investment management services to **wrap-fee accounts** administered by unaffiliated third-party wrap sponsors, to **unified managed accounts**, and to **model programs** of other investment advisers who seek specific securities-related advice and recommendations.

Our investment management and advisory services to retail investors are discretionary. When we provide **discretionary** investment management services, you make the decision regarding the investment strategy that we will implement in your accounts with us based on your investment objectives, and we make the specific investment decisions in accordance with that investment strategy, including buying and selling securities in your accounts and any decisions to hire and terminate any third-party managers that we've selected for you, without your prior approval. For our **wealth advisory division**, our advisory services also include **asset allocation services** that utilize the above-mentioned asset types, comprehensive **financial planning services**, and **separately managed account portfolios** that are advised by either us, our affiliates, or by unaffiliated third-party investment managers selected by us. We invest in or recommend a wide array of investment products for which we have completed thorough due diligence and that we have determined meet our investment criteria and the investment needs of our clients. Investments we make on your behalf depend on your specific investment objectives and we do not limit investments to only proprietary products.

As part of our standard investment management and advisory services, we review the appropriateness of your investment holdings on an ongoing basis. The frequency, depth, and nature of these reviews are based on the terms of your agreement with us, the investment mandate we have with you, your particular needs and certain other factors including significant market events. You must meet certain **investment minimums** and/or agree to **minimum annual fees** to establish an investment advisory relationship with us. These investment minimum and minimum annual fees vary across our advisory programs.

For additional information, see our [Form ADV, Part 2A](#) (Brochure) Items 4 and 7, our investment advisory or wealth advisory agreements, other account documentation (including applicable account opening forms), and account statements.

**Conversation Starters:** Ask your financial professional: *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

### Item 3 - Fees, Costs, Conflicts and Standard of Conduct

#### Q. | *What fees will I pay?*

**Principal Fees and Costs:** We are generally compensated for the investment advisory and wealth advisory services that we provide to our clients **as a percentage of assets under management**, which is typically payable to us quarterly. If your account value falls below a certain amount as specified in your agreement with us, our fees are instead a fixed minimum fee. In addition to the advisory fees paid to us for our investment management and advisory services, you will pay **other fees and expenses** charged to your accounts and underlying investments, such as brokerage, custodial, trading, account maintenance, fees related to mutual funds and private funds, and other transactional and product-level fees. You should be aware that the more assets there are in an advisory account paying an asset-based fee, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For additional information, please see our [Form ADV, Part 2A](#) (Brochure), Item 5.

**Conversation Starter:** Ask your financial professional: *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**Q. | What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

**When we act as your investment adviser,** we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. For example, we (or our affiliates) will earn higher fees or compensation when you invest in a product that we (or one of our affiliates) advise, sub-advise, manage, or sponsor, such as the Virtus Mutual Funds. Also, if you are an existing client of ours, you might have a fee schedule with us under which we are also separately receiving an ongoing payment from one of our affiliates, VP Distributors, LLC, distributor of Virtus Mutual Funds, for your investments in Virtus Mutual Funds. These payments create an incentive for us to direct more of your assets into these investments.

For additional information, see our [Form ADV, Part 2A](#) (Brochure) Items 5, 6, 11, 12, 14, and 17.

**Conversation Starter:** Ask your financial professional: *How might your conflicts of interest affect me, and how will you address them?*

**Q. | How do your financial professionals make money?**

Our financial professionals are eligible to earn a base salary, cash incentive compensation, and equity stock grants from our parent company, Virtus Investment Partners, Inc. The compensation structure for our financial professionals is dependent on a number of factors, including but not limited to our financial professional's client retention rate, quality of overall client service provided, interpersonal skills, the amount of client assets that they service, and the revenue the firm earns from those assets. While we believe our compensation practices are designed with our clients' long-term financial goals and interests in mind, they can also create an incentive for our financial professionals to try to increase investor assets, invest your assets in riskier assets in an effort to increase investor performance, and/or to recommend, buy, or sell investments on your behalf that pay us more in advisory fees or other ongoing payments. Financial professionals also receive the occasional gift, meal, entertainment, and/or attendance at conferences in accordance with our gift and entertainment policies and procedures, which may lead to recommendation or use of these vendors' products and services over vendors that do not provide such non-cash compensation.

#### Item 4 - Disciplinary History

**Q. | Do you or your financial professionals have legal or disciplinary history?**

Yes for our firm. No for our financial professionals. This is described in our [Form ADV, Part 2A](#) (Brochure) at Item 9. You can also visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter:** Ask your financial professional: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### Item 5 - Additional Information

If you have any questions about our investment advisory services or if you wish to request a copy of the relationship summary, please contact us at [KARClientService@Kayne.com](mailto:KARClientService@Kayne.com). Additional information about us is also available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). You can also call us at +1-800-231-7414 or at +1-310-556-2721 for up-to-date information and to request a copy of this relationship summary.

**Conversation Starter:** Ask your financial professional: *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*