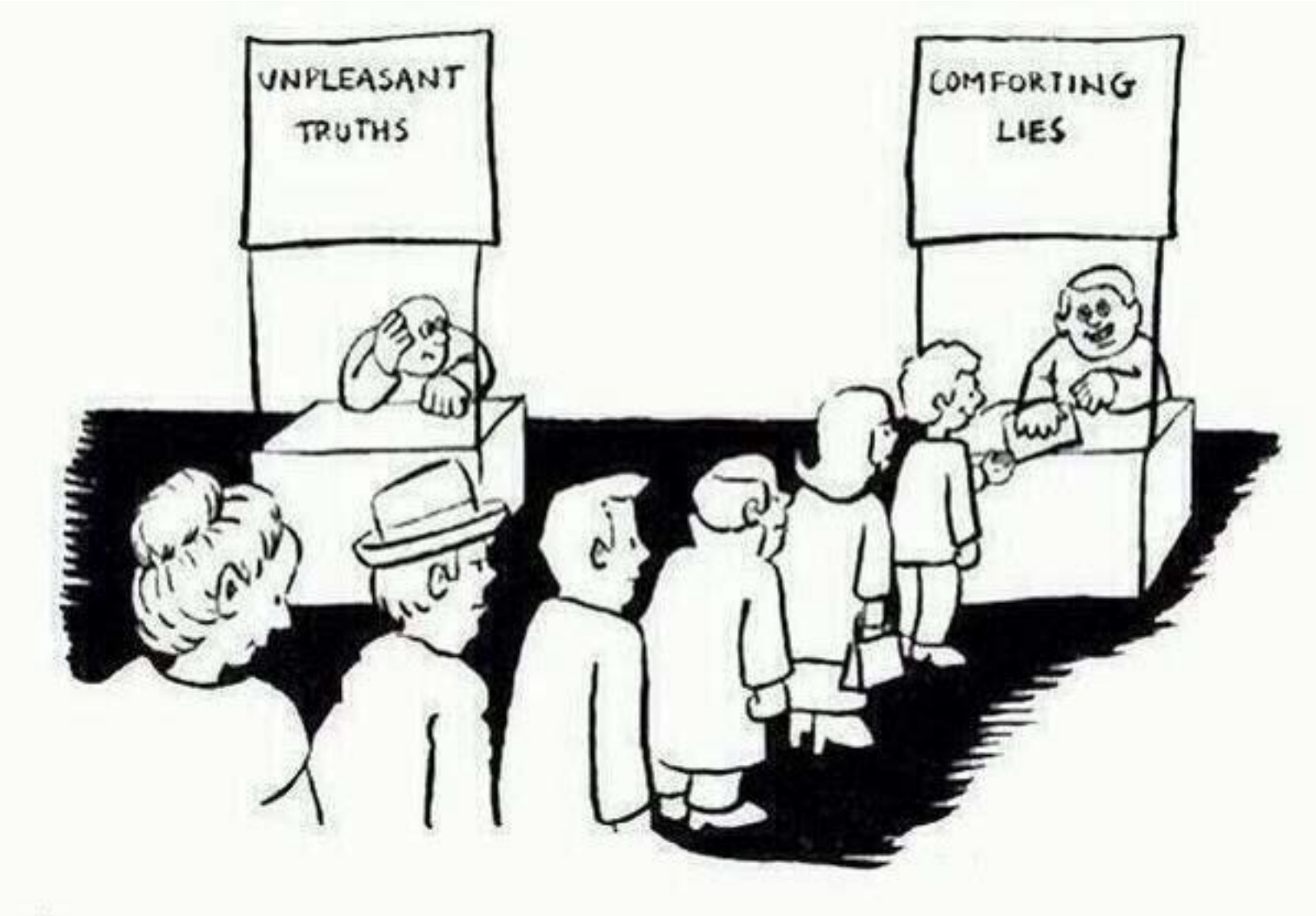




Diversification Means Always
Having to Say You're Sorry

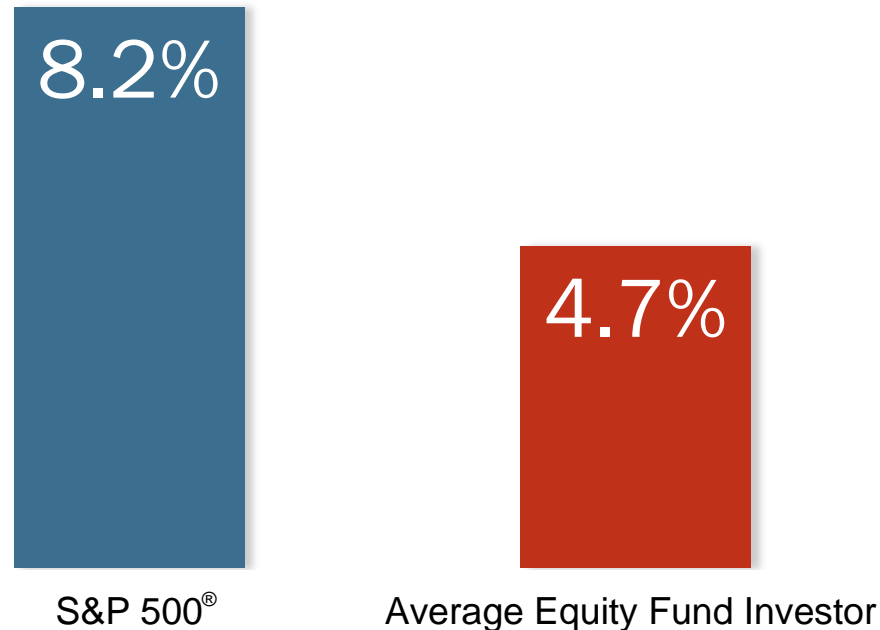
IT'S ALL SO SIMPLE

- Buy low, sell high.
- Be diversified.
- Make informed choices.
- Be patient.



Buy low, sell high.

20-YEAR AVERAGE FUND VS. INVESTOR RETURNS



Source: *Quantitative Analysis of Investor Behavior*, 2016, DALBAR, Inc. www.dalbar.com. Average equity investor performance results are calculated using monthly fund data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses, and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: Total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges for each period. Annualized return rate is calculated as the uniform rate that can be compounded annually for the period under consideration to produce the investor return dollars. 20 year period ended 12/31/15. The S&P 500[®] Index is a free-float market-capitalization weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

Past performance is not a guarantee of future results.

Be diversified.

THE STANDARD VIEW

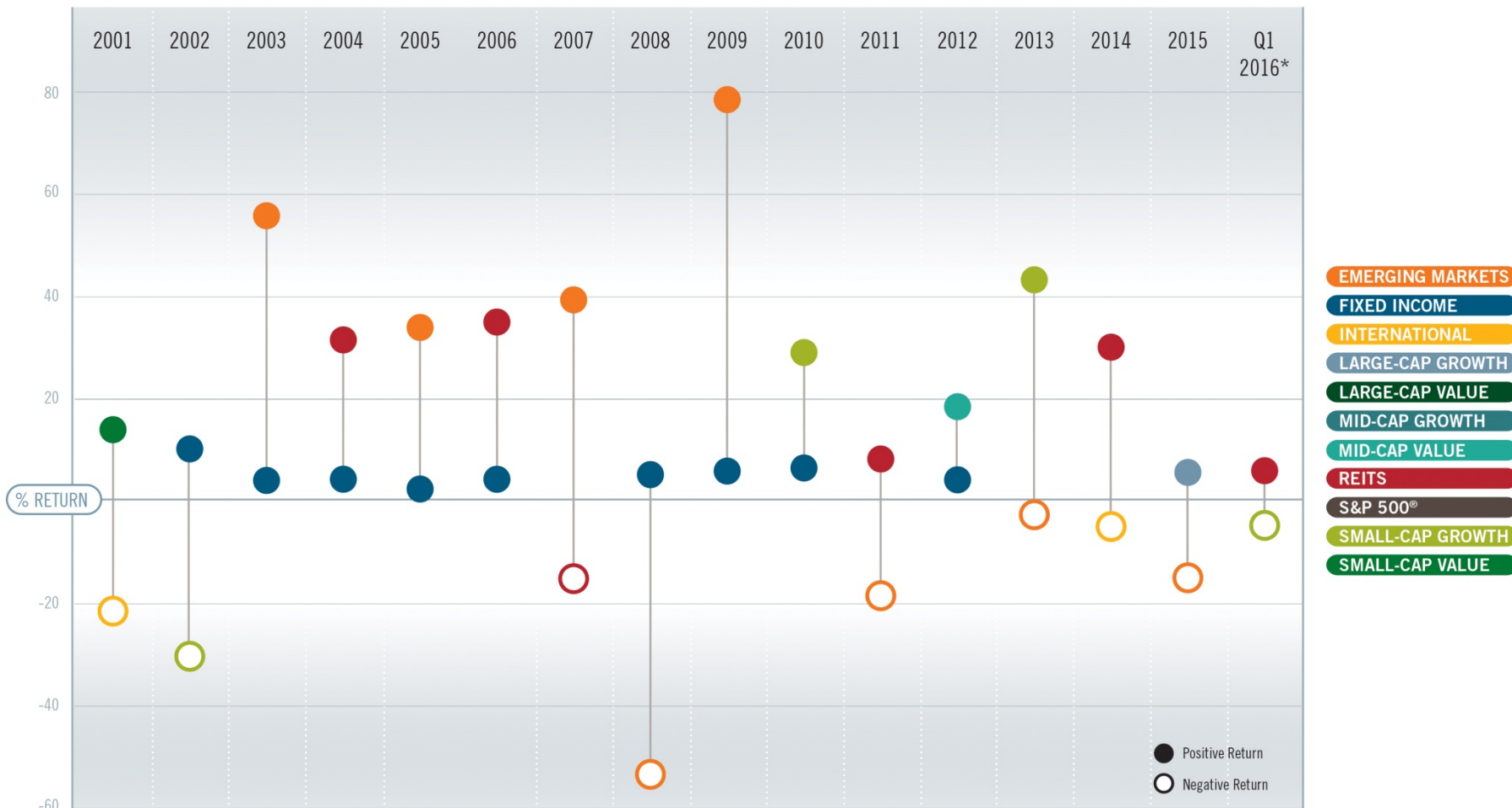


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD 2016*
	Small-Cap Value 14.02	Fixed Income 10.26	Emerging Markets 55.82	REITs 31.56	Emerging Markets 34.00	REITs 35.05	Emerging Markets 39.39	Fixed Income 5.24	Emerging Markets 78.51	Small-Cap Growth 29.09	REITs 8.29	Mid-Cap Value 18.51	Small-Cap Growth 43.30	REITs 30.14	Large-Cap Growth 5.67	REITs 6.00
	REITs 13.93	REITs 3.81	Small-Cap Growth 48.54	Emerging Markets 25.55	Intl 13.54	Emerging Markets 32.17	Large-Cap Growth 11.81	Small-Cap Value -28.92	Mid-Cap Growth 46.29	REITs 27.96	Fixed Income 7.84	Emerging Markets 18.22	Mid-Cap Growth 35.74	Mid-Cap Value 14.75	REITs 3.20	Emerging Markets 5.71
	Fixed Income 8.44	Emerging Markets -6.17	Small-Cap Value 46.03	Mid-Cap Value 23.71	Mid-Cap Value 12.65	Intl 26.34	Mid-Cap Growth 11.43	Large-Cap Value -36.85	Large-Cap Growth 37.21	Mid-Cap Growth 26.38	Large-Cap Growth 2.64	REITs 18.06	Small-Cap Value 34.52	S&P 500 13.69	S&P 500 1.38	Mid-Cap Value 3.92
	Mid-Cap Value 2.33	Mid-Cap Value -9.64	Mid-Cap Growth 42.71	Small-Cap Value 22.25	REITs 12.17	Small-Cap Value 23.48	Intl 11.17	S&P 500 -37.00	Small-Cap Growth 34.47	Mid-Cap Value 24.75	S&P 500 2.11	Small-Cap Value 18.05	Large-Cap Growth 33.48	Large-Cap Value 13.45	Fixed Income 0.55	Fixed Income 3.03
	Emerging Markets -2.62	Small-Cap Value -11.43	Intl 38.59	Intl 20.25	Mid-Cap Growth 12.10	Large-Cap Value 22.25	Small-Cap Growth 7.05	REITs -37.73	Mid-Cap Value 34.21	Small-Cap Value 24.50	Large-Cap Value 0.39	Large-Cap Value 17.51	Mid-Cap Value 33.46	Large-Cap Growth 13.05	Mid-Cap Growth -0.20	Small-Cap Value 1.70
	Large-Cap Value -5.59	Large-Cap Value -15.52	Mid-Cap Value 38.07	Large-Cap Value 16.49	Large-Cap Value 7.05	Mid-Cap Value 20.22	Fixed Income 6.97	Large-Cap Growth -38.44	Intl 31.78	Emerging Markets 18.88	Mid-Cap Value -1.38	Intl 17.32	Large-Cap Value 32.53	Mid-Cap Growth 11.90	Intl -0.81	Large-Cap Value 1.64
	Small-Cap Growth -9.23	Intl -15.94	REITs 37.14	Mid-Cap Growth 15.48	Large-Cap Growth 5.26	S&P 500 15.78	S&P 500 5.49	Mid-Cap Value -38.44	REITs 27.99	Large-Cap Growth 16.71	Mid-Cap Growth -1.65	S&P 500 16.00	S&P 500 32.39	Fixed Income 5.97	Small-Cap Growth -1.38	S&P 500 1.35
	S&P 500 -11.87	S&P 500 -22.10	Large-Cap Value 30.03	Small-Cap Growth 14.31	S&P 500 4.93	Small-Cap Growth 13.35	Large-Cap Value -0.17	Small-Cap Growth -38.54	S&P 500 26.46	Large-Cap Value 15.51	Small-Cap Growth -2.91	Mid-Cap Growth 15.81	Intl 22.78	Small-Cap Growth 5.60	Large-Cap Value -3.83	Large-Cap Growth 0.74
	Mid-Cap Growth -20.15	Mid-Cap Growth -27.41	Large-Cap Growth 29.75	S&P 500 10.86	Small-Cap Value 4.71	Mid-Cap Growth 10.66	Mid-Cap Value -1.42	Intl -43.38	Small-Cap Value 20.58	S&P 500 15.06	Small-Cap Value -5.50	Large-Cap Growth 15.26	REITs 2.47	Small-Cap Value 4.22	Mid-Cap Value -4.78	Mid-Cap Growth 0.58
	Large-Cap Growth -20.42	Large-Cap Growth -27.88	S&P 500 28.71	Large-Cap Growth 6.30	Small-Cap Growth 4.15	Large-Cap Growth 9.07	Small-Cap Value -9.78	Mid-Cap Growth -44.32	Large-Cap Value 19.69	Intl 7.75	Intl -12.14	Small-Cap Growth 14.59	Fixed Income -2.02	Emerging Markets -2.19	Small-Cap Value -7.47	Intl -3.01
	Intl -21.44	Small-Cap Growth -30.26	Fixed Income 4.10	Fixed Income 4.34	Fixed Income 2.43	Fixed Income 4.33	REITs -15.69	Emerging Markets -53.33	Fixed Income 5.93	Fixed Income 6.54	Emerging Markets -18.42	Fixed Income 4.22	Emerging Markets -2.60	Intl -4.90	Emerging Markets -14.92	Small-Cap Growth -4.68

*As of 3/31/16. Source: Virtus Performance Analytics

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The above table is presented for informational purposes only and is not meant to represent the performance of any Virtus product. Performance of all cited indexes is calculated on a total-return basis with dividends reinvested. Indexes are unmanaged and not available for direct investment. See page 30 for index definitions.

A DIFFERENT VIEW



*As of 3/31/16

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DIVERSIFICATION IN 2014...

5.2%

Average diversified portfolio is represented by: S&P 500® (25%), Russell 2000® (10%), MSCI EAFE (15%), MSCI Emerging Markets (5%), Barclays Aggregate (25%), CS/Tremont Equity Market Neutral Index (5%), Bloomberg Commodity Index (5%), NAREIT Equity REIT Index (5%), and cash (5%). In sum, 55% equities, 30% bonds, and 15% alternatives (broadly defined). 5.2% is the 2014 return of the average diversified portfolio.

... DIDN'T BEAT "THE MARKET"

5.2%

13.6%



Source: Medvec, V.H., Madey, S.F., & Gilovich, T. (1995). When Less Is More: Counterfactual Thinking and Satisfaction Among Olympic medalists. *Journal of Personality and Social Psychology*, 69, 603-610.

Make informed choices.

LOTS OF CHOICE IS AWESOME





Fund A

Fund B

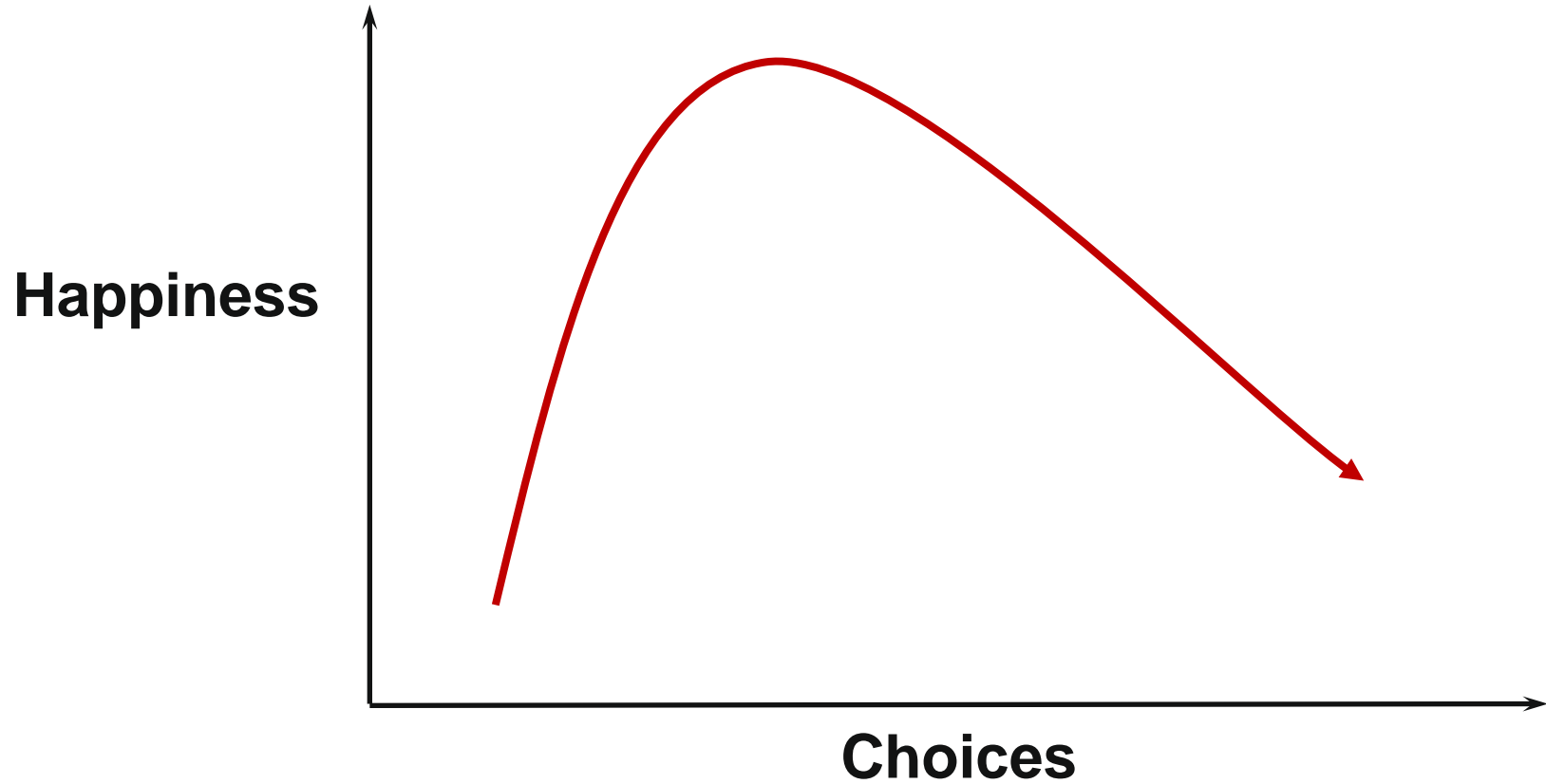


Fund A	Fund P
Fund B	Fund Q
Fund C	Fund R
Fund D	Fund S
Fund E	Fund T
Fund F	Fund U
Fund G	Fund V
Fund H	Fund W
Fund I	Fund X
Fund J	Fund Y
Fund K	Fund Z
Fund L	
Fund M	
Fund N	
Fund O	



Fund A	Fund P	Fund EE	Fund TT	Fund III	Fund XXX
Fund B	Fund Q	Fund FF	Fund UU	Fund JJJ	Fund YYY
Fund C	Fund R	Fund GG	Fund VV	Fund KKK	Fund ZZZ
Fund D	Fund S	Fund HH	Fund WW	Fund LLL	Fund AAAA
Fund E	Fund T	Fund II	Fund XX	Fund MMM	Fund BBBB
Fund F	Fund U	Fund JJ	Fund YY	Fund NNN	Fund CCCC
Fund G	Fund V	Fund KK	Fund ZZ	Fund OOO	Fund DDDD
Fund H	Fund W	Fund LL	Fund AAA	Fund PPP	Fund EEEE
Fund I	Fund X	Fund MM	Fund BBB	Fund QQQ	Fund FFFF
Fund J	Fund Y	Fund NN	Fund CCC	Fund RRR	Fund GGGG
Fund K	Fund Z	Fund OO	Fund DDD	Fund SSS	Fund HHHH
Fund L	Fund AA	Fund PP	Fund EEE	Fund TTT	Fund IIII
Fund M	Fund BB	Fund QQ	Fund FFF	Fund UUU	Fund JJJJ
Fund N	Fund CC	Fund RR	Fund GGG	Fund VVV	Fund KKKK
Fund O	Fund DD	Fund SS	Fund HHH	Fund WWW	Fund LLLL

THE PARADOX OF CHOICE



Be patient.



PLEASE DON'T

- Try to “beat the market”
- Try to pick the “best” managers
- Try to time market tops and bottoms
- Watch financial television
- Mistake gambling for investing
- Ask for the impossible

67%

GAIN HISTORICAL PERSPECTIVE



"We didn't underperform. You overexpected."

BE “LESS WRONG”

“Once we realize that imperfect understanding is the human condition, there is no shame in being wrong, only in failing to correct our mistakes.”

“My approach works not by making valid predictions but by allowing me to correct false ones.”

“I’m only rich because I know when I’m wrong.”

– **George Soros**

ASK THE RIGHT QUESTIONS

Equities

- How do we generate the needed long-term growth from equities without sticking our necks out too far?

Bonds

Alts

Portfolios

Behavior

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Portfolios

- How do we build truly diversified portfolios which provide the best chance of reaching our long-term objectives?

Behavior

- **With financial decisions, how do we not become our own worst enemy?**

PLEASE DO

- Have a long-term plan
- Have historical perspective
- Be “less wrong”
- Ask the right questions
- Acknowledge emotional needs
- Outsource complexity (“Pick your battles”)

Emerging Markets is represented by the MSCI Emerging Markets Index (net): A free float-adjusted market capitalization-weighted index designed to measure equity market performance in the global emerging markets. The index is calculated on a total return basis with net dividends reinvested.

International is represented by the MSCI EAFE® (Morgan Stanley Capital International Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that measures developed foreign market equity performance, excluding the U.S. and Canada. The index is calculated on a total return basis with net dividends reinvested.

Fixed Income is represented by Barclays Capital U.S. Aggregate Index: Measures the U.S. investment grade fixed rate bond market.

Large-Cap Growth is represented by the Russell 1000® Growth Index: A market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

Large-Cap Value is represented by the Russell 1000® Value Index: A market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

Mid-Cap Growth is represented by the Russell Midcap® Growth Index: A market capitalization-weighted index of medium-capitalization, growth-oriented stocks of U.S. companies.

Mid-Cap Value is represented by the Russell Midcap® Value Index: A market capitalization-weighted index of medium-capitalization, value-oriented stocks of U.S. companies.

REITs are represented by the FTSE NAREIT Equity REITs Index: A free-float market capitalization-weighted index which measures equity tax-qualified REITs that meet minimum size and liquidity criteria and are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market System. The index is calculated on a total return basis with dividends reinvested.

S&P 500® is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

Small-Cap Growth is represented by the Russell 2000® Growth Index: A market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

Small-Cap Value is represented by the Russell 2000® Value Index: A market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.



For more information, please contact Virtus at 1.800.243.4361
or visit www.Virtus.com