

GLOBAL REAL ESTATE: FOCUSED ON QUALITY



SPOTLIGHT ON: VIRTUS DUFF & PHELPS GLOBAL REAL ESTATE SECURITIES FUND

A: VGSAX / C: VGSCX / I: VGISX / R6: VRGEX

Investors looking to diversify their portfolios at this stage of the business cycle may want to consider global real estate securities, where, we believe, cash flow and dividend growth remain strong. The **Virtus Duff & Phelps Global Real Estate Securities Fund** invests in high-quality owner/operators of commercial real estate which have historically demonstrated enduring cash flows. A consistent, repeatable process has historically offered more stable and defensive cash flow, growth, and stronger risk-adjusted returns with lower correlation to stocks.

	Compelling risk-adjusted returns		A history of generating excess return			
	VGISX Percentile Rankings Morningstar Global Real Estate Category Based on Total Return as of 6/30/19					
	Return	Sharpe Ratio	VGISX Return (%)	FTSE EPRA Nareit Dev. Index Return (%)	Excess Return Over Benchmark	S&P 500® Index Return (%)
1 Year	14th (47/227 Funds)	13th (42/227 Funds)	10.67	7.68	+299 bps	10.42
3 Year	35rd (70/196 Funds)	37th (74/196 Funds)	6.26	4.46	+180 bps	14.19
5 Year	2nd (3/153 Funds)	3rd (6/153 Funds)	7.31	4.85	+246 bps	10.71
10 Year	1st (1/111 Funds)	3rd (5/111 Funds)	13.75	10.57	+318 bps	14.70
Since Inception (3/2/09)	4th (3/109 Funds)	14th (12/109 Funds)	16.92	14.91	+201 bps	17.34

Past performance is not indicative of future results. Source: Virtus Performance & Analytics.

Double Play: Diversification and Defense

Consider the defensive characteristics VGISX has historically generated over the last 10 years, ended 6/30/19:

- **Strong downside protection**—Upside/Downside Ratio (94% / 67% vs. MSCI ACWI)
- **Lower correlation to stocks**—Correlation to the S&P 500® Index of 0.71
- **Lower volatility, relative to global equities**—Beta (0.83 vs. MSCI ACWI)
- **Stable income from long-term leases**—attractive yield potential relative to most asset classes

The global real estate market offers attractive opportunities to add meaningful value through active management.

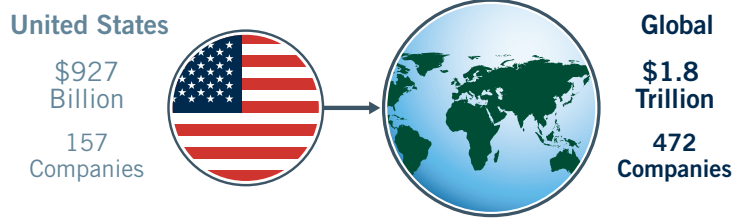
Past performance is not indicative of future results. Source: Morningstar Direct.

Beta is a quantitative measure of the volatility of a given portfolio relative to the overall market. Higher beta suggests higher volatility. Beta can also refer to relative volatility to a portfolio's stated benchmark. **Standard Deviation** measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk. **Sharpe Ratio** measures the efficiency, or excess return per unit of risk, of a manager's returns. It is calculated by taking the portfolio's annualized return, minus the annualized risk-free rate (typically the 30-Day T-Bill return), divided by the portfolio's annualized standard deviation. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return. Indexes are defined on page 3.

A World of Opportunity for Active Managers



Research coverage of the larger, global opportunity set is less consistent, and the space has not been inundated with passive flows. With diverse economies, sector exposures, and divergent central bank policies, the global real estate market provides **an opportunity set with which active managers can differentiate themselves from the passive pack.**

REAL ESTATE INDEXES: EQUITY MARKET CAPS IN FOCUS



As of 6/30/19. Source: FTSE Russell. Market cap and number of companies for U.S. and Global is FTSE Nareit Equity REITs Index and FTSE EPRA Nareit Global Real Estate Index, respectively.

U.S. & NON-U.S. REIT INDEX ANNUAL RETURNS (%)

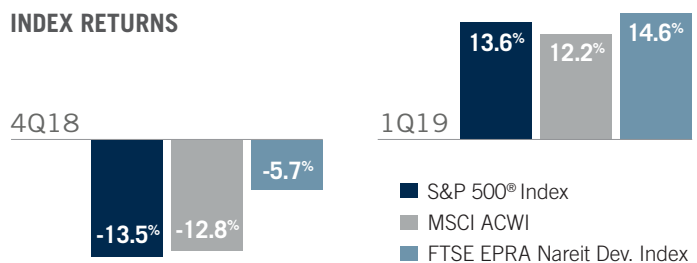
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2019
 U.S.	28.0	28.0	8.3	18.1	2.5	30.1	3.2	8.5	5.2	-4.6	17.8
 Non-U.S.	44.6	16.0	-15.3	38.6	6.1	3.2	-3.2	2.0	20.8	-5.8	13.3
Spread	16.6	12.0	23.6	20.5	3.6	26.9	6.4	6.5	15.6	1.2	4.5

Past performance is not indicative of future results. Source: FTSE Russell. U.S. and Non-U.S. performance is FTSE Nareit Equity REITs Index and FTSE EPRA Nareit Developed ex US Index, respectively.

Adjust Your Asset Allocation

While past performance is no guarantee of future returns, the 4th quarter of 2018 highlighted the potential for real estate during market dislocations. As the S&P 500® Index and the MSCI World Index fell, the global FTSE EPRA Nareit Developed Index dropped much less. When markets recovered in the first quarter of 2019, global REITs outperformed global equities.

INDEX RETURNS

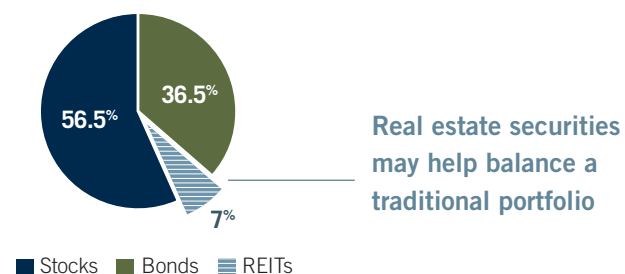


Past performance is not indicative of future results. Source: Virtus Performance & Analytics.

Now may be an opportune time for investors to revisit and fine-tune their asset class exposure.

Diversifying away from higher beta equities to more conservatively positioned REITs, or diversifying away from low yielding fixed income to dividend-paying REITs, may provide more balance to a traditional portfolio.

EXAMPLE ALLOCATION



This is not a recommendation for any particular client portfolio. Please consult with your financial professional.

Virtus Duff & Phelps Global Real Estate Fund Annual Total Returns and Morningstar Ratings

Class I as of 6/3019

RETURNS (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (3/2/09)	TIME PERIOD	GLOBAL REAL ESTATE CATEGORY # OF FUNDS	RATINGS
Fund	2.44	18.15	10.67	6.26	7.31	13.75	16.92	Overall	196	★★★★★
Index	-0.07	14.51	7.68	4.46	4.85	10.57	14.91	3 Year	196	★★★
								5 Year	153	★★★★★
								10 Year	111	★★★★★

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 for performance data current to the most recent month-end.

The fund class gross expense ratio is 1.19%. The net expense ratio is 1.15%, which reflects a contractual expense reimbursement in effect through 1/31/2020.

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.

Index: FTSE EPRA NAREIT Developed Index (net)

Strong ratings are not indicative of positive fund performance. Morningstar ratings are based on risk-adjusted returns.



To learn more, please contact us at 1-800-243-4361 or visit virtus.com

Morningstar: 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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IMPORTANT RISK CONSIDERATIONS

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. **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. **Real Estate:** The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Prospectus:** For additional information on risks, please see the fund’s prospectus.

The **FTSE Nareit Equity REITs Index** is 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. The **FTSE EPRA Nareit Developed Index (net)** is a free-float market capitalization-weighted index measuring publicly traded equity REITs and listed property companies from developed markets, which meet minimum size and liquidity requirements. The **FTSE EPRA Nareit Developed ex US Index** is a free-float market capitalization-weighted index measuring publicly traded equity REITs and listed property companies from developed markets excluding the United States, which meet minimum size and liquidity requirements. The **FTSE EPRA Nareit Global Real Estate Index** is a free-float adjusted, market capitalization-weighted index designed to track the performance of listed real estate companies in both developed and emerging countries worldwide. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. 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 indexes are 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.

The commentary is the opinion of the subadviser. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities.

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