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Barron's Best Fund Families

It was a good year for both stocks and bonds. These five fund firms did especially well, taking advantage of opportunities beyond the Magnificent Seven.

By Debbie Carlson

The adage that bull markets climb a wall of worry was certainly true in 2023.

Among those worries were recession fears due to the Federal Reserve's monetary tightening, ongoing wars between Russia and Ukraine and between Israel and Hamas, and China's shaky economy and pugilistic foreign policy. Markets hung on every piece of data, vacillating from risk-on to risk-off.

Still, it ended up being a great year for stocks and bonds, especially compared with 2022's rout. The average U.S. equity fund rose 21.1%, according to LSEG Lipper data—impressive, if still below the S&P 500 index's gain—and fixed-income funds returned their best year since 2019, with most of the gains coming in the fourth quarter. Taxable bonds rose 5.7%, while municipal bonds returned 7.6%. World equity funds gained 15.4%, while mixed-asset funds returned 14.1%.

Amid the volatility, it was a year in which investors could do little and still be rewarded. Cash paid about 5%, thanks to the Fed's rate hikes (and about $6 trillion still resides in high-yielding money-market accounts). Owning a passive S&P 500 index fund, like the SPDR S&P 500 exchange-traded fund, earned investors 26.2%, powered by the Magnificent Seven stocks: Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla, and spurred mostly by excitement over the future of artificial intelligence. Those names accounted for a quarter of the index's weighting in 2023.

In that environment, active managers had to prove they added value. The top performers in *Barron's* fund families ranking—Putnam Investments in the top slot, followed by Fidelity Investments, PGIM Investments, **Virtus Investment Partners**, and Touchstone Investments—did just that for most of their investors.

Consider PGIM's $8 billion Jennison Growth fund, its largest general equity fund. Portfolio manager Kathleen McCarragher says that Nvidia, Amazon, and Tesla contributed to performance, but her team also owned other companies they thought would have solid earnings growth. Roughly half of the portfolio outperformed the Russell 1000 index, lifted by nontech names such as Lululemon Athletica and Airbnb. Jennison Growth gained 53% in 2023, 10 percentage points above its benchmark.

Many fixed-income managers used the aftermath of the March regional banking crisis, when Silicon Valley Bank and a few others declared bankruptcy, to find value in securitized debt—the kind of opportunistic move that index funds can't make. Top managers said they relied on their fundamental research and experience to recognize deals in a year when the U.S. 10-year note began and ended around 3.88%, despite yields ping-ponging.

In 2024, the Fed will remain a key influence on markets, but this time the focus will be on whether the central bank cuts rates or stands pat. Barry Mandinach, executive vice president and head of distribution at the $172.3 billion Virtus fund family, says that even if the Fed cuts rates, its zero interest-rate policy is in the past. Any rate volatility could also work to active managers' advantage versus index funds.

"You have to think a little more selectively," he says. Managers will need to consider each company's balance sheet and the quality and durability of its earnings, instead of buying a broad index.

Barron's has conducted its annual survey of fund families for more than 20 years, focusing on one-year relative performance for its main ranking, which offers a look at how diversified firms perform across a wide range of actively managed funds. It is a snapshot in time; however, many of the biggest and best-performing funds of this year's top families demonstrate strong longer-dated returns, suggesting that they aren't one-hit wonders.

Because the results are asset-weighted, firms' largest funds have the biggest impact on their rankings, which is how a small firm like the No. 5–ranked, $26.7 billion Touchstone Investments can compete with much larger firms.

There were significant changes from last year, much of it owing to growth dominating equity returns. Almost all of last year's top five sit in or near the bottom half of this year's ranking, while 2022's No. 1 family, Dimensional Fund Advisors, came in at No. 17 this time.

This Year's List

To be included in the ranking, firms must offer at least three actively managed mutual funds or active exchange-traded funds in Lipper's general U.S. stock category, plus one in world equity and one mixed-asset—such as a balanced or allocation fund. They also need to offer at least two taxable bond funds and one national tax-exempt bond fund. All funds on our list must have a record of at least one year. The ranking also includes "smart beta" ETFs, which are run passively but are built on active investment strategies. The list reflects each firm's active-management ability.

All told, just 49 asset managers out of the 819 in Lipper's database met our criteria for 2023. There are some changes from last year's ranking. MainStay Funds are now marketed under the New York Life Investments name, and USAA Funds was rolled up under Victory Capital Management. A new entrant is SS&C ALPS Advisors, which now has enough funds in each of the *Barron's* asset classifications to qualify, having added a tax-exempt bond ETF in 2022 that now has one year of performance history.

Many other large fund managers are consistently absent because they don't check all of the boxes in the categories we consider. Notable names in that category include Janus Henderson and Dodge & Cox.

No. 1: Putnam Investments

The portfolio managers at the $148 billion Putnam Investments have embraced a saying first coined by Darren Jaroch, the longtime manager of its largest general equity fund by assets, the $23.2 billion Putnam Large Cap Value: "Consistently good, not occasionally great."

That philosophy helps the firm navigate market volatility for its 79 actively managed mutual funds and ETFs, says Shep Perkins, Putnam's chief investment officer. Managers focus on stock-picking rather than style bets, so they don't worry whether growth or value will be in vogue. They look for idiosyncratic risk, taking bite-size positions in stocks where they may have an analytical edge and seeking disconnects between a stock's fundamentals and price.

Large Cap Value used that philosophy to pick up Meta shares when their price fell to value-stock territory, and Jaroch and portfolio co-manager Lauren DeMore kept adding to the position. Holdings in Meta helped the fund achieve its 15.4% gain in 2023. The two managers have significantly reduced the position since.

Meta aside, the Magnificent Seven stocks were "hardly a primary driver of overall performance for us," Perkins says, noting that gains in NRG Energy and home builder PulteGroup were also big contributors, particularly in Large Cap.

Best Fund Families for 2023

This is the seventh year we've ranked the fund families purely on their actively managed funds, and there was plenty of shuffling in the ranks from 2022. Our rankings are based on one-year returns on an asset-weighted basis, so a firm's biggest funds will have the most influence on its rankings.

2023 Rank	2022 Rank	Fund Family	Total Assets (billion)*	Weighted Score	U.S. Equity	World Equity	Mixed Equity	Taxable Bond	Tax-Exempt Bond
1	9	Putnam Investment Management	$78.9	70.66	4	9	5	26	3
2	30	Fidelity Investments	2,039.2	70.59	2	6	7	19	22
3	46	PGIM Investments	137.0	69.70	6	3	25	2	11
4	43	Virtus Investment Partners	47.2	67.12	11	27	4	3	40
5	42	Touchstone Investments	26.3	65.50	7	20	6	13	39
6	31	Nuveen/TIAA	231.2	64.51	8	12	12	11	34
7	36	T. Rowe Price	805.9	62.08	13	21	3	31	27
8	39	Columbia Threadneedle Investments	183.1	60.89	24	25	9	4	18
9	44	Thrivent Mutual Funds	34.6	60.40	30	8	10	9	17
10	34	BlackRock	329.3	60.17	9	22	15	22	37
11	35	Sit Investment Associates	1.5	60.13	25	2	1	47	44
12	23	Pimco	378.3	59.42	16	1	37	21	4
13	47	State Street Global Advisors	42.7	59.34	1	7	22	48	42
14	21	Vanguard Group	1,796.9	58.69	12	39	18	17	13
15	13	Goldman Sachs Asset Management	128.7	57.40	17	4	42	12	14
16	25	Principal Asset Management	170.4	56.95	15	17	21	29	24
17	1	Dimensional Fund Advisors	520.5	53.91	22	24	13	30	48
18	37	John Hancock Group	171.7	53.67	10	45	24	20	32
19	40	Northern Trust Investments	15.7	52.51	26	5	29	24	43
20	32	Guggenheim Investments	38.4	52.14	33	34	28	1	46
21	24	Brinker Capital	13.2	51.94	34	41	2	44	47
22	48	Transamerica Asset Management	34.1	51.90	21	46	14	39	5
23	29	UBS Asset Management	7.5	51.86	38	16	16	15	41
24	15	Amundi US	43.1	51.75	32	14	40	6	28
25	38	Affiliated Managers Group	102.8	51.66	3	47	34	43	8
26	12	Morgan Stanley Investment Management	144.9	51.51	27	23	33	25	9
27	33	Macquarie Asset Management	83.9	51.39	45	10	11	34	1
28	45	Russell Investments	37.2	51.01	19	37	8	49	10
29	2	Victory Capital Management	92.1	50.86	40	11	30	7	21
30	19	BNY Mellon Investment Management	47.9	50.09	37	15	32	14	26
31	7	New York Life Investments	62.4	49.64	20	30	26	42	15
32	18	Franklin Templeton Investments	392.0	49.22	31	13	41	27	19
33	41	DWS Group	27.9	46.98	18	40	46	28	7
34	4	Capital Group/American Funds	2,512.1	46.26	23	19	35	46	23
35	6	Madison Investments	2.7	44.68	5	33	49	37	49
36	11	Allspring Global Investments	74.1	44.44	39	42	23	23	33
37	17	First Trust Advisors	59.2	43.90	14	29	47	35	38
38	20	Invesco	252.0	43.73	35	18	45	32	20
39	49	Lord Abbett	141.0	43.63	29	44	36	40	12
40	27	AllianceBernstein	104.1	43.02	44	48	19	18	29
41	NR	SS&C ALPS Advisors	5.9	42.79	41	38	27	38	2
42	16	American Century Investments	181.5	42.38	28	31	44	33	31
43	14	MFS Investment Management	386.9	41.88	46	32	38	10	25
44	10	Hartford Funds	111.0	41.45	36	35	48	16	6
45	5	J.P. Morgan Asset Management	545.3	41.41	42	36	17	45	36
46	22	SEI Investments	79.9	40.06	47	28	43	5	30
47	3	Neuberger Berman	46.0	39.82	43	49	39	8	35
48	8	Federated Hermes	68.0	39.09	49	43	20	41	16
49	28	Manning & Napier Advisors	5.7	38.10	48	26	31	36	45

*Total assets reflect the funds included in this survey. NR=not ranked

Source: LSEG Lipper

Consistency underpinned Putnam's fixed-income products, as well. Managers in Putnam's taxable bond funds stuck with BBB-rated bonds and didn't chase the ultrashort end of fixed income every time the market swooned, says Michael Salm, director of multisector and securitized products at Franklin Templeton Fixed Income.

Strategic moves in the muni sector were big contributors to Putnam's overall strength, as the firm's biggest muni bond fund—the $1.3 billion Putnam Strategic

Intermediate Municipal —bested 90% of its Lipper peers.

Here, too, owning BBB-rated credit helped with performance, as did slightly extending duration in late 2023 as the Fed's rhetoric changed and rates peaked. That led to a "muni yield that's as good as it's been in decades," Salm says.

This past year will be the last that Putnam stands as an independent firm. On Jan. 1, Franklin Templeton completed its purchase of Putnam and says it will integrate its fixed income and multi-asset groups into Franklin Templeton's fixed-income and investment solutions groups, while Putnam's equity group will stand alone and keep the Putnam brand name.

No. 2: Fidelity Investments

Fidelity's in-house research department is one of the deepest in the business, spanning the globe and the asset classes of its 550 active mutual funds and ETFs. That helps give the $4.9 trillion asset manager insights into changes in earnings expectations or consensus estimates that could be wrong.

"That is where clearly the big opportunities are to make money," says Tim Cohen, co-head of Fidelity's equity division.

That bet paid off handsomely in 2023, which marks the third time in the past several years that Fidelity landed in the top five families, coming in fourth place in 2020 and fifth place in 2017. Because *Barron's* rankings are asset-weighted, a firm tends to rank high when its larger funds post strong relative performance.

Fidelity's reputation among investors as a specialist in growth investing was on display in 2023, as its holdings in certain outperforming U.S. technology stocks was a key contributor to its second-place finish. Cohen says portfolio managers relied on Fidelity's powerhouse research insights to decide which bruised tech stocks to own and how to position them.

Fidelity's biggest U.S. equity fund, the $122 billion Fidelity Contrafund, led by Will Danoff, topped 100% of its Lipper peers with a 39.3% return. Danoff wrote in a fourth-quarter letter to shareholders that its No. 1 holding, Meta, was its largest contributor to gains.

Sonu Kalra, manager of the $53.7 billion Fidelity Blue Chip Growth, says the portfolio was well positioned for the excitement around generative AI with an overweight position in Nvidia, the fund's biggest holding at the end of 2023. With a 55.6% gain in 2023, the fund also topped 100% of its peers in *Barron's* survey.

Kalra plans to keep the portfolio overweight semiconductors, where he looks for businesses "providing key infrastructure for the support of AI tasks."

On the fixed-income side, Robin Foley, Fidelity's head of fixed income, says agency mortgage-backed securities provided outperformance in many of the asset manager's fixed-income and diversified funds. She credited the deep experience of the structured product team and the research capabilities of the equity and investment-grade fixed-income teams to give portfolio managers the confidence to step in as big buyers last summer when the Federal Deposit Insurance Corp. released the securities it bought during the 2023 regional banking crisis.

No 3: PGIM Investments

PGIM employs an autonomous multi-affiliate model, which allows the $171.3 billion global asset manager's funds to focus on specific asset classes while taking advantage of the firm's scale, as well as its deep bench of analysts, says Stuart Parker, PGIM Investments' president and CEO. Its six affiliates actively manage 71 mutual funds and 16 ETFs. The firm itself is a unit of Prudential Financial.

Gregory Peters, co-chief investment officer of PGIM Fixed Income, says the firm's determination to produce risk-adjusted returns led them to play it safe in 2023's volatile year, which worked in its favor.

PGIM's biggest bond fund, the $43.4 billion PGIM Total Return Bond, held a high proportion of assets in AAA collateralized loan obligations and AAA commercial mortgage-backed securities, contributing to a 7.7% return and beating 95% of peers. He credits a third of excess return relative to the Bloomberg U.S. Aggregate Bond Index to CLOs in what was a volatile environment.

PGIM's world equity funds also had a strong year, as 2023's valuations were attractive after 2022's selloff, says Tom Davis, global equity portfolio manager of Jennison Associates, one of the affiliates. Consumer-discretionary stocks such as Argentine online marketplace MercadoLibre powered PGIM's international holdings, as did luxury brands and companies with differentiated, hard-to-replicate products.

Well-run luxury brands such as LVMH Moët Hennessy Louis Vuitton, Hermès International, and Ferrari have two positives going for them: They generate strong sales, earnings, and cash flow, and their wealthy customers are less sensitive to inflation and market cycles, Davis says. Those trends continue to boost world equity funds, such as the $5.1 billion Jennison International Opportunities, which returned 20.3%, lifting it above 89% of peers. Davis says part of the gains of the high-conviction fund also come from what the fund doesn't include, namely energy and natural-resource companies, which often don't have the "dynamic opportunities" he seeks.

No. 4: Virtus Investment Partners

Boutique multimanager Virtus made a return showing in the top five, having come in at No. 2 in 2019. Virtus' Mandinach attributes its overall strength to its model, where its 14 affiliates can focus solely on managing money as opposed to distribution and marketing. "We have time-tested, differentiated active managers who tend to focus heavily on quality," he says.

They're also high-conviction managers, he adds, having relatively concentrated portfolios with their best ideas. "That allows you to have the opportunity to do well in a risk-on market like we saw last year," he adds.

Virtus operates 77 mutual funds and 17 ETFs, and its biggest funds had a strong year, which helped the firm muscle into the top five. Among them was its largest fund by assets, the $4.4 billion **Virtus Newfleet Multi-Sector Short Term Bond**. As the Fed hiked rates, short-duration plays benefited, and the fund bested 96% of its Lipper peers with a 7.4% return.

Dave Albrycht, president and chief investment officer of Virtus affiliate Newfleet Asset Management and a fixed-income value investor for 30 years, says two-thirds of Newfleet's success over that time stems from picking the right sectors,

U.S. Equity

Rank	Best	Score
1	State Street Global Advisors	30.94
2	Fidelity Investments	28.54
3	Affiliated Managers Group	27.29
4	Putnam Investments	26.97
5	Madison Investments	26.54

World Equity

Rank	Best	Score
1	Pimco	14.22
2	Sit Investment Associates	13.93
3	PGIM Investments	13.38
4	Goldman Sachs Asset Management	13.21
5	Northern Trust Investments	11.76

Mixed Asset

Rank	Best	Score
1	Sit Investment Associates	21.60
2	Brinker Capital	20.94
3	T. Rowe Price	19.01
4	Virtus Investment Partners	18.16
5	Putnam Investments	18.12

Taxable Bond

Rank	Best	Score
1	Guggenheim Investments	16.90
2	PGIM Investments	16.11
3	Virtus Investment Partners	15.74
4	Columbia Threadneedle Investments	14.86
5	SEI Investments	14.15

Tax-Exempt Bond

Rank	Best	Score
1	Macquarie Asset Mgmt	3.74
2	SS&C ALPS Advisors	3.38
3	Putnam Investments	3.37
4	Pimco	3.37
5	Transamerica Asset Management	3.29

Source: LSEG Lipper

Best Families Over Five Years

Rank	Fund Family	Weighted Score
1	Putnam Investment Management	76.26
2	Fidelity Investments	75.32
3	Sit Investment Associates	72.09
4	Amundi US	69.32
5	Virtus Investment Partners	67.58
6	State Street Global Advisors	66.45
7	Dimensional Fund Advisors	65.81
8	Nuveen/TIAA	65.75
9	Touchstone Investments	65.29
10	Pimco	64.69
11	Columbia Threadneedle Investments	63.77
12	New York Life Investments	63.41
13	PGIM Investments	62.15
14	J.P. Morgan Asset Management	61.94
15	MFS Investment Management	61.81
16	Goldman Sachs Asset Management	60.23
17	Vanguard Group	60.05
18	Thrivent Mutual Funds	59.32
19	Macquarie Asset Management	59.28
20	Neuberger Berman	58.48
21	Principal Asset Management	58.27
22	Affiliated Managers Group	58.22
23	Victory Capital Management	58.16
24	John Hancock Group	57.87
25	Morgan Stanley Investment Management	57.03
26	BlackRock	56.21
27	T. Rowe Price	56.06
28	Guggenheim Investments	55.82
29	BNY Mellon Investment Management	55.75
30	Capital Group/American Funds	55.34
31	DWS Group	55.24
32	Hartford Funds	55.21
33	Manning & Napier Advisors	54.39
34	Federated Hermes	53.55
35	UBS Asset Management	52.80
36	American Century Investments	52.11
37	Lord Abbett	52.00
38	AllianceBernstein	51.22
39	Invesco	50.74
40	Allspring Global Investments	50.18
41	First Trust Advisors	45.93
42	Transamerica Asset Management	45.41
43	Franklin Templeton Investments	45.21
44	SEI Investments	42.28
45	Madison Investments	39.17
46	Northern Trust Investments	35.21
47	Russell Investments	25.71

Source: LSEG Lipper

Best Families Over Ten Years

Rank	Fund Family	Weighted Score
1	Vanguard Group	79.11
2	Fidelity Investments	76.70
3	Virtus Investment Partners	75.36
4	Columbia Threadneedle Investments	72.56
5	Putnam Investment Management	72.08
6	Pimco	72.00
7	Amundi US	69.52
8	T. Rowe Price	69.51
9	Morgan Stanley Investment Management	68.52
10	PGIM Investments	67.52
11	Touchstone Investments	66.77
12	New York Life Investments	66.53
13	Dimensional Fund Advisors	66.43
14	Capital Group/American Funds	66.18
15	Thrivent Mutal Funds	65.61
16	Nuveen/TIAA	65.44
17	J.P. Morgan Asset Management	65.13
18	Hartford Funds	64.86
19	MFS Investment Management	64.72
20	BlackRock	64.61
21	Principal Asset Management	63.59
22	Affiliated Managers Group	63.58
23	John Hancock Group	61.91
24	DWS Group	61.33
25	AllianceBernstein	60.52
26	State Street Global Advisors	60.24
27	Guggenheim Investments	59.21
28	Sit investment Associates	59.19
29	Victory Capital Management	56.01
30	Goldman Sachs Asset Management	55.50
31	Federated Hermes	54.84
32	Transamerica Asset Management	54.15
33	BNY Mellon Investment Management	53.79
34	UBS Asset Management	53.37
35	Allspring Global Investments	52.97
36	Lord Abbett	52.27
37	Franklin Templeton Investments	50.72
38	Macquarie Asset Management	50.28
39	American Century Investments	50.24
40	Invesco	48.32
41	Neuberger Berman	48.14
42	Manning & Napier Advisors	47.70
43	SEI Investments	45.72
44	Madison Investments	44.85
45	Northern Trust Investments	39.59
46	Russell Investments	29.63

Source: LSEG Lipper

and the other third from using bottom-up research to pick the right issues within those sectors. "To put it succinctly, it's actively rotating among sectors based on relative value between the sectors," he says.

In 2023, he bucked the idea of a recession, and he bought high-quality, high-yield, mostly BB-rated debt from issuers such as Hilton Worldwide Holdings and Carnival to boost yield. He also bought debt from well-capitalized banks such as JPMorgan Chase and Citigroup when it sold off during the regional banking crisis.

Virtus affiliate Kayne Anderson Rudnick also produced strong returns in 2023, with a 22% gain in its biggest international fund, the $1 billion **Virtus KAR International Small-Mid Cap**, and a 20.4% rise in the $3.1 billion **Virtus KAR Small-Cap Growth**, the manager's largest general-equity fund.

KAR, which tends to favor concentrated portfolios and low turnover, specializes in small- and mid-cap funds, says Todd Beiley, senior research analyst at KAR and portfolio co-manager of Small-Cap Growth. There's a strong emphasis on fundamental research as they look for quality companies. "We really try to think of ourselves as business owners, as opposed to tactical stock positioners," he says.

No. 5: Touchstone Investments

Touchstone Investments has a tagline of "distinctively active." For Tim Paulin, the firm's senior vice president for investment research and product management, that means selecting subadvisors for its funds that have a strong record of delivering excess return over their benchmarks, but are also consistent and disciplined about how they invest.

"The value we can bring to the marketplace is that you know you're going to get something that's going to be a far different experience than passive investing," he says.

The Cincinnati-based Touchstone, a subsidiary of Western and Southern Financial Group, celebrates its 30th anniversary this year. It's another recent addition to *Barron's* list of eligible fund families, debuting in 2021 after it acquired AIG's SunAmerica Funds. The manager has 28 mutual funds and seven ETFs, and uses 14 subadvisors for its collection.

Paulin says its lineup is sharply focused on the needs of financial advisors and other intermediaries, so Touchstone limits its holdings to these portfolio building blocks, rather than creating funds based on hot new investing trends. Its funds aren't offered directly to the investing public.

Touchstone's biggest fund by assets is the $5.5 billion Touchstone Mid Cap, which gained 27.5% in 2023, a return that hoisted the fund above 99% of its Lipper peers and topped the S&P 500.

The fund is subadvised by the London Co. of Virginia, based in Richmond. Paulin says the subadvisor focuses on quality and limiting losses and is a patient investor, a key quality in long-term performance and a hallmark of many of the firm's other subadvisors.

Semiconductor-industry supplier Entegris was one of Mid Cap's biggest winners in 2023. The fund's No. 1 holding, it exemplifies the London Co.'s philosophy—to find quality companies and hold them.

Another strong performer was the $896 million Touchstone Balanced. It returned 18.2% in 2023 and is managed by Fort Washington Investment Advisors. Positions in Meta on the equity side and the fund's investment-grade corporate holdings on the bond side made sizable contributions to its outsize return.

Looking at the rest of 2024, last year's debates still overshadow the markets: What will the Fed do, will there be a recession, and what role will geopolitics play? This year's wild card is the presidential election. Yet there's one event that many asset managers expect: The roughly $6 trillion sitting in cash and other short-term investments will move into funds, especially if the Fed cuts rates. That will bring a new but hopefully positive challenge, says PGIM's Parker.

"There's just going to be an enormous amount of money in motion," he says.

How We Ranked the Fund Families

All mutual and exchange-traded funds are required to report their returns (to regulators as well as in advertising and marketing material) after fees are deducted, to better reflect what investors would actually experience. But our aim is to measure manager skill, independent of expenses beyond annual management fees. That's why we calculate returns before any 12b-1 fees are deducted. Similarly, fund loads, or sales charges, aren't included in our calculation of returns.

Each fund's performance is measured against all of the other funds in its LSEG Lipper category, with a percentile ranking of 100 being the highest and one the lowest. This result is then weighted by asset size, relative to the fund family's other assets in its general classification. If a family's biggest funds do well, that boosts its overall ranking; poor performance in its biggest funds hurts a firm's ranking.

To be included in the ranking, a firm must have at least three funds in the general equity category, one world equity, one mixed equity (such as a balanced or target-date fund), two taxable bond funds, and one national tax-exempt bond fund.

Single-sector and country equity funds are considered general equity funds. We exclude all passive index funds, including pure index, enhanced index, and index-based, but include actively managed ETFs and smart-beta ETFs, which are passively managed but created from active strategies.

Finally, the score is multiplied by the weighting of its general classification, as determined by the entire Lipper universe of funds. The category weightings for the one-year results in 2023 were general equity, 37.7%; mixed asset, 22%; world equity, 16.1%; taxable bond, 20.1%; and tax-exempt bond, 4%.

The category weightings for the five-year results were general equity, 37.3%; mixed asset, 22.7%; world equity, 15.9%; taxable bond, 20%; and tax-exempt bond, 4.1%. For the 10-year list, they were general equity, 38.5%; mixed asset, 22.5%; world equity, 15.8%; taxable bond, 19.1%; and tax-exempt bond, 4%. Due to rounding, the percentages might not add up to 100%.

The scoring: Say a fund in the general U.S. equity category has $500 million in assets, accounting for half of the firm's assets in that category, and its performance lands it in the 75th percentile for the category. The first calculation would be 75 times 0.5, which comes to 37.5. That score is then multiplied by 37.7%, general equity's overall weighting in Lipper's universe. So, it would be 37.5 times 0.377, which equals 14.1. Similar calculations are done for each fund in our study. Then the numbers are added for each category and overall. The shop with the highest total score wins. The same process is repeated to determine the five- and 10-year rankings.

Virtus Newfleet Multi-Sector Short Term Bond Fund (A:NARAX/ I:PIMSX):

	1-Year	5-Year	10-Year	Since Inception	Inception Date
I Share	7.47	2.58	2.33	3.86	6/6/2008
A Share (NAV)	7.22	2.33	2.05	4.73	7/6/1992
A Share (POP)	4.80	1.86	1.82	4.66	7/6/1992

Class I shares have no sales charges and are not available to all investors. The fund class gross expense ratio is 0.73%. The net expense ratio is 0.65%, which reflects a contractual expense reimbursement in effect through 1/31/2025. **Class A shares have a maximum sales charge of 2.25%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 12 months on purchases on which a finder's fee has been paid.** The fund class gross expense ratio is 0.98%. The net expense ratio is 0.90%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

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 for performance data current to the most recent month end.

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.

Weighting of holdings (percent of Fund) referred to in the article, as of 12/31/23: Carnival Corp. 0.10%, JPMorgan Chase & Co. 0.87%, Citigroup, Inc. 0.59%, Hilton Worldwide 0.07%. Holdings and weighting are subject to change.

The comments expressed are the opinions of Virtus Investment Partners, Kayne Anderson Rudnick, and Newfleet Asset Management. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities.

All investments carry a certain degree of risk, including possible loss of principal.

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. **Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **High Yield Fixed Income Securities:** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade 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. 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.

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 for a prospectus or summary prospectus. Read it carefully before investing.

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