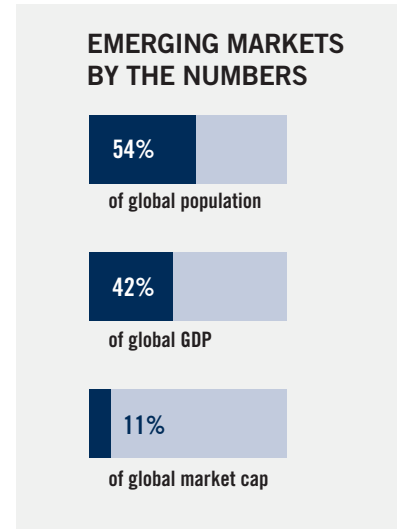


TAPPING INTO GROWTH AND OPPORTUNITY: INVESTING IN EMERGING MARKETS



Why Emerging Markets Equities Deserve a Close Look

- **High-growth potential:** EM economies are expected to outgrow developed markets by over 2% per year through 2028
- **Vast opportunity set:** The EM investable universe far exceeds the U.S. market by thousands of stocks
- **Outperformance potential:** EM stocks have less analyst coverage than U.S. stocks, creating an opportunity to uncover opportunities
- **Attractive valuation:** EM stocks are trading near their widest valuation discount relative to U.S. stocks since 2000
- **Underrepresentation in the global stock market:** EMs represent approximately 42% of global GDP, but only 11% of the MSCI All Country World Index's (ACWI) weighting, creating an underweight in economic exposure to emerging markets

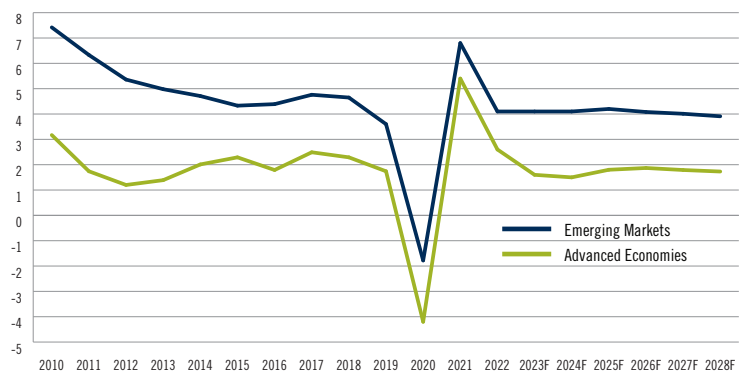


High-Growth Potential

Emerging market (EM) economies are expected to produce strong growth in the years ahead, outpacing advanced economies notably, according to the IMF's World Economic Outlook.

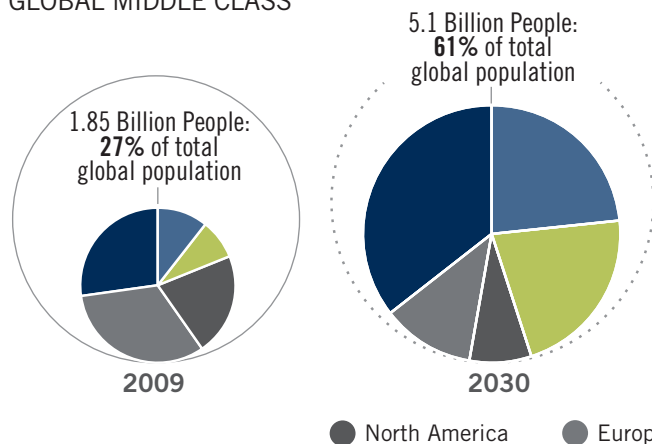
A major driver fueling this growth is the rise of the global middle class. In 2009, 27% of the world's population was considered middle class. In 2019, that number had risen to 47% (data not shown), and is forecast to hit 61% by 2030, with much of the growth coming from China and India. That growth translates into significant disposable income for millions of emerging markets consumers, making the business opportunity to serve this population even more attractive.

GDP GROWTH

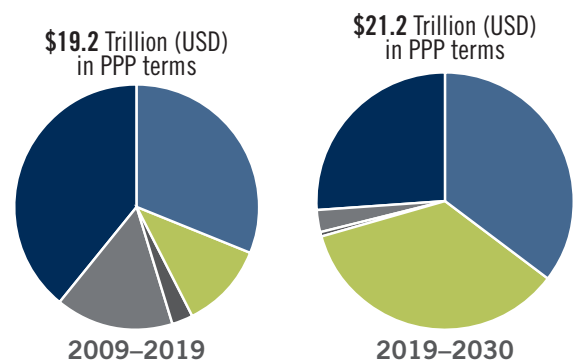


As of January 31, 2024. Source: IMF World Economic Outlook.

GLOBAL MIDDLE CLASS



INCREASING EXPENDITURE OF THE GLOBAL MIDDLE CLASS

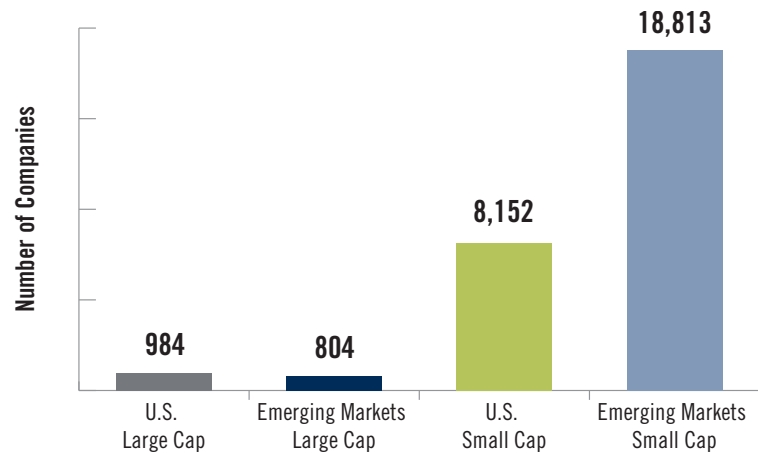


A household forms part of the middle class when its spending capacity per day and per person lies between \$11-110/day (measured in terms of purchasing power parity, or PPP). Source: CaixaBank Research, based on estimates by Homi Kharas. www.caixabankresearch.com "The Emergence of the Middle Class: An Emerging Market Phenomenon," Claudia Canals, September 2019, Monthly Report – Dossier.

Vast Opportunity Set

EMs boast a vast opportunity set that stretches far beyond developed markets. Its distinct and varied investment universe includes all market capitalizations—from large multinationals to smaller local businesses. These businesses often operate in different geographies that have little in common with one another, offering investors additional diversification potential and exposure to local economies, where foreign companies may not have a large presence.

INVESTABLE UNIVERSE

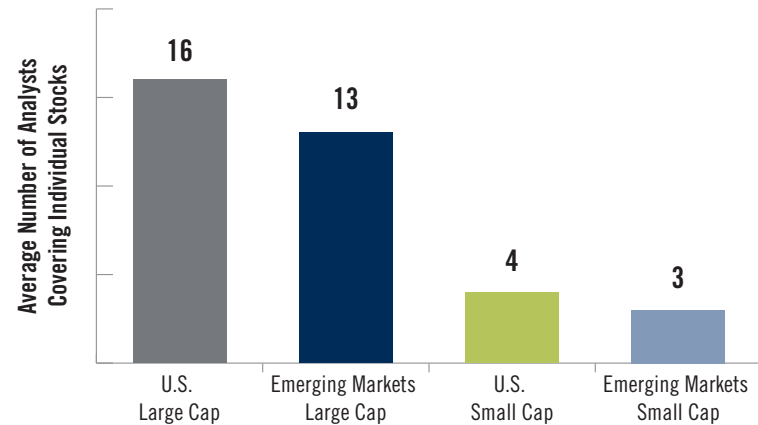


As of December 31, 2023. U.S. includes all common stocks in the United States with a market value greater than zero. Emerging Markets includes all common stocks in countries included in the MSCI Emerging Markets Index with a market value greater than zero. Large cap includes companies with a market cap greater than \$5B. Small cap includes all companies with a market cap less than \$5B. Source: FactSet.

Outperformance Potential

In addition to its larger investment universe, EMs feature lower analyst coverage than developed markets, making EMs an attractive asset class for skilled active managers to uncover opportunities and potentially outperform their benchmarks. Compared to a passively managed index, active managers can gain greater exposure to countries, sectors, and businesses that are more closely aligned with secular growth trends—all while avoiding areas that face challenges.

ANALYST COVERAGE

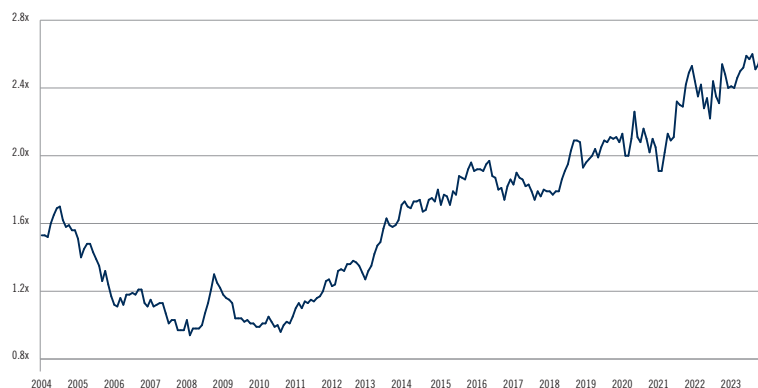


As of December 31, 2023. U.S. includes all common stocks in the United States with a market value greater than zero. Emerging Markets includes all common stocks in countries included in the MSCI Emerging Markets Index with a market value greater than zero. Large cap includes companies with a market cap greater than \$5B. Small cap includes all companies with a market cap less than \$5B. Source: FactSet.

Attractive Valuation

The MSCI Emerging Markets Index is trading near its widest discount since 2000, relative to the S&P 500® Index on a trailing 12-month price/book value basis. As cycles shift and valuation differences revert to the mean, emerging markets may offer the potential to generate attractive returns over the long term.

TRAILING 12-MONTH PRICE/BOOK VALUE RATIO: S&P 500® VS. MSCI EMERGING MARKETS INDEX

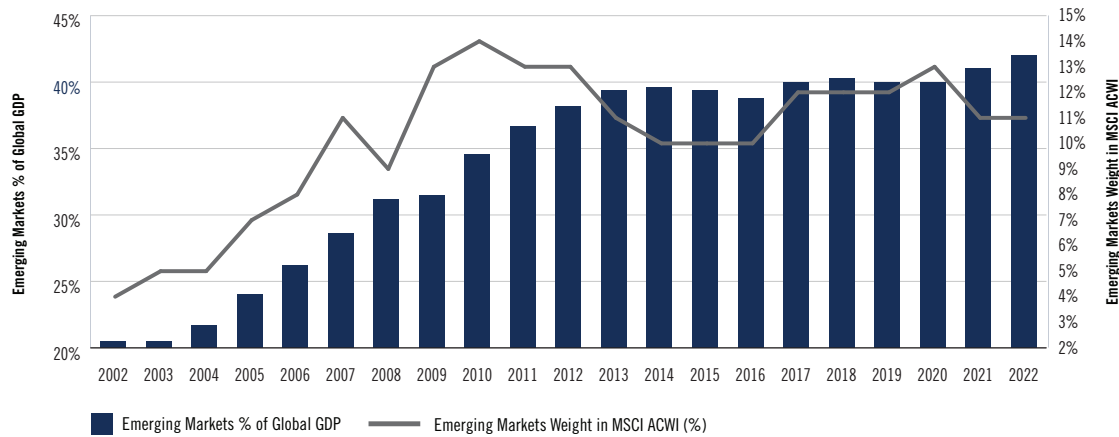


As of December 31, 2023. Value calculated by dividing the S&P 500 Index's price/book ratio by the MSCI Emerging Markets Index's price/book ratio. Source: FactSet. Price/Book: Per-share stock price divided by the latest 12-month per-share Book Value.

Underrepresentation in the Global Stock Market

Emerging market economies are underrepresented in the global stock market, relative to their global GDP contribution. At the end of 2022, the most recent period where data is available, EM stocks represented approximately 42% of global GDP, but only 11% of the ACWI's weighting. By comparison, U.S. stocks represented about 15% of global GDP and 60% of the ACWI's weighting. Investors who follow the ACWI to help determine portfolio weightings are likely to be underweight economic exposure to emerging markets.

EMERGING MARKETS ECONOMIES UNDERREPRESENTED IN GLOBAL STOCK MARKET



Source: IMF World Economic Outlook and MSCI. Data as of 12/31/2022. GDP is nominal.

Emerging markets offer the potential for high growth and portfolio diversification for investors seeking increased exposure to international equities beyond developed markets. This growth, fueled by strong secular trends including favorable demographics and advancing economies, is likely to remain in place in the years ahead.

Virtus Emerging Markets Solutions

Investors without an ample allocation to emerging markets may be missing out on a strong—and growing—segment of the global economy. Through our affiliated investment managers, Virtus offers a diverse range of dedicated emerging market equity solutions.

INDEX DEFINITIONS

The **MSCI Emerging Markets Index** measures equity market performance in global emerging markets. This index is free float-adjusted market cap-weighted and calculated on a total return basis with dividends reinvested. The **MSCI All Country World (ACWI)** is a free float-adjusted market capitalization-weighted index that measures equity performance of developed and emerging markets. The **S&P 500® Index** is a free-float market-capitalization weighted index of 500 of the largest U.S. companies. The indexes are unmanaged, returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

IMPORTANT RISK CONSIDERATIONS

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. **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. **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. **Diversification:** There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio, or that diversification among different asset classes reduces 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.

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Past performance is not a guarantee of future results.