High Yield Bond Wrap

TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Despite Negative Return, High Yield Outperforms Equities and Investment Grade Bonds

The high yield sector posted a negative return (-0.86%) in the first quarter as measured by the Bloomberg Barclays U.S. Corporate High Yield Index. Given only moderate spread widening, the move in U.S. Treasury rates during the quarter was the main driver of returns. On a credit quality basis, the higher-rated, more interest-rate-sensitive segments of the market underperformed with BBs posting a return of -1.60% followed by Bs (-0.55%). While CCCs underperformed in March, they came out on top with a positive return of +0.30%. Among industries, telecommunications (+0.95%) and healthcare (+0.24%) led, while laggards included food (-1.72%) and home construction (-1.74%).

With the return of volatility during the first quarter, high yield outperformed investment grade benchmarks (-0.86% vs. –1.46% for the Bloomberg Barclays Aggregate Index) because of the sector's lower duration and higher income. **High yield also offered returns not too different from equities** (-0.76% for the S&P 500® Index), **but at a much lower level of volatility** (annualized standard deviation of 19.17 for the S&P 500 in March vs. 1.96 for high yield).

In terms of new issue activity, first-quarter volume on a gross basis was about 25% lower than the year-ago period with a significant percentage being used for refinancing activity. The percentage of refinancing this year (74%) is higher than 2017 (64%), which means that the net amount to the high yield market is fairly low (see table below). Certain issuers have been able to tap the leveraged loan market for financing needs as robust collateralized loan obligations (CLO) issuance provides strong demand for new deals. In terms of demand for high yield bonds, flows have been negative for the asset class. Fundamentals for the high yield issuer universe continue to be favorable and are expected to remain so at least in the near term. Default activity, however, did pick up during the quarter, but was fairly concentrated and notably included Claire's stores and iHeart Communications.

Issuance Breakdown by Use of Proceeds (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Q118
By Use of Proceeds												
Acquisition Finance/LBO	52	46	5	16	22	17	17	26	38	16	17	15
General Corporate	12	11	16	15	18	18	22	15	16	22	18	10
Refinancing	35	41	76	66	55	60	56	54	44	58	63	74
Dividend	1	2	3	3	5	5	4	3	2	1	2	1
By Rating												
Upper	22	29	35	29	32	29	39	36	42	44	40	36
Middle	41	45	54	53	50	53	42	46	45	46	45	53
Lower/NR	36	26	11	18	18	17	19	18	13	10	15	11
By Security Type												
Cash Pay	88	89	99	100	98	98	97	98	100	99	99	99
PIK/Toggle/Defferent Int.	12	12	1	0	2	2	3	2	0	1	1	1

Data source: JP Morgan

TOP 10 HOLDINGS

	% of Portfolio
Rowan Companies Inc..	1.93
Mgic Investment Corp.	1.93
Ally Financial Inc.	1.78
CNX Resources Corp.	1.08
Ball Corp.	1.07
Envision Healthcare Corp.	1.06
MGM Resorts Intl	1.05
Sprint Communications	1.05
NRG Energy Inc.	1.04
Sabine Pass Liquefaction	1.03

PORTFOLIO MANAGERS

George Goudelias
Head of Leveraged Finance
Senior Portfolio Manager
Industry experience since 1987
Joined Seix in 2001

Mike Kirkpatrick
Senior Portfolio Manager
Industry experience since 1991
Joined Seix in 2002

James FitzPatrick, CFA
Head of Leveraged Finance Trading
Portfolio Manager
Industry experience since 1996
Joined Seix in 1997

Holdings are subject to change. The top holdings are as of the period indicated. There is no assurance that any of the securities noted will remain in a portfolio at the time you receive this commentary. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings were, or will prove to be, profitable, or that the investment recommendations or decisions we make in the future will be profitable. A list of all securities held in this strategy in the prior year is available upon request.

High Yield Bond Wrap

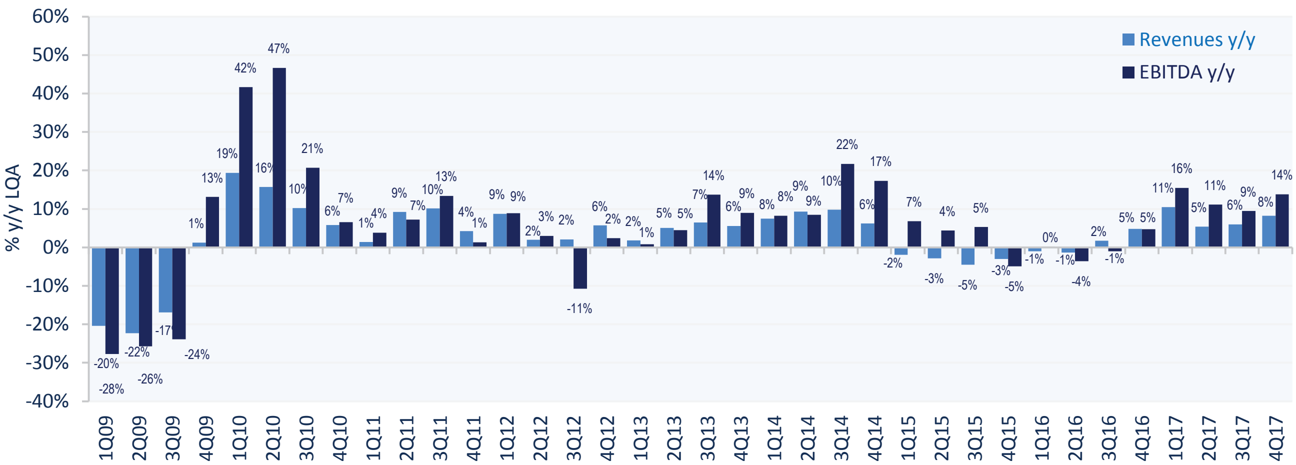
TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Given Relatively Full Valuations, Focus Is on Upgrading Portfolio Quality

High yield issuers continue to post positive results as both revenues and EBITDA are ahead of last year (see graph below).

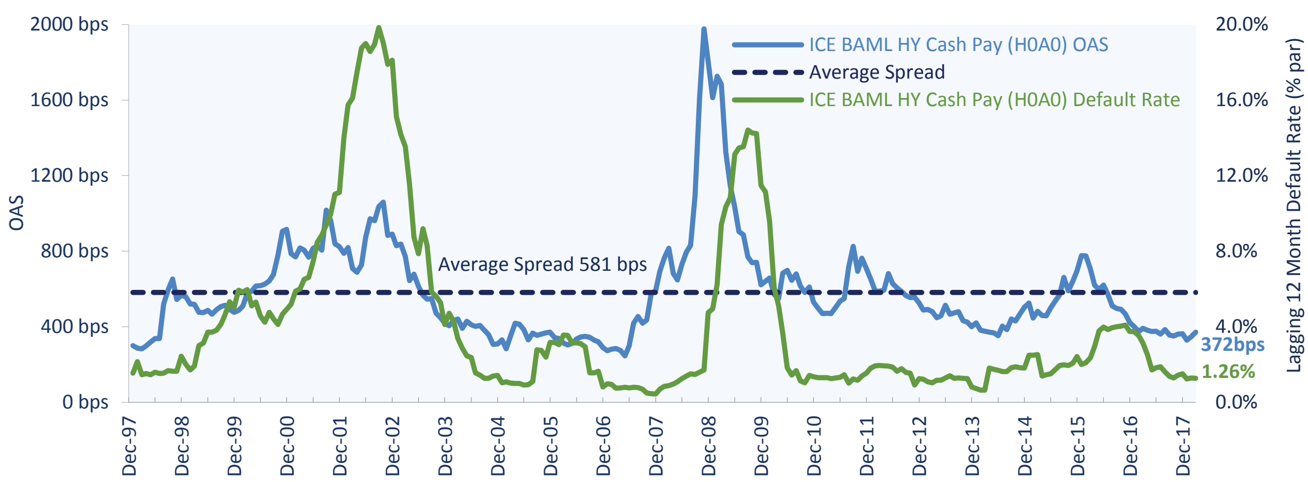
High Yield Issuers Posting Gains in Top and Bottom Lines (2009 – 2017)



Data source: JP Morgan

Though fundamentals are overall positive and technicals neutral, the potential for spread tightening is limited. Spreads remain approximately one-third below their historic average (see below), but do reflect the expectation that defaults will also remain below average.

High Yield Bond Spreads vs. Default Rates (12/31/17 – 3/31/18)



Data source: ICE BAML

As a strategic decision, we are focusing on upgrading the quality of portfolios. We are underweighted in CCC-rated bonds—in fact, one of our lowest weightings in this segment in the last several years—because we do not see many industries where, we believe, investors in CCCs are being adequately compensated for the assumed risk. That said, market volatility presents potential opportunities to pick up incremental yield such as we did in March in the telecommunications and energy sectors. Aside from these one-off situations, however, our focus is on quality over yield.

High Yield Bond Wrap

TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Outlook

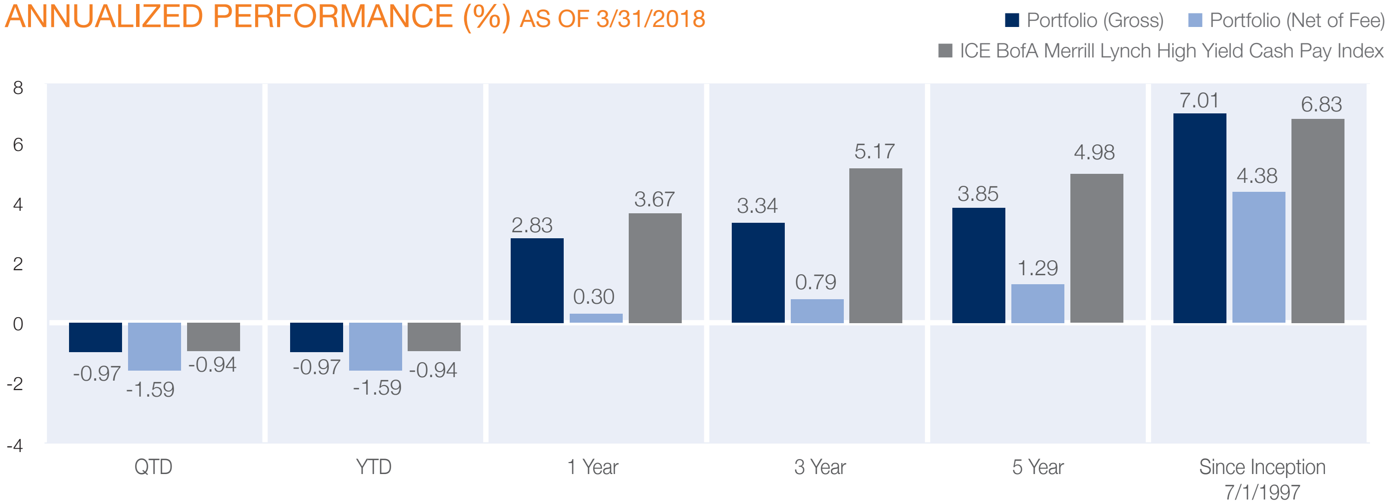
With fundamentals for most issuers continuing to be stable, we expect that defaults will remain below the historic average this year and in line with 2017. While high yield mutual fund flows have been negative, supply has been able to adjust while a segment of issuers tap the leveraged loan market where demand from CLOs stays robust. We expect that uncertainty about interest rates and economic growth may continue to impact the path of high yield returns, but that the relatively stable fundamentals will anchor performance over the next 12 months.

Performance

The portfolio's return of -0.97% was in line with the -0.94% return of the ICE BofAML High Yield Cash Pay Index. The positive effects of favorable security selection in finance, and cable/satellite were offset by the negative effect of unfavorable security selection in housing and media/entertainment.

Please let us know if you have any questions or comments about the market or portfolio. We look forward to hearing from you.

ANNUALIZED PERFORMANCE (%) AS OF 3/31/2018



Net returns are calculated by subtracting the highest applicable wrap fee (2.50% on an annual basis, or 0.21% monthly) on a monthly basis from the gross composite monthly return.

Past performance is not indicative of future results. The information shown above is supplemental information only and complements the fully compliant presentations. Periods greater than one year are annualized.

ICE BofA Merrill Lynch High Yield Cash Pay Index is an unmanaged index consisting of all domestic and Yankee high-yield bonds maturing over one year. The quality range is less than BBB-/Baa3 but not in default (DDD1 or less). The index does not reflect the deduction of expenses associated with a mutual fund, such as investment management and fund accounting fees. A fund's performance reflects the deduction of fees for these services. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

For information, contact:
Seix Investment Advisors LLC | 201.391.0300 | www.seixadvisors.com

High Yield Bond Wrap Composite Data

	Total Firm	Composite Assets		Annual Performance and Standard Deviation					
Year End	Assets ($ mil)	US$ ($ mil)	# of Wrap Sponsors	Net Composite Return	Pure Gross Composite Return	Composite 3-Year Std. Dev.	ICE BofA Merrill Lynch High Yield Cash Pay Index	Index 3-Year Std. Dev.	Composite Dispersion
2017	24,843	2,013	9	2.91%	5.51%	4.11%	7.48%	5.58%	0.0%
2016	27,631	2,060	6	7.24%	9.93%	4.80%	17.34%	6.01%	0.2%
2015	25,698	1,527	6	-4.20%	-1.77%	4.93%	-4.55%	5.27%	0.1%
2014	30,989	1,482	6	1.52%	4.08%	4.23%	2.44%	4.42%	0.1%
2013	26,600	1,486	6	2.43%	5.02%	4.99%	7.38%	6.33%	0.1%
2012	26,141	1,535	6	9.91%	12.67%	5.44%	15.44%	6.93%	0.1%
2011	26,147	746	7	4.77%	7.41%	7.53%	4.50%	10.78%	0.2%
2010	25,855	682	8	8.67%	11.40%	-	15.24%	-	0.3%
2009	24,338	368	7	26.69%	29.83%	-	56.28%	-	0.6%
2008	17,375	111	6	-15.95%	-13.73%	-	-26.21%	-	0.3%

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Seix Investment Advisors LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Seix Investment Advisors LLC has been independently verified for the periods 1/1/1993 through 12/31/2016. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Seix Investment Advisors LLC is an SEC-registered investment adviser and wholly owned subsidiary of Virtus Investment Partners. The firm maintains a complete list and description of composites, which is available upon request.

The Seix High Yield Wrap composite consists of all High Yield Wrap Fee accounts managed by Seix in all participating Wrap Fee Sponsors' Programs. The minimum account size for inclusion in the composite is $250,000. Prior to 6/1/2015, the account minimum was $500,000. For comparison purposes, the composite is measured against the ICE BofA Merrill Lynch High Yield Cash Pay Index. The ICE BofA Merrill Lynch High Yield Cash Pay Index is an unmanaged index consisting of all domestic and Yankee high yield bonds maturing over one year. The quality range is less than BBB-/Baa3 but not in default. Index returns do not reflect the deduction of any fees.

The Seix High Yield Wrap Composite was created 1/1/2003, and has a performance inception date of 7/1/1997. Prior to 9/30/2017, the Seix High Yield Wrap Composite was named the Seix High Yield SMA Composite.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. dollar is the currency used to express performance. Returns include the reinvestment of all income. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the wrap sponsors in the composite the entire year.

Pure Gross returns are presented as supplemental information, do not reflect the deduction of any trading costs, fees or expenses and are presented for comparison purposes only. Net returns are calculated by subtracting on a monthly basis the highest assumed wrap fee (2.50% annually or 0.21% per month) from the gross composite monthly return. The assumed wrap fee includes all charges for portfolio management, trading costs, custody and other administrative fees.

Actual wrap fees vary by Program Sponsor. Please refer to the Program Sponsor's ADV 2A for a full disclosure of the fee schedule for wrap fees. Returns realized by clients will be reduced by the actual wrap fee rates and rates incurred by clients will vary.

Performance presented for the period prior to March 31, 2008 occurred while the Portfolio Management Team was a part of Seix Advisors, the Fixed Income division of Trusco Capital Management, Inc. ("Trusco") and the predecessor of Seix Investment Advisors LLC. Effective as of 3/31/2008, Seix Advisors began operating as a separate legal entity, named Seix Investment Advisors LLC ("Seix"), and Trusco was renamed as RidgeWorth Capital Management, Inc. Effective as of 5/23/2014, RidgeWorth Capital Management, Inc. became RidgeWorth Capital Management LLC, and Seix merged with StableRiver Capital Management LLC, a wholly owned subsidiary of RidgeWorth Capital Management LLC. Effective 6/1/2017, RidgeWorth Capital Management LLC was acquired by Virtus Investment Partners, Inc. ("Virtus"). Seix is an SEC-registered investment adviser and is a wholly owned subsidiary of Virtus Partners, Inc., a wholly owned subsidiary of Virtus.

Seix has retained the identical investment style since the inception of the composite. Seix also maintains the records necessary to support the performance of all composites and will provide these records upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. **Past performance is not indicative of future results.**

IMPORTANT RISK CONSIDERATIONS

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

DEFINITIONS & DISCLOSURES

Bonds offer a relatively stable level of income, although bond prices will fluctuate providing the potential for principal gain or loss. Intermediate-term, higher quality bonds generally offer less risk than longer-term bonds and a lower rate of return. Generally, a Portfolio's fixed income securities will decrease in value if interest rates rise and vice versa. Although a Portfolio's yield may be higher than that of fixed income strategies that purchase higher rated securities, the potentially higher yield is a function of the greater risk of that stategy's underlying securities.

This information and general market-related projections are based on information available at the time, are subject to change without notice, are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm, and may not be relied upon for individual investing purposes. Information provided is general and educational in nature, provided as general guidance on the subject covered, and is not intended to be authoritative. All information contained herein is believed to be correct, but accuracy cannot be guaranteed. This information may coincide or conflict with activities of the portfolio managers. It is not intended to be, and should not be construed as investment, legal, estate planning, or tax advice. Seix Investment Advisors does not provide legal, estate planning or tax advice. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions.

HOLDINGS DISCLOSURE The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

