

SECTOR DIVERSIFICATION



Sector leadership changes year after year — but it's not possible to predict future winners. Diversification is the answer.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2019*	10/1/09 – 9/30/19	10/1/08 – 9/30/19
↑ BEST	Consumer Staples -15.4	Information Technology 61.7	Real Estate 32.3	Utilities 19.9	Financials 28.8	Consumer Disc. 43.1	Real Estate 30.2	Consumer Disc. 10.1	Energy 27.4	Information Technology 38.8	Health Care 6.5	Information Technology 31.4	Consumer Disc. 17.7	Information Technology 16.3
	Health Care -22.8	Materials 48.6	Consumer Disc. 27.7	Consumer Staples 14.0	Consumer Disc. 23.9	Health Care 41.5	Utilities 29.0	Health Care 6.9	Comm. Services 23.5	Materials 23.8	Utilities 4.1	Real Estate 29.7	Information Technology 17.1	Consumer Disc. 15.9
	Utilities -29.0	Consumer Disc. 41.3	Industrials 26.7	Health Care 12.7	Real Estate 19.7	Industrials 40.7	Health Care 25.3	Consumer Staples 6.6	Financials 22.8	Consumer Disc. 23.0	Consumer Disc. 0.8	Utilities 25.4	Real Estate 14.7	Health Care 12.5
	Comm. Services -30.5	Real Estate 27.1	Materials 22.2	Real Estate 11.4	Comm. Services 18.3	Financials 35.6	Information Technology 20.1	Information Technology 5.9	Industrials 18.9	Financials 22.2	Information Technology -0.3	Consumer Staples 23.3	Health Care 14.2	Industrials 10.8
	Consumer Disc. -33.5	Industrials 20.9	Energy 20.5	Comm. Services 6.3	Health Care 17.9	Information Technology 28.4	Consumer Staples 16.0	Real Estate 4.7	Materials 16.7	Health Care 22.1	Real Estate -2.2	Industrials 22.6	Industrials 13.4	Consumer Staples 10.6
	Energy -34.9	Health Care 19.7	Comm. Services 19.0	Consumer Disc. 6.1	Industrials 15.3	Consumer Staples 26.1	Financials 15.2	Comm. Services 3.4	Utilities 16.3	Industrials 21.0	Consumer Staples -8.4	Consumer Disc. 22.5	Utilities 12.5	Utilities 10.6
	Industrials -39.9	Financials 17.2	Consumer Staples 14.1	Energy 4.7	Materials 15.0	Materials 25.6	Industrials 9.8	Financials -1.5	Information Technology 13.8	Consumer Staples 13.5	Comm. Services -12.5	Comm. Services 21.7	Consumer Staples 12.3	Real Estate 9.2
	Real Estate -42.3	Consumer Staples 14.9	Financials 12.1	Information Technology 2.4	Information Technology 14.8	Energy 25.1	Consumer Disc. 9.7	Industrials -2.5	Consumer Disc. 6.0	Utilities 12.1	Financials -13.0	Financials 19.6	Financials 10.8	Comm. Services 8.6
	Information Technology -43.1	Energy 13.8	Information Technology 10.2	Industrials -0.6	Consumer Staples 10.8	Utilities 13.2	Materials 6.9	Utilities -4.8	Consumer Staples 5.4	Real Estate 10.8	Industrials -13.3	Materials 17.1	Comm. Services 9.5	Materials 7.9
	Materials -45.7	Utilities 11.9	Utilities 5.5	Materials -9.8	Energy 4.6	Comm. Services 11.5	Comm. Services 3.0	Materials -8.4	Real Estate 3.4	Energy -1.0	Materials -14.7	Energy 6.0	Materials 9.2	Financials 7.1
↓ WORST	Financials -55.3	Comm. Services 8.9	Health Care 2.9	Financials -17.1	Utilities 1.3	Real Estate 1.6	Energy -7.8	Energy -21.1	Health Care -2.7	Comm. Services -1.3	Energy -18.1	Health Care 5.6	Energy 3.3	Energy 1.6

*As of 9/30/2019

Source: Virtus Performance Analytics

- **Consumer Discretionary** is represented by the S&P 500® Consumer Discretionary Index.
- **Consumer Staples** is represented by the S&P 500® Consumer Staples Index.
- **Energy** is represented by the S&P 500® Energy Index.
- **Financials** is represented by the S&P 500® Financials Index.
- **Health Care** is represented by the S&P 500® Health Care Index.
- **Industrials** is represented by the S&P 500® Industrials Index.
- **Information Technology** is represented by the S&P 500® Info Tech Index.
- **Materials** is represented by the S&P 500® Materials Index.
- **Real Estate** is represented by the S&P 500® Real Estate Index.
- **Communication Services** is represented by the S&P 500® Telecomm Services Index.
- **Utilities** is represented by the S&P 500® Utilities Index.

Indexes defined on page 2.

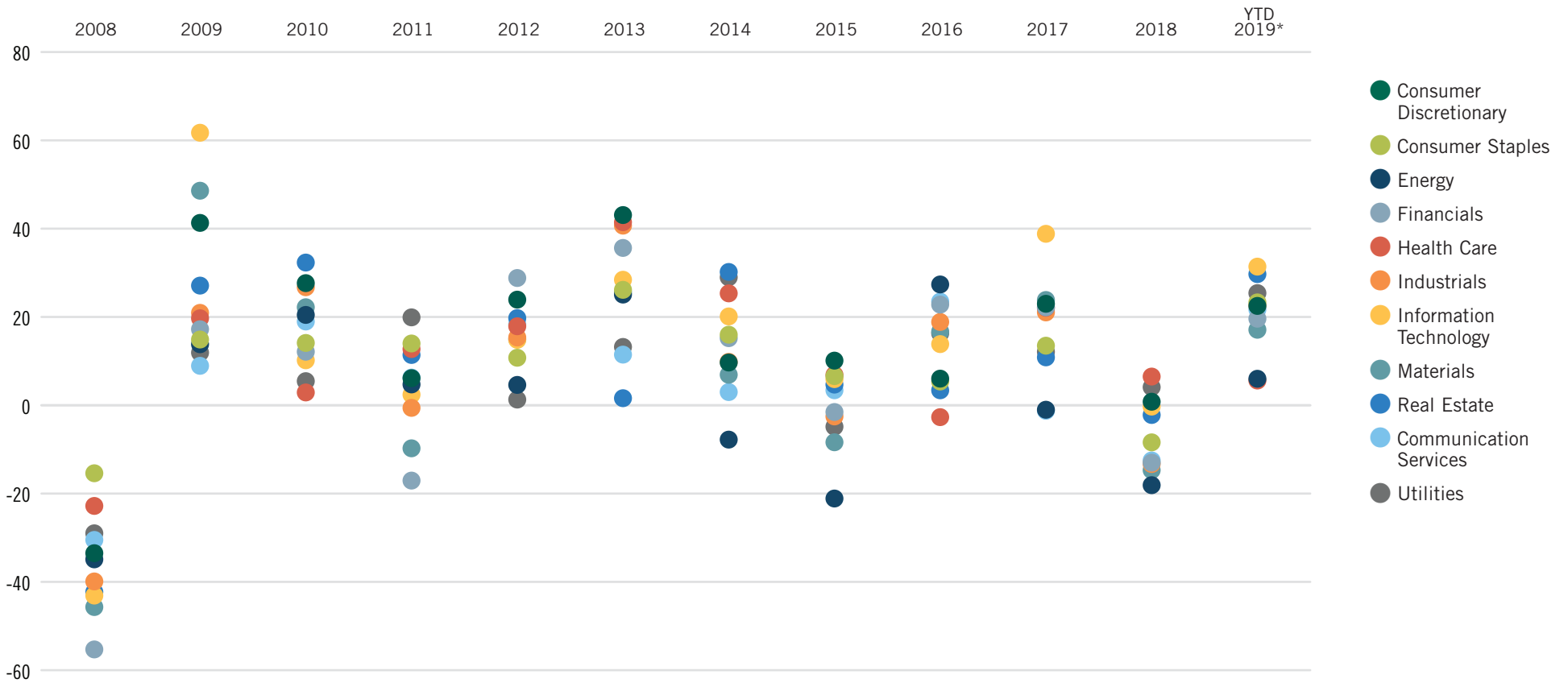
Diversification does not guarantee against a loss, and there is no guarantee that a diversified portfolio will outperform a non-diversified portfolio.

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

The data is presented for informational purposes only and is not meant to represent the performance of any Virtus product.

IMPORTANT RISK CONSIDERATIONS: 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. **Equity Securities:** The market price of equity securities may be affected by financial market, industry, or issue-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

The gap between leaders and laggards varies every year — the “experience” of diversification feels better or worse based on the size of that gap.



*As of 9/30/2019

Source: Virtus Performance Analytics

The **S&P 500® Consumer Discretionary Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector. The **S&P 500® Consumer Staples Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector. The **S&P 500® Energy Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector. The **S&P 500® Financials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector. The **S&P 500® Health Care Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector. The **S&P 500® Industrials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector. The **S&P 500® Information Technology Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector. The **S&P 500® Materials Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector. The **S&P 500® Real Estate** comprises stocks included in the S&P 500 that are classified as members of the GICS® real estate sector. The **S&P 500® Communication Services Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector. The **S&P 500® Utilities Index** comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector. Performance of all cited indexes 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 they are not available for direct investment.

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