

**For assistance, please contact us at 800-243-1574 or visit our website at Virtus.com**

- IRS regulations require us to report cost basis on mutual fund purchases made after January 1, 2012 ("covered shares"). Complete this form to elect or change your cost basis method(s).
- The completed form may be faxed to our office at 508-599-6179. Otherwise, please mail the completed form to our office at the address above.
- Due to the tax and financial consequences associated with this election, we recommend that you review the information available on the IRS website, [www.irs.gov](http://www.irs.gov) and/or consult a tax or financial advisor for guidance.

**If you do not make an election, Virtus Mutual Funds will apply our default method of Average Cost to all of your funds and accounts.**

**1. Account Information**

Account Owner(s) / Entity Name	U.S. Social Security / Tax Identification Number
Address	Daytime Telephone Number
City, State, ZIP Code	Account Number(s)

**2. Cost Basis Method Election**

- You may choose one cost basis election method to apply to all funds under one account number or you may choose a different cost basis election for each fund held under the account number. You must use a separate Cost Basis Election form for each separate account registration.
- Cost basis elections only apply to accounts that are eligible for 1099-B reporting.
- The average cost method can be revoked, and replaced with another method, up to the time of the first disposition of covered shares. After the first disposition of covered shares has occurred, then a change from the Average Cost method is effective only for the shares acquired after the change was made. Shares acquired prior to the change will retain the previously averaged cost per share for the purpose of calculating the gain or loss at the time of the sale. Note: IRS Regulations do not permit the change of a cost basis election on trades that have already been executed.
- If you elect the Specific Lot Depletion method and the lot information is not provided at the time of the redemption, the transaction will then default to the First In, First Out (FIFO) method.
- If you need more space to list your accounts, please make a copy of this form.
- Non-covered shares are shares that were purchased prior to January 1, 2012 and are calculated separately from covered shares. If available, a cost basis statement using the average cost calculation method will be provided with the 1099-B tax form. The figures provided on the cost basis statement for non-covered shares are not reported to the IRS.

For my account(s) listed above, I elect:

**Option 1 – One method for all shares in all of my accounts. I elect the following method:**

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

**Option 2 – Different method for each of my funds/accounts. I elect the following:**

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

**2. Cost Basis Method Election, continued.**

**Option 2, continued.**

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

Fund Name or Number and Account Number: \_\_\_\_\_

- |   |  |
|---|--|
| <input type="checkbox"/> Average Cost                   | <input type="checkbox"/> High Cost Long-Term In, First Out (HILT)  |
| <input type="checkbox"/> First In, First Out (FIFO)     | <input type="checkbox"/> High Cost Short-Term In, First Out (HIST) |
| <input type="checkbox"/> Last In, First Out (LIFO)      | <input type="checkbox"/> Low Cost Long-Term In, First Out (LILT)   |
| <input type="checkbox"/> High Cost In, First Out (HIFO) | <input type="checkbox"/> Low Cost Short-Term In, First Out (LIST)  |
| <input type="checkbox"/> Low Cost In, First Out (LOFO)  | <input type="checkbox"/> Specific Lot Depletion                    |

**3. Authorizing Signature(s)**

**All shareholders or authorized signers of the account(s) must sign this form. If the signer is not listed in the registration of the account or is not already on file as an authorized signer, the signer's capacity must be provided and documentation evidencing the authority must be submitted.**

By signing below, I/we certify that I/we am/are authorized to make this tax election. I/We understand that Virtus Mutual Funds does not provide, and has not provided any tax or legal advice and is not responsible for the elections made for the account(s) listed on this form. For the purpose of inducing Virtus Mutual Funds, their agents and affiliates to act upon our instructions, we agree to fully indemnify and hold harmless Virtus Mutual Funds, their agents, affiliates, officers, directors, employees, successors and assigns from and against any and all losses, liabilities, claims and costs of whatever kind (including reasonable attorney's fees) resulting from or caused by transactions made in accordance with these instructions.

\_\_\_\_\_  
Print Name Signature/Capacity Date

\_\_\_\_\_  
Print Name Signature/Capacity Date

\_\_\_\_\_  
Print Name Signature/Capacity Date

*IRS Circular 230 Disclosure: Any information contained in this communication (including any attachments) is not intended to be used, and cannot be used, to avoid penalties imposed under the U.S. Internal Revenue Code. Individuals should seek independent tax advice based on their own circumstances.*

For assistance, please contact us at 800-243-1574 or visit our website at [Virtus.com](http://Virtus.com)

In October 2010 the Internal Revenue Service (IRS) issued mandatory regulations regarding cost basis. Under the regulations, mutual funds are required to report cost basis information to the IRS. Any transaction that increases or decreases the number of shares in an account can affect cost basis. Following are some key points regarding the cost basis requirements:

- Cost Basis reporting is required on shares purchased on or after 1/1/2012 (“covered” shares), including those purchased through the automatic reinvestment of dividends.
- Cost Basis reporting is not required on shares purchased before 1/1/2012 (“non-covered” shares).
- Beginning with the 2012 tax year, your 1099B forms provide you with cost basis and character of gain/loss (short-term vs. long-term) information. This information is reported to you and to the IRS for covered shares.
- For the 2012 tax year, the cost basis, if available, on any eligible non-covered shares you redeem was reported to you as a service, but was not reported to the IRS.
- The taxpayer filing deadline has not changed as a result of the cost basis reporting regulations.

When you sell or exchange shares of a mutual fund or other securities, you may have a capital gain or loss that must be reported to the IRS. To calculate the gains or losses from shares sold, you must know the cost of the different shares you own.

**Virtus Mutual Funds has elected Average Cost as our default method.** You have the option to choose the same method as the fund’s default or you may choose any of the other cost basis reporting methods. This election is good for all future transactions unless you either revoke or change the election. Following is an explanation of the different cost basis methods:

- **Average Cost** – Calculates the cost of shares in an account by averaging the cost of all purchases made after January 1, 2012. The gain/loss is calculated by taking the cumulative dollar cost of the covered shares owned and dividing it by the number of covered shares in the account.
- **First In, First Out (FIFO)** – Shares acquired first in the account are the first shares depleted.
- **Last In, First Out (LIFO)** – Shares acquired last in the account are the first shares depleted.
- **High Cost In, First Out (HIFO)** – Shares acquired with the highest cost per share are the first shares depleted.
- **Low Cost In, First Out (LIFO)** – Shares acquired with the lowest cost per share are the first shares depleted.
- **High Cost Long-Term In, First Out (HILT)** – The long-term highest cost shares are the first shares depleted.
- **High Cost Short-Term In, First Out (HIST)** – The short-term highest cost shares are the first shares depleted.
- **Low Cost Long-Term In, First Out (LILT)** – The long-term lowest cost shares are the first shares depleted.
- **Low Cost Short-Term In, First Out (LIST)** – The short-term lowest cost shares are the first shares depleted.
- **Specific Lot Depletion** – This method allows shareholders to choose which tax lots they are selling or transferring, thereby giving the shareholder more control over whether they will generate a gain or loss on the transaction. Shareholders must specify the particular lots to be sold no later than the settlement date of the redemption. This method cannot be selected for systematic transactions such as Systematic Withdrawal Plans, systematic exchanges and exchange rebalancing among multiple funds.

If you have not elected a cost basis method, you may retroactively change the fund’s default of average cost to another method **before the settlement date of the first redemption or transfer**. Requests to change to or from the average cost method must always be in writing. Note: IRS regulations do not permit the change of a cost basis election on trades that have already been executed.

**Corporate accounts:** The regulation removes the 1099-B reporting exemption for sales of “covered shares” by S-Corporations. C-Corporations retain their exempt status. For those entities that are S-Corporations, the mutual fund’s default election is noted on the election form, but you may select a different cost basis method if you choose. Any corporation failing to submit Form W-9 to identify the correct type of entity will be defaulted to an S-Corporation and will be subject to 1099-B reporting.

*Virtus Mutual Funds and its representatives are unable to provide tax or legal advice. If you have any questions about the tax law requirements regarding cost basis reporting, due to the tax and financial consequences associated with this election, we recommend that you consult with your financial or tax advisor. You may also wish to review a copy of IRS Publication 550 (Investment Income and Expenses) by visiting the IRS website, [www.irs.gov](http://www.irs.gov).*