

**IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR (“PROFESSIONAL ADVISORS”). The Directors of the Company, whose names appear in the Prospectus under the section “DIRECTORY”, accept responsibility for the information contained in this document.**

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## **SUPPLEMENT**

### **VIRTUS GF U.S. SMALL CAP FOCUS FUND**

(a Fund of Virtus Global Funds plc, an open-ended investment company with variable capital constituted as an umbrella fund with segregated liability between its Funds)

Supplement No. 2 dated 12 December 2016

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**This Supplement contains specific information in relation to the Virtus GF U.S. Small Cap Focus Fund (the “Fund”), a sub-fund of Virtus Global Funds plc. It forms part of and must be read in the context of and together with the Prospectus of the Company dated 12 December 2016.**

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

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## INTRODUCTION

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This Supplement comprises information relating to the Shares of the Fund to be issued in accordance with the Prospectus and this Supplement.

The Fund is currently offering the following Classes of Shares: Class A, C, I, and R Shares which shall be offered in US Dollars, Pounds Sterling and Euro. All of the Classes of Shares which are in a currency other than US Dollars are unhedged.

The general details set out in the Prospectus apply to the Fund save where otherwise stated in this Supplement. To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail.

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## DEFINITIONS

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In this Supplement, the following words and phrases shall have the meanings indicated below:

**“Small Market Capitalisation Companies”** Companies that, at the time of initial purchase, have market capitalisations generally within the range of companies included in the Russell 2000® Index on a rolling three-year basis. As of 27 June 2016, the date of the most recent Russell Index reconstitution, the market capitalisation range of companies included in the Russell 2000 Index over the past three years was \$5.5 million to \$11.3 billion.

**“Sub-Investment Manager”** Kayne Anderson Rudnick Investment Management LLC, or such other persons as may be appointed in accordance with the requirements of the Central Bank to provide discretionary sub-investment management services to the Investment Manager;

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## THE FUND

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### Investment Objective

The investment objective of the Fund is to pursue long-term capital appreciation.

### Investment Policy

In order to achieve its investment objective, the Fund will invest primarily (at least 67% of its assets) in the equity securities of Small Market Capitalisation Companies located in the United States and across industry sectors. At any time, the Fund will hold shares in approximately 15 to 35 different Small Market Capitalisation Companies.

The Sub-Investment Manager selects shares of Small Market Capitalisation Companies for investment which it believes to be undervalued relative to such company’s future growth potential. The strategy

emphasises consistently growing, highly profitable, low-debt companies with rising cash flows which the Sub-Investment Manager deems to be of high quality. If a company meets these criteria, the Sub-Investment Manager researches and analyses that company's strength of management, relative competitive position in its given industry and its financial structure. The Sub-Investment Manager uses proprietary models to assist in its analysis.

The Sub-Investment Manager will utilise a sell discipline that seeks to dispose of holdings that, among other things, have an extended valuation (the price range the Sub-Investment Manager considers appropriate to pay for a security becomes too high given a company's near or long-term outlook), or are the subject of negative developments individually or as an industry (such as poor financial performance or macro issues concerning the markets in which these companies trade), or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

In seeking to achieve its investment objective the Fund may also invest in the securities of companies other than Small Market Capitalisation Companies and may invest up to 20% of its assets in - Depositary Receipts, Illiquid and Restricted Securities, Non-U.S. securities (including emerging markets), short-term investments as more particularly set out in the section "ADDITIONAL INVESTMENT TECHNIQUES" in the Prospectus. The Fund may have exposure to non U.S. Dollar denominated securities but it does not expect this exposure to exceed 20% of the Net Asset Value of the Fund. The Sub-Investment Manager does not intend to undertake currency hedging.

The Fund may also invest up to 10% of its assets in other collective investment schemes, subject to the limits set out in Schedule II of the Prospectus and the limitations contained in Regulation 68 of the Regulations. Such collective investment schemes will have investment policies consistent with the investment policies of the Fund, within the investment restrictions set out in Schedule II.

If deemed appropriate, the Fund may take a defensive investment strategy and move all or a substantial portion of the portfolio to cash or short-term Money Market Instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers' acceptances and bank interest-bearing demand accounts. For example, a defensive investment strategy may be warranted in exceptional market conditions, such as a market crash or major crisis which, in the reasonable opinion of the Sub-Investment Manager would be likely to have a significant detrimental effect on the performance of the Fund, under which circumstances, a reasonable investment advisor would be expected to invest in such a manner.

With the exception of permitted investment in unlisted securities and in units or shares of other collective investment schemes, investment by the Fund in securities is restricted to securities listed or dealt in on the Regulated Markets listed in the Prospectus.

As of the date of this Supplement, the Sub-Investment Manager does not intend to employ FDI in relation to the Fund. Should the Sub-Investment Manager intend to employ FDI in relation to the Fund in the future, it will ensure that the Company's risk management process includes all necessary policies and procedures to enable the Sub-Investment Manager to accurately measure, monitor and manage the various risks associated with such investment techniques and instruments. Any risk management process employed in respect of the Fund will be submitted to the Central Bank in accordance with the Central Bank UCITS Regulations prior to the use of FDI.

### **Investment Restrictions**

The general investment restrictions as set out in the "INVESTMENT RESTRICTIONS" section of the Prospectus shall apply.

### **Base Currency**

The base currency of the Fund is U.S. Dollars.

## **Profile of a Typical Investor**

An investment in the Fund is suitable for investors seeking capital appreciation and that are prepared to accept a moderate to high level of volatility. Investors should be prepared to maintain a long-term investment in the Virtus GF U.S. Small Cap Focus Fund.

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## **SUB-INVESTMENT MANAGER**

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The Investment Manager has appointed Kayne Anderson Rudnick Investment Management LLC as Sub-Investment Manager in respect of the Fund. The Sub-Investment Manager is a California limited liability company, is registered as an Investment Adviser with the SEC in the U.S. and is an affiliate of the Investment Manager.

The Sub-Investment Manager's principal address is 1800 Avenue of the Stars, Second Floor, Los Angeles, California 90067, USA.

The Sub-Investment Manager provides investment services and manages investment advisory accounts for charitable organizations and endowments, professional and religious organizations, corporations and other commercial entities, pension and profit-sharing plans, insurers, banks and thrifts, family offices. It also provides portfolio investment management services as a sub-adviser to registered investment companies and private and institutional clients.

An agreement is in place between the Investment Manager and the Sub-Investment Manager in respect of the management of the Fund.

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## **RISK FACTORS**

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Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the "CHARACTERISTICS AND RISKS OF SECURITIES AND INVESTMENT TECHNIQUES" section of the Prospectus. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

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## **SUBSCRIPTIONS**

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### **How to Purchase Shares**

Details of the Classes available and the relevant class currency, minimum initial subscription amount, minimum subsequent investment amount and any relevant Initial Offer Period and Initial Offer Price are set out below under "Share Class Information".

*Initial Offer Period*<sup>1</sup>

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<sup>1</sup> Virtus to confirm if any other Classes open.

The Initial Offer Period for the Class I Shares is closed.

The Initial Offer Period for all other Classes is open and shall close on the earlier of (i) the first investment by a Shareholder in that Class or (ii) on 9 June 2017.

#### *Subscriptions Following the Initial Offer Period*

Following the close of the Initial Offer Period, an Applicant may apply to subscribe for Shares in respect of each Dealing Day at the Subscription Price per Share calculated as at the Valuation Point in respect of the relevant Dealing Day.

Application Forms, duly completed in accordance with the instructions set out in the Application Form and the section “ADMINISTRATION OF THE COMPANY: How to Purchase Shares - *Subscription Procedure*” in the Prospectus must be received by the Administrator prior to the Dealing Deadline for the relevant Dealing Day or, in exceptional circumstances, such later time or date as the Directors shall determine, provided the Application Form is received before the Valuation Point.

Any Application Form sent by facsimile or other electronic means (as the Directors and the Administrator may approve in accordance with the requirements of the Central Bank) must be confirmed promptly by receipt of a signed original Application Form and supporting anti-money laundering documentation.

Further details in relation to the procedure for subscriptions are set out in the section “ADMINISTRATION OF THE COMPANY: How to Purchase Shares - *Subscription Procedure*” in the Prospectus.

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## **REDEMPTIONS**

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### **How to Redeem Shares**

Shares may be redeemed at the Redemption Price Per Share on a Dealing Day by contacting the Administrator or the Distributor for onward transmission to Administrator so that a signed redemption request (in writing, by fax, or such other electronic means agreed by the Administrator and in accordance with the requirements of the Central Bank) is received by the Administrator no later than the Dealing Deadline.

In the case of faxed or other electronic redemption requests, payment will only be made to the account of record.

Redemption requests received by the Administrator subsequent to the Dealing Deadline shall be effective on the next succeeding Dealing Day.

All payments of redemption monies shall normally be made within 3 Business Days of the relevant Dealing Day but in any event within 10 Business Days of the Dealing Deadline on which the redemption request is made. The redemption proceeds shall be made by telegraphic transfer at the Shareholder’s expense to the Shareholder’s bank account, details of which shall be set out by the Shareholder to the Administrator in the Application Form. Redemption proceeds cannot be released until the Application Form (in the form of a signed original or as may have been received by the Administrator by such other electronic means (including applications made via a Clearing System) and as the Directors and the Administrator shall have approved) and all documents required in connection with the obligation to prevent money laundering have been received by the Administrator and all anti-money laundering procedures have been completed.

Further details in relation to the procedure for subscriptions are set out in the section “ADMINISTRATION OF THE COMPANY: How to Redeem Shares” in the Prospectus.

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### SHARE CLASS INFORMATION

Class	Class Currency	Minimum Initial Subscription	Minimum Subsequent Subscription
Class A	USD	USD 5,000	USD 1,000
Class A EUR	EUR	EUR 5,000	EUR 1,000
Class A GBP	GBP	GBP 5,000	GBP 1,000
Class C	USD	USD 5,000	USD 1,000
Class C EUR	EUR	EUR 5,000	EUR 1,000
Class C GBP	GBP	GBP 5,000	GBP 1,000
Class I	USD	USD 1 million	USD 250,000
Class I EUR	EUR	EUR 1 million	EUR 250,000
Class I GBP	GBP	GBP 1 million	GBP 250,000
Class R	USD	USD 5,000	USD 1,000
Class R EUR	EUR	EUR 5,000	EUR 1,000
Class R GBP	GBP	GBP 5,000	GBP 1,000

**R Shares are available for subscription. Investors seeking to invest in all other classes should contact the Investment Manager. Upon receipt of sufficient interest in a Class, a Class may be launched.**

**All applicable Expense Limitations, Initial Charges and Service Fees in relation to the Classes of Shares listed above are set out in the section “Fees and Expenses” below.**

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### FEES AND EXPENSES

**The Fund shall bear its attributable portion of the fees and operating expenses of the Company. The fees and operating expenses of the Company are set out in the section “FEES AND EXPENSES” in the Prospectus.**

#### **Establishment Costs**

The expenses incurred in the establishment of the Fund were €35,000. These fees will be amortised over the first 3 financial years of the Fund in accordance with the provisions of the Prospectus.

## Expense Limitation

The Investment Manager has currently voluntarily undertaken to limit the aggregate annual ordinary expenses of the Fund's Classes, including but not limited to Depository, Administrator, Investment Management and other expenses as set out in the section "FEES AND EXPENSES: Other Expenses" in the Prospectus, as follows:

Share Class	Expense Limitation
A	2.00% of the average daily Net Asset Value of the Class
C	2.50% of the average daily Net Asset Value of the Class
I	1.15% of the average daily Net Asset Value of the Class
R	1.25% of the average daily Net Asset Value of the Class

The Investment Manager may terminate or modify any such voluntary undertaking at any time at its sole discretion upon advance notice to the Shareholders.

## Investment Management Fees and Expenses

Under the Investment Management Agreement, the Company will pay to the Investment Manager an investment management fee in respect of the Fund. The investment management fee in respect of each Class of the Fund will be:

Share Class	Investment Management Fee
A	1.65% of the average daily Net Asset Value of the Class
C	2.15% of the average daily Net Asset Value of the Class
I	0.80% of the average daily Net Asset Value of the Class
R	0.90% of the average daily Net Asset Value of the Class

The investment management fee shall accrue and be calculated daily and shall be payable monthly in arrears.

The Investment Manager will pay part of its investment management fee to the Sub-Investment Manager. The Sub-Investment Manager is not paid directly out of the assets of the relevant Fund.

In addition, the Investment Manager shall be entitled to be reimbursed for its reasonable vouched out-of-pocket expenses and those of the Sub-Investment Manager. Where such expenses are attributable to the Company as a whole, they will be borne on a pro rata basis by the Fund.

The Investment Management Agreement provides that the Investment Manager may voluntarily undertake to reduce or waive its investment management fee or to make other arrangements to reduce the expenses of a Fund to the extent that such expenses exceed such lower expense limitation as set out in this Supplement or as the Investment Manager may otherwise, by notice to the Shareholders, voluntarily declare to be effective.

The Investment Manager may also, from time to time and at its sole discretion, use part of its investment management fee to remunerate the Distributor and selected Sub-Distributors to compensate them for their provision of certain services to Shareholders on an ongoing basis. The

Investment Manager may also remunerate certain financial intermediaries and may pay reimbursements or rebates to certain institutional shareholders in circumstances where its fees are charged directly to such intermediaries and/or institutional shareholders and not to the Fund. The Investment Manager also may pay trail or service fees out of its investment management fee to financial intermediaries who assist in the sales of the Fund and provide on-going services to the Shareholders. The Investment Manager, Sub-Investment Manager or investment sub-adviser may, out of their own resources (including out of any investment advisory fees paid by or with respect to the Company), pay fees to financial intermediaries or other institutional investors as compensation for services provided or responsibilities assumed by such entities, with respect to the maintenance of larger institutional and other shareholder relationships.

### **Administrator's Fees and Expenses**

The Administrator will be entitled to receive, out of the assets of the Fund the greater of an annual fee which will not exceed 0.05% of the Net Asset Value of the Fund or a minimum administration fee of up to US\$90,000 per annum (plus VAT, if any), together with transaction charges at normal commercial rates and reasonable out-of-pocket expenses incurred by the Administrator in the performance of its duties. These fees shall accrue and be calculated daily and shall be payable monthly in arrears.

### **Depositary's Fees and Expenses**

The Depositary will be entitled to receive, out of the assets of the Fund, the greater of an annual fee in respect of custodial services which will not exceed 0.02% per annum of the Net Asset Value of the relevant Fund or a minimum fee of up to US\$30,000 per annum (plus VAT, if any), together with reasonable expenses incurred by the Depositary in the performance of its duties as depositary of the Company. This fee shall accrue and be calculated daily and shall be payable monthly in arrears.

The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees, transaction charges (which will be charged at normal commercial rates) together with reasonable out-of-pocket expenses incurred by the Depositary in the performance of its duties under the Depositary Agreement.

### **Charges and Service Fees**

#### *Initial Charges*

The Distributor and/or the other Sub-Distributors are entitled to receive an Initial Charge with respect to the Fund's Classes as set out in the table below. The Initial Charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Shares are sold. All or part of the Initial Charge may be discounted.

The Distributor and/or the other Sub-Distributors will also be reimbursed for all reasonable out-of-pocket expenses incurred on behalf of the Company in the performance of its duties.

#### *Redemption Charges*

No redemption charges are applicable to the Classes of the Fund.

Certain Classes of Shares may be purchased without an initial sales charge but, where Shares of those Classes are redeemed within a specified time period, are subject to a CDSC at the rate listed in the tables below. The CDSC will be multiplied by the amount redeemed or the initial cost of the shares being redeemed, whichever is less. No CDSC will be imposed on increases in the Net Asset Value per Share. To minimize the CDSC, Shares not subject to any charge will be redeemed first, followed by Shares held the longest time. To calculate the number of Shares owned and time period held, all relevant Shares are considered purchased on the trade date.



<b>Share Class</b>	<b>Initial Charge</b>	<b>CDSC</b>
A	Up to 5% of the amount subscribed	N/A
C	N/A	0-1 years held: 1.00% 1+ years: N/A
I	N/A	N/A
R	N/A	N/A

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**DISTRIBUTION POLICY**

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The Classes of the Fund will not declare a distribution and any net income and realised and unrealised gains net of realised and unrealised losses attributable to such Classes will be accumulated in the Net Asset Value per Share of the relevant Class.