

GLOBAL INFRASTRUCTURE: A STRATEGY FOR ALL SEASONS



SPOTLIGHT ON: VIRTUS DUFF & PHELPS GLOBAL INFRASTRUCTURE FUND

A: PGUAX / C: PGUCX / I: PGIUX / R6: VGIRX

Infrastructure companies provide essential services, have high barriers to entry, and operate under long-term contractual agreements, all qualities contributing to highly visible, less variable, and more stable revenue streams and earnings growth potential. The **Virtus Duff & Phelps Global Infrastructure Fund (PGIUX)** targets high-quality, owner/operator companies, and strives to provide investors stable growth, higher income, and downside protection, relative to traditional equities.

	Compelling risk-adjusted returns		A history of generating excess return			
	PGIUX Percentile Rankings Morningstar Infrastructure Category Based on Total Return as of 12/31/2019		PGIUX Return (%)	Virtus Global Infrastructure Linked Benchmark Return (%)	Excess Return Over Benchmark	MSCI ACWI Index Return (%)
	Return	Sharpe Ratio				
1 Year	33rd (41/100 Funds)	31st (34/100 Funds)	28.20	25.04	+316 bps	26.60
3 Year	19th (16/85 Funds)	17th (16/85 Funds)	12.37	12.12	+25 bps	12.44
5 Year	26th (13/65 Funds)	24th (13/65 Funds)	7.35	6.53	+82 bps	8.41
10 Year	49th (12/24 Funds)	28th (7/24 Funds)	9.33	8.05	+128 bps	8.79
Since Inception (6/8/08)	16th (3/11 Funds)	16th (3/11 Funds)	6.46	5.20	+126 bps	5.68

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

Double Play: Diversification and Defense

Consider the defensive characteristics PGIUX has historically generated over the 10 years ended 12/31/2019:

- **Strong downside protection**—Up/Down Capture Ratio (72%/52% vs. MSCI ACWI Index)
- **Lower correlation to traditional stocks**—Correlation to the S&P 500® Index of 0.69
- **Lower volatility, relative to global equities**—Beta of 0.63 vs. MSCI ACWI, with less standard deviation than the Index (10.88% vs. 13.19%)
- **Stable income from essential services**—Attractive yield and dividend growth potential, compared to many other asset classes
- **Strong risk-adjusted returns**—Top quartile Sharpe Ratio within its Morningstar Category

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

Beta measures 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. **Correlation** measures the degree to which two variables' movements are associated. The correlation coefficient will vary from -1 to +1. A -1 indicates perfect negative correlation and +1 indicates perfect positive correlation. **Up/Down Capture Ratio** measures how well a manager was able to replicate or improve on phases of positive benchmark returns and how badly the manager was impacted by phases of negative benchmark returns. **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. **Standard Deviation** measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk. Indexes are defined on page 3.

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

Key Features of PGIUX

Attractive Income and Growth Potential

Pursues the relatively high, predictable dividends and solid capital appreciation opportunities that infrastructure companies can offer

Strong Protective Attributes

Focuses on essential services companies that historically have performed well regardless of economic conditions, with long-term contracts or regulatory agreements that provide a potential inflation hedge

Lower Relative Risk Profile

High-conviction portfolio of 40-60 securities emphasizes quality, developed market owner/operators with high-visibility revenues, above-average dividend payouts, and steady cash flow and earnings growth

Duff & Phelps Infrastructure Sector Views

Communications (wireless/broadcast towers and satellite operators): maintain bullish long-term outlook on wireless tower companies

- Usage trends for wireless video and data favor the tower companies
- Multi-year network investment plans by wireless carriers to deploy 4G/5G technologies are a positive driver

Utilities (electric, gas, and water): cautious geographies with challenging regulation or valuations

- Premium valuations for U.S. utilities relative to the market could be a headwind in a risk-on environment
- Maintain focus on constructive regulatory environments and utilities investing in renewables, which provides the opportunity for higher growth and returns

Transportation (diversified transportation infrastructure, airports, seaports, and railroads): preference for diversified transports and rails over airports

- High quality diversified transports favored given steady traffic trends; equal weight North American rails as volume weakness offset by potential margin expansion
- Underweight airports due to slow passenger growth, softer retail, and several regulatory resets this year

Energy (oil and gas transportation, distribution and storage): positive view driven by attractive valuation and constructive fundamentals

- Focused on large cap, integrated midstream companies with utility-like earnings profiles supported by long-term contracts
- Investor sentiment remains mixed, but improved corporate structure and management focus should enhance appeal to broader set of investors

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

Class I as of 12/31/2019

RETURNS (%)	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (6/6/08)
Fund	2.80	28.20	28.20	12.37	7.35	9.33	6.45
Index	3.12	25.04	25.04	12.12	6.53	8.05	5.17

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit virtus.com for performance data current to the most recent month end. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See virtus.com for details.

The fund class gross expense ratio is 1.02%

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.

Index: Virtus Global Infrastructure Linked Benchmark

TIME PERIOD	INFRASTRUCTURE CATEGORY # OF FUNDS	RATINGS
Overall	85	★★★★
3 Year	85	★★★★
5 Year	65	★★★★
10 Year	24	★★★

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



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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. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **Income:** Income received from the fund may vary widely over the short and long term. **Prospectus:** For additional information on risks, please see the fund’s prospectus.

Index: The **Virtus Global Infrastructure Linked Benchmark** consists of the FTSE Developed Core Infrastructure 50/50 Index (net), a free float-adjusted market capitalization weighted index that gives participants an industry-defined interpretation of developed market infrastructure companies and adjusts the exposure to certain infrastructure subsectors. The constituent weights are 50% Utilities, 30% Transportation (including capping 7.5% for railroads/railways), and a 20% mix of other sectors including pipelines, satellites, and telecommunication towers. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Virtus Global Infrastructure Linked Benchmark between 9/1/2008 and 9/30/2016 represents a 100% allocation to the MSCI World Infrastructure Sector Capped Index. Prior to 9/1/2008 the allocation consisted of 65% MSCI USA/Utilities Index, 20% MSCI World Telecom Services Index, and 15% MSCI World ex USA/Utilities Index.

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.

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