High Yield Bond Wrap

TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Second Quarter 2018 Report

The high yield sector rebounded in the second quarter, posting a 1.03% total return with excess returns of 0.96% as measured by the Bloomberg Barclays High Yield Corporate Index. Yields on the sector rose modestly as the index's yield-to-maturity now stands at 6.66%. Spreads on the whole were almost unchanged for the quarter and short-term rates continued to climb vs. long-term rates, with the Treasury curve flattening another 12 basis points between the 5- and 10-year maturities. Despite this move on the Treasury curve, shorter-dated maturities in high yield outperformed their longer-dated counterparts. From a quality perspective, CCC debt and lower was once again the clear outperformer as investors continued to reach for higher coupons, which are less interest rate sensitive. From an industry standpoint, supermarkets (5.48%), pharmaceuticals (5.20%), and oil field services (4.93%) were the best performers, while autos (-3.00%), tobacco (-1.68%), and banking (-1.58%) were the biggest laggards.

Volatility continued to dissipate after spiking in early February. Returning to its lower range-bound levels, the VIX Index began the quarter at 23 and ended at 16 after spiking in early February at 37. High yield continued to outperform investment grade (1.03% vs. -0.16% for the Bloomberg Barclays Aggregate Bond Index). This ongoing theme can partially be explained by the rise in the dollar's exchange value, which has made it more costly to hedge currency risk in IG bonds. That, coupled with the fact that IG companies are more international in scope than their HY counterparts, and therefore, more immediately affected by rising trade tensions.

High yield new issuance continued to fall with each month seeing consecutive lower volume during the quarter. Issuance forecasts for the year are now being cut by almost half from their original predictions. Currently, year-to-date issuance is down 23% from a year ago. This is being driven partially by borrowers showing preference for the attractive pricing and structure provided in the loan market over high yield bonds. As seen in the chart below, the majority of companies issuing junk-related bonds are using the proceeds for refinancing, however, Mergers & Acquisitions (M&A)/Leveraged Buyout (LBO) activity continued to climb.

TOP 10 HOLDINGS

	% of Portfolio
Rowan Companies Inc.	1.97
MGIC Investment Corp.	1.89
Ally Financial Inc.	1.80
Envision Healthcare Corp.	1.08
Ball Corp.	1.07
CNX Resources Corp.	1.06
Sprint Communications	1.03
Sabine Pass Liquefaction	1.03
American Axle & Mfg Inc.	1.03
NRG Energy Inc.	1.02

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.

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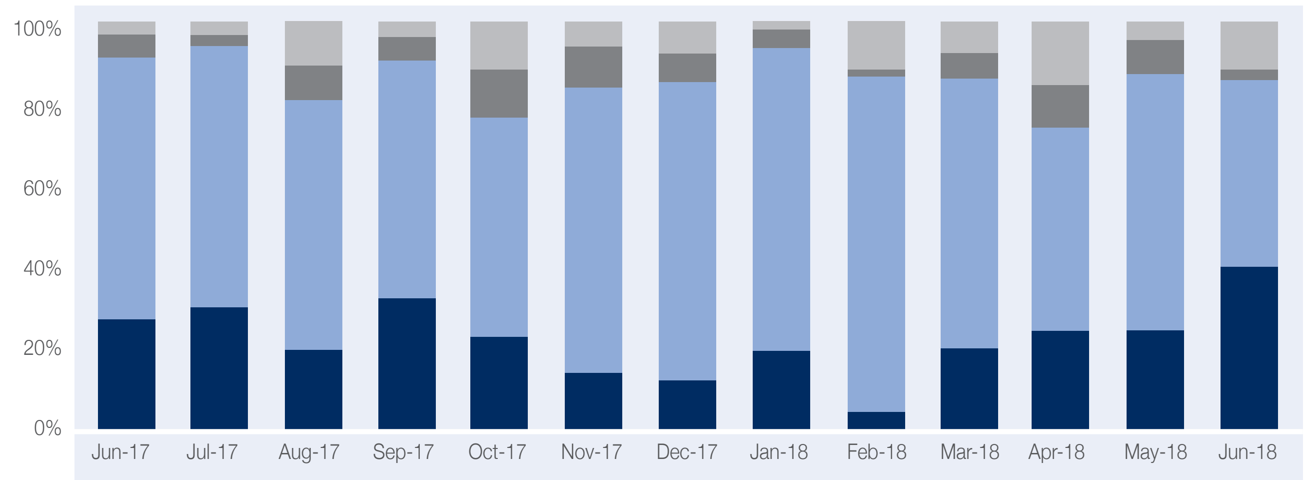
High-Yield Use of Proceeds (by Volume)



Data source: LCD, an offering of S&P Global Market Intelligence

Despite sharply higher rates for the year, high yield bonds are outperforming the majority of fixed income, mostly due to an improving economy, strong fundamentals, lower quality spread compression, and low net new issue activity. Year-to-date rising stars continue to outnumber fallen angels as upgrades continue to outnumber downgrades. Still, the sector continues to see net negative flows. Year-to-date fund outflows now total over $22 billion, which compares to $20.6 billion for all of 2017.

2018's default volume is close to matching full year 2017's $34.7bn in defaults. This is primarily due to a couple of large capital structures, predominantly iHeart Communications. Overall, default activity in 2018 has not surprised. Default rates are still below their historical averages and are expected to stay below over the next 18 months. The forecasted rate by year-end is 2.5% and for 2019 the forecasted rate is 2.0% for both bonds and loans.

As valuations remain on the tighter side, we remain focused on quality and liquidity. During the quarter, we took steps to add credits in energy, technology, and healthcare; we also swapped issues to extend longer on the curve in a specific auto manufacturer. We realized profits within the chemicals and cable & satellite sectors.

Outlook

We expect the remainder of 2018's return to come from coupon clipping since tighter valuations make any significant spread tightening less likely. As fundamentals in most industries remain healthy, we are faced with an overall benign default environment. We view the risk of inflation to be greater than recession over the next 12 to 18 months and see this as the reason why the Federal Reserve will continue to raise rates from its current levels at a controlled pace throughout 2019. Since we have not witnessed the issuance excesses previously seen in years past leading up to prior high yield corrections, e.g., Telecom 2001, Finance 2007, and Energy 2014, we remain constructive on high yield.

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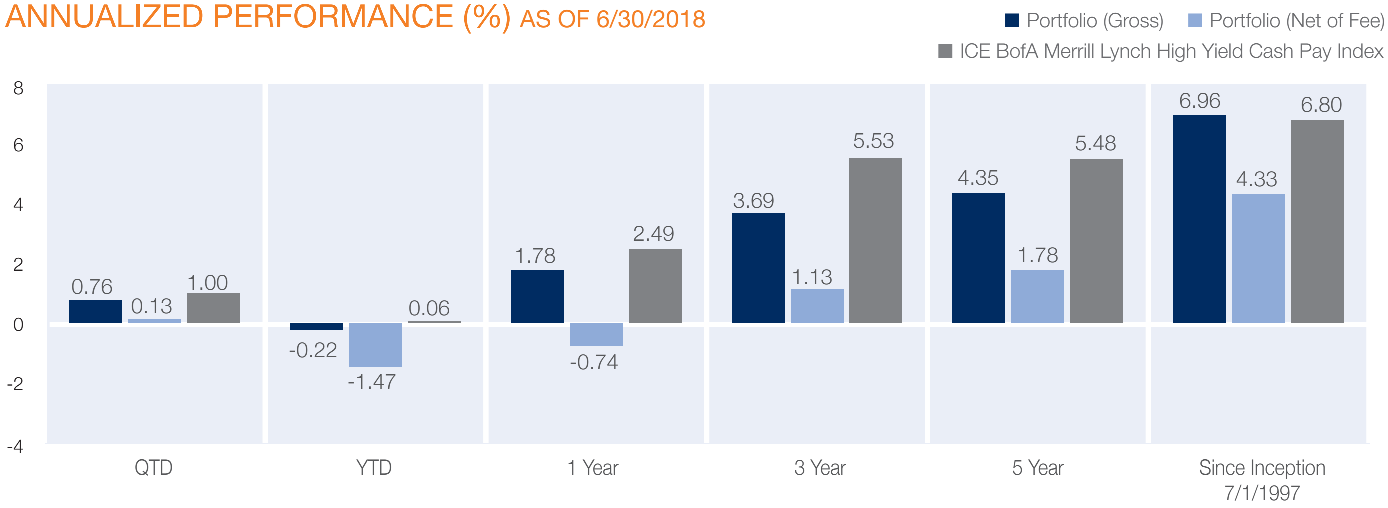
Performance

The portfolio's return of 0.76% lagged the 1.00% return of the ICE BofA ML High Yield Cash Pay Index. Not participating in the CCC and lower part of the market in this high quality portfolio was the largest detractor to performance, most notably in the telecommunication sector. An underweight to the cable and satellite sector also hurt. Helping offset some of this was our strong security selection and an overweight to energy, specifically in offshore drillers, an underweight to autos, and our security selection in media and 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 6/30/2018



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.

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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.