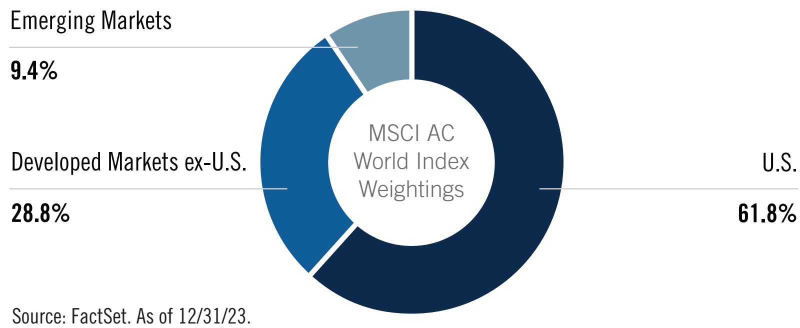
ADDRESSING HOME BIAS WITH INTERNATIONAL EQUITIES

VIRTUS INVESTMENT PARTNERS

U.S. stocks outperformed foreign equities significantly during the last 15 years—a historically long stretch that rewarded investors with a preference for domestic investments. While this approach worked well until recently, it can hinder intended portfolio diversification over the long term. Increasing exposure to international equities in a portfolio offers the potential to broaden opportunity sets and achieve greater diversification than pursuing investments primarily concentrated in the U.S.

Home Bias Alert: U.S. Equities Have Historically Dominated the MSCI All Country World Index

U.S. equities currently account for approximately 60% of the market cap weighting of the MSCI All Country World Index (ACWI). Investors relying on exposure to the ACWI for global diversification may be unknowingly making a concentrated, home-biased bet that overweights the U.S. in their portfolios.

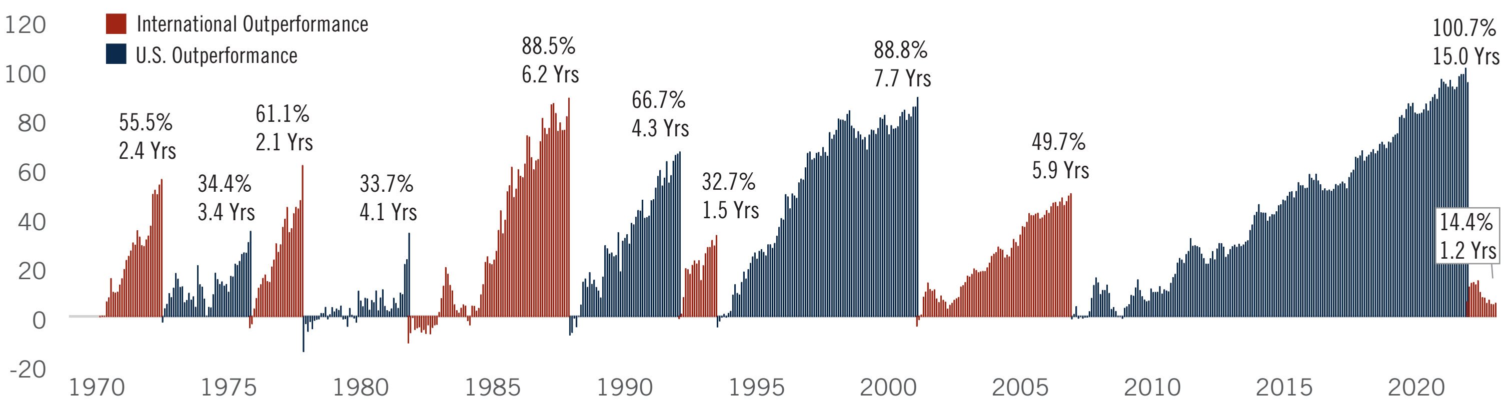


Source: FactSet. As of 12/31/23.

A Story of Cyclicality

Looking at the longer-term trend between U.S. and foreign stocks tells an important story of cyclicality in relative performance. History suggests that leadership between domestic and foreign stocks often shifts or reverts to the mean. After a decade and a half of U.S. dominance, the timing could be opportune to consider increasing international allocations.

INTERNATIONAL VS. U.S EQUITIES RELATIVE PERFORMANCE Monthly Total Returns, Cumulative Performance



Past performance is no guarantee of future results. As of 12/31/23. International equities represented by the MSCI EAFE® Index. U.S. Equities represented by the MSCI USA Index. Source: Ned Davis. © 2024 Ned Davis Research, Inc. See full disclosure on the following page.

International Equities Offer a Significant Discount

International equities are trading near their widest discount relative to U.S. equities on a price-to-book basis in the past 20 years. As cycles shift and valuation gaps revert to the mean, international equities may offer the potential to generate attractive returns over the long term.

LARGEST VALUATION GAP BETWEEN U.S. AND INTERNATIONAL EQUITIES IN 20 YEARS
Trailing 12-Month Price/Book Ratio: MSCI USA Index vs. MSCI EAFE Index

Past performance is no guarantee of future results. As of 12/31/23. Source: Virtus Systematic synthesis using FactSet and Bloomberg data.

Through our investment partners, Virtus offers a diverse range of dedicated international and emerging market equity solutions. For more information, visit virtus.com/invest-globally

Duff & Phelps Investment Management pursues specialized investment strategies with exceptional depth of resources and expertise. Building on a distinguished legacy that began in 1932 serving Depression-era investors, Duff & Phelps has earned a reputation as a leader in investing in Global Listed Infrastructure, Global Listed Real Estate, Clean Energy, and Diversified Real Assets.

Since 1984, 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.

NFJ Investment Group is a global value equity manager with a rich heritage and deep roots in Dallas, Texas, dating to 1989. NFJ is unwavering in its commitment to investing at the intersection of value, quality, and shareholder yield, seeking to identify companies with low market expectations and the strongest prospects for returning capital to shareholders.

Founded in 2003, Sustainable Growth Advisers is a growth equity manager focused on high-conviction U.S., global, emerging markets, and international large-cap portfolios. SGA believes that investing in differentiated businesses with predictable, sustainable earnings and strong cash flow growth can generate excellent absolute and relative returns over time.

The Virtus Systematic team of Virtus Investment Advisers, Inc. specializes in differentiated investment solutions, strategies, and outcomes across asset classes, regions, and securities.

Westchester specializes in global event-driven investment strategies with a proven track record dating to 1989. Westchester invests in publicly announced mergers, acquisitions, takeovers, spin-offs, and other corporate reorganizations, with the goal of profiting from the timely completion of these transactions.

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Price/Book: Per-share stock price divided by the latest 12-month per-share Book Value. The **MSCI USA Index** is designed to measure the performance of the large and mid-cap segments of the U.S. market. With 624 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the U.S. 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 index is calculated on a total return basis with net dividends reinvested. The **MSCI EAFE® Index (net)** is 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. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and 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. **Geographic Concentration:** Events negatively affecting the fiscal stability of a state, country, or region will cause the value of the portfolio's shares to decrease. Because the portfolio concentrates its investments in a state, country, or region, the portfolio is more vulnerable to those areas' financial, economic, or other developments. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; 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. 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. **Diversification:** There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio, or that diversification among different asset classes reduces risk.

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