

WHY REITS ARE COMPELLING NOW: A HISTORICAL VIEW ON NAV DISCOUNTS

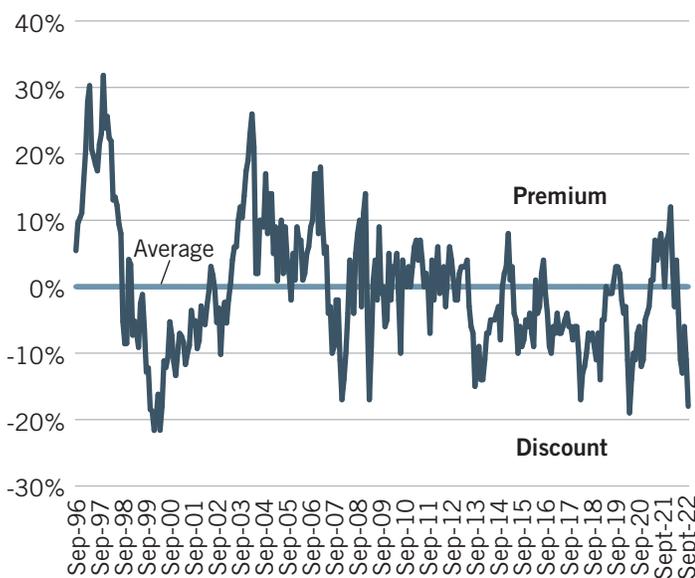


U.S. REITs have historically provided compelling returns when discounts to NAV were greater than 10%.

Not unlike other asset classes, large drawdowns have historically led to higher future return potential. Since 1996 whenever the price-to-net asset value (“NAV”) for REITs has been at a discount of greater than 10%, the returns for the FTSE Nareit Equity REITs Index in the following 12-months were positive 35 out of 41 periods.

REITs Trading at Historical Discount

Historical Price to NAV*



Past performance is not indicative of future results.

Source: Duff & Phelps, Evercore ISI, FactSet, data as of 9/30/22. *Price to NAV is a metric used to estimate the market value for REIT holdings, it is not a measure of performance, but rather, a ratio similar to price-to-book value used when comparing traditional stocks.

- U.S. REITs were trading at a 18%+ discount to NAV at the end of June. On average, REITs have historically traded at 100% of their price-to-NAV.
- Previous crisis lows included a discount to NAV of 22% at the end of the dot.com bubble in December 1999; 17% in the GFC in February 2009; 15% in the Taper Tantrum of August 2013; and 19% in March of the 2020 Pandemic. Had an investor purchased REITs during these four periods, their 12-month forward returns would have been 16.51%, 85.47%, 19.35%, and 32.93%, respectively.
- The average total return for the 41 periods measured was 14.46%, compared to the 11.53% return since inception of the FTSE Nareit Equity REITs Index.¹

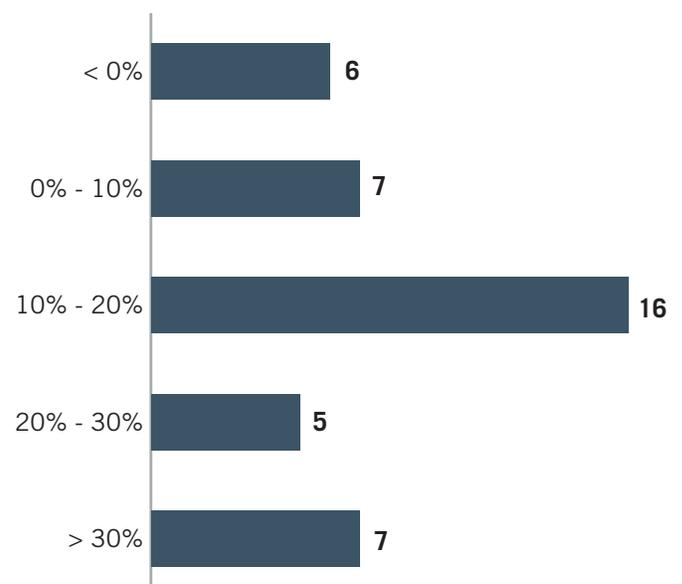
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¹Index inception date is 12/31/1971. Performance data of the FTSE Nareit Equity REITs Index through 9/30/22. The high and low 12-month returns were both recorded during the GFC, -59.69% and 85.47%. Performance shown is not indicative of any Virtus product.

²Source: S&P Global Market Intelligence.

REIT Performance when Discounts Were Greater than 10%

12-Month Forward Returns, FTSE Nareit Equity REITs Index



Past performance is not indicative of future results.

Source: Duff & Phelps, FTSE Nareit, Evercore ISI, FactSet, data as of 9/30/22.

- Property fundamentals are strong, supported by the cyclical recovery following the pandemic. REIT's ability to raise rents during periods of rising rates and inflation presents a strong investment case in the current environment.
- Valuations are particularly attractive when comparing transparent and liquid [public vs. private real estate](#) markets, where an appraisal lag for private real estate has resulted in a disconnect between valuations and current market conditions.
- We believe the current environment presents an opportunity for discerning active managers to capitalize on the disconnect between property fundamentals and prices.



To learn more about the funds subadvised by Duff & Phelps Investment Management, please contact us at 800-243-4361 or visit virtus.com

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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. **Real Estate:** The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management. **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 & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the fund to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **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 (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.

INDEX DEFINITION

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 unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

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