

# TAKING THE LONG VIEW

## VIRTUS KAR SMALL-CAP VALUE FUND (I: PXQXSX)



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 and a Half of Proven Small-Cap Value Expertise

Since its 2006 inception, the Virtus KAR Small-Cap Value 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	10-year	Since Inception*	3-year	5-year	10-year	Since Inception*
Russell 2000® Value Index	2.22	8.17	6.87	7.06	21.49	24.91	20.79	31.32
Russell 2000® Index	-0.10	8.10	7.58	8.02	21.39	23.88	20.30	30.57
Russell 2000® Growth Index	-2.68	7.38	7.89	8.72	22.41	24.09	20.78	30.87
<b>Virtus KAR Small-Cap Value Fund (PXQXSX)</b>	<b>-0.35</b>	<b>10.07</b>	<b>8.87</b>	<b>8.67</b>	<b>20.10</b>	<b>21.26</b>	<b>18.05</b>	<b>26.89</b>

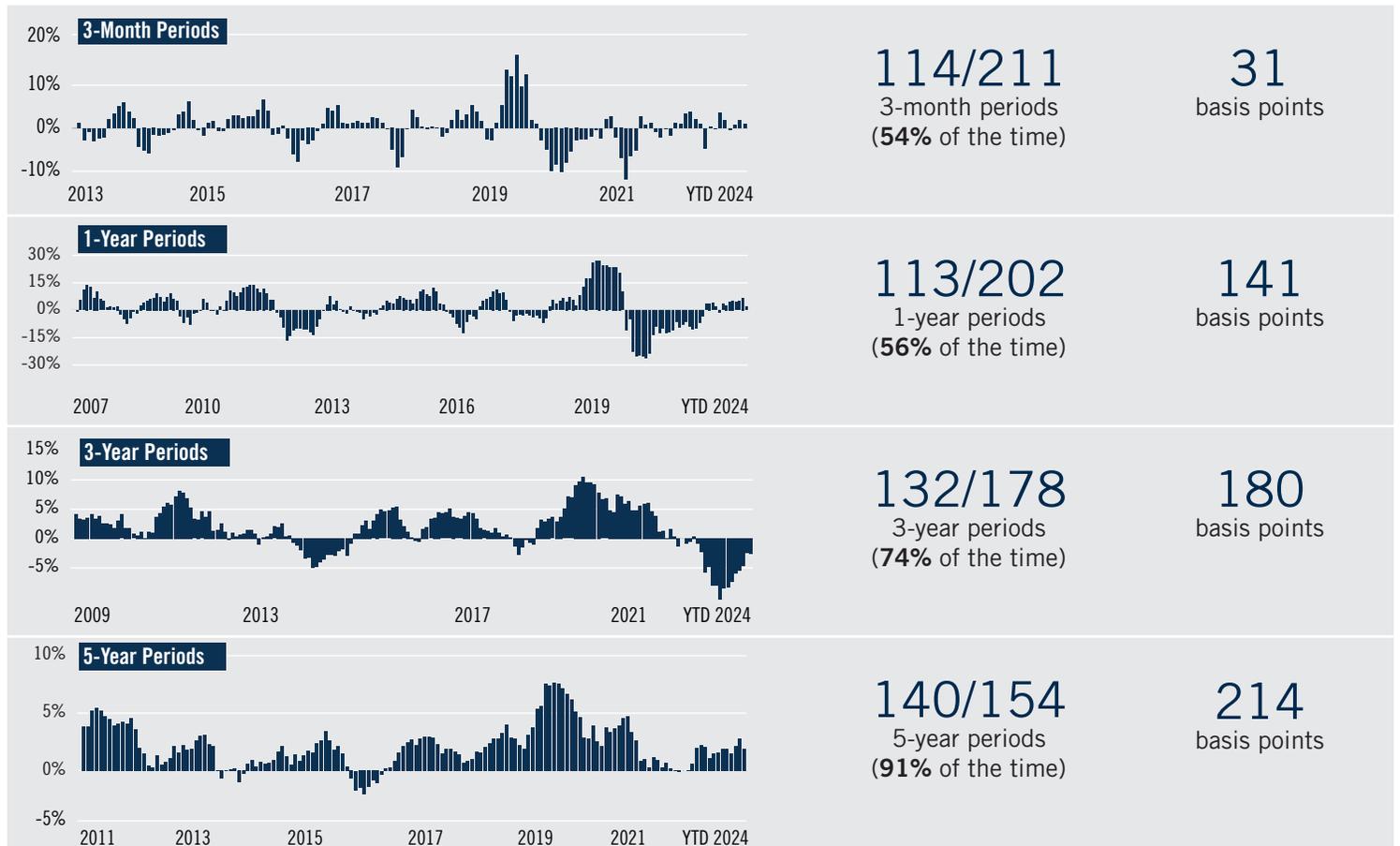
**Past performance is no guarantee of future results.** As of 03/31/24. Source: Virtus Performance & Analytics. Russell 2000® Value Index represents U.S. value-oriented stocks; Russell 2000® Index represents U.S. stocks; Russell 2000® Growth Index represents U.S. growth-oriented stocks. See reverse for 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.

#### PXQXSX vs. Russell 2000® Value Index

Rolling Excess Returns Since Inception\*



**Past performance is no guarantee of future results.** Source: Morningstar Direct, as of 03/31/24.

\*Fund inception date 06/28/06.

## Virtus KAR Small-Cap Value Fund (I: PXQSX)

AVERAGE ANNUAL TOTAL RETURNS as of 03/31/24 (%)

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Incep. 06/28/06
Fund	3.91	3.91	20.60	-0.35	10.07	8.87	8.67
Index <sup>1</sup>	2.90	2.90	18.75	2.22	8.17	6.87	7.05

The fund class gross expense ratio is 0.99%.

**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](https://www.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](https://www.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 (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	19.15	-24.33	19.48	28.16	24.86	-15.92	18.89	24.48	-1.28	1.98
Index <sup>1</sup>	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22

<sup>1</sup>Russell 2000® Value Index

## 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

### Julie Kutasov

Industry start date: 2001

Start date as Fund Portfolio Manager: 2008

### Craig Stone

Industry start date: 1989

Start date as Fund Portfolio Manager: 2009



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

To learn more about KAR's approach to high-quality small-cap value investing, call 800-243-4361 or visit [virtus.com](https://www.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

**The Russell 2000® Value Index** is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 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. **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 index is calculated on a total return basis with dividends reinvested. **The Russell 2000® Growth Index** is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 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. 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, medium, or large-sized companies may enhance that 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. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **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. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its 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](https://www.virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.**

**Not FDIC Insured | May Lose Value | Not Bank Guaranteed**

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