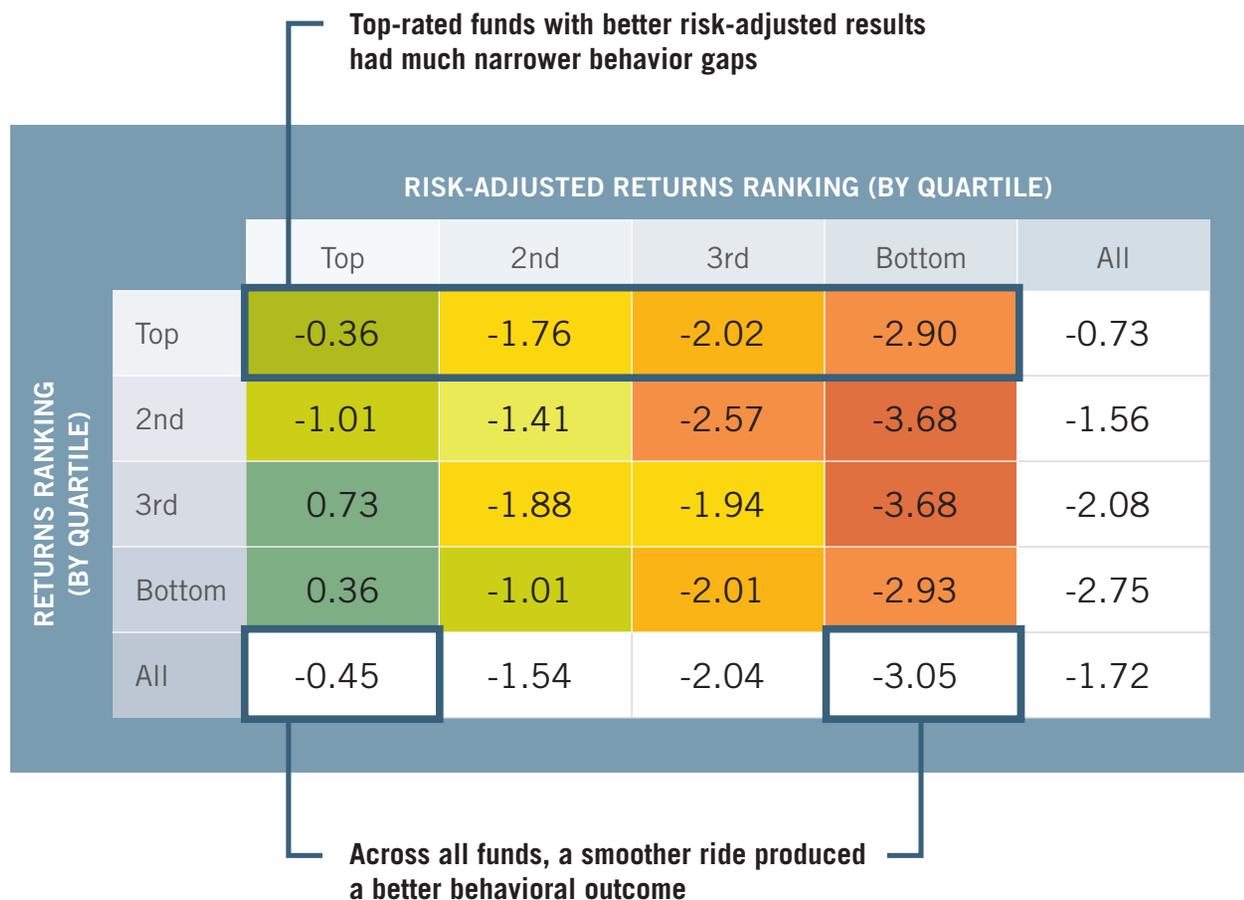


AVERAGE ANNUAL BEHAVIOR GAP FOR U.S. EQUITY FUNDS (10 YEARS) IN %



1K Investor behavior is the primary driver of long-term financial success. Even the best designed plan is useless without the discipline to stick with it.

The “behavior gap” captures the amount by which investors underperform their own investments through poor buy and sell decisions. Volatility is the primary culprit: We often sell during choppy markets, thus locking in losses and failing to participate in a rebound. In other words, we buy higher and sell lower.

As the data show, funds with comparable overall return rankings have very different behavior gaps—depending on how much volatility it took to achieve those gains. Funds with relatively smoother rides have made it easier for investors to stay in their seats.

Investors should consider how much volatility they must endure to achieve their objectives.

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Past performance is not indicative of future results.

Data: Morningstar (U.S. equity funds for the 10 years ended 3/31/18.) The Morningstar Ranking compares a Fund’s Morningstar risk and return scores with all the Funds in the same Category, where 1% = Best and 100% = Worst. Morningstar Investor Return (also known as dollar-weighted return) measures how the average investor fared in a fund over a period of time. Investor return incorporates the impact of cash inflows and outflows from purchases and sales and the growth in fund assets. In contrast to total returns, investor returns account for all cash flows into and out of the fund to measure how the average investor performed over time. Investor return is calculated in a similar manner as internal rate of return. Investor return measures the compound rate in the value of all dollars invested in the fund over the evaluation period. Investor return is the growth rate that will link the beginning total net assets plus all intermediate cash flows to the ending total net assets. © 2018 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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