

**Dave Albrycht, CNBC Halftime Report
Recorded June 17, 2016 (edited transcript)**

- CNBC:** *I want to bring Dave Albrycht into the conversation, chief investment officer at Newfleet. You're having to allocate capital all over the place. What do you see in the environment?*
- ALBRYCHT:** With Brexit, we want to do a barbell approach, not only in investment grade but also in high yield, to be positioned either way the vote may go. In investment grade, for protection I've done long duration, 30 year Apple, AT&T, I've done Intel, Lockheed Martin recently. Then to barbell that, we've done a down-in-the-capital structured trade with Dell. We just did some of the banks, which are strategically important.
- CNBC:** *Do you see big opportunity in fixed income here?*
- ALBRYCHT:** Absolutely...Absolutely. You have to go one way or the other. If it happens it creates opportunity, if it doesn't, it creates opportunity also.
- CNBC:** *What's your bid on return on that as you continue to buy it?*
- ALBRYCHT:** I think the curve continues to flatten. Long duration assets should do very well.
- CNBC:** *Define in terms of rate of return? The Apple that you're buying, 25, 50 bps?*
- ALBRYCHT:** The Apple with total return is probably somewhere in the 2% range.
- CNBC:** *2%? So low single return environment?*
- ALBRYCHT:** If you do high yield, some of the high beta energy, if we go into some of the safe names, if you go into gaming, you can do in gaming, Boyd Gaming, Station Casino. Housing, which we think is attractive, Toll Brothers, you can do TRI Point, or you can go to the high beta energy: buy a Marathon oil, buy a Concho. Barbell those, you can get a mixed return somewhere in the mid-5-6% range, which we think is very attractive.
- CNBC:** *Do you feel with the kind of money you're overseeing and the investment decisions you are making that you can play, if you will, on an even level, given that we don't know what the Fed is either thinking or doing, or we don't even believe the Fed knows what it's doing.*
- ALBRYCHT:** I think the Fed is very confused, they've pushed themselves into the corner, they are talking now one rate increase this year. Regardless of that, I'm always fully invested. For sector selection, it's top down, issue selection, it's bottom up. I have liquidity because I own structured product that's very high quality. When people say they provide liquidity in the market, in a dedicated product it's difficult unless you're getting incoming flows. Being in a multi-sector product I can do high quality asset-backed, get rid of those, I can sell my high quality CMBS.
- CNBC:** *You're investing based in some part on what you think the Fed's going to do. Members of the Fed are saying different things almost by the hour, if not day, so you can believe 100% what you think for that moment but that potential decision might have to be changed by virtue of another Fed head coming out and saying something different.*
- ALBRYCHT:** We listen to what the Fed says. We think the Fed will do one [rate increase] if they're lucky this year. so based on that we think the barbell approach based on risk and quality makes a lot of sense.
- CNBC:** *I agree with you – your profile for return, 2% to 5-6%, is exactly what I'm looking at.*
- CNBC:** *Most of the focus has been on the Fed, but there's less than a week to go before Great Britain votes on whether to leave the euro zone – the so-called "Brexit" vote. How are you thinking about this issue and the type of investments you're making?*
- ALBRYCHT:** There's such a technical bid for U.S. paper. If you went back four years ago, the EU investment grade and domestic investment grade in the U.S. had the same yield, which was 3.2%. Now the U.S. is at 3%,

the EU at 0.9%. There's such a technical demand from banks, insurance companies, pension funds in Europe to buy U.S. assets, you have that bid, that backdrop in fixed income.

Virtus Multi-Sector Short Term Bond Fund

Morningstar Ratings™ Class A as of 3/31/16		Overall	3 Year	5 Year	10 Year
Virtus Multi-Sector Short Term Bond Fund	Load Waived	★★★★★	★★★	★★★★★	★★★★★
NARAX	With Load	★★★★	★★	★★★★	★★★★★
	Short-Term Bond	490 funds	490 funds	404 funds	280 funds

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for a variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in an investment category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. Ratings are for the A Shares as shown only; other share classes bear different fees and expenses, which affect performance.

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Top 10 Holdings, as of 3/31/16

Security	% Total
iShares iBoxx \$ Investment Grade Corporate Bond ETF	1.01
Virtus Credit Opportunities Fund, Class R6	0.95
FNMA, 2.5%	0.94
SPDR Barclays High Yield Bond ETF	0.86
FNMA, 3%	0.81
America West Airlines Pass-Through-Trust, 7.1% 4/2/2021	0.66
Wells Fargo (Wachovia Bank) Commercial Mortgage Trust, 5.34%	0.57
FNMA, 3%	0.56
Credit Suisse Commercial Mortgage Trust, 5.36%	0.54
U-Haul S Fleet LLC, 4.9% 10/25/2023	0.51
Total:	7.41

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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **ABS/MBS:** Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral. **Bank Loans:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value and have longer settlement times than other investments, which can make loans relatively illiquid at times. **Prospectus:** For additional information on risks, please see the fund's prospectus.

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