

ASSET CLASS DIVERSIFICATION



Asset class 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
Fixed Income	5.2	78.5	29.1	8.3	18.5	43.3	30.1	5.7	31.7	37.3	0.0	27.0	Large-Cap Growth	Large-Cap Growth
Small-Cap Value	-28.9	46.3	28.0	7.8	18.2	35.7	14.7	3.2	20.0	30.2	-1.5	25.2	Mid-Cap Growth	Mid-Cap Growth
Large-Cap Value	-36.8	37.2	26.4	2.6	18.1	34.5	13.7	1.4	17.3	25.3	-4.4	23.3	S&P 500®	S&P 500®
S&P 500®	-37.0	34.5	24.8	2.1	18.1	33.5	13.5	0.5	12.0	25.0	-4.6	20.6	REITs	Small-Cap Growth
REITs	-37.7	34.2	24.5	0.4	17.5	33.5	13.0	-0.2	11.3	22.2	-4.8	19.5	Mid-Cap Value	Mid-Cap Value
Large-Cap Growth	-38.4	31.8	18.9	-1.4	17.3	32.5	11.9	-0.8	11.2	21.8	-8.3	17.8	Small-Cap Growth	Large-Cap Value
Mid-Cap Value	-38.4	28.0	16.7	-1.7	16.0	32.4	6.0	-1.4	8.5	13.7	-9.3	15.3	Large-Cap Value	REITs
Small-Cap Growth	-38.5	26.5	15.5	-2.9	15.8	22.8	5.6	-3.8	7.3	13.3	-12.3	12.8	Small-Cap Value	Small-Cap Value
Int'l	-43.4	20.6	15.1	-5.5	15.3	2.5	4.2	-4.8	7.1	7.8	-12.9	12.8	Int'l	Int'l
Mid-Cap Growth	-44.3	19.7	7.8	-12.1	14.6	-2.0	-2.2	-7.5	2.6	5.2	-13.8	8.5	Fixed Income	Emerging Markets
Emerging Markets	-53.3	5.9	6.5	-18.4	4.2	-2.6	-4.9	-14.9	1.0	3.5	-14.6	5.9	Emerging Markets	Fixed Income

- Emerging Markets are represented by the MSCI Emerging Markets Index (net).
- Fixed Income is represented by Bloomberg Barclays U.S. Aggregate Bond Index.
- International is represented by the MSCI EAFE® Index (net).
- Large-Cap Growth is represented by the Russell 1000® Growth Index.
- Large-Cap Value is represented by the Russell 1000® Value Index.
- Mid-Cap Growth is represented by the Russell Midcap® Growth Index.
- Mid-Cap Value is represented by the Russell Midcap® Value Index.
- REITs are represented by the FTSE Nareit Equity REITs Index.
- Small-Cap Growth is represented by the Russell 2000® Growth Index.
- Small-Cap Value is represented by the Russell 2000® Value Index.
- S&P 500® 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.

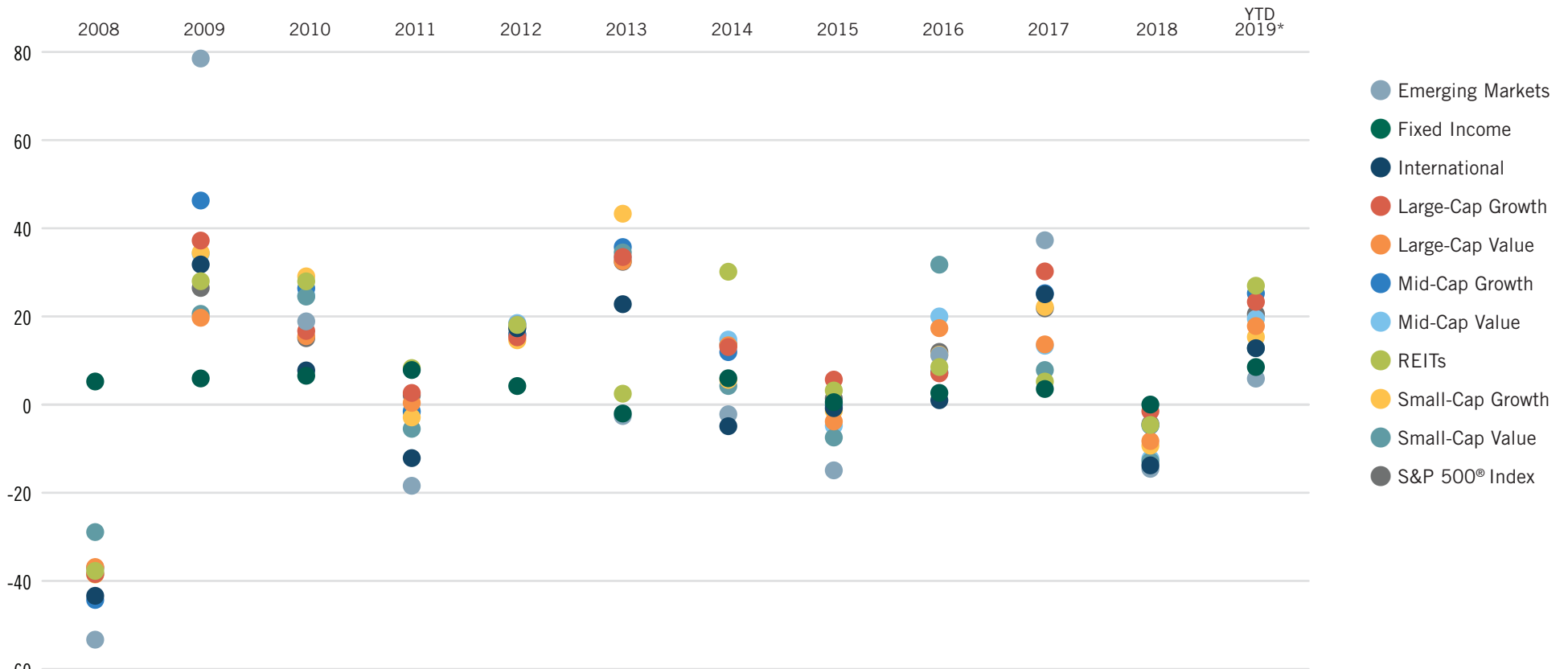
The data is presented for informational purposes only and is not meant to represent the performance of any Virtus product.

*As of 9/30/2019

Source: Virtus Performance Analytics

IMPORTANT RISK CONSIDERATIONS: **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **Real Estate Investment:** Investing in REITs may be negatively affected by factors specific to the real estate market, including interest rate, leverage, property, and management. **Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a security may fail to make payments in a timely manner. Values of debt securities may rise and fall in response to changes in interest rates. This risk may be enhanced with longer-term maturities.

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

MSCI Emerging Markets Index (net): A free float-adjusted market capitalization-weighted index designed to measure equity market performance in the global emerging markets. **Bloomberg Barclays U.S. Aggregate Bond Index:** Measures the U.S. investment grade fixed rate bond market. **MSCI EAFE® Index (net):** A free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. **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. **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. **Russell Midcap® Growth Index:** A market capitalization-weighted index of medium-capitalization, growth-oriented stocks of U.S. companies. **Russell Midcap® Value Index:** A market capitalization-weighted index of medium-capitalization, value-oriented stocks of U.S. companies. **FTSE Nareit Equity REITs Index:** A free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts, which meet minimum size and liquidity criteria, that are listed on the New York Stock Exchange, the American Stock Exchange and the Nasdaq National Market System. **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. **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® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. 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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