High Yield Bond Wrap

TAXABLE FIXED INCOME STRATEGY

SEIX INVESTMENT ADVISORS LLC®

Fourth Quarter 2018 Report

In the fourth quarter, the high yield market suffered, along with virtually all risk assets, as a result of many factors that ignited volatility, including U.S.–China trade war, declining commodity prices, increased recession fears, a declining equity market, a government shutdown, the phasing out of quantitative easing (QE), risks of an inverted yield curve, Brexit, and future potential rate hikes. Still, the economy showed signs of continued expansion, and high yield fundamentals overall remained healthy as leverage levels remained contained and interest coverage ratios continued to increase. Despite these healthy fundamentals, spreads in high yield experienced significant widening in the fourth quarter, pushing out to 530 basis points (bps), over 200 bps wider from where the quarter began.

The high yield market fell 4.64% during the quarter, according to the ICE BofAML U.S. High Yield Cash Pay Index, with CCC/CC rated debt performing the worst. BBs outperformed Bs, but BBs were still down over 3% for the quarter. The high yield market had not seen yields and spreads this high and wide since April and October 2016. Sectors hit the hardest were energy, retail, and diversified media, while utilities, lodging, and banking fared the best.

The fourth quarter pushed performance into negative territory for the year, returning -2.26%, only the fourth loss for high yield investors in the last 25 years. CCC and lower rated debt performed poorest, returning -4.48%, Bs returned -2.48%, and BBs performed best with a -1.40% return for 2018.

Another significant event to note: there was not a single high yield bond priced in the month of December due to the heightened market volatility. November 2008 was the only other month that this had ever happened in the history of the asset class. New issue activity was down substantially from 2017, on both a gross and net basis. Gross new issuance was down 43% ($187 billion) and net new issuance was down 39%, totaling $73 billion. Ultimately, 2018 was grim for high yield flows. The full-year outflow figure ballooned to a whopping $35.3 billion, according to Lipper Weekly. In light of a shrinking market from lower issuance, the accelerated outflows toward the end of the year eventually pushed the technicals negative.

TOP 10 HOLDINGS

	% of Portfolio
MGIC Investment Corp.	1.88
Ally Financial Inc.	1.77
Rowan Companies Inc.	1.76
MGM Resorts Intl	1.35
Equinix Inc.	1.10
Ball Corp.	1.09
Summit Materials LLC/Fin	1.08
CNX Resources Corp.	1.03
NRG Energy Inc.	1.02
Sprint Communications	1.01

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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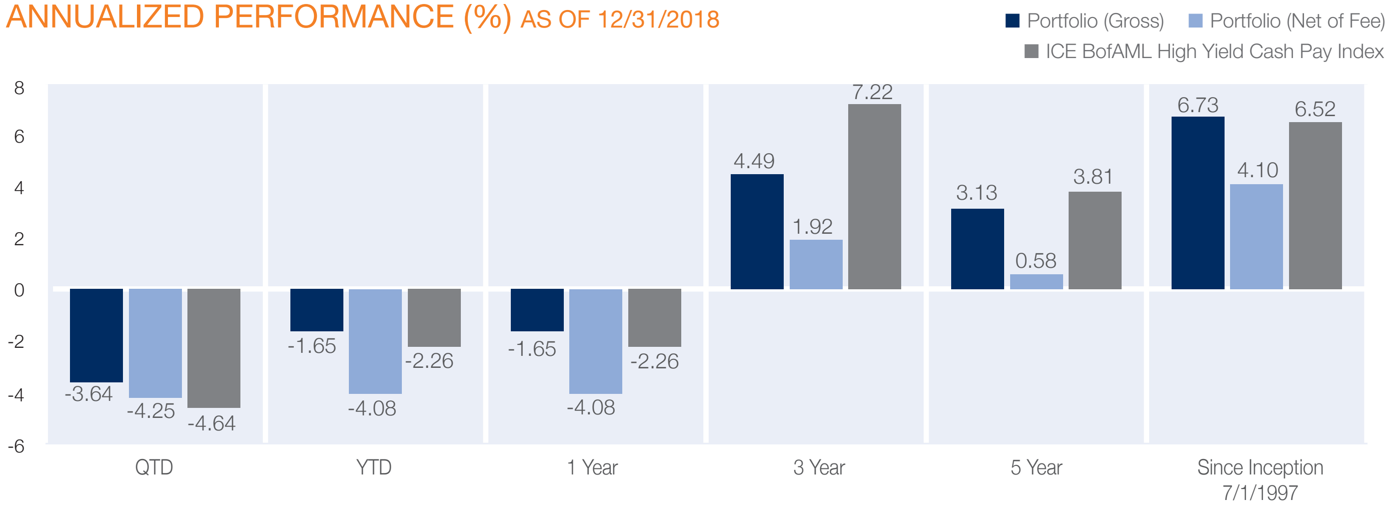
Performance

The High Yield Wrap composite's fourth quarter return of -3.64% outperformed the -4.64% return of the ICE BofAML U.S. High Yield Cash Pay Index by 1.00%. The outperformance was largely due to the high quality bias of the portfolio, a modest cash position, and positive security selection in banking and financials. Partially offsetting these factors was an overweight to the energy sector, specifically in oil field services, due to the commodity's sharp price declines.

ANNUALIZED PERFORMANCE (%) AS OF 12/31/2018



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 BofAML 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.

Current Strategy and Outlook

During the quarter, we reduced exposure to certain energy issuers. A portion of the proceeds was reinvested in attractively priced diversified media, financials, and auto industry names. We maintain our focus on higher quality bonds given present valuations and the overall market environment. Our energy exposure has been brought down to an approximate 1% overweight compared to the benchmark, and we remain overweight in autos, diversified media, homebuilders and hotels, lodging, and REITs. Our underweights include healthcare, technology, supermarkets/food and drug, and steel/metals. We continue to hold a modest cash position, which allows us to take advantage of potential opportunities as they present themselves.

Given the strong fundamental backdrop, valuations have become much more attractive. We continue to add names to the portfolio in cases where credits have been oversold due to spikes in volatility. We believe this volatile environment will continue into 2019 given the many uncertainties surrounding global economic growth, Fed policy, and numerous geopolitical events. Historically, the high yield market has never posted two consecutive calendar years of negative return. Given the strong sell-off toward the end of the year, valuations have shifted 2019's outlook to a year with a bit more upside potential. Potential spread compression is now more likely while the portfolio is yielding over 6%. We believe there is potential for the high yield portfolios to achieve mid-single-digit returns for 2019.

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 BofAML High Yield Cash Pay Index	Index 3-Year Std. Dev.	Composite Dispersion
2018	21,160	1,416	13	-4.08%	-1.65%	3.08%	-2.26%	4.62%	0.0%
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 January 1, 1993 through December 31, 2017. 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 June 1, 2015, the account minimum was $500,000. For comparison purposes, the composite is measured against the ICE BofAML High Yield Cash Pay Index. The ICE BofAML 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 January 1, 2003, and has a performance inception date of July 1, 1997. Prior to September 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 March 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 May 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 June 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.