



VIRTUS DUFF & PHELPS  
GLOBAL INFRASTRUCTURE FUND

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September 30, 2018

# IMPORTANT RISK CONSIDERATIONS



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## **Equity Securities**

The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

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## **Foreign Investing**

Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk.

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## **Industry/Sector Concentration**

A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

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## **Income**

Income received from the fund may vary widely over the short- and long-term.

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## **Prospectus**

For additional information on risks, please see the fund's prospectus.

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**Virtus (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors.**

## **Key Facts:**

- AUM of \$105.6 billion managed in a multi-boutique structure
- 9 affiliated managers

**Disciplined, institutional-quality money management through wholly owned subsidiaries and select subadvisers, each with a distinct investment philosophy and style.**

- We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach.
- We have the flexibility, agility, and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers.
- We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility.

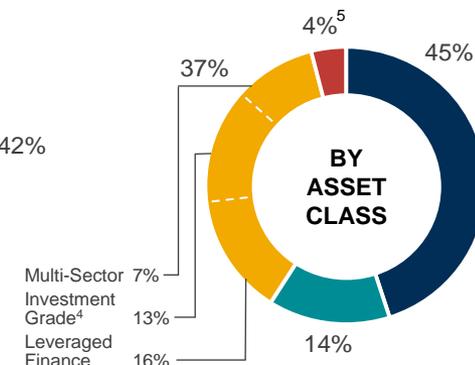
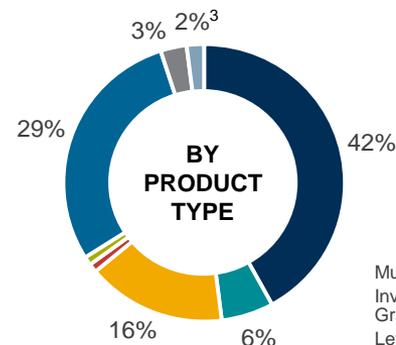
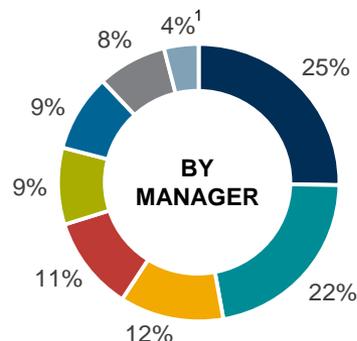
# INVESTMENT OFFERINGS

We have offerings in various asset classes, across all market capitalizations, in different styles, and with diverse investment approaches.

Investment products include:

- Open-end mutual funds
- Variable insurance funds
- Closed-end funds
- Retail separate accounts
- Institutional accounts
- Exchange-traded funds
- UCITS
- Structured products
- Collective investment trusts

ASSETS UNDER MANAGEMENT in Billions as of 9/30/18



#### Affiliated Managers

■ Kayne Anderson Rudnick	\$26.8
■ Seix	23.4
■ SGA	12.1
■ Newfleet	11.4
■ Duff & Phelps	9.9
■ Ceredex	9.6
■ Silvant	1.1
■ Rampart and Other <sup>2</sup>	1.4
	\$95.7
<b>Subadvisers</b>	
■ Vontobel	\$8.8
■ Other Subadvisers	1.1
	\$9.9

#### Funds

■ Open-End	\$44.2
■ Closed-End	6.3
■ Variable Insurance	1.0
■ ETFs	1.0
	\$52.5

#### Separate Accounts

■ Institutional Accounts	\$31.0
■ Retail Separate Accounts	16.8
■ Structured Products	3.6
■ Liquidity <sup>3</sup>	1.7
	\$53.1

#### Domestic Equity

■ Large-Cap	\$20.0
■ Small-Cap	19.8
■ Mid-Cap	7.6
	\$47.4

#### International Equity

■ Developed Market	\$7.9
■ Emerging Market	7.4
	\$15.3

#### Fixed Income & Liquidity

■ Leveraged Finance	\$16.4
■ Investment Grade <sup>4</sup>	14.2
■ Multi-Sector	7.9
	\$38.5

#### Alternative & Other

■ Alternative	\$4.2
■ Other <sup>5</sup>	0.2
	\$4.4

\$ billions as of September 30, 2018; totals may not add due to rounding.

<sup>1</sup>Includes Silvant, Rampart, asset allocation and other subadvised strategies.

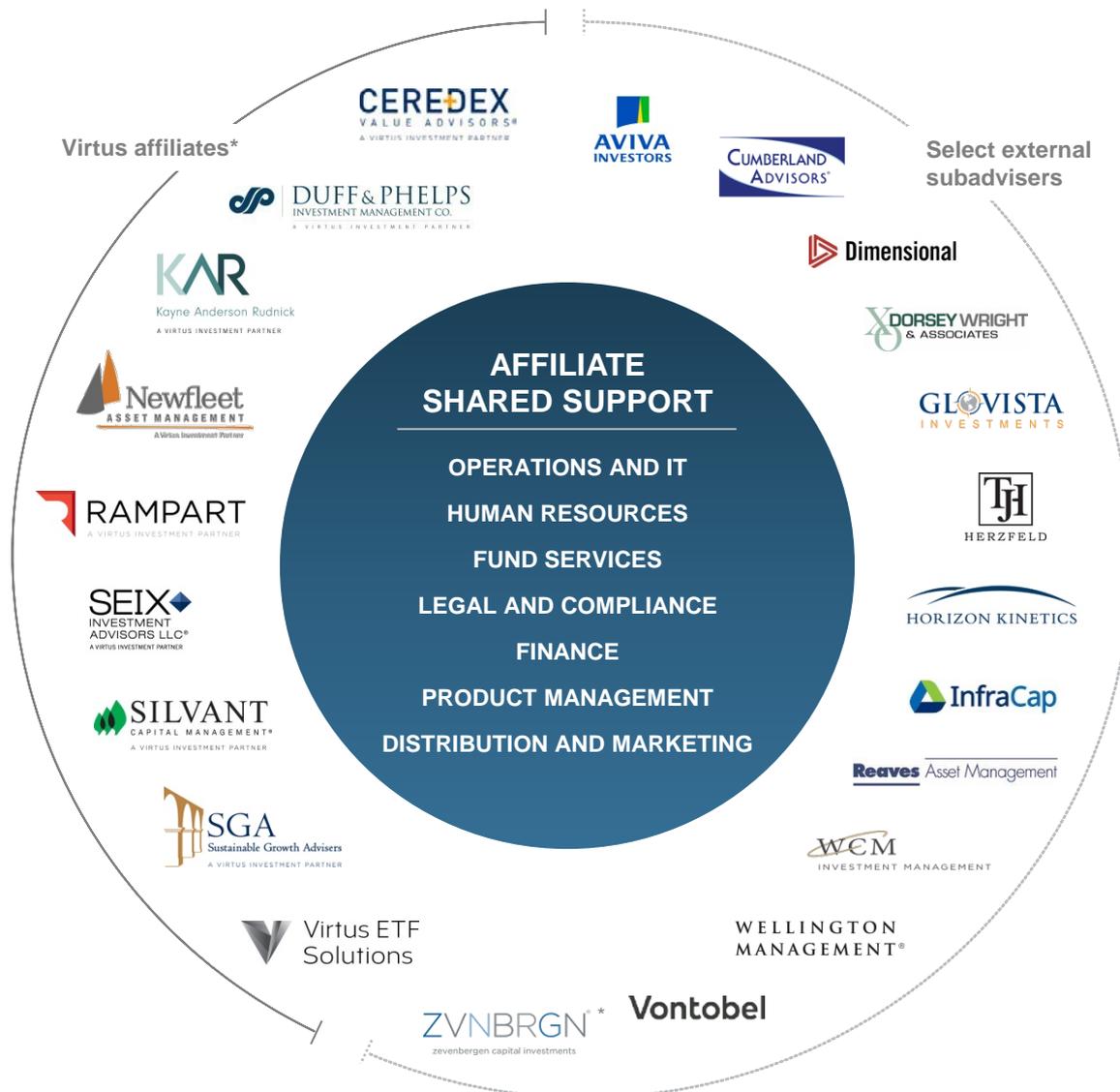
<sup>2</sup>Primarily includes assets managed by investment professionals from Rampart.

<sup>3</sup>Includes ultra short bond strategies.

<sup>4</sup>Includes liquidity strategies.

<sup>5</sup>Option strategies.

# MULTI-BOUTIQUE, MULTI-STRATEGY MODEL

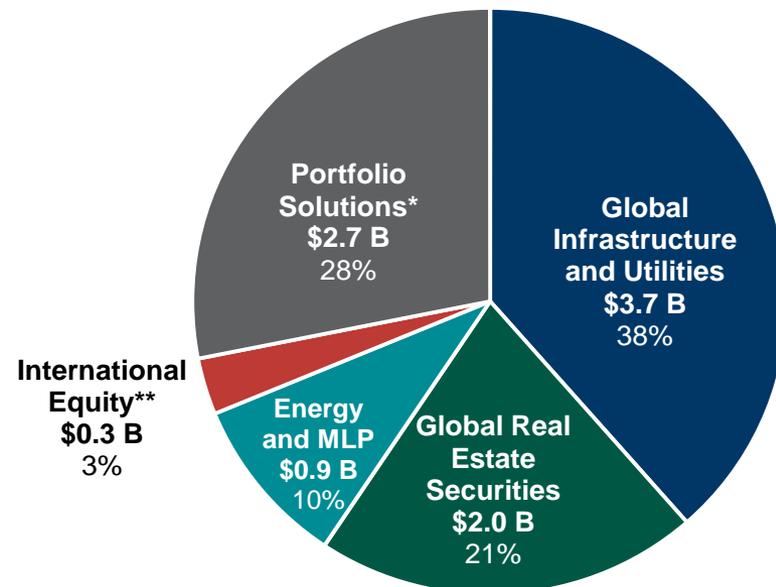


\*Virtus has an ownership interest in the firm.

## Quality. Reliability. Specialization. Since 1932.

- Founded in 1932 as a research firm, Duff & Phelps began investment management in 1979 to provide specialty investment strategies that enhance client outcomes
- We apply disciplined bottom-up investment processes with the objective of producing superior risk-adjusted returns
- We benefit from the exceptional continuity of our investment team, which leads to a consistent and repeatable investment process
- Wholly owned by Virtus Investment Partners, Duff & Phelps operates independently with offices in Chicago and New York

### Duff & Phelps Assets Under Management: \$9.8B<sup>1</sup>



<sup>1</sup>As of September 30, 2018.

\* Includes customized portfolio solutions, fixed income, and other strategies designed for institutional clients.

\*\*Excludes assets in model portfolios.

# GLOBAL INFRASTRUCTURE TEAM

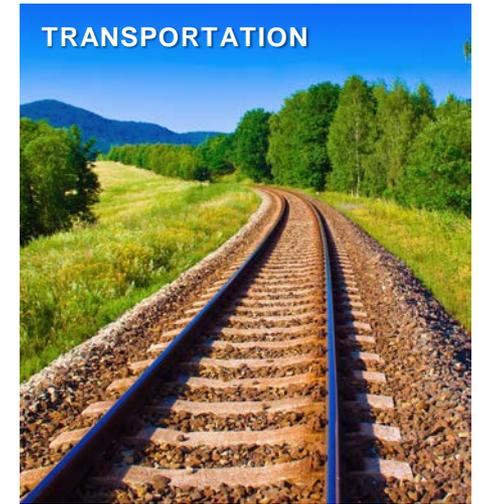
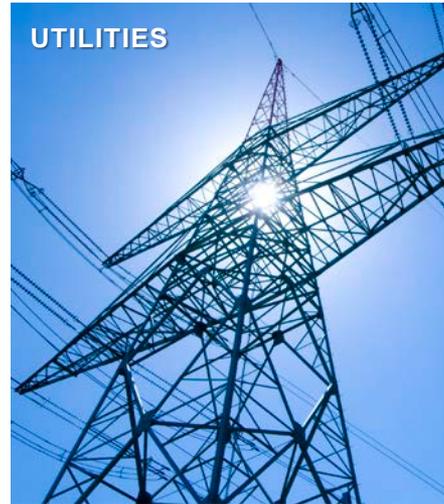


## Experienced Team, Continuity of Process, and Longstanding Relationships with Business Operators

Member	Role	Years with Duff & Phelps	Investment Experience
Connie Luecke, CFA	Senior Portfolio Manager	26 Years	35 Years
Steven Wittwer, CFA, CPA	Portfolio Manager, Senior Analyst	1 Year	21 Years
David Grumhaus, Jr.	Head of Infrastructure Research	4 Years	25 Years
Benjamin Bielawski, CFA	Senior Analyst, Global Utilities and Communications	<1 Year	23 Years
Joyolin Brown, CFA	Senior Analyst, Global Utilities and Transportation	24 Years	24 Years
Ellen Elberfeld, CFA	Senior Analyst, Global Utilities and Transportation	2 Years	12 Years
Charles Georgas, CFA	Senior Analyst, Energy	10 Years	30 Years
Rodney Clayton, CFA	Senior Analyst, Energy	1 Year	14 Years
Kyle West, CFA	Analyst, Energy	11 Years	12 Years
Nathan Partain, CFA	President and Chief Investment Officer	29 Years	31 Years
Mike Skurka, CFA	Client Portfolio Manager	1 Year	20 Years
Tim Fitzgerald	Head of Trading	24 Years	37 Years
Brian VanderMeulen	Senior Trader	18 Years	21 Years

# WHAT IS GLOBAL INFRASTRUCTURE?

- Real, long-lived assets vital to society's ability to function and grow
- Companies that provide the public with essential services that are a part of everyday life
- Industry attributes:
  - High barriers to entry
  - Inelastic price demand
  - Long-term contracts
  - Inflation protection
  - Not a sector in itself, but includes companies in multiple different sectors



# WHY INVEST IN GLOBAL INFRASTRUCTURE?

**The Global Infrastructure asset class has historically produced an attractive risk/return profile**

- Stable, inflation-linked revenues
- Above average income and moderate growth
- Lower correlations to other asset classes
- Reduced sensitivity to market swings and economic cycles

**Current Opportunities**

- Expectations are on the rise for spending on infrastructure projects worldwide
- Themes driving the need for capital expenditure on infrastructure assets include an expanding global population and underinvestment in repair/replacement of existing assets

**Past performance is not indicative of future results.**

Opinions represented are subject to change and should not be considered investment advice. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes.

# WHY INVEST IN GLOBAL INFRASTRUCTURE?



## 5 Year Correlation Matrix

	1	2	3	4	5	6	7
1 FTSE Developed Core Infrastructure 50/50 Index (net)							
2 S&P 500® Index	0.51						
3 Russell 2000® Index	0.26	0.75					
4 MSCI ACWI Index (net)	0.60	0.94	0.65				
5 MSCI EM Index (net)	0.61	0.62	0.33	0.80			
6 BBgBarc U.S. Aggregate Bond Index	0.54	-0.09	-0.16	-0.04	0.14		
7 BBgBarc Global Aggregate Index	0.65	0.12	-0.06	0.27	0.51	0.64	
8 BBgBarc U.S. Treasury U.S. TIPS Index	0.56	-0.02	-0.08	0.10	0.34	0.83	0.65

1.00 to 0.60
  0.59 to 0.20
  0.19 to -0.20
  -0.19 to -0.60
  -0.59 to -1.00

### Past performance is not indicative of future results.

Period; 10/1/13 to 9/30/18.

Source: Morningstar Direct

The **FTSE Developed Core Infrastructure 50/50 Index (net)** is a free float-adjusted market capitalization weighted index that gives participants an industry-defined interpretation of infrastructure and adjusts the exposure to certain infrastructure sub-sectors. The constituent weights for the index are 50% Utilities, 30% Transportation including capping of 7.5% for railroads/railways and a 20% mix of other sectors including pipelines, satellites, and telecommunication towers. The index is calculated on a total return basis with net dividends reinvested. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Russell 2000® Index** is a market capitalization-weighted index of the 2,000 smallest 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. The **MSCI AC World Index (net)** is a free float-adjusted market capitalization-weighted index that measures equity performance of developed and emerging markets. The index is calculated on a total return basis with net dividends reinvested. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization-weighted index designed to measure equity market performance in the global emerging markets. The index is calculated on a total return basis with gross dividends reinvested. The **Bloomberg Barclays U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. The index is calculated on a total return basis. The **Bloomberg Barclays Global Aggregate Bond Index** measures the global investment grade fixed rate bond market. The index is calculated on a total return basis. The **Bloomberg Barclays Treasury US TIPS TR USD Index** includes publicly issued, U.S. Treasury inflation protected securities that have at least 1 year remaining to maturity on index rebalancing date, with an issue size equal to or in excess of \$500 million. Bonds must be capital-indexed and linked to an eligible inflation index. The securities must be denominated in U.S. dollars and pay coupon and principal in U.S. dollars. The notional coupon of a bond must be fixed or zero. Bonds must settle on or before the index rebalancing date. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

**Correlation Coefficient:** a measure that determines the degree to which two variables' movements are associated. The correlation coefficient will vary from -1 to +1. A -1 indicates perfect negative correlation and +1 indicates perfect positive correlation.

# OUR UNIQUE APPROACH: THE OWNER/OPERATOR MODEL



## **Duff & Phelps focuses on owner/operators of infrastructure assets because:**

- Many have pre-contracted and/or regulated revenues
- They have historically had consistent, predictable business models
  - Revenue with low variability
  - Stable cash flows
  - Above average dividend payouts
  - Ability to benefit from rising inflation
- These attributes enable us to focus on a total return orientation comprised of current income, income growth, and asset value increases

## **We avoid infrastructure companies that exhibit these traits:**

- Highly cyclical, non-protected cash flows
- Highly competitive markets
- Exposure to commodity price volatility
- Examples include
  - Construction / construction equipment companies
  - Airlines
  - “Upstream” oil and gas exploration companies

# PHILOSOPHY AND INVESTMENT PROCESS

**Focus on owners and operators of infrastructure assets in developed markets, who have historically delivered transparent revenue with low variability**

- We believe a rigorous, fundamentally-driven investment process will uncover securities that are mispriced which may provide superior risk-adjusted returns.
- We invest globally in the owners/operators of high-quality infrastructure assets with consistent and predictable business models.
- We have a total return approach that strives to provide distinct portfolio benefits including growing income, capital appreciation, low volatility, and long-term inflation protection.
- Our team approach allows us to have multiple perspectives which is essential to uncovering new opportunities and identifying changes to the investment thesis.

# DEFINING GLOBAL INFRASTRUCTURE



We focus on Core and Value-Added Infrastructure in Developed Markets and seek to achieve attractive total returns with greater consistency and lower volatility than our peers.

## Core

- Higher dividend income profile
- Inflation linked revenues
- Regulated returns
- Distribution Utilities—Electric/Gas/Water
- Electricity Transmission
- Oil and Gas Pipelines/Storage
- Mature Toll Roads

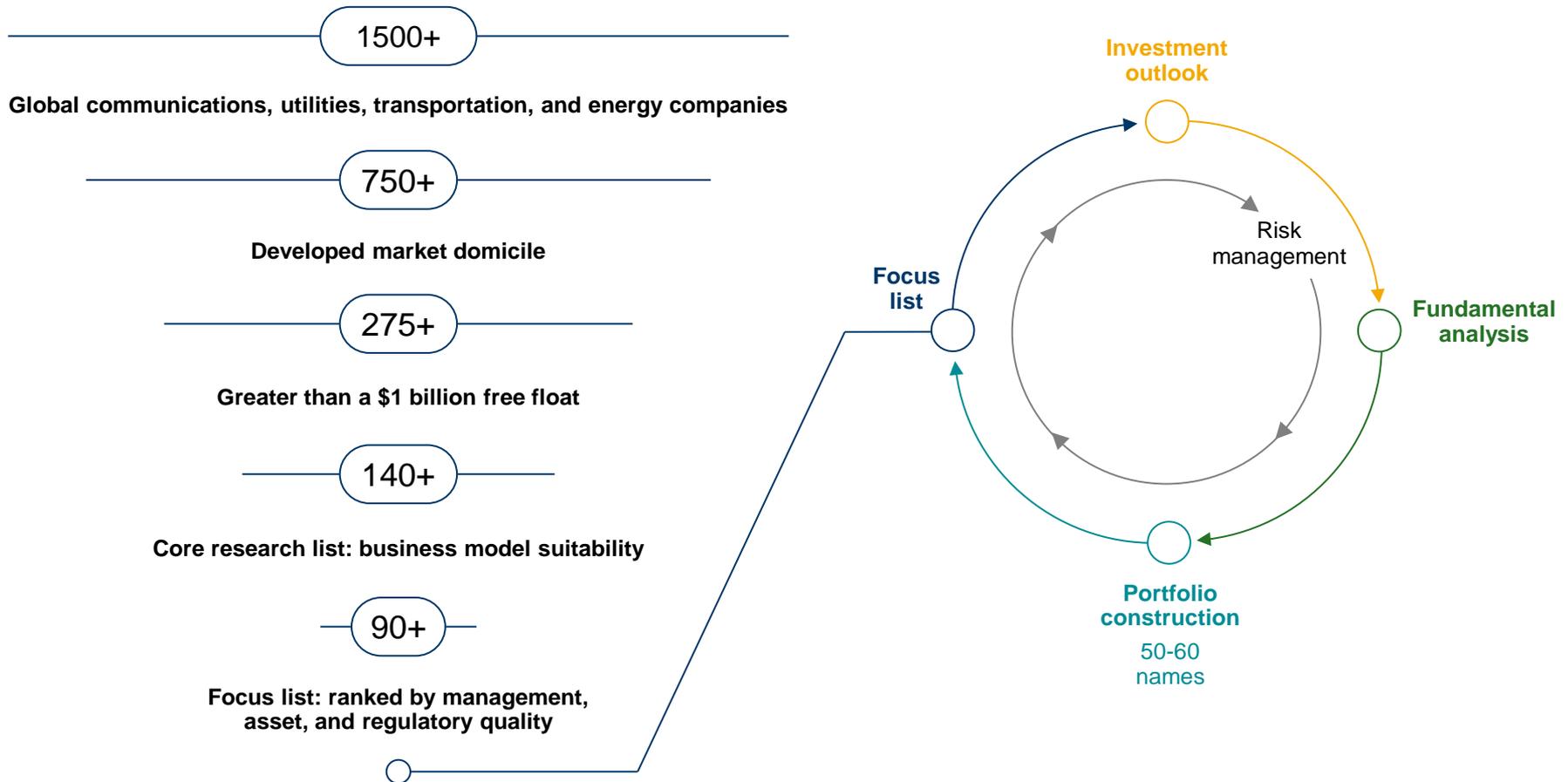
## Value-Added

- Moderate dividend income
- Stronger growth profile
- Airports
- Communications Satellites
- Environmental Services
- Integrated Utilities
- Ports
- Rail Networks
- Renewable Energy
- Towers—U.S.-based

## Opportunistic

- Varied dividend income
- Private-equity like profile
- Emerging Market Infrastructure
- Merchant Power Plants
- New Toll Roads
- Towers—European-based

# INVESTMENT PROCESS



# CURRENT POSITIONING

## Strategy Views as of September 30, 2018

### Energy: overweight driven by attractive valuation and fundamentals

Supply/demand for oil & gas remains bullish supporting the many large, multi-year pipeline projects coming online; U.S. exports also continue to ramp

Strong secular growth story and attractive yield should improve sentiment and flows into the sector

### Utilities: underweight due to rising rates and relative valuation in the U.S.

Higher interest rates and premium valuations relative to the market are near-term headwinds for U.S. utilities

Focused on constructive regulatory environments and utilities investing in renewables which provides the opportunity for higher growth and returns

### Macro: brisk U.S. economic growth a tailwind partially offset by slowdown in Europe

Maintain sector & regional diversity to capitalize on areas with best growth opportunities

Should capital spending levels increase, infrastructure stands to benefit

### Transportation: preference for U.S. rails within a sector underweight

U.S. railroads are well positioned to drive margins higher on improved operations and strong economic growth

Significant underweight in airports due to soft retail, slowing traffic trends, and potential downside risk to aeronautical fees

### Communications: maintain bullish outlook on wireless tower companies

Usage trends for wireless video and data favor the tower companies

Multi-year network investment plans by wireless carriers to deploy 4G/5G technologies are a positive driver

### Macro: expect central banks to eventually follow the Fed with higher interest rates

Although rates have increased from unusually low levels, globally rates remain below historical averages

Inflation seems to have stalled for now, but should it return, inflation-linked contracts may provide some protection.

# PROVEN PROCESS AND TRACK RECORD FROM INDUSTRY LEADER

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## Benefits

- The firm's history in infrastructure which dates back to 1932
- Long tenured portfolio manager and consistent investment process
- Deep, fundamental research experience in Infrastructure sectors
- Our extensive knowledge of the regulatory environment and management teams
- Attractive returns versus our index and peers over the long term

# A DIVERSE, DISCIPLINED PORTFOLIO



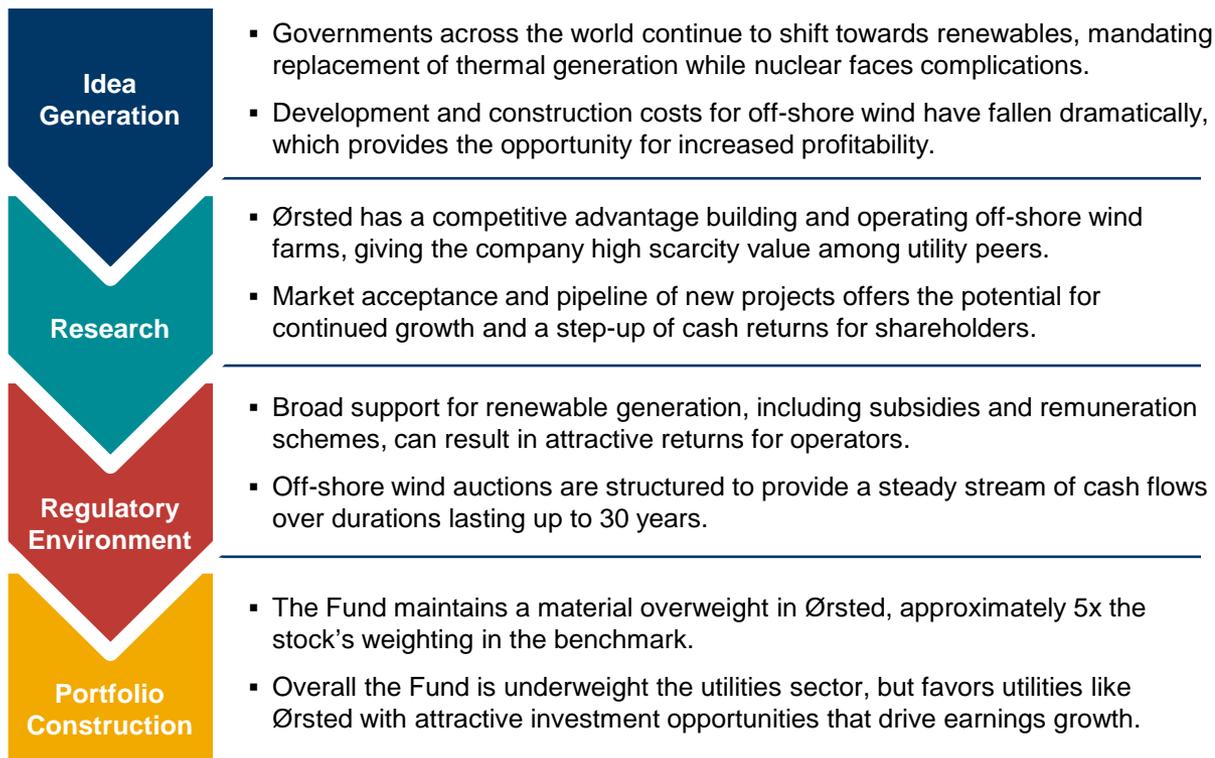
## Construction Parameters

<b>Portfolio</b>	40-60 Stocks
<b>Sector Allocation</b>	+/- 1000 bps of relative exposure
<b>Single Security</b>	Maximum 10% of portfolio at purchase +/- 5% vs. benchmark weight
<b>Cash</b>	Maximum 5%
<b>Country Allocation</b>	Minimum 25% U.S. Minimum 3 countries Minimum 40% ex. U.S.
<b>Annual Turnover</b>	Approximately 30%

# HOLDING EXAMPLE: ØRSTED A/S

## Proven Leader in the Renewables Sector

Ørsted is a multi-national off-shore wind generator and the incumbent electric distribution utility in Denmark. The company's long-term earnings and dividend growth, market positioning, and balance sheet strength are superior compared to peers.



**Past performance is not indicative of future results.** Example holding represents 2.6% of the fund as of 9/30/18, the largest utilities overweight relative to the Fund's benchmark. The example is provided for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell a particular security. It should not be assumed that an investment in the security was or will be profitable. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes. Opinions represented are subject to change. Holdings are subject to change.

# HOLDING EXAMPLE: VINCI SA

## European and Global Growth Drives VINCI

VINCI is a French-based global player in infrastructure concessions and contracting. It is among the largest EU transport infrastructure concession operators. The contracting business focuses on energy, transportation, building and civil engineering.



**Past performance is not indicative of future results.** Example holding represents 3.0% of the fund as of 9/30/18, the largest transportation overweight relative to the Fund's benchmark. The example is provided for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell a particular security. It should not be assumed that an investment in the security was or will be profitable. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes. Opinions represented are subject to change. Holdings are subject to change.

# HOLDING EXAMPLE: CHENIERE ENERGY INC.

## Great Strategic Position in an Expanding LNG Market

Cheniere Energy, Inc (“LNG”) is an integrated LNG (liquefied natural gas) company that procures, transports and liquefies natural gas in the US Gulf Coast.



- We are bullish on the global LNG market due to sizeable increases in anticipated demand from China, India and a number of emerging markets.
- First-mover status, continued execution, strong management and expansion capacity advantage Cheniere relative to its peers.
- Cheniere has exhibited significant growth, with multiple liquefaction trains currently running and more expected to come online in 2019.
- Deregulatory actions that support increased U.S. natural gas production should keep domestic prices competitive on global basis.
- Global climate initiatives aimed to reduce coal usage are driving new demand for LNG.
- The U.S. political environment has generally been favorable, but the recent trade/tariff dispute with China has created a temporary headwind. Longer term, US LNG could be a critical tool to help mitigate the trade imbalance.
- Cheniere is an out-of-benchmark holding and largest overweight amongst the Energy sector at +285bps.

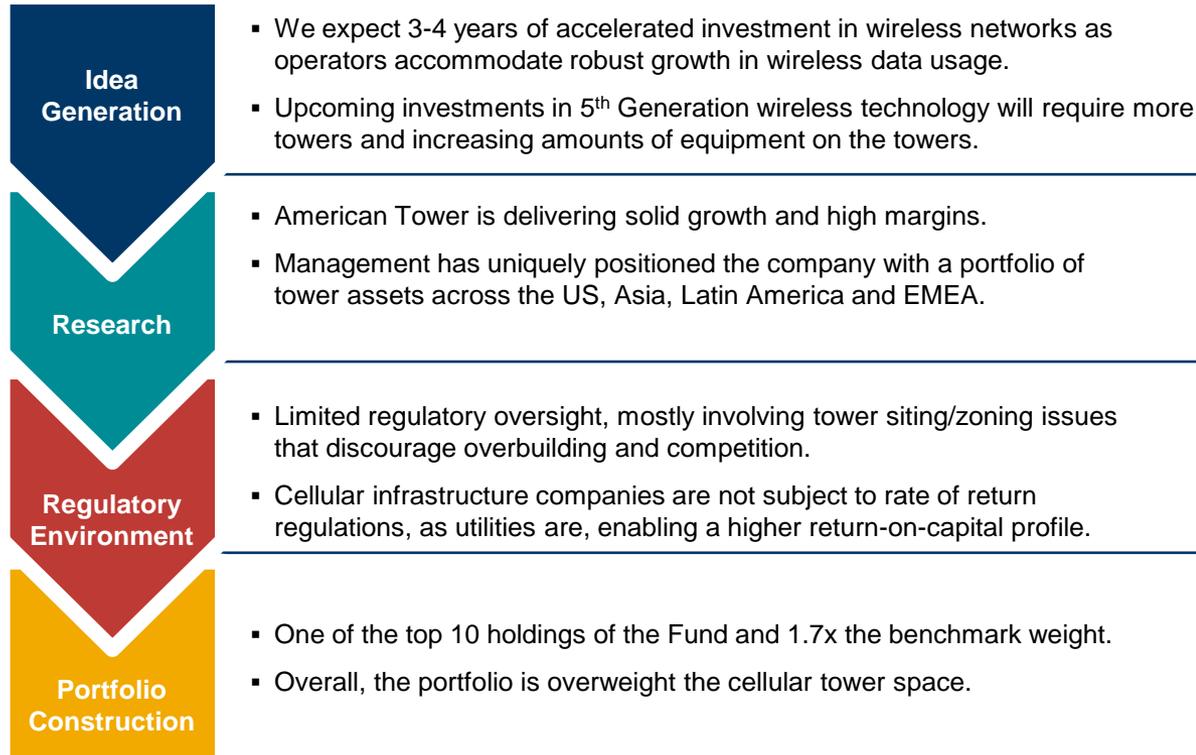


**Past performance is not indicative of future results.** Example holding represents 2.8% of the fund as of 9/30/18, the largest energy overweight relative to the Fund's benchmark. The example is provided for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell a particular security. It should not be assumed that an investment in the security was or will be profitable. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes. Opinions represented are subject to change. Holdings are subject to change.

# HOLDING EXAMPLE: AMERICAN TOWER CORP

## Attractive Total Return Opportunity in Communications

American Tower is a major owner/operator of cellular network towers and related infrastructure around the globe. The company generates high cash flow margins, has long-term contracts with annual escalator clauses, and capitalizes on the demand for wireless data services.



**Past performance is not indicative of future results.** Example holding represents 5.2% of the fund as of 9/30/18, the largest communications overweight relative to the Fund's benchmark. The example is provided for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell a particular security. It should not be assumed that an investment in the security was or will be profitable. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes. Opinions represented are subject to change. Holdings are subject to change.

# GLOBAL INFRASTRUCTURE CHARACTERISTICS

# CHARACTERISTICS AS OF 9/30/18



	Fund	FTSE Developed Core Infrastructure 50/50 Index	S&P 500® Index
Return on Equity	11.5%	13.3%	18.5%
SEC Yield	2.4%	n/a	n/a
Price to Cash Flow Multiple (weighted harmonic average)	13.5x	11.6x	20.4x
P/E Ratio, Forward 12 Months (weighted harmonic average)	24.4x	19.3x	18.3 x
EPS Growth Rate, Forward (3-5 Years)	15.5%	11.6%	11.4%
Price/Earnings Growth (PEG Ratio)	1.9x	2.3x	1.6x
Weighted Average Market Cap (bn)	\$33.8	\$27.9	\$247.6
Median Market Cap (bn)	\$24.0	\$5.9	\$21.7

## Past performance is not indicative of future results.

Source: Virtus Performance and Analytics, Duff & Phelps, and FactSet. Portfolio information is based on the fund's holdings. Holdings are subject to change.

**Indexes:** The **FTSE Developed Core Infrastructure 50/50 Index (net)** is a free float-adjusted market capitalization weighted index that gives participants an industry-defined interpretation of infrastructure and adjusts the exposure to certain infrastructure sub-sectors. The constituent weights for the index are 50% Utilities, 30% Transportation including capping of 7.5% for railroads/railways and a 20% mix of other sectors including pipelines, satellites, and telecommunication towers. The index is calculated on a total return basis with net dividends reinvested. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

**Return on Equity:** Net income divided by shareholder's equity. **SEC Yield:** (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. **Price to Cash Flow Multiple:** Per-share stock price divided by the per-share operating cash flow. **P/E Ratio, Forward 12 Months:** Price/forecast expected 12-months Earnings per Share. **EPS Growth Rate, Forward (3-5 Years):** Forecast of expected earnings per share growth for the next 3-5 year period. The EPS Growth Rate is not a forecast of the Fund's performance. **Price/Earnings Growth (PEG Ratio):** P/E ratio divided by EPS growth rate.

# TOP 10 HOLDINGS AS OF 9/30/18



Holdings	Country	Sector	Fund Weight (%)	FTSE Developed Core Infrastructure 50/50 Index (%)
Transurban Group Ltd.	Australia	Industrials	6.3	5.1
NextEra Energy, Inc.	U.S.	Utilities	5.8	4.1
American Tower Corporation	U.S.	Communication Services	5.2	3.2
Crown Castle International Corp.	U.S.	Communication Services	4.3	2.3
Sempra Energy	U.S.	Utilities	3.6	1.6
TransCanada Corporation	Canada	Energy	3.2	1.8
American Electric Power Company, Inc.	U.S.	Utilities	3.2	1.8
Dominion Energy Inc.	U.S.	Utilities	3.1	2.4
CSX Corporation	U.S.	Industrials	3.1	1.0
VINCI SA	France	Industrials	3.0	0.0
<b>Total</b>			<b>40.8%</b>	<b>23.3%</b>

Holdings are subject to change.

# PERFORMANCE REVIEW AS OF 9/30/18



I Share	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 6/6/2008
I Share	-0.51	-2.20	-0.52	8.29	6.18	7.36	5.14
Global Infrastructure Linked Benchmark	-0.28	-1.24	0.74	8.43	5.82	6.23	3.90

The fund class gross expense ratio is 1.01%.

MORNINGSTAR RATINGS™*	Infrastructure Category	Overall	3 Year	5 Year	10 Year
		★★★	★★★★	★★★	★★★★
Class I Morningstar Ranking		72	15/72	19/53	9/15

**Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. Please visit [virtus.com](http://virtus.com) for performance data current to the most recent month-end.**

The fund class gross expense ratio is 1.01%.

Average annual total return is the annual compound return for the indicated period and reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns. Class I shares have no sales charges or distribution or service fees, therefore their returns do not reflect these expenses. Fees and expenses vary, and other share classes are subject to sales charges and fees. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required as described in the prospectus and may not be available to all investors. For fund performance on other share classes, please visit [www.virtus.com](http://www.virtus.com).

**Index:** The Global Infrastructure Linked Benchmark consists of the FTSE Developed Core Infrastructure 50/50 Index (net), a free float-adjusted market capitalization weighted index that gives participants an industry-defined interpretation of developed market infrastructure companies and adjusts the exposure to certain infrastructure subsectors. The constituent weights are 50% Utilities, 30% Transportation (including capping 7.5% for railroads/railways), and a 20% mix of other sectors including pipelines, satellites, and telecommunication towers. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Global Infrastructure Linked Benchmark between 9/1/2008 and 9/30/2016 represents a 100% allocation to the MSCI World Infrastructure Sector Capped Index. Prior to 9/1/2008 the allocation consisted of 65% MSCI USA/Utilities Index, 20% MSCI World Telecom Services Index, and 15% MSCI World ex USA/Utilities Index.

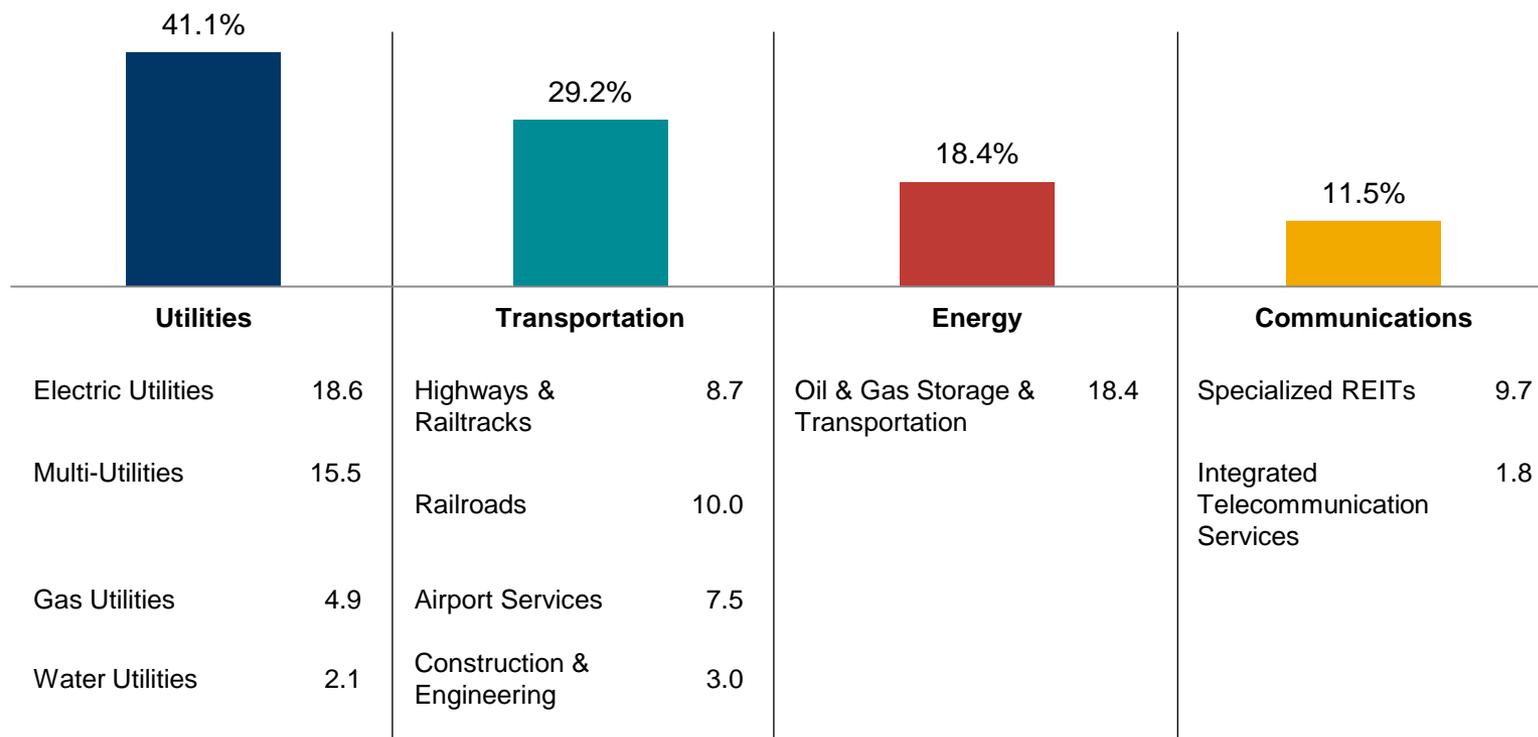
\*Please see slide 29 for additional Morningstar disclosure.

# SECTOR ALLOCATION AS OF 9/30/18



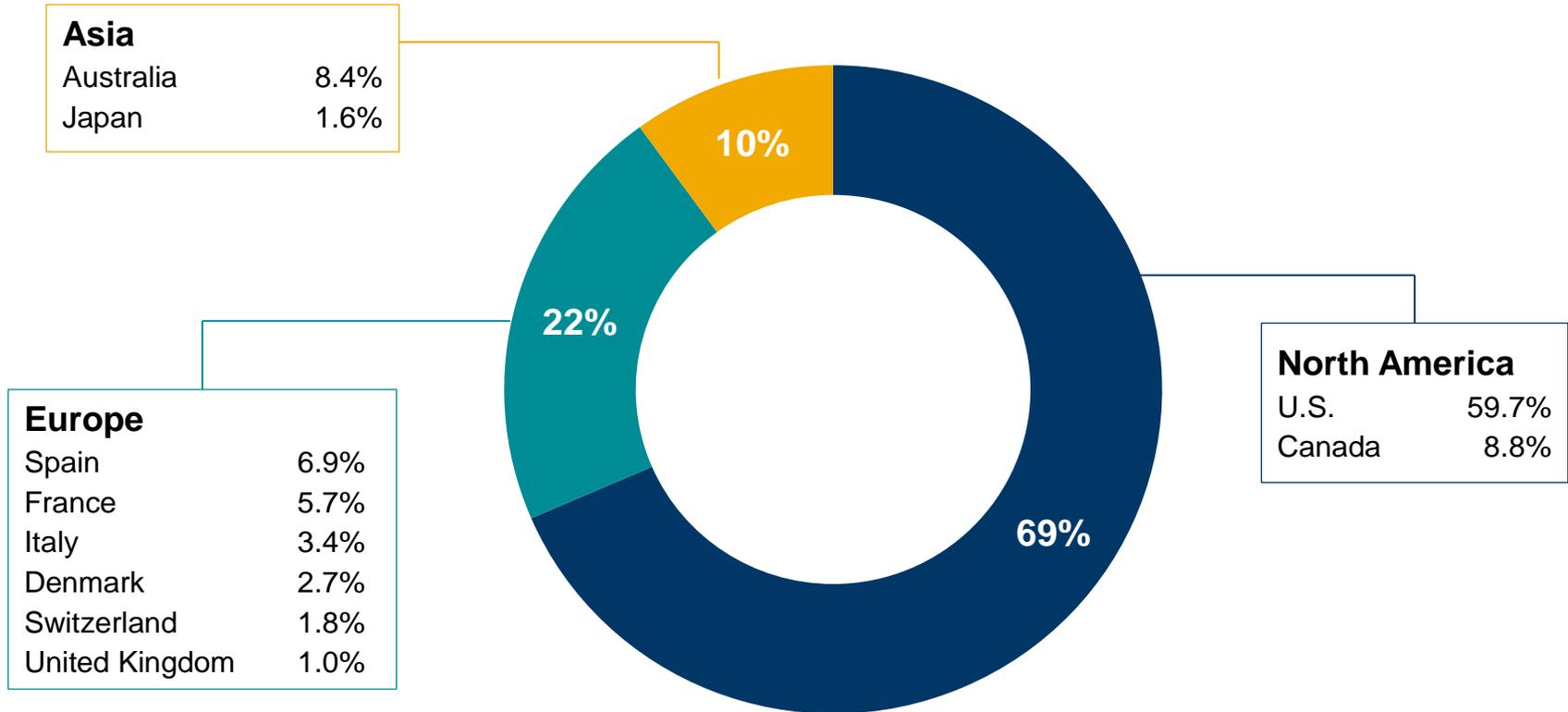
Security selection drives allocations and returns

Active weights reflect conviction and impact of risk management



Source: Virtus Performance & Analytics. Sector Allocations are subject to change.

# REGION / COUNTRY ALLOCATION AS OF 9/30/18



Country/region weights are percentages of total invested assets and are subject to change.  
Source: Virtus Performance & Analytics and FactSet.  
Totals may not add to 100% due to rounding.

Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

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