International Growth Commentary

1Q 2021

Performance

SGA's International Growth portfolio returned 0.9% (gross) and 0.1% (net) in Q1 versus 3.5% for the MSCI ACWI ex USA Index.

Highlights

- Our approach faced a headwind as smaller cap, lesser quality and more economically sensitive stocks outperformed on rising expectations for a strong economic recovery
- The portfolio trailed the MSCI ACWI ex USA Index with residual sector weights and stock selection detracting from relative returns
- The portfolio's overweights in the weakly performing Consumer Staples and Health Care sectors presented a headwind for performance, as did the lack of any exposure to the strongly performing Energy sector; stock selection in the Consumer Discretionary and Financial sectors hurt relative returns offsetting strong selection in the Consumer Staples and Health Care sectors
- A new position in Recruit was initiated during the quarter, no positions were liquidated
- We added to positions in CP All, New Oriental Education and Novo Nordisk among others while trimming positions in Linde, Adyen, Fast Retailing and others on strength

A Global Economic Recovery Underway

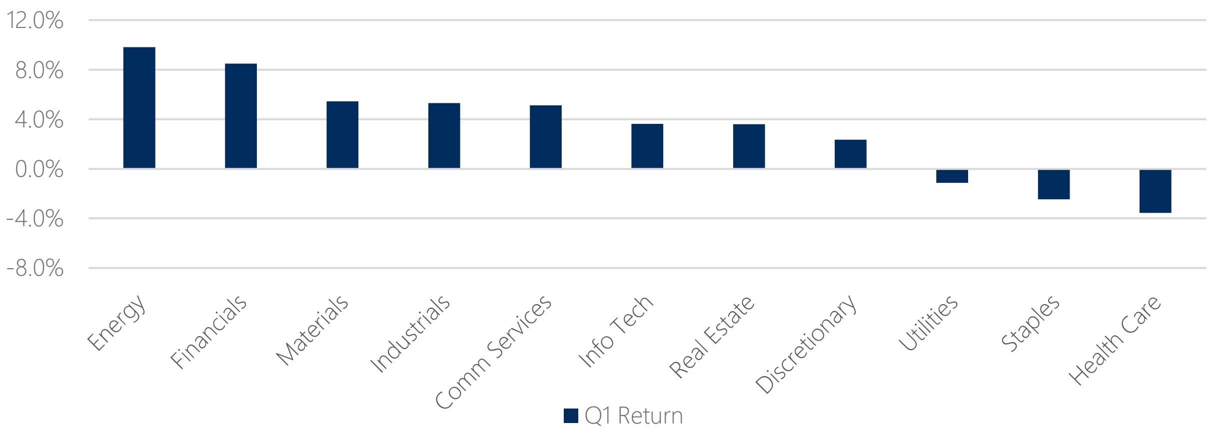
As vaccination rates around the world rose, forecasts for economic growth continued to improve and buoy further stock market gains as investors focused on the prospects for improving corporate earnings. Chinese economic growth continued to benefit from the country's fewer COVID-19 cases while vaccination programs in Europe and much of the emerging world were slow to roll out, causing new surges in the virus and its variants. Despite the weak vaccine rollout and new surges in Europe, India, and Brazil among other places, investors focused on the light at the end of the tunnel believing that vaccines and massive fiscal and monetary stimulus would cause growth in 2021 and 2022 to surge off the weakness seen in 2020. Preliminary promising signs of improvement in employment, manufacturing, rising consumer purchases, and signs that personal travel plans were heating up encouraged investors to focus on a return to normalcy.

The unpredictable nature of the global pandemic and the varied national government responses to it continue to negatively impact economic recovery. The Biden administration's plan to significantly increase tax rates combined with higher regulatory costs also pose a threat to U.S., and therefore global, growth as well. Rising geopolitical tensions between the U.S. and China, Russia's military build-up on the border of Ukraine, China's heavy-handed approach to removing democracy from Hong Kong, and its stepped up threats to Taiwan pose additional key risks to the global economy over the coming year. Given the tremendous amount of optimism already discounted in world stock prices despite these risks, we believe ample ingredients exist to generate higher levels of volatility in the coming year as investors look beyond the current bounce in world economic activity.

Market Attribution

Market leadership varied over the course of the quarter with more economically sensitive companies outperforming strongly, particularly during January. Quickly rising U.S. bond yields together with a fourth COVID-19 wave in Europe and Brazil and rising cases in the U.S. served to moderate optimism. Higher interest rates put pressure on longer duration high growth stocks particularly in the Information Technology and Consumer Discretionary sectors in February and March. For the overall period, value outperformed growth and small caps outperformed. Higher quality business metrics went largely unrewarded with companies with low returns on equity or high debt levels performing best. The willingness of investors to take on higher levels of risk and earnings variability posed a headwind to our approach which is focused on owning the most predictable and sustainable growth businesses we can identify around the world.

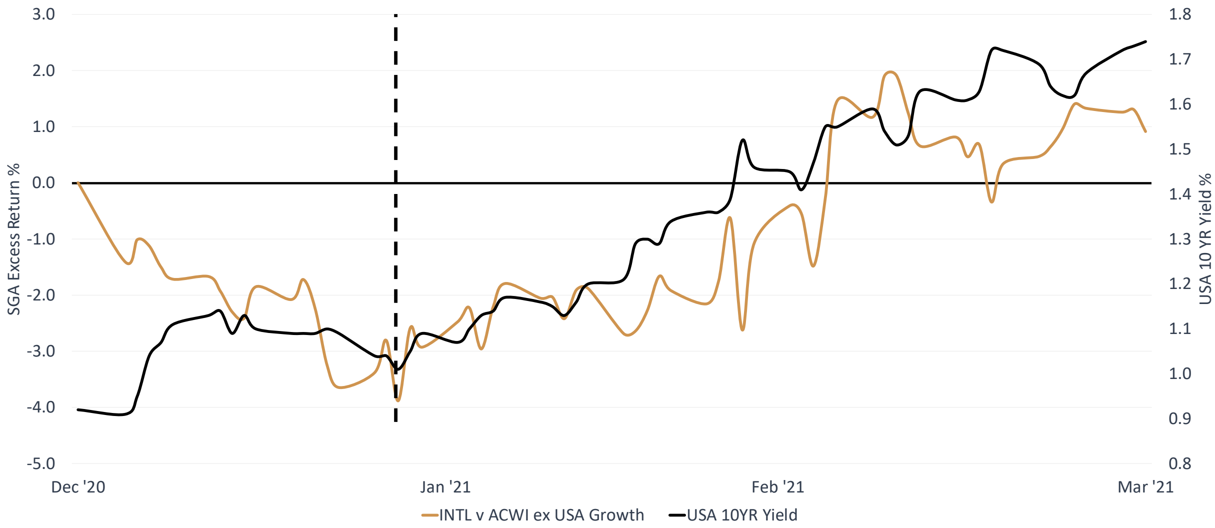
MSCI All Country World ex USA Index - Sector Returns



Source: FactSet, MSCI

From a sector standpoint, the Energy and Financials sectors performed best, returning +9.8% and +8.5% respectively, as both sectors benefited from rising expectations for stronger growth. The Materials sector also benefited from the desire by investors to buy cheap exposure to the economic cycle. Not surprisingly, more defensive areas of the market such as the Health Care, Consumer Staples, and Utilities performed the worst. Information Technology, which comprised about 13% of the ACWI ex USA, performed in-line with the index.

Q1 SGA Relative Returns and Correlation to 10-Year Bond Yield



The performance figures shown are for the institutional share class of the Virtus SGA International Growth Fund, SCIZX, relative to the MSCI ACWI ex USA Index.

Source: FactSet, MSCI

Portfolio Attribution

The portfolio underperformed on a relative basis in the first half of the quarter as cyclical stock headwinds were most intense but saw a turn in relative results beginning in late January as interest rates rose quickly and negatively impacted higher growth companies, particularly in the Information Technology and Consumer Discretionary sectors. Despite the quickly increasing number of people being vaccinated, there remained concern over the widening spread of COVID-19 variants and the potential impact this could have on re-openings. Sector allocations and stock selection each detracted from relative returns. Overweights in the poorly performing Consumer Staples and Health Care sectors hurt most. Stock selection within the Consumer Discretionary sector was the largest detractor overall due largely to positions in New Oriental Education and Adidas.

Positive stock selection in the Consumer Staples and Communication Services sectors due to positions in Wal-Mart de Mexico, and Tencent helped mitigate some of the weakness.

Largest Contributors

HDFC Bank was the largest contributor to portfolio performance in Q1 as it posted a strong earnings report and benefited from improving economic activity in India. Its results benefited from reduced provisioning for bad loans as their balance sheet is in solid shape and has sufficient floating provisions to account for any future issues. The company reported strong deposit growth on a year-over-year basis along with strong loan growth and well-controlled costs which all led to attractive profit growth of about 18%. We maintained an above-average weight position.

Aon was the second largest contributor to performance after reporting a solid Q4 with sales up 2% and earnings per share up 4%. Despite pandemic related pressures, Aon delivered 1% growth in revenues and 7%+ growth in earnings per share during 2020, demonstrating the underlying resiliency of its business model. Looking ahead, we expect continued execution of topline growth and operating margin expansion, as the company capitalizes on its scale and investments into data and analytics, and faster growing areas of insurance such as cyber and intellectual property. There remains some uncertainty regarding the closing of the acquisition of Willis Towers Watson, and whether there will be significant divestitures. However, we view Aon as well positioned as a standalone or with Willis Towers Watson and, given attractive valuation, and maintained an above-average weight position.

Wal-Mart de Mexico was the third largest contributor to performance as the company delivered strong quarterly results with comparable-store sales growth of 5%, revenue growth of 6%, EPS growth of 12% along with solid gross margin improvement. While still a smaller portion of overall sales, their e-commerce business continued to grow rapidly at a 170% rate, representing 5% of total sales for the period. Management raised top-line guidance slightly and expect 8% annual sales growth through 2024. We continue to view the longer-term growth opportunity favorably in Wal-Mart de Mexico as the Mexican economy recovers from the pandemic along with continued strong expansion potential. We maintained an average position in the company.

Linde and **Infosys** were the fourth and fifth largest contributors to portfolio performance for the quarter.

Largest Detractors

Chinese private education company **New Oriental Education** was the largest detractor from portfolio performance in Q1 after pronouncements by government regulators led to increased concerns about how EDU and other private education companies may be impacted by new regulations and whether they would slow the company's expected growth. Following a review of the issue and further discussion, we determined that the main tenets of our original thesis for EDU remained intact and that we expect the company to potentially benefit from the change in regulations which may lead to a further consolidated industry. We continue to see EDU as being well-positioned to benefit from demand for higher quality education in China and purchased additional shares of the company on weakness through the quarter.

Adidas was the second largest detractor from performance in Q1. The company reported an in-line Q4 with constant currency revenues and operating income growth both showing improvement above our expectations on a concurrent basis over Q2 and Q3 of 2020. 2021 guidance was in-line with our expectations with low to mid-teens constant currency sales growth expected together with meaningful improvements in gross margins. E-commerce sales growth was up 43% in Q4 and we see strong prospects for continued growth in this key segment looking forward over our 3-5-year investment horizon. The company expects to launch its Adidas Sportswear in 2022 to address the growing athleisure segment. Concerns the company expressed over the possible use of forced labor in the production of cotton from the Xinjiang region of China and subsequent reports of Chinese social media driven boycotts put some pressure on the company later in the quarter. It is important to note that company does not source any input materials from the region, and we believe any near-term pressure on the brand resulting from its public stand on the issue will pass. We maintained an average weight position during the quarter.

Shandong Weigao was the third largest detractor from portfolio performance in Q1. Weakness in China's equity markets put pressure on the company, but there were also concerns early in the quarter on whether the Chinese government's central procurement of medical consumables would negatively impact the company, as pricing on tendered products would be pressured. When the company reported their 2H20 results, Weigao reported that while there were some pricing pressures, they were able to take significant market share as a scaled player, overcoming the pricing pressure from the central procurement process. The company also returned to growth in the 2H20 as medical visits and procedures started returning, rebounding significantly from 1H20. Not all of the higher margin categories returned to growth, as biopsies and elective procedures remain below pre-COVID-19 levels. We expect demand for these procedures will return, and see significant potential opportunity for the company as it continues to build its portfolio of higher margin products, participates in the growth of health care services within China and begins to grow its business outside of China. We maintained an average weight in the company.

Heineken and **Sysmex** were the fourth and fifth largest detractors from portfolio performance for the quarter.

Portfolio Activity

Turnover during the quarter was in-line with our long-term average. A new position was initiated in Recruit while no positions were liquidated. However, many trims and adds took place during the period as we sought to take advantage of significant price appreciation in some holdings while adding to other positions where valuations had become more attractive. Specifically, we added to positions in New Oriental Education, Novo Nordisk, and SAP while trimming positions in Tencent, Fast Retailing, Alibaba, Adyen, HDFC Bank, Aon, and Linde.

New Positions

Japanese human resources and media company **Recruit** was added to the portfolio in Q1. Recruit owns the job search engine Indeed.com as well as a variety of online media and staffing businesses. The company receives 250 million+ monthly visitors in 60+ countries. With strong pricing power driven by a 66% market share of U.S. hires, strong user traffic, difficult to replicate back-end services, an attractive history of customer retention, and strong U.S. fee-based services as well as international growth opportunities, we see the company meeting our key business quality requirements well.

Among the risks we are monitoring are the competition within the human resources technology market. To date, Indeed has not been significantly impacted by LinkedIn or Google in obtaining job listings, but Indeed's user base also uses these other services. In addition, the staffing, classifieds and online job advertising businesses all have a degree of cyclical risk. To the extent that ad volume on Indeed slowed for a prolonged period, this could lead to lower bidding prices.

We initiated a below-average weight position in the company at what we consider a very attractive entry point and expect to build the position opportunistically moving forward.

Sold Positions

No portfolio positions were fully liquidated during the quarter.

Summary

The portfolio's return pattern over the quarter was consistent with our expectations and history as it underperformed early in the quarter amid high optimism for renewed global growth. While the market's preference for cyclicals continued through the quarter, the strength of the advance moderated as the quarter went on as concerns over the slow rollout of vaccines and the spread of virus variants in Europe, Brazil, India and much of the world increased. With vaccine supplies gradually building, global manufacturing rebounding, and massive monetary and fiscal stimulus being applied, we were not surprised by the market's optimism or willingness to embrace more economically sensitive companies. However, much good news has already been reflected in stock prices and we expect the road out of the pandemic to remain volatile with the pace of global vaccination programs varying widely by country and region, and the impact of new variants of the virus being an ongoing threat. Additionally, rising geopolitical tensions, rising debt levels and higher interest rates pose additional concerns. The attractive pricing power, recurring revenues and strong cash flow generation of the businesses we invest in help insulate them from some of these concerns. They are expected to grow at above-average rates on a secular basis, despite volatility and variations in investor sentiment, compounding over our longer time horizon. Over the next three years, the portfolio is expected to generate 11.0% revenue growth and 20.8% earnings growth while the MSCI ACWI ex USA is expected to generate 4.8% and 17.9% revenue and earnings growth respectively, after having had -2.2% earnings growth versus -37.2% for the index during 2020. The predictability and sustainability of this growth should provide a much smoother ride for our clients over time, generating attractive risk-adjusted and absolute returns. We've seen headwinds from the bounce in cyclicals before and have confidence that our approach to growth investing will generate attractive performance for our clients over the long-term.

Please let us know if you have any questions regarding the quarter or the portfolio's positioning, and thank you for your continued confidence in our team.

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Results are presented gross and net of management fees and include the reinvestment of all income. The Net Returns are calculated based upon the highest published fees. The net performance has been reduced by the amount of the highest published fee that may be charged to SGA clients, 3.00%, employing the International Growth WRAP equity strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and also may be found in Part 2A of its Form ADV. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Upon request, free of charge, SGA can provide a list of all portfolio holdings held in

International Growth Commentary

SGA's International portfolio for the past twelve months. Past performance is not indicative of future results. SGA's earnings growth forecast data is based upon portfolio companies' Non-GAAP operating earnings.

	Total Return						3 Year Standard Deviation						
Period	Before Fees	After Fees	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA Net TR Index	Number of Portfolios	Composite Dispersion	SGA Composite	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA Net TR Index	Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	Percentage of non-fee paying accounts	Percentage of WRAP accounts
Mar. 1 - Dec. 31, 2015	-4.63%	-7.00%	-10.32%	-6.77%	Five or Fewer	N/A				0.096	5,318	100%	0%
2016	0.65%	-2.33%	4.50%	0.12%	Five or Fewer	N/A				0.097	5,672	100%	0%
2017	37.83%	33.85%	27.19%	32.01%	Five or Fewer	N/A				0.133	9,971	100%	0%
2018	-12.42%	-15.04%	-14.20%	-14.43%	Five or Fewer	N/A	12.85%	11.38%	11.55%	89	9,096	0%	0%
2019	30.96%	27.16%	21.51%	27.34%	Five or Fewer	N/A	12.01%	11.34%	11.50%	307	12,347	0%	0%
2020	25.55%	21.90%	10.65%	22.20%	Five or Fewer	N/A	15.87%	17.93%	16.48%	310	18,780	0%	0%
2021 (Mar)	0.90%	0.14%	3.49%	-0.08%	Five or Fewer	N/A	15.45%	17.41%	15.97%	314	19,071	0%	0%
Since Inception (March 1, 2015)	11.34%	8.07%	5.97%	8.47%			14.39%*	14.99%*	14.05%*				

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

3 Year Standard Deviation is not shown for 2015, 2016, and 2017 as 36 months of returns are not available

* Since Inception Annualized Standard Deviation. SGA Composite Dispersion based on Gross Returns.

Sustainable Growth Advisers, LP ("SGA") was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its "Large Cap Growth Equity" investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm and an affiliate of Virtus Investment Partners. The SGA International Growth WRAP Composite was created in March 2019. The firm maintains a complete list and description of all composites, which is available upon request.

Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 – December 31, 2019. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation.

SGA International Growth WRAP Composite contains fee-paying and non-fee paying large cap international growth equity portfolios under full discretionary management of the firm. For comparison purposes the composite is measured against the MSCI ACWI ex-USA TR Index (Net) and MSCI ACWI Growth ex-USA TR Index (Net).

The composite includes non-wrap accounts only, from 3/1/15 to 3/31/21.

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the Client's custodian. Returns are calculated net of withholding taxes on dividends. Wrap fees include management, transaction, custody and other administrative fees. The Net Returns are calculated based upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published wrap fee that may be charged to SGA clients, 3.00%, employing the International Growth WRAP strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and also may be found in Part 2A of its Form ADV. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is not indicative of future results.

The standard wrap fee schedule in effect is 3.00% on total assets. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

Risks:

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. **Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Geographic Concentration:** A portfolio that focuses its investments in a particular geographic location will be sensitive to financial, economic, political, and other events negatively affecting that location. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the speed of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.