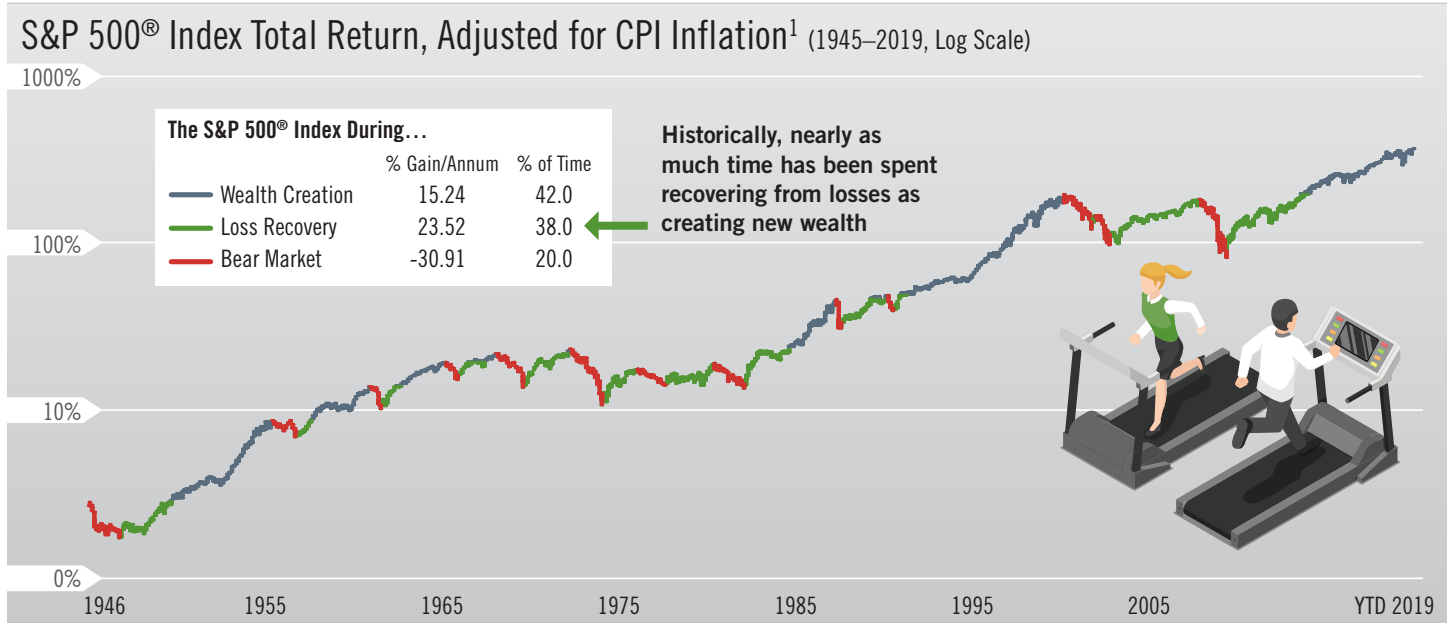


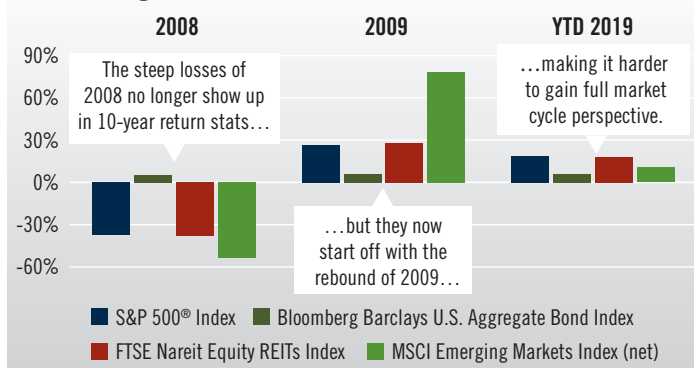
Q2 2019: Running in Place

As an equity investor, you can expect to be running in place for meaningful periods of time, even though long-term market returns have been compelling. Since the end of World War II, the S&P 500® Index, adjusted for inflation, was trending down or recovering from losses nearly 60% of the time.

The chart below illustrates the importance of staying invested whether the markets are trending up, down, or staying flat. While that's easier said than done, a diversified portfolio of managers who seek to deliver a smoother ride may help keep you from getting exercised about market gyrations.



Receding into the Past² Calendar Year Returns



- Many investors define long-term performance as 10 years, but the past 10 years now excludes the global financial crisis of 2007-2009. Current 10-year returns illustrate a risk-on, all-gain-no-pain period.
- While it may be exhilarating to see everything you own working well in a risk-on environment, it may be a flashing warning signal of inadequate diversification. The same applies when all you own is working well in a risk-off environment.
- True diversification—knowing all your eggs are not in one basket—may help you resist making emotional decisions.

Performance of a Diversified Portfolio³ YTD 2019

12.5%

- The volatility of late 2018 gave way to strong performance by global markets in 2019. A broadly diversified portfolio of assets returned 12.5% for the six months ended June 30.
- U.S. equities of all capitalizations outperformed, as the S&P 500® Index gained 18.5%, the Russell Midcap® Index was up 21.4%, and the Russell 2000® Index rose 17.0%. International and emerging markets stocks also posted double-digit returns for the six-month period.
- Global real estate surged year to date, as the FTSE Nareit Equity REITs Index returned 17.8%. Among fixed income sectors, high yield led the way with a six-month return of 9.9%.

ANNUALIZED RETURNS IN %, as of 6/30/2019

	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Diversified Portfolio	2.77	12.45	5.35	7.98	5.06	7.51	8.95
S&P 500® Index	4.30	18.54	10.42	14.19	10.71	13.98	14.70
Russell Midcap® Index	4.13	21.35	7.83	12.16	8.63	13.37	15.16
Russell 2000® Index	2.10	16.98	-3.31	12.30	7.06	11.63	13.45
MSCI EAFE® Index (net)	3.68	14.03	1.08	9.11	2.25	7.31	6.90
MSCI Emerging Markets Index (net)	0.61	10.58	1.21	10.66	2.49	4.15	5.81
MSCI AC World Ex USA Small Mid Cap Index (net)	2.14	12.61	-3.81	8.15	2.80	7.39	7.93
Bloomberg Barclays U.S. Aggregate Bond Index	3.08	6.11	7.87	2.31	2.95	2.62	3.90
Bloomberg Barclays U.S. Corporate High Yield Bond Index	2.50	9.94	7.48	7.52	4.70	6.35	9.24
Credit Suisse Leveraged Loan Index	1.58	5.42	4.15	5.43	3.85	4.71	6.29
Bloomberg Barclays U.S. Treasury Bill 1-3 Month Index	0.62	1.22	2.27	1.33	0.83	0.61	0.45
Bloomberg Commodity Index	-1.19	5.06	-6.75	-2.18	-9.15	-6.68	-3.74
FTSE Nareit Equity REITs Index	1.24	17.78	11.21	4.20	7.92	8.88	15.46

The Diversified Portfolio assumes the following weights in the following indexes: 20% in the S&P 500®, 10% in the Russell Midcap®, 5% in the Russell 2000®, 10% in the MSCI EAFE®, 5% in the MSCI EM, 5% in the MSCI ACWI Ex USA Small Mid Cap, 20% in the Bloomberg Barclays U.S. Aggregate, 5% in the Bloomberg Barclays U.S. Corporate High Yield Bond, 5% in the Credit Suisse Leveraged Loan, 5% in the Bloomberg Barclays U.S. Treasury Bill 1-3 Month, 5% in the Bloomberg Commodity, and 5% in the FTSE Nareit Equity REITs. Assumes annual rebalancing. Data represents total return for stated period. The Diversified Portfolio is not representative of any Virtus portfolio. Investors should consult their financial professional to identify suitable portfolio allocations. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio, or that diversification among different asset classes reduces risk.

Index Definitions—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 Midcap® Index** is a market capitalization-weighted index of medium-capitalization stocks of 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 **MSCI EAFE® Index (net)** is a free-float-adjusted market-capitalization weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. The index is calculated on a total return basis with net dividends reinvested. The **MSCI Emerging Markets Index (net)** 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 net dividends reinvested. The **MSCI AC World Ex USA Small Mid Cap Index (net)** is a free float-adjusted market capitalization-weighted index that measures mid- and small-cap performance across 22 of 23 Developed Market countries (excluding the U.S.) and 24 Emerging Markets countries. The index is calculated on a total return basis with net 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 U.S. Corporate High Yield Bond Index** measures fixed rate non-investment grade debt securities of U.S. corporations, calculated on a total return basis. The **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the investable universe of the U.S. dollar denominated leveraged loans. The index is calculated on a total return basis. The **Bloomberg Barclays U.S. Treasury Bill 1-3 Month Index** includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible. The **Bloomberg Commodity Index** is composed of futures contracts on physical commodities and represents 22 separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc. 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 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 they are not available for direct investment.

IMPORTANT RISK CONSIDERATIONS

Investing involves risks and the possible loss of principal. This report is based on the assumptions and analysis made and believed to be reasonable by the Adviser. However, no assurance can be given that the Adviser's opinions or expectations will be correct. This report is intended for informational purposes only and should not be considered a recommendation or solicitation to purchase securities.

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