

Form ADV, Part 2A Firm Brochure
Large Cap Core
Alternatives Diversifier
AlphaSector

Item 1 – Cover Page

Euclid Advisors LLC
100 Pearl Street
Hartford, CT 06103
800-248-7971

www.virtus.com

March 31, 2015

This brochure provides information about the qualifications and business practices of Euclid Advisors LLC (“Euclid”). If you have any questions about the contents of this brochure, please contact us at 800-248-7971. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) nor by any state securities authority.

Euclid is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you may use to determine whether to hire or retain such adviser.

Additional information about Euclid is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Euclid who are registered, or are required to be registered, as investment adviser representatives of Euclid.

Item 2 – Material Changes

This Form ADV Part 2A brochure dated March 31, 2015 has been prepared according to the requirements and rules promulgated by the SEC. Pursuant to SEC Rules, we are required to prepare a summary of any material changes to our brochure within 120 days of the close of our fiscal year. We may also elect to include a summary of material changes to our brochure as part of other-than annual amendments filed by Euclid.

Euclid last filed an annual updating amendment to its Form ADV Part 2A brochure on March 28, 2014. Euclid offers substantially different types of advisory services and has opted to prepare separate brochures related to certain types of services. This brochure is the separate brochure prepared by Euclid with respect to its advisory services provided in the Large Cap Core discipline, Alternatives Diversifier strategy and the AlphaSector strategies. There are no material changes to our brochure but note that Item 8 was updated to clarify certain strategies. In the future, this Item will discuss specific material changes that have been made to the brochure and our business and will provide a summary of such.

We will provide an updated version of this brochure as required in the event of changes or new information. We will provide a copy of our current brochure upon request, at any time, without charge. Currently, our brochure may be requested by contacting the Chief Compliance Officer at **860-263-4739**, or tim.branigan@virtus.com.

Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 - Disciplinary Information	15
Item 10 - Other Financial Industry Activities and Affiliations	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices	19
Item 13 – Review of Accounts.....	22
Item 14 – Client Referrals and Other Compensation	22
Item 15 – Custody	23
Item 16 – Investment Discretion	23
Item 17 – Voting Client Securities.....	24
Item 18 – Financial Information	24

Item 4 – Advisory Business

Euclid is an indirect, wholly-owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”), a publicly traded multi-manager asset management business (NASDAQ:VRTS) as of December 31, 2008. Euclid has been a registered investment adviser since 1997.

Euclid offers several substantially different types of advisory services and has opted to prepare separate brochures related to certain types of services. This brochure addresses Euclid’s advisory services provided in the Large Cap Core discipline, Alternative Diversifier strategy and the AlphaSector strategies (please see Euclid’s other Part 2A brochure for more information about its investment advisory services in the International Equity discipline).

Euclid provides investment advisory services for accounts either (i) established directly with the client or (ii) introduced through financial advisors or consultants, such as broker-dealers, registered investment advisers, and other intermediaries.

Types of Investments

In connection with the Large Cap Core discipline, Alternatives Diversifier strategy and the AlphaSector Strategies, Euclid offers investment advisory services primarily in the following types of instruments: equity securities (common stocks and equivalents) including exchange-listed securities, securities traded over-the-counter, warrants, investment company securities, including traditional mutual fund shares and exchange traded funds. Euclid also utilizes, where appropriate, derivatives, short sales on securities, options contracts on securities, futures contracts on intangibles, credit default swaps, participation notes, and foreign currencies to hedge against the risk of a decline in the dollar.

Investment Restrictions

Euclid’s advisory services may be tailored to the needs and investment guidelines of clients. Client guidelines may include, but are not limited to, risk tolerance, type of security or industry restrictions, and cash or income requirements. Specific client guidelines and restrictions may be negotiated on an account by account basis. Although Euclid seeks to accommodate reasonable investment restrictions and guidelines, Euclid will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with Euclid’s investment philosophy, and Euclid may decline to accept or terminate client accounts seeking to impose such restrictions.

Except as otherwise agreed upon by Euclid and the client, Euclid does not generally have any responsibility for the selection of the short term investment vehicles utilized by its clients. Clients, their consultants, their financial advisers or their custodians select the interest bearing accounts and/or short-

term investment or money-market funds in which cash reserves are invested. Euclid also is not responsible for the selection of a client's custodian.

Assets Under Management

Including all investment disciplines within the firm, Euclid manages \$10,857,008,000 of client assets on a discretionary basis as of December 31, 2014. In addition, Euclid manages \$62,227,000 of client assets on a non-discretionary basis as of December 31, 2014.

Item 5 – Fees and Compensation

This section describes Euclid's basic fee schedules relating to the Large Cap Core discipline, Alternatives Diversifier strategy and the AlphaSector strategies, however, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary. Euclid may group multiple accounts of one client relationship together for purposes of calculating the fee, or Euclid may elect to not charge a fee to small accounts of a client because of the fee the client is paying on the total relationship. Euclid reserves the right to negotiate fees with clients, and may charge higher or lower fees than those described.

Euclid's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs bear their own operating expenses, including compensation paid to their advisers and other service providers as well as other expenses and fees. This information is disclosed in a fund's prospectus or offering documents.

Item 12, Brokerage Practices further describes the factors that Euclid considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Advisory Fees – Registered Investment Companies

The fee charged by Euclid to any particular registered investment company client is determined by the provisions of an investment advisory contract between Euclid and such investment company, which is approved by the investment company in accordance with the provisions of the Investment Company Act of 1940, as amended. The contracts may also provide that Euclid furnish to the investment company office space and all necessary office facilities, equipment and personnel for managing the investment and reinvestment of the assets of the investment company and arrange, if desired by the investment company, for members of Euclid's staff to serve, without salaries from the investment company, as officers or agents of the investment company. Fees are typically based on a percentage of assets under management,

payable monthly in arrears and clients are typically billed directly for such fees. These fees are disclosed in the relevant prospectus or offering documents.

Advisory fees for services rendered under investment advisory and sub-advisory contracts with registered investment companies may vary depending upon the type and size of the portfolio. Euclid generally receives a fee at an annual rate ranging from 0.40% to 1.50% for its services as an adviser to a registered investment company. Euclid generally receives a fee at an annual rate ranging from 0.20% to 0.50% for its services as a sub-adviser to a registered investment company. Specific advisory fees and expense related information may be found in the prospectus and/or statement of additional information describing the investment policies and restrictions for the respective portfolio.

Item 6 – Performance-Based Fees and Side-By-Side Management

Euclid may receive fees based upon documented performance metrics for designated client accounts on selected strategies. In addition, Euclid's affiliates may receive performance-based fees in connection with other strategies outside the scope of this brochure. In all cases where Euclid or its affiliates charge a performance-based fee, any such arrangements will comply with Section 205 of the Investment Advisers Act of 1940, as amended, and the rules thereunder, and all applicable laws and regulations. Please see the relevant Part 2A Firm Brochures for more information.

Euclid currently serves as sub-adviser to a registered investment company (the "Fund") that is subject to a performance adjustment in accordance with a rate schedule. During a rolling 36-month period, the performance adjustment increases or decreases the Fund's management fee paid to the Fund's investment adviser based on how well the Fund has performed relative to the S&P 500® Index (the "Index"). The fee rate will be adjusted by adding or subtracting 0.10% (10 basis points) for each 1.00% of absolute performance by which the Fund's performance exceeds or lags that of the Index. The maximum performance adjustment is plus or minus 1.00% (100 basis points), which would occur if the Fund performed 10 percentage points better or worse than the Index. The fee Euclid receives for its services as sub-adviser may be adjusted proportionally in accordance with this performance adjustment.

Any performance adjustment will be based upon the Fund's performance compared to the performance of the Index. A performance adjustment will not be based on whether the Fund's absolute performance is positive or negative, but rather based on whether the Fund's performance is better or worse than the performance of the Index. The Fund could therefore pay a performance adjustment for positive relative performance even if the Fund's shares decrease in value, so long as the fund's performance exceeds that of the Index.

This performance-based fee arrangement, and other performance-based fee arrangements, may potentially create a financial incentive for Euclid or an affiliate to favor the account with the performance-based fee because Euclid (and its employees and supervised persons) may have an opportunity to earn greater fees

on such account as compared to client accounts without performance-based fees. Thus, Euclid may potentially have an incentive to direct its best investment ideas to a client account that pays performance-based fees, and to allocate, aggregate or sequence trades in favor of such account. Euclid may also have an incentive to give the account with the performance-based fee better execution and better brokerage commissions. Euclid has written compliance policies and procedures designed to mitigate or manage these conflicts of interest, including policies and procedures regarding the equitable allocation of investment opportunities.

Side-by-Side Management

“Side-by-side management” refers to the simultaneous management of multiple types of client accounts/investment products. Euclid manages numerous accounts, including the accounts described previously in this Item, with a variety of strategies, which may present conflicts of interest. In addition, Euclid’s traders and portfolio managers serve as traders and portfolio managers for certain affiliates of Euclid, which may present conflicts of interest. For example, Euclid may be short a security in one client account and long the same or substantially similar security in another client account due to different client investment objectives and strategies. Additionally, Euclid may be selling or short-selling securities for one or more portfolios while purchasing the same or substantially similar securities for other portfolios. Euclid’s traders and portfolio managers may also serve as traders and portfolio managers for Euclid’s affiliates, and the aforementioned scenarios may apply. Euclid has written compliance policies and procedures designed to mitigate or manage these conflicts of interest, including policies and procedures regarding the equitable allocation of investment opportunities.

Item 7 – Types of Clients

In connection with the Large Cap Core discipline, Alternatives Diversifier strategy and AlphaSector strategies, Euclid generally offers investment sub-advisory services to affiliated and unaffiliated open-end investment companies registered under the Investment Company Act of 1940, as amended.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

The results for individual portfolios will vary depending on market conditions and the portfolio’s overall composition. All investments carry a certain degree of risk including the possible loss of principal and there is no assurance that an investment will provide positive performance over any period of time. Past performance is no guarantee of future results. Clients should not assume that portfolio investments in securities will be profitable.

Large Cap Core Discipline: Methods of Analysis and Risks

The Large Cap Core discipline uses econometric analysis as the framework for security selection that is influenced by macro forces, quantitative factors, and bottom-up fundamental research. The discipline focuses on large-cap, U.S. stocks employing a Growth at a Reasonable Price philosophy in the security selection process. The stock selection process begins with a top-down approach and econometric sector analysis. Industry level and fundamental security analysis is then utilized to identify securities that the portfolio managers believe offer superior return opportunity.

The principal risks of investing in this discipline are:

Equity Securities Risk. The risk that events negatively affecting issuers, industries or financial markets in which the discipline invests will impact the value of the stocks held by the client and thus, the value of the client's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.

Market Volatility Risk. The risk that the value of the securities in which the discipline invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods.

Sources of information Euclid uses to manage the Large Cap Core discipline include financial newspapers and magazines, research materials provided by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. Other sources may include discussions of company activities with company spokespersons and others with knowledge of such activities, industry and trade publications, and statistical data prepared by others.

Alternatives Diversifier Strategy: Methods of Analysis and Risks

The Alternatives Diversifier strategy is a fully diversified portfolio that adheres to a disciplined institutional investment process. Within the strategy, assets are spread across a mix of asset classes and investment styles for full diversification. The allocation among asset classes is determined by using an asset allocation optimization that seeks to achieve the highest expected return within a target risk level. The optimization uses both affiliate-managed funds and exchange-traded funds ("ETFs"), and reflects historical risk and return data. By blending different combinations of funds, the portfolio management team creates a well-diversified portfolio. Alternative investment funds are used to moderate portfolio volatility due to their low correlation to traditional asset classes. The portfolio management team determines the combination of affiliate-managed funds, and in some cases, ETFs, that it believes best represent the selected asset allocation. The team periodically reviews the selection of, and the target ranges within, the underlying funds and may make adjustments as market changes warrant.

The principal risks of investing in this strategy are:

Affiliated Fund Risk. The risk that the adviser's authority to select and substitute underlying funds from a variety of affiliated and unaffiliated mutual funds may create a conflict of interest.

Allocation Risk. The risk that the strategy's exposure to equities and fixed income securities, or to different asset classes, may vary from the intended allocation or may not be optimum for market conditions at a given time.

Fund of Funds Risk. The risk that the underlying funds in which the strategy invests will expose the client to negative performance and additional expenses associated with investment in such funds, and increased volatility.

AlphaSector Strategies: Methods of Analysis and Risks

The AlphaSector Rotation strategy and Premium AlphaSector strategy allocate their assets to ETFs and/or securities representing the primary sectors of the S&P 500 Index. The ETFs are selected monthly for the AlphaSector Rotation strategy and weekly for the Premium AlphaSector strategy. The strategies focus on avoiding losses and have the ability to move defensively to large "cash" positions in periods of broader market weakness. At each rebalance, a third party provides Euclid with a model portfolio to implement the strategies. Euclid is responsible for final portfolio allocation decisions and for placing all transactions for certain clients employing the strategies. Euclid monitors these client's allocations to the underlying securities and is responsible for rebalancing assets to maintain the target allocations among the underlying ETFs and/or securities, while taking into account any other factors Euclid deems relevant, such as cash flow and/or timing considerations. The client/Euclid may deviate from tracking the model allocation if it is determined that tracking the model allocation is likely to violate applicable legal or regulatory restrictions or otherwise result in adverse consequences for the particular client.

The Allocator Premium AlphaSector strategy allocates its net assets to multiple asset classes including U.S. equity, international equity, fixed income and real assets. The U.S. equity allocation may be invested in ETFs and/or securities representing the primary sectors of the S&P 500 Index. The international equity allocation may be invested in ETFs and/or securities representing both developed markets (EAFE) and emerging markets. The fixed income allocation may be invested in ETFs and/or securities representing fixed income sectors, including high yield, investment grade corporate, mortgages, intermediate treasuries and inflation-protected treasuries. The real assets allocation may be invested in ETFs and/or securities representing gold, real estate and broad-based equity securities. The strategy may also invest in stocks (without restriction as to market capitalization), bonds (without restriction as to credit quality) and short-term securities. The strategy may invest in a basket of securities to represent a sector if it is determined that investment in the ETF for that sector is not feasible or otherwise not in the best interest of the client. In times of market weakness, the strategy has the ability to move partially or fully to short-term cash equivalents.

The Global Premium AlphaSector strategy allocates its net assets to U.S. equity and international equity. The U.S. equity allocation may be invested in ETFs and/or securities representing the primary sectors of the S&P 500 Index. The international equity allocation may be invested in ETFs and/or securities representing both developed markets (EAFE) and emerging markets. The strategy may also invest in stocks (without restriction as to market capitalization) and short-term securities. The strategy may invest in a basket of securities to represent a sector if it is determined that investment in the ETF for that sector is not feasible or otherwise not in the best interest of the client. In times of market weakness, the strategy has the ability to move partially or fully to short-term cash equivalents.

The Dynamic AlphaSector strategy seeks to achieve its investment objective by taking long and short positions in ETFs and/or stocks representing the primary sectors of the S&P 500® Index. Allocations are based on a proprietary, quantitative model that seeks to evaluate trends within each sector by adjusting for changing levels of volatility in the market. The strategy uses this model to determine, on a weekly basis, whether a sector is projected to have positive or negative absolute performance. If positive returns are projected for a particular sector, then the strategy takes a long position in one or more ETFs and/or baskets of securities representing that sector. Each sector in which the strategy takes a long position will have approximately equal weighting. If a sector is projected to have negative returns, the strategy takes a short position in one or more ETFs and/or baskets of securities representing that sector. The strategy intends to employ leverage on its long positions in circumstances where the strategy has determined to take long positions representing four or more sectors. Leverage may be generated through borrowings, cash collateral received under securities lending arrangements, or derivative transactions. With respect to leverage in the form of borrowings, the aggregate amount of leverage being used by the strategy at any time will depend on the number of sectors in which the strategy takes a long position, with the maximum amount of leverage being used where the strategy takes long positions in all nine sectors. In that event, the amount of leverage utilized for the strategy will not exceed 33-1/3% of the client's net assets. With respect to leverage generated through securities lending, to the extent potential borrowers do not wish to borrow the client's securities, no cash collateral would be provided to the strategy in order to generate leverage. The strategy intends to take short positions in sectors projected to have negative absolute performance, up to approximately 5.5% of the client's net assets, for each such sector. In the event that all nine sectors are projected to have negative absolute performance, the strategy may take short positions worth up to 50% of the client's net assets, with the remainder of the client's assets remaining in cash and cash equivalents.

A third party provides Euclid with a model portfolio weekly for the Allocator Premium AlphaSector strategy, Dynamic AlphaSector strategy and Global Premium AlphaSector strategy. Euclid is responsible for final portfolio allocation decisions and for placing all transactions for certain clients employing the strategies. Euclid monitors these client's allocations to the underlying securities and is responsible for rebalancing assets to maintain target allocations among the underlying ETFs and/or securities, while taking into account any other factors it may deem relevant, such as cash flow and/or timing considerations. The client/Euclid may deviate from the model portfolio if it is determined that tracking the model portfolio is likely to violate applicable legal or regulatory restrictions or otherwise result in adverse consequences for the particular client.

The principal risks of investing in these strategies may include:

Commodity and Commodity-linked Instruments Risk. The risk that investments in commodities or commodity-linked notes will subject the underlying fund's portfolio (or client's portfolio) to greater volatility than investments in traditional securities, or that commodity-linked instruments will experience returns different from the commodities they attempt to track.

Credit Risk. The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline.

Derivatives Risk. The risk that the client will incur a loss greater than the client's investment in, or will experience greater share price volatility as a result of investing in, a derivative contract. Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or to attempt to increase yield.

Emerging Market Investing Risk. The risk that prices of emerging markets securities will be more volatile, or will be more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.

Equity Securities Risk. The risk that events negatively affecting issuers, industries or financial markets in which the strategy invests, will impact the value of the stocks held by the client and thus, the value of the client's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.

Exchange-Traded Funds (ETFs) Risk. The risk that the value of an ETF will be more volatile than the underlying portfolio of securities the ETF is designed to track, or that the costs to the client of owning shares of the ETF will exceed those the client would incur by investing in such securities directly.

Euclid may invest in a basket of securities to represent a sector if it is determined that investment in the ETF for that sector is not feasible or otherwise not in the best interest of a client. Euclid utilizes brokers that have knowledge and access to the basket of securities representing the sector, and Euclid is aware of its fiduciary obligation to seek the "best execution" of client transactions.

Foreign Investing Risks. The risk that the prices of foreign securities in the underlying fund's portfolio (or client's portfolio) will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations or economic, political or other developments.

Fund of Funds Risk. The risk that the underlying funds in which the strategy invests will expose the strategy to negative performance and additional expenses associated with investment in such funds, and increased volatility.

High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk. The risk that the issuers of high yield-high risk securities in the underlying fund's portfolio (or client's portfolio) will default, that the prices of such securities will be volatile, and that the securities will not be liquid.

Interest Rate Risk. The risk that when interest rates rise, the values of debt securities, especially those with longer maturities, will fall.

Leverage Risk. The risk that the value of the client's shares will be more volatile or that the client will incur a loss greater than the client's investment in a given security when leverage is used.

Market Volatility Risk. The risk that the value of the securities in which the strategy invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods.

Model Portfolio Risk. The risk that investments selected using quantitative models may perform differently from the market as a whole or from their expected performance. There can be no assurance that use of a quantitative model will enable the strategy to achieve positive returns or outperform the market.

Portfolio Turnover Risk. The risk that the strategy will result in a consistently high portfolio turnover rate.

Real Estate Investment Risk. The risk that the value of the client's shares will be negatively affected by factors specific to the real estate market, including interest rate risk, leverage risk, property risk and management risk.

Sector Focused Investing Risk. The risk that events negatively affecting a particular industry or market sector in which the strategy focuses its investments will cause the value of the client's shares to decrease, perhaps significantly.

Short Sales Risk. The risk that a client may experience a loss if the price of a borrowed security increases between the date of a short sale and the date on which the strategy replaces the security.

U.S. Government Securities Risk. The risk that U.S. Government securities in the underlying fund's portfolio (or client's portfolio) will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.

The investment strategies used to implement any investment advice given to clients may include one or all of the following:

- Long term purchases (securities held at least one year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Leverage in the form of borrowing
- Short sales of securities
- Option writing, including covered options, uncovered options or spread strategies
- Derivative contracts, credit default swaps and participation notes to gain or reduce synthetic exposure to one or more portfolio risks.

The value of securities used in any of these strategies may go up, or down, in response to factors not within the control of the investment manager, such as the status of an individual company underlying a security, or the general economic climate. Investors should be aware their investment is not guaranteed and understand that there is a risk of loss of value in their investment.

Other

Euclid may enter into derivative transactions for its clients so long as any use thereof is consistent with established client investment guidelines. A derivative is a financial arrangement between two parties whose payments or values are based on, or “derived” from, the performance of some agreed upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks. Derivatives can be used for a variety of reasons. For example, hedging against price movements in markets in which a portfolio anticipates increasing its exposure; reducing the risk of fluctuations in the value of investments denominated in foreign currencies; modifying the risk/return profile of a portfolio without trading securities held by the portfolio; and more efficient transactions costs.

The primary risks associated with derivatives, credit default swaps and participation notes are (i) market risk, the risk that the market value of the investment will decline, (ii) credit risk, the risk that the counterparty to the transaction will default on its obligations, (iii) liquidity risk, the risk that the instrument will not be readily marketable and (iv) valuation risk, the risk that because the instrument is thinly traded, it may have only one pricing source.

The writing of covered call options on securities and securities indices and the purchase of call and put options on securities and securities indices may also be utilized. In addition, an appropriate transaction may be utilized to close an open options position. Euclid may utilize financial futures and related options for hedging and risk management purposes.

During the option period, the covered call writer has, in return for the premium on the option, given up the opportunity to profit from a price increase in the underlying securities above the exercise price, but, as long as its obligation as a writer continues, has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying securities at the exercise price. If a call option purchased for a client account is not sold when it has remaining value, and if the market price of the underlying security remains less than or equal to the exercise price, the client account will lose its entire investment in the option. Also, where an option on a particular security is purchased to hedge against price movements in a related security, the price of the option may move more or less than the price of the related security. There can be no assurance that a liquid market will exist when seeking to close out an option position. Furthermore, closing out an option position may not be possible if trading restrictions or suspensions are imposed on the options market.

As part of its overall portfolio management strategies, and in accordance with established client guidelines, Euclid may employ leverage in the form of borrowing and Euclid may sell securities short. A short sale is a transaction in which a security not owned by the client is sold in anticipation that the market price of that security will decline.

When an account that is a registered investment company borrows money, it may be required to maintain continuous asset coverage (total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the asset coverage declines, for example as a result of market fluctuations, the account may be required to sell some of its portfolio holdings quickly to reduce the debt and restore the required asset coverage, even though it may be disadvantageous from an investment standpoint to do so. Borrowing may exaggerate the effect on the account's net asset value of any increase or decrease in the market value of the portfolio. Money borrowed will be subject to interest costs that may or may not be offset by appreciation of the securities purchased. The account also may be subject to other conditions or fees that would increase the cost of borrowing over the stated interest rate. The various costs of borrowing may therefore ultimately exceed the income or potential capital gains from investments made with such leverage.

In order to establish a short position in a security, an account must first borrow the security from a broker or other institution to complete the sale. The account may not always be able to borrow a security, or to close out a short position at a particular time or at an acceptable price. If the price of the borrowed security increases between the date of the short sale and the date on which the account replaces the security, the account may experience a loss. The account's loss on a short sale is limited only by the maximum attainable price of the security (which could be limitless) less the price the account received for the security at the time it was borrowed. When engaging in short sales, the account will transact with a prime broker. In the event that the prime broker becomes insolvent, the account may be unable to settle pending short sales, engage in additional short sales and/or access its assets that are held by the broker for a period of time.

There are significant risks associated with derivatives, credit default swaps, participation notes, borrowing, short sales of securities and options that can result in the loss of principal, or, in certain cases, the loss of more than the initial investment.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Euclid, or the integrity of Euclid's management. Euclid has no information applicable to this item.

Item 10 - Other Financial Industry Activities and Affiliations

The following investment advisers are all subsidiaries of Virtus and affiliates of Euclid: Cliffwater Investments LLC, Duff & Phelps Investment Management Co., Kayne Anderson Rudnick Investment Management, LLC, Newfleet Asset Management, LLC, Newfound Investments, LLC, Rampart Investment Management Company, LLC, Virtus Alternative Investment Advisers, Inc., Virtus Investment Advisers, Inc. and Zweig Advisers LLC.

Virtus Alternative Investment Advisers is registered as a commodity pool operator. Certain management persons of Euclid are an associated person of the foregoing entity.

VP Distributors, LLC, a subsidiary of Virtus, is a registered broker-dealer, which serves as the underwriter and distributor of certain open-end registered investment companies for which Euclid acts as sub-adviser. Certain personnel of Euclid, including management persons, are FINRA registered representatives under VP Distributors.

Virtus Fund Services, LLC, an affiliate of Euclid, serves as the administrator and transfer agent to certain funds for which Euclid acts as sub-adviser.

The investment management services of Euclid are offered by Virtus under its multi-adviser asset management platform. Distribution of investment products and services offered in conjunction with this platform may involve Euclid, its affiliates, and other entities in support of these activities. There may exist certain potential or actual conflicts of interests within these interrelationships, which may or may not be readily apparent to an investor.

In a variety of instances, Euclid may utilize the personnel and/or services of one or more of its affiliates in the performance of its business including, without limitation, investment advice and portfolio management, portfolio execution and trading, back office processing, accounting, reporting and client servicing. Moreover, Euclid's traders and portfolio managers may serve as traders and portfolio

managers for Euclid's affiliates. Such utilization may take a variety of forms including dual employee or delegation arrangements, formal sub-advisory or servicing agreements, or other formal and informal arrangements among Euclid and its affiliates. In these circumstances, the registered affiliate, with which the client has its investment management agreement, remains responsible for the account within the framework of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and/or other applicable regulatory frameworks and the relevant investment management agreement, and no additional fees are charged to the client for the affiliates' services except as set forth in the investment management agreement.

Additionally, Virtus and its affiliates may enter into marketing or sponsorship arrangements with third parties, sub-advisers and brokerage firms to promote the distribution of proprietary investment products including, but not limited to, mutual funds, closed-end funds, managed accounts or the general enhancement of the Virtus marketing image. Such third parties, sub-advisers and brokerage firms may concurrently have advisory, distribution or other relationships with Euclid. These arrangements may or may not necessarily result in additional assets under management by Euclid or inure to the direct or indirect benefit of clients of Euclid.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

To fully protect the interests of Euclid's clients, Euclid has adopted the Virtus Code of Conduct and a Code of Ethics for personal trading, which are designed to prevent and detect possible conflicts of interest with client trades. Compliance with these codes is a condition of employment. All of Euclid's Supervised Persons must acknowledge their terms annually, or as amended.

Any employee found to have engaged in improper or unlawful activity faces appropriate administrative and legal action. It is the responsibility of each associate to ensure that they and those they manage are conducting business professionally and are complying with the procedures and policies governing Euclid's collective responsibility. Any employee becoming aware of others engaged in wrongdoing or improper conduct must immediately report such activity to their supervisor and compliance officer. Failure to do so may result in additional action being taken against that individual. Virtus has established formal reporting procedures and a confidential 24-hour "hotline" for the purpose of employees requesting assistance concerning the reporting of violations of the Code of Conduct or other related policies.

Euclid or a related person may recommend that clients buy or sell securities or investment products in which Euclid or a related person has some financial interest. Likewise, Euclid or a related person may buy or sell securities that Euclid also recommends to clients. The following highlights some of the provisions of the Virtus Code of Conduct:

Virtus Code of Conduct

Commitment to Shareholders

- Conflicts of interest
- Insider trading and personal trading
- Market timing

Commitment to Customers

- Safeguarding assets
- Other market conduct
- Privacy

Commitment to Corporate Citizenship

- Complying with the legal and regulatory requirements
- Anti-money laundering
- Lobbying and political contributions

Commitment to Employees

- Equal opportunities
- Sexual harassment
- Workplace safety

Commitment to Ethics and Compliance

- Ethical decision-making
- Monitoring Code compliance
- Whistleblower protection

A complete copy of the Virtus Code of Conduct is available upon request.

Euclid Code of Ethics

The following highlights some of the provisions of the Euclid Code of Ethics:

- Pre-clearance is required for all non-exempt transactions with respect to which an employee is beneficial owner in order to prevent the employee from buying or selling at the same time as the firm.
- 60 day holding period for covered securities.
- Brokerage provision of duplicate copies of brokerage statements and confirmations to our Compliance Department, or the electronic equivalent.
- Employee provision of Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Requirement that personal transactions be consistent with the Code of Ethics in a manner that avoids any actual or potential conflict of interest.
- Any covered employee not in observance of the above may be subject to discipline.

Euclid does not purchase or sell securities for its own account. Euclid's directors, officers, and employees may buy, hold, or sell the same investments for their own accounts as are held or to be held or sold for a client account.

None of Euclid's directors, officers, or advisory persons may buy or sell any security or any option to buy or sell such security, such that they hold or acquire any direct or indirect beneficial ownership as a result of the transaction and that they know at the time of such transaction that is being bought, sold, or considered for purchase or sale for a client account, unless:

- they have no influence or control over the transaction from which they will acquire a beneficial interest
- the transaction is non-volitional on their part or the client's
- the transaction is a purchase under an automatic dividend reinvestment plan or pursuant to the exercise of rights issues, pro-rata to them and other holders of the same class of the issuer's securities, or
- they have obtained, in advance, approval from someone authorized to grant such approval when circumstances indicate no reasonable likelihood of harm to the client or violation of applicable laws and regulations

Client accounts may include the accounts of portfolio managers. Euclid's officers and employees are encouraged to invest in shares of Virtus Mutual Funds that Euclid advises.

Euclid has adopted the Insider Trading Policy and Procedures designed to mitigate the risks of Euclid and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of Euclid's clients or for their own benefit. The policy applies to every Supervised Person of Euclid and extends to activities both within and outside their duties to Euclid, including for an employee's personal account.

Euclid ensures that the investment management and overall business of the firm complies with both Euclid and Virtus policies and applicable U.S. federal and state securities laws and regulations.

A complete copy of Euclid's current Code of Ethics is available by sending a written request to Compliance Department, Euclid Advisors LLC, 100 Pearl Street, Hartford, CT 06103.

Item 12 – Brokerage Practices

Euclid is aware of its fiduciary obligation to seek the “best execution” of client transactions. Best execution is not measured solely by reference to commission rates. Euclid believes that paying fair and reasonable commission rates to broker-dealers in return for quality execution services benefits clients. Best execution is a process that entails the efficient placement of orders, clearance, settlement and overall execution quality, as well as the price obtained for the transaction. Euclid will seek to allocate client transactions to unaffiliated broker-dealers in the best interest of its clients, based on its review of the current market, and the broker-dealer. Various factors must be considered in the selection of a broker. The primary factors include the broker's execution capabilities, particularly with the size and difficulty of the transaction, the commission rate to be charged for the transaction, and the broker's operational facilities which should allow the timely and error-free settlement of the transaction. Other factors which may be considered when placing trades are the overall quality of the service provided by the broker, including transactional brokerage and research, and the value of an ongoing relationship with the broker.

With respect to its discretionary client accounts, Euclid generally has full authority to determine the broker-dealers through which transactions for any discretionary client accounts are executed. Euclid will consider the same factors to seek best execution for its discretionary client accounts as are described above.

Euclid has established a formal Brokerage Review Committee consisting of members from investment management, trading and compliance. The Brokerage Review Committee will meet to review the brokerage allocation activity of the firm. The Brokerage Review Committee will, as necessary, review and approve any arrangements for research and brokerage services provided by brokers. This committee will also serve as a focal point in managing Euclid's brokerage allocation practices so as to ensure there will be no improprieties or undisclosed referrals affecting the selection of brokers or allocation of brokerage transactions.

Research and Other Soft Dollar Benefits

Euclid will consider the amount and nature of research and research services to be provided by brokers, as well as the extent to which such services may be relied upon, and will attempt to allocate a portion of its brokerage business on the basis of that consideration. The actual allocation of brokerage business may

vary, depending on Euclid's evaluation of all applicable considerations. In no case will Euclid make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 (Section 28(e)), Euclid may pay a broker commission in excess of that which another broker may charge for effecting the same transactions, in recognition of the value of the brokerage and research services which may be provided by or through the broker. Euclid believes it is important to its investment decision-making processes to have access to independent research. Research and data furnished by brokers may be used to service any or all of Euclid's clients and may be used in connection with accounts other than those making the payment to the broker providing the research and/or data, including accounts of affiliates, as permitted by Section 28(e). Euclid generally seeks to allocate soft dollar client accounts proportionately to the soft dollar credits the accounts generate but does not represent this this will always be the case. There can be no assurance that Euclid will allocate in a particular manner. A conflict of interest may exist by reason of Euclid's allocation of the costs of such services and benefits between those that primarily benefit Euclid and those that primarily benefit clients. When Euclid uses client brokerage commissions to obtain research and other products or services, Euclid receives a benefit because Euclid does not need to produce or pay for the research, products or services. Euclid may further benefit from the ability to obtain this information without additional expense related to personnel costs or direct payments to providers. Euclid may have an incentive to select or recommend a broker-dealer based on Euclid's interest in receiving the research or other products or services rather than our clients' interest in receiving the most favorable execution. The risks associated with soft dollars are managed through the Brokerage Review Committee.

Brokerage and research services provided by brokers may include effecting securities transactions and performing services incidental thereto (such as clearance, settlement, and custody), and providing information regarding: the economy; industries; sectors of securities; individual companies; statistical information; taxation; political developments; legal developments; technical market action; pricing and appraisal services; credit analysis; risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists and government representatives.

In some cases, research services are generated by third parties but are provided to Euclid by or through brokers Euclid will utilize for execution of transactions. Such brokers may pay for all or a portion of data-feed service costs relating to the pricing of securities. Euclid uses a variety of securities quotation services for day-to-day portfolio management of some or all of its accounts and also for end of the month pricing for its portfolio accounting needs. These services include Bloomberg, Factset, New York Stock Exchange, National Association of Security Quotations, Option Price Reporting, and Chicago Board of Trade. Additional statistics, analytical tools and news used solely for portfolio management purposes may be received from Bloomberg, Factset, Stovel Research, Dow Jones and Company, The Markets.com, Valu-Trac Research, ISI Group, HOLT Lens, Canaccord Genuity and Renaissance Macro Research.

From time to time, new issues of securities may be purchased for an account when appropriate, including affiliated and proprietary accounts, in a fixed price offering. In these situations, the seller may be a member of the selling group that will, in addition to selling the securities to clients, provide Euclid with research. The Financial Industry Regulatory Authority (formerly National Association of Securities Dealers) has adopted rules expressly permitting these types of arrangements under certain circumstances. Generally, the seller will provide research “credits” in these situations at a rate that is higher than that which is available for typical secondary market transactions. These arrangements may not fall within the safe harbor of Section 28(e).

Trade Aggregation and Allocation

Euclid provides investment advisory services to various clients. Euclid may give advice, and take action, with respect to any clients which may differ from the advice given, or the timing or nature of action taken, with respect to any one other account. Euclid, to the extent practical and over a period of time, allocates investment opportunities to each account on a fair and equitable basis relative to other similarly-situated client accounts.

Euclid may aggregate orders, or “block trade,” as part of its effort to obtain best execution. Each account that participates in a block trade receives the average share prices and, subject to any individually negotiated commission and/or fee arrangements, a pro-rata portion of the transaction cost. In addition, Euclid may allocate on a basis other than pro rata, if, under the circumstances, such other method of allocation is reasonable, does not result in improper or undisclosed advantage or disadvantage to non-client accounts, and results in fair access over time to trading opportunities for all eligible managed accounts. For example, Euclid may identify investment opportunities that are more appropriate for certain accounts than others, based on such factors as security restrictions, tax status, account size, available cash and cash flows. Consequently, Euclid may decide it is more appropriate to place a given security in one account rather than another account. Other non-pro rata methods include rotation allocation and random allocation. Alternative methods of allocation are appropriate, for example, when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

Euclid may direct the purchase of securities in secondary market transactions, in public offerings directly from an underwriter or in privately negotiated transactions with an issuer. Securities purchased in public offerings may be resold shortly after acquisition in the immediate aftermarket for the security in order to take advantage of price appreciation from the public offering price or for other reasons. Short-term trading of securities acquired in public offerings, or otherwise, may result in higher portfolio turnover and associated brokerage expenses.

To reduce transaction costs and promote trading efficiency, Euclid may engage in inter-account transactions between certain client portfolios and/or portfolios managed by affiliates of Euclid for which

Euclid shares traders and portfolio managers. Such transactions will be consistent with applicable law and client-specific or investment company procedures. Furthermore, such transactions will be made only when permitted by the advisory account(s) affected and when Euclid and, if applicable, its affiliate(s) determine the transaction to be in the best interests of affected clients. Euclid will comply with the applicable disclosure and consent requirements associated with such transactions under the Advisers Act, as necessary.

Item 13 – Review of Accounts

Euclid's portfolio management team regularly reviews client accounts to assess consistency with the relevant investment strategy and applicable account restrictions.

The portfolio management team has the responsibility to manage the portfolio in accordance with the client's selected strategy, investment objectives and constraints. This management process includes on-going oversight of the portfolio's investments, buying and selling securities, and communication with clients.

Item 14 – Client Referrals and Other Compensation

Euclid does not have any arrangements where it receives compensation (including cash, commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. Euclid may enter into such arrangements pursuant to a written agreement.

Euclid may enter into arrangements through which an individual or entity not considered a supervised person of Euclid may be compensated for client referrals. Euclid may permit certain designated persons (referred to as "Solicitors") to refer potential clients to Euclid. Any solicitor will be required to enter into a written agreement with Euclid that contains an undertaking that the Solicitor will deliver a disclosure document relating to Euclid and a separate disclosure document relating to the Solicitor's relationship with Euclid. Payments to Solicitors will be subject to negotiation on a case-by-case basis.

Certain designated employees of Euclid's parent firm may act on behalf of Euclid to provide information regarding Euclid's non-investment company advisory services. VP Distributors may also pay additional marketing and related expenses to continue to offer certain retail and separately managed products under formally sponsored programs through unaffiliated brokerage firms.

Item 15 – Custody

Euclid does not serve as a custodian of client assets. Clients will receive account statements from their qualified custodians and should carefully review those statements. Some clients may also receive account statements from Euclid at least quarterly. Euclid's statements are not intended to replace the statement sent directly by the client's qualified custodian which is the client's official record for all pertinent account information. Euclid urges clients to compare the information contained in any Euclid account statement to the information reflected on the statement sent directly by its qualified custodian. The information provided in an account statement is as of the date referenced on the report and is based on sources Euclid believes are accurate and reliable. Euclid's account statements may vary from custodial statements based on reporting dates, accounting procedures, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Euclid generally manages accounts on a discretionary basis with full authority to determine which securities are purchased or sold. For institutional and direct client accounts, Euclid generally obtains a client's written consent to its discretionary authority with respect to the client's assets in the form of an executed investment advisory agreement or other such comparable services agreement prior to providing discretionary advisory services.

Euclid exercises its investment discretion consistent with investment policies, as well as with the investment guidelines adopted by client accounts. Euclid's discretionary authority over an account is subject to directions, guidelines and limitations imposed by the client. In the course of providing services to any client account, Euclid relies on information or directions communicated by any adviser, broker, consultant, agent, representative or any other party acting with apparent authority on behalf of its client.

Class Actions

Securities litigation can be a potential additional income source for investment portfolios that have had trade activity in a security that subsequently became the source of an organized class action lawsuit. Whether Euclid has responsibility for addressing class action lawsuits on behalf of its clients is generally governed by the relevant investment advisory agreement or other such comparable services agreement. To the extent Euclid's discretionary authority involves responsibility in connection with class actions, the activities required for participation in class action settlements have been delegated to a non-affiliated third party vendor. The vendor determines eligibility pertinent to the specific class action, files the claim as appropriate, monitors the class action and processes receipt of any settlement.

Item 17 – Voting Client Securities

Euclid generally has responsibility to vote proxies on behalf of its clients. Proxies will be voted in a manner designed to accrue to the benefit of the underlying participants and beneficiaries, while using the care, skill and diligence that a prudent person acting in a like capacity and familiar with such matters would use under the circumstances then prevailing. Unless directed otherwise by a client, Euclid will delegate, to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations on its behalf. Additionally, Euclid may vote a proxy contrary to the guidelines if it determines that such action is in the best interests of the client.

Conflicts of interests relating to proxy proposals will be handled in various ways depending on the type and materiality. Generally, where the guidelines outline Euclid's voting position, as either "for" or "against" such proxy proposal, voting will be in accordance with the guidelines. Where the guidelines outline the voting position to be determined on a "case by case" basis for such proxy proposal, or such proposal is not listed in the guidelines, then Euclid will choose either to vote the proxy in accordance with the voting recommendation of the non-affiliated third party vendor, or vote the proxy pursuant to client direction. The method selected by Euclid will depend upon the facts and circumstances of each situation and the requirements of applicable law.

Euclid may choose not to vote proxies in certain situations, such as: 1) where the cost of voting is deemed to exceed any anticipated benefit to the client, 2) where a proxy is received for a client account that has been terminated, 3) where a proxy is received for a security no longer managed within the account (i.e. the entire position had previously been sold), and/or 4) where the exercise of voting rights could restrict the ability of the portfolio manager to freely trade the security.

A complete copy of Euclid's current Proxy Voting Policies, Procedures and Guidelines may be obtained by sending a written request to Compliance Department, Euclid Advisors LLC, 100 Pearl Street, Hartford, CT 06103.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information and disclosures about their financial condition. Euclid has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Euclid does not require or solicit prepayment of advisory fees six months or more in advance. Euclid will not act as custodian for any client account. Euclid has not been the subject of a bankruptcy proceeding.