

Elements of Diversification

Market leadership changes dramatically from year to year – and predicting the next winning style is impossible. **Your best strategy? Diversification.**
Diversification does not guarantee against a loss, and there is no guarantee that a diversified portfolio will outperform a non-diversified portfolio.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD 2011*
	REITs 35.25	Large-Cap Value 35.18	Large-Cap Growth 38.71	Mid-Cap Growth 51.29	REITs 26.36	Small-Cap Value 14.02	Fixed Income 10.26	Small-Cap Growth 48.54	REITs 31.56	Intl 13.54	REITs 35.05	Large-Cap Growth 11.81	Fixed Income 5.24	Mid-Cap Growth 46.29	Small-Cap Growth 29.09	REITs 8.29
	Large-Cap Growth 23.12	Mid-Cap Value 34.37	Intl 20.00	Small-Cap Growth 43.09	Small-Cap Value 22.83	REITs 13.93	REITs 3.81	Small-Cap Value 46.03	Mid-Cap Value 23.71	Mid-Cap Value 12.65	Intl 26.34	Mid-Cap Growth 11.43	Small-Cap Value -28.92	Large-Cap Growth 37.21	REITs 27.96	Fixed Income 7.84
	Large-Cap Value 21.64	Small-Cap Value 31.78	Mid-Cap Growth 17.86	Large-Cap Growth 33.16	Mid-Cap Value 19.18	Fixed Income 8.44	Mid-Cap Value -9.64	Mid-Cap Growth 42.71	Small-Cap Value 22.25	REITs 12.17	Small-Cap Value 23.48	Intl 11.17	Large-Cap Value -36.85	Small-Cap Growth 34.47	Mid-Cap Growth 26.38	Large-Cap Growth 2.64
	Small-Cap Value 21.37	Large-Cap Growth 30.49	Large-Cap Value 15.63	Intl 26.97	Fixed Income 11.63	Mid-Cap Value 2.33	Small-Cap Value -11.43	Intl 38.59	Intl 20.25	Mid-Cap Growth 12.10	Large-Cap Value 22.25	Small-Cap Growth 7.05	REITs -37.73	Mid-Cap Value 34.21	Mid-Cap Value 24.75	Large-Cap Value 0.39
	Mid-Cap Value 20.26	Mid-Cap Growth 22.54	Fixed Income 8.69	Large-Cap Value 7.35	Large-Cap Value 7.01	Large-Cap Value -5.59	Large-Cap Value -15.52	Mid-Cap Value 38.07	Large-Cap Value 16.49	Large-Cap Value 7.05	Mid-Cap Value 20.22	Fixed Income 6.97	Large-Cap Value -38.44	Intl 31.78	Small-Cap Value 24.50	Mid-Cap Value -1.38
	Mid-Cap Growth 17.48	REITs 20.29	Mid-Cap Value 5.08	Mid-Cap Value -0.11	Mid-Cap Growth -11.75	Small-Cap Growth -9.23	Intl -15.94	REITs 37.14	Mid-Cap Growth 15.48	Large-Cap Growth 5.26	Small-Cap Growth 13.35	Large-Cap Value -0.17	Mid-Cap Value -38.44	REITs 27.99	Large-Cap Growth 16.71	Mid-Cap Growth -1.65
	Small-Cap Growth 11.26	Small-Cap Growth 12.95	Small-Cap Growth 1.23	Fixed Income -0.83	Intl -14.17	Mid-Cap Growth -20.15	Mid-Cap Growth -27.41	Large-Cap Value 30.03	Small-Cap Growth 14.31	Small-Cap Value 4.71	Mid-Cap Growth 10.66	Mid-Cap Value -1.42	Small-Cap Growth -38.54	Small-Cap Value 20.58	Large-Cap Value 15.51	Small-Cap Growth -2.91
	Intl 6.05	Fixed Income 9.65	Small-Cap Value -6.45	Small-Cap Value -1.49	Large-Cap Growth -22.42	Large-Cap Growth -20.42	Large-Cap Growth -27.88	Large-Cap Growth 29.75	Large-Cap Growth 6.30	Small-Cap Growth 4.15	Large-Cap Growth 9.07	Small-Cap Value -9.78	Intl -43.38	Large-Cap Value 19.69	Intl 7.75	Small-Cap Value -5.50
	Fixed Income 3.63	Intl 1.78	REITs -17.50	REITs -4.62	Small-Cap Growth -22.43	Intl -21.44	Small-Cap Growth -30.26	Fixed Income 4.10	Fixed Income 4.34	Fixed Income 2.43	Fixed Income 4.33	REITs -15.69	Mid-Cap Growth -44.32	Fixed Income 5.93	Fixed Income 6.54	Intl -12.14

*As of 12/30/2011 Source: Virtus Performance Analytics

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.
The above table is presented for informational purposes only and is not meant to represent the performance of any Virtus product.
Performance of all cited indexes is calculated on a total-return basis with dividends reinvested.
Indexes are unmanaged and not available for direct investment.

International is represented by the MSCI EAFE® (Morgan Stanley Capital International Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that measures developed foreign market equity performance, excluding the U.S. and Canada.

Fixed Income is represented by Barclays Capital U.S. Aggregate Index: Measures the U.S. investment grade fixed rate bond market.

Small-Cap Growth is represented by the Russell 2000® Growth Index: A market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

Small-Cap Value is represented by the Russell 2000® Value Index: A market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

S&P 500® is a free-float market capitalization-weighted index of 500 of the largest U.S. companies.

International investing involves added risks such as currency fluctuation and less public disclosure, as well as economic and political risks. **Small-cap** and **mid-cap** investing involves added risks, including greater price volatility, less liquidity and increased competitive threat. **Equity securities** tend to be most volatile, while **fixed-income securities** offer a fixed rate of return. **Investing in REITs** involves certain risks such as refinancing, changes in the value of properties REITs own, dependency on management skills, economic impact on the industry and risks similar to those linked to small-company investing.

Mid-Cap Growth is represented by the Russell Midcap® Growth Index: A market capitalization-weighted index of medium-capitalization, growth-oriented stocks of U.S. companies.

Mid-Cap Value is represented by the Russell Midcap® Value Index: A market capitalization-weighted index of medium-capitalization, value-oriented stocks of U.S. companies.

Large-Cap Growth is represented by the Russell 1000® Growth Index: A market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

Large-Cap Value is represented by the Russell 1000® Value Index: A market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

REITs are represented by the FTSE NAREIT Equity REITs Index: A free-float market capitalization-weighted index which measures equity tax-qualified REITs that meet minimum size and liquidity criteria and are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market System.

Elements of Diversification

Sector leadership ALSO changes dramatically from year to year:

- > Every market sector, from technology to health care, has its time in the spotlight, but no single sector can claim the spotlight all the time.
- > That's why diversification is key. Balancing your investments across a broad number of sectors can help cushion against big swings in one group or another.
- > Virtus' investment managers invest across a variety of sectors for true diversification.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD 2011*
Utilities	57.19	3.48	Consumer Staples -4.26	Information Technology 47.23	Energy 31.54	Energy 31.37	Telecomm. Services 36.80	Energy 34.40	Consumer Staples -15.43	Information Technology 61.72	Consumer Discretionary 27.66	Utilities 19.91
Health Care	37.05	Consumer Discretionary 2.79	Materials -5.46	Materials 38.19	Utilities 24.28	Utilities 16.84	Energy 24.21	Materials 22.53	Health Care -22.81	Materials 48.59	Industrials 26.73	Consumer Staples 13.99
Financials	25.70	Industrials -5.74	Energy -11.13	Consumer Discretionary 37.41	Telecomm. Services 19.85	Financials 6.48	Utilities 20.99	Utilities 19.38	Utilities -28.98	Consumer Discretionary 41.30	Materials 22.20	Health Care 12.73
Consumer Staples	16.78	Consumer Staples -6.40	Financials -14.64	Industrials 32.20	Industrials 18.03	Health Care 6.46	Financials 19.19	Information Technology 16.31	Telecomm. Services -30.49	Industrials 20.93	Energy 20.46	Telecomm. Services 6.27
Energy	15.68	Financials -8.95	Health Care -18.82	Financials 31.03	Consumer Discretionary 13.24	Materials 4.42	Consumer Discretionary 18.64	Consumer Staples 14.18	Consumer Discretionary -33.49	Health Care 19.70	Telecomm. Services 18.97	Consumer Discretionary 6.13
Industrials	5.88	Energy -10.40	Consumer Discretionary -23.82	Utilities 26.26	Materials 13.19	Consumer Staples 3.58	Materials 18.63	Industrials 12.03	Energy -34.87	Financials 17.22	Consumer Staples 14.11	Energy 4.72
Materials	-15.72	Health Care -11.95	Industrials -26.34	Energy 25.63	Financials 10.89	Industrials 2.32	Consumer Staples 14.36	Telecomm. Services 11.94	Industrials -39.92	Consumer Staples 14.89	Financials 12.13	Information Technology 2.41
Consumer Discretionary	-20.00	Telecomm. Services -12.25	Utilities -29.99	Health Care 15.06	Consumer Staples 8.16	Information Technology 0.99	Industrials 13.29	Health Care 7.15	Information Technology -43.14	Energy 13.82	Information Technology 10.19	Industrials -0.59
Telecomm. Services	-38.81	Information Technology -25.87	Telecomm. Services -34.11	Consumer Staples 11.57	Information Technology 2.56	Telecomm. Services -5.63	Information Technology 8.42	Consumer Discretionary -13.21	Materials -45.66	Utilities 11.91	Utilities 5.46	Materials -9.75
Information Technology	-40.90	Utilities -30.44	Information Technology -37.41	Telecomm. Services 7.08	Health Care 1.68	Consumer Discretionary -6.36	Health Care 7.53	Financials -18.63	Financials -55.32	Telecomm. Services 8.93	Health Care 2.90	Financials -17.06

▲ best performance | ▼ worst

*As of 12/30/2011 Reflects S&P 500® Index Sectors.

Source: S&P 500®

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These sectors are not available for direct investment.

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

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