

# TAKING THE LONG VIEW

## VIRTUS KAR INTERNATIONAL SMALL-MID CAP FUND (I: VIISX)



Outperformance *over time* doesn't mean outperformance *all* the time. We believe investors must accept inevitable periods of underperformance in the short run to outpace the market in the long run. This is especially true among time-tested managers, like Kayne Anderson Rudnick (KAR), that have clearly defined processes and do not chase short-term trends.

### A Decade of Proven Expertise in International SMID-Cap Investing

Since its 2012 inception, the Virtus KAR International Small-Mid Cap Fund's focus on high-quality companies with lower individual business risk exposure has delivered a strong risk/reward profile.

	Total Returns (%)			Standard Deviation		
	3-year	5-year	Since Inception*	3-year	5-year	Since Inception*
MSCI EAFE® Index (net)	0.87	1.54	5.55	20.25	17.52	17.62
MSCI Emerging Markets Index (net)	-2.69	-1.40	2.58	20.55	18.83	19.17
Russell 2500™ Index	5.00	5.89	10.22	25.52	22.57	24.33
MSCI ACWI ex USA Small Mid Cap Index (net)	-0.22	0.16	5.44	22.24	19.09	16.68
<b>Virtus KAR International Small-Mid Cap Fund (VIISX)</b>	<b>-4.81</b>	<b>0.51</b>	<b>7.53</b>	<b>25.68</b>	<b>21.22</b>	<b>17.08</b>

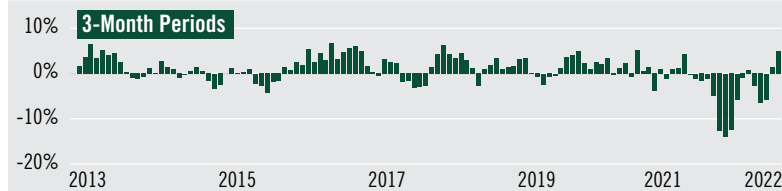
**Past performance is no guarantee of future results.** As of 12/30/22. Source: Virtus Performance & Analytics. MSCI EAFE® Index (net) represents International Large-Cap stocks; MSCI Emerging Markets Index (net) represents Emerging Markets stocks; Russell 2500™ Index represents U.S. SMID-Cap stocks; MSCI ACWI Ex USA Small Mid Cap Index (net) represents International SMID-Cap stocks. See reverse for index definitions.

### The Big Picture: Performance Over Time

Looking at historical returns over various rolling time periods (from 3 months to 5 years), the Fund's odds of outperformance improved as the time horizon lengthened. Given the current market environment, it is a timely reminder for investors about the importance of staying the course.

#### VIISX vs. MSCI ACWI ex USA Small Mid Cap Index (net)

Rolling Excess Returns Since Inception\*

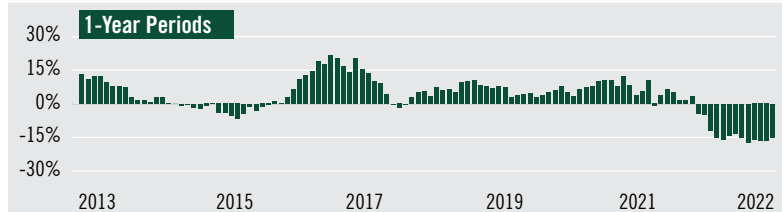


Outperformed the Index in...

**78/121**  
3-month periods  
(64% of the time)

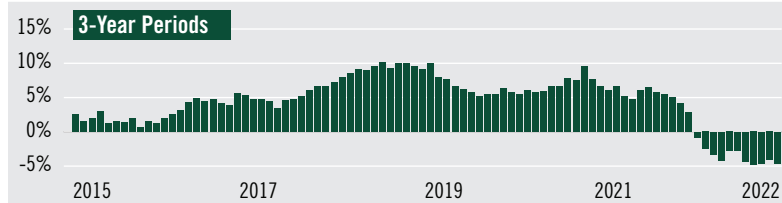
For an average rolling excess return of...

**69**  
basis points



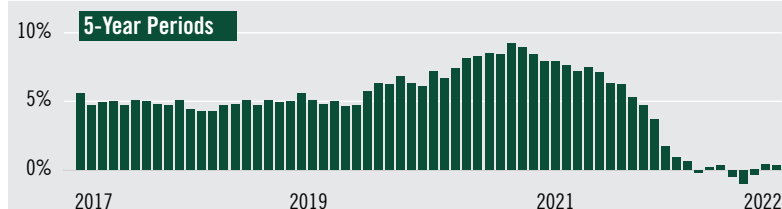
**79/112**  
1-year periods  
(71% of the time)

**349**  
basis points



**77/88**  
3-year periods  
(88% of the time)

**445**  
basis points



**60/64**  
5-year periods  
(94% of the time)

**498**  
basis points

**Past performance is no guarantee of future results.** Source: Morningstar Direct, as of 12/30/22.  
\*Fund inception date 9/05/12.

## Virtus KAR International Small-Mid Cap Fund (I: VIISX)

AVERAGE ANNUAL TOTAL RETURNS as of 12/30/2022 (%)

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Incep. 9/5/2012
Fund	18.76	-34.42	-34.42	-4.81	0.51	7.13	7.53
Index <sup>1</sup>	13.85	-19.49	-19.49	-0.22	0.16	4.56	5.44

The fund class gross expense ratio is 1.17%.

**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](http://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](http://virtus.com) for details.**

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.

ANNUAL PERFORMANCE (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-34.42	5.73	24.37	27.58	-6.79	28.48	21.03	-0.87	-3.06	29.89
Index <sup>1</sup>	-19.49	10.16	12.01	22.36	-17.06	30.35	3.57	0.44	-3.05	17.79

<sup>1</sup>MSCI AC World Ex USA Small Mid Cap Index (net)

## ABOUT KAYNE ANDERSON RUDNICK

Kayne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

## PORTFOLIO MANAGERS

### Craig Thrasher, CFA

Industry start date: 2003

Start date as Fund Portfolio Manager: 2012

### Hyung Kim

Industry start date: 2004

Start date as Fund Portfolio Manager: 2018



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

To learn more about KAR's approach to high-quality international small- and mid-cap investing, call 800-243-4361 or visit [virtus.com](http://virtus.com).

A **basis point** is a standard measure for interest rates and other percentages in finance, representing one-one hundredth of one percent. **Rolling returns** are annualized average returns for a period, ending with the listed year. Rolling returns are useful for examining the behavior of returns for holding periods, similar to those actually experienced by investors.

## INDEX DEFINITIONS

**MSCI EAFE<sup>®</sup> Index (net):** 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. **MSCI Emerging Markets Index (net):** 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. **Russell 2500<sup>™</sup> Index:** A market capitalization-weighted index of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. **MSCI AC World Ex USA Small Mid Cap Index (net):** 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 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

**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. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war or military conflict (e.g., Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) 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's manager(s) to invest the portfolio's assets as intended. **Prospectus:** For additional information on risks, please see the fund's prospectus.

**Please consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial professional, call 800-243-4361, or visit [virtus.com](http://virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.**

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