

Form ADV, Part 2A Firm Brochure

Item 1 – Cover Page

Virtus Investment Advisers, Inc.
100 Pearl Street
Hartford, CT 06103
800-248-7971

www.virtus.com

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This brochure provides information about the qualifications and business practices of Virtus Investment Advisers, Inc. (“VIA”, “we”, “us” or “our”). If you have any questions about the contents of this brochure, please contact us at 800-248-7971 and/or InvestmentAdviser@virtus.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about VIA is also available on the SEC’s web site www.adviserinfo.sec.gov.

We are a registered investment adviser. Registration of 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 in your decision to hire or retain an adviser.

Item 2 – Material Changes

Pursuant to SEC Rules, you will receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year, which is December 31st. We may further disclose information about material changes as necessary, and we will provide you with a new brochure, as necessary, based on changes or new information, at any time, without charge.

Our brochure is available free of charge upon request. You can request our brochure by calling our Compliance Department at 800-248-7971, and/or emailing us at InvestmentAdviser@virtus.com. Additional information about VIA is also available from the SEC's web site at: www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with VIA who are registered, or are required to be registered, as investment adviser representatives of VIA. You can search the SEC's website by referencing a firm's unique identifying number known as a CRD number. Our CRD number is 106982.

This brochure contains material changes from our last update, dated November 15, 2016:

- Item 4: We updated the amount of our Assets Under Management.

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Item 4 – Advisory Business

VIA is an indirect, wholly-owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”) a publicly traded multi-manager asset management business, as of December 31, 2008 (NASDAQ: VRTS). VIA has acted as an investment adviser for over 70 years, and has been an SEC-registered investment adviser since 1969.

We offer investment advisory services to the following types of clients:

- Registered investment companies;
- Undertakings for Collective Investment in Transferable Securities (“UCITS”);
- Collective Investment Trust (“CIT”);
- Institutional clients; and
- Separately managed wrap fee program (“wrap”) accounts or individuals.

We tailor our advisory services to the individual needs of our clients and consider the needs and investment guidelines of each client when we accept new accounts. Client guidelines may include, but are not limited to the following: risk tolerance; investment objective(s); investment time horizon; cash/liquidity requirements; income requirements; and restrictions on investing in certain securities or types of securities.

We provide investment management services under advisory and/or sub-advisory relationships. We employ affiliated and non-affiliated advisers under sub-advisory relationships to perform investment management services for our registered investment company, UCITS, separately managed account and CIT clients which collectively represent the majority of our assets under management. In doing so, we rely on the following:

- Certain “Manager of Managers” exemptive order(s) provided by the SEC when employing subadvisers for our registered investment company clients; and
- Provisions from the Central Bank of Ireland and the Pennsylvania Dept. of Banking and Securities when employing subadvisers for UCITS and Collective Investment Trust clients, respectively.

We serve as an investment adviser for certain wrap accounts that utilize our Virtus Sector Trend strategy. Dorsey Wright & Associates, LLC (“DWA”) is an unaffiliated investment advisory firm and industry technical analysis provider. DWA serves as our technical analysis provider and we use their technical analysis to construct model portfolios for the wrap accounts. In addition to this relationship, we have entered into similar arrangements with DWA to provide us with technical analyses that we use to construct model portfolios for certain registered investment companies of the Virtus Opportunities Trust (the Virtus Multi-Asset Trend Fund, Virtus Sector Trend Fund, Virtus Global Equity Trend Fund and

Virtus Equity Trend Fund) and the Virtus Variable Insurance Trust (the Virtus Equity Trend Series), collectively referred to herein as the “Virtus Trend Funds”. We are responsible for the final model portfolio specification, its construction, trading, monitoring and governance.

We monitor the Virtus Trend Funds’ allocations to the underlying securities, rebalance the assets to maintain target allocations among the underlying sub-sectors, while considering other factors that we deem relevant, such as cash flow and/or timing considerations. In implementing the model portfolio for our wrap clients, we may utilize the same or different investments than those utilized in implementing the same or similar model portfolios for the Virtus Trend Funds.

We delegate certain wrap program administrative activities to a third-party service provider, SS&C. Our trading team serves other VIA affiliates in the same or similar capacities. In doing so, they serve as Portfolio Managers and/or Traders for our affiliates, Virtus ETF Advisors LLC (“VEA”), Newfleet Asset Management, LLC (“Newfleet”) and Rampart Investment Management Company, LLC (“Rampart”). In serving in this capacity to Rampart, they manage a portfolio (the “PYS Seed Account”) owned by our affiliate, Virtus Investment Partners, Inc. The PYS Seed Account serves as seed money to develop Rampart’s Portable Yield Strategy. In an effort to ensure equitable and fair treatment to our clients over time, trades made on behalf of the wrap program, other VIA clients (including the Virtus Trend Funds) and clients of Virtus affiliates (including the PYS Seed Account) are affected through one, or a combination of the following:

- We may aggregate trades with all participating clients receiving the same average price. To the extent that such a trade is partially filled, the PYS Seed Account (to the extent it is participating) will be removed from the aggregated order and will trade only after the aggregated order is complete;
- We may complete each trade in the order of its time of arrival to the trading desk, for example, when a trade is already in progress at the time we receive a subsequent trade in the same security for the same or another account. In doing so, different clients will receive different prices; and

We will generally prioritize trades for accounts that allow us full discretion with respect to brokerage selection, over trades for accounts directing us to use particular brokers (such as the Sector Trend wrap accounts). All such accounts directing brokerage will generally engage in a random rotation of the sequence in which their orders are communicated to the various broker-dealers. When trades are made through this rotation, different clients will receive different prices; however, the computer-driven random rotation statistically balances (over time) the impact of the potential price differences.

Please refer to Item 5 for additional information related to our fees and compensation. Please refer to Item 12 for additional descriptions of our brokerage practices related to our wrap program.

All of our assets under management are currently managed on a discretionary basis; however, from time to time, we may also manage accounts on a non-discretionary basis.

- When we manage accounts on a discretionary basis, we have full authority to determine which securities are purchased or sold.
- When managing accounts on a non-discretionary basis, we perform our duties in accordance with the limitations described in the client contract.

We provide advice primarily on publicly traded securities.

Please see Item 8 for additional information related to our methods of analysis, investment strategies and risk of loss.

Types of investments

VIA, subject to client-imposed restrictions and guidelines, directly or through sub-advisory relationships, invests principally in the following types of instruments: equity securities (common stocks and equivalents) including exchange-listed securities, securities traded over-the-counter, foreign issues, American Depositary Receipts (“ADRs”), warrants, corporate debt securities (other than commercial paper), bank loans, certificates of deposit, municipal securities, investment company securities, including traditional mutual fund shares and exchange traded funds (“ETFs”), and United States government securities. We may also utilize, where appropriate, derivatives, options contracts on securities, futures contracts on intangibles, credit default swaps and participation notes. We may utilize foreign currencies to purchase foreign securities and to hedge against the risk of a decline in the U.S. dollar or other currencies.

Assets under management

The total assets under management of VIA, as of December 31, 2016, amounted to \$24,379,503,000, all managed on a discretionary basis.

Item 5 – Fees and Compensation

This section describes our basic fee schedule; however, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary from what is described. We reserve the right to negotiate fees with our clients and we may charge higher or lower fees than those described herein. We believe that our fees are competitive with those charged by other investment advisers for comparable services, but other firms may offer similar services for fees below ours. The specific manner in which fees are charged is established in each client’s written agreement with VIA. Clients can elect to be billed directly for fees or authorize VIA to directly debit fees from client accounts. Accounts are normally charged a management fee based on the amount of assets under management. In

limited circumstances, we may offer fixed or other fee arrangements. We may group multiple accounts of one client relationship together for purposes of calculating the fee, or in some cases, we may elect to not charge a fee to a small account if the client is paying on the total relationship (multiple accounts).

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Our clients may also incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as but not limited to fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, ETFs and alternative investments 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 the specific fund's prospectus or offering documents.

We further describe the factors that we consider in selecting or recommending broker-dealers for our client transactions and determining the reasonableness of their compensation (e.g., commissions) in Item 12, Brokerage Practices.

Advisory Fees – Registered Investment Companies

Our fee charged to any particular registered investment company client is determined by our investment advisory contract as approved by such investment company in accordance with the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"). The contracts provide that we shall 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.

Advisory fees for services rendered under existing investment advisory contracts with registered investment companies may be up to 1.2% depending upon the type and size of the portfolio. 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.

Our investment advisory contracts provide for termination without penalty generally with a sixty-day notice by the client or adviser and termination in the event of an assignment (as such term is defined in the Investment Company Act). Terminated accounts will be charged advisory fees and additional expenses incurred by VIA in the transfer or final disposition of an advisory account.

Where permitted by the investment advisory agreement and/or established investment guidelines, VIA or its subadvisers may purchase affiliated mutual funds (investment companies within the Virtus Mutual Funds or Virtus Variable Insurance Trust, or other funds advised or sub-advised by an affiliate); or non-affiliated closed-end mutual funds, open-end mutual funds, exchange traded funds, or alternative types of investments for our client portfolios. These types of investments bear their own operating expenses, including compensation paid to their advisers and other service providers as well as other expenses and

fees. An account with assets invested in these types of investment instruments will indirectly pay its share of the compensation and fees paid by these instruments, in addition to advisory fees paid to us. To the extent that account assets are invested in an affiliated fund, such assets are not subject to the advisory fees otherwise applicable to the account.

Advisory Fees - Institutional and Separately Managed Accounts

Advisory fees for our non-investment company clients are subject to negotiation and are based on the fair market value of the assets, on an annual basis, depending on the size of the account and strategy selected. Fees are generally payable quarterly in arrears upon receipt of an invoice based on the asset values as of the close of business on the last day of the billing cycle. We may negotiate and enter into a performance fee arrangement with eligible clients that meet the criteria set forth under Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Advisory Fees – Separately Managed Accounts: Virtus Sector Trend Strategy

When we act as a wrap investment adviser, we contract separately from the wrap sponsor with each participating client and generally provide the same record-keeping and reporting services as we provide to direct fee clients. The wrap sponsor and VIA charge separate fees for their respective services. In such cases, our fee is generally authorized for payment directly from the client's account.

Our investment advisory fee for the Virtus Sector Trend strategy is payable quarterly in advance based on the fair market value of the account's assets at the close of the last trading day of the preceding quarter. The fee for VIA's services as a wrap investment adviser for the Virtus Sector Trend product is as follows:

- Accounts under \$10 million 0.60%
- Accounts \$10 million and above negotiated

Wrap clients utilizing the Virtus Sector Trend strategy may terminate the investment advisory contract upon appropriate written notice at any time and receive a pro-rata refund of fees that were paid in advance. At termination, we will liquidate the client portfolio if directed by the client.

Each client should evaluate whether a given wrap program is suitable for their needs. Based upon the amount of portfolio activity in the account and the value of custodial and portfolio monitoring services, the single fee may be higher or lower than the total cost of all services the client is receiving, if each service were paid for separately.

Advisory Fees – UCITS

We serve as the promoter and investment manager of the Virtus Global Funds plc, an investment vehicle

offered to non-U.S. investors in the form of UCITS domiciled in Ireland and registered with, and regulated by, the Central Bank of Ireland.

The fee we charge to any particular UCITS client is determined by the provisions of an investment manager and promoter contract between VIA and such UCITS, which contracts are approved by the UCITS in accordance with the provisions of the Central Bank of Ireland. The contracts provide that VIA shall furnish to the UCITS members of VIA's staff to serve as officers or agents of the investment company without salaries from the investment company.

Advisory fees for services rendered under existing investment advisory contracts with UCITS may be up to 2.15% depending upon the type and size of the portfolio.

Advisory Fees – Collective Investment Trust

We serve as the investment adviser to the Virtus Collective Investment Trust (the “CIT”). There are three funds organized under the CIT. Advisory fees for services rendered under existing investment advisory contracts with the CIT are as follows:

- The Virtus Global Real Estate Collective Investment Fund: We receive an advisory fee equal to 0.70% of the average net assets. Our affiliate, Duff & Phelps Investment Management Company (“DPIM”) serves as the investment subadviser and receives 50% of the net advisory fee.
- The Virtus Real Estate Collective Investment Fund: We receive an advisory fee equal to 0.60% of the average net assets. Our affiliate, DPIM serves as the investment subadviser and receives 50% of the net advisory fee.
- The Virtus Small Cap Core Collective Investment Fund: We receive an advisory fee equal to 0.65% of the average net assets. Our affiliate, KAR serves as the investment subadviser and receives 50% of the net advisory fee.

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

As of the date of this brochure, we have no performance based-fee arrangements however we may enter into such arrangements (fees based upon documented performance metrics for designated client accounts). We will enter into performance-based fee arrangements with only qualified clients. Any such arrangements will comply with Section 205 of the Advisers Act, and the rules thereunder, and all applicable laws and regulations. We have an incentive to favor accounts for which we receive performance-based fees. We have 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 and/or separation of trading and portfolio management activities by fire-walls (“information barriers”).

Side-by-side management

“Side-by-side management” refers to the simultaneous management of multiple types of client accounts/investment products. VIA along with its subadvisers and/or affiliates manage numerous accounts with a variety of strategies, which may present conflicts of interest. VIA, its subadvisers and/or affiliates may be short a security in one client account and long in the same or substantially similar security in another client account due to different client investment objectives and strategies. Clients should be aware that VIA, its subadvisers and/or affiliates may, and do at times sell or hold short positions in securities for one or more client accounts while purchasing or holding long positions in the same or substantially similar securities for other client accounts. We have written compliance policies and procedures designed to mitigate or manage these conflicts of interest, including policies and procedures regarding the equitable allocation and sequencing of trade orders for investment opportunities and/or separation of trading and portfolio management activities by fire-walls (“information barriers”).

Item 7 – Types of Clients

We currently provide investment services and manage investment advisory accounts for the following types of clients: open-end and closed-end investment companies; UCITS; wrap fee clients; and CIT.

We serve as a promoter and investment manager of investment vehicles offered to non-U.S. investors in the form of a UCITS domiciled in Ireland and registered with, and regulated by, the Central Bank of Ireland.

We offer investment advisory services to separately managed wrap fee program (“wrap”) accounts which utilize the Virtus Sector Trend strategy.

We require our new clients to enter into a signed written investment agreement outlining investment guidelines, fees and other conditions for starting or maintaining an account (such as minimum account size). The Board of Trustees or Directors for each registered investment company establishes guidelines and restrictions. These guidelines are contained in each fund’s Prospectus and Statement of Additional Information.

The minimum size of an institutional managed account is generally \$10 million.

The minimum size for separately managed accounts is typically determined by the separately managed account platform sponsor or operational provider and can range from \$100,000 to \$250,000.

We reserve the rights to waive any and all minimum account requirements and to accept or continue to provide services to smaller accounts, at our sole discretion.

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

Our clients should not assume that portfolio investments will be profitable. 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 that clients should be prepared to bear. There is no assurance that your portfolio will achieve its investment objective or that any investment will provide positive performance over any period of time. Past performance is no guarantee of future results.

We utilize affiliated and unaffiliated subadvisers to manage the majority of our assets under management (the Virtus Funds, Virtus Variable Insurance Trust and certain Virtus Closed-end funds, the UCITS and the CIT).

With respect to the Virtus Trend Funds and Virtus Sector Trend wrap product, we have retained DWA as a technical analysis provider in order to construct model portfolios. We are responsible for the final model portfolio specification, portfolio construction, model portfolio monitoring, rebalancing assets to maintain target allocations among underlying sub-sectors and governance. In rebalancing assets to maintain target allocations among the underlying sub-sectors, we consider other factors we deem relevant, such as cash flow and/or timing considerations. In implementing the model portfolio for our wrap clients, we utilize the same or different investments than those utilized in implementing the same or similar model portfolios for the Virtus Trend Funds.

We delegate certain wrap program administrative activities to a third-party service provider, SS&C. As described above in Item 4. - Advisory Business, members of our portfolio management and trading team serve other VIA affiliates in the same and/or similar capacities. In an effort to ensure equitable and fair treatment to our clients over time, trades made on behalf of the wrap program, other VIA clients (including the Virtus Trend Funds) and clients of Virtus affiliates (including the PYS Seed Account) are affected through one, or a combination of the following:

- We may aggregate trades with all participating clients receiving the same average price. To the extent that such a trade is partially filled, the PYS Seed Account (to the extent it is participating) will be removed from the aggregated order and will trade only after the aggregated order is complete;
- We may complete each trade in the order of its time of arrival to the trading desk, for example, when a trade is already in progress at the time we receive a subsequent trade in the same security for the same or another account. In doing so, different clients will receive different prices; and

We will generally prioritize trades for accounts that allow us full discretion with respect to brokerage selection, over trades for accounts directing us to use particular brokers (such as the Sector Trend wrap accounts). All such accounts directing brokerage will generally engage in a random rotation of the

sequence in which their orders are communicated to the various broker-dealers. When trades are made through this rotation, different clients will receive different prices; however, the computer-driven random rotation statistically balances (over time) the impact of the potential price differences.

In managing the Virtus Trend Funds and Virtus Sector Trend wrap product, our methods of security analysis may include technical analysis, charting and/or cyclical review. In completing such analyses, we use one or more of the following sources of information: Financial newspapers, magazines and news media or electronically delivered versions thereof; technical analysis provided by others; and/or statistical data prepared by ourselves or others. Our investment techniques may include one or more of the following:

- Long term purchases (securities held at least one year);
- Short term purchases (securities sold within a year); and
- Trading (securities sold within 30 days)

Principal Risks – Virtus Sector Trend wrap product:

The value of your portfolio may be affected by one or more of the following risks, any of which could cause the portfolio's return or the portfolio's yield to fluctuate:

Asset Allocation Risk: The risk that the fund's exposure to equities and fixed income securities, or to different asset classes, may vary from the intended allocation or may not be optimal for market conditions at a given time. Asset allocation does not guarantee a profit or protect against a loss in declining markets. Actual performance will depend on the asset class allocations and the performance of the underlying market sectors or sub-sectors. The proportions allocated to each market sector or sub-sector may cause a portfolio to underperform relevant benchmarks or other investments with a similar objective.

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

Exchange Traded Funds (ETF) Risk: The risk that the value of an ETF is more volatile than the underlying portfolio of securities that the ETF is designed to track. The costs of owning the ETF can exceed the cost of investing directly in the underlying securities.

Fund of Funds Risk: The risk that the fund's performance will be adversely affected by the assets owned by the other mutual funds in which it invests, and that the layering of expenses associated with the fund's investment in such other funds will cost shareholders more than direct investments would have cost.

Industry/Sector Concentration Risk: The risk that a portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio.

Management Risk: Your portfolio is subject to management risk to the extent it is actively managed by our investment professionals. We provide our investment techniques and risk analyses in making decisions for your portfolio but there is no guarantee that these techniques and our judgment will produce the intended results.

Market Volatility Risk: The risk that the value of the securities in which your portfolio invests goes 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

Portfolio Turn-over Risk: The risk that your portfolio's principal investment strategy(ies) results in a consistently high portfolio turnover rate. A higher portfolio turnover rate can indicate higher transaction costs and may result in higher taxes.

Quantitative Model Risk: The risk that investments selected using quantitative models performs 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 your portfolio to achieve positive returns or outperform the market.

Sector Focused Risk: Events that negatively affect a particular industry or market sector can cause the value of the investments in which a portfolio is focused to decrease, perhaps significantly. To the extent that a portfolio invests a significant portion of its portfolio in ETFs representing one or more of the primary sectors of the S&P 500® Index (such as consumer discretionary, energy, healthcare, etc.), sub-sectors of the S&P 500® Index or in an ETF representing U.S. Treasuries, a portfolio is more vulnerable to conditions that negatively affect such sectors as compared to a portfolio that is not significantly invested in such sectors.

U.S. Government Risk: The risk that U.S. government securities in your 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.

Principal Risks – Mutual Fund, CIT and UCITS portfolios:

Risks related to our Mutual Fund, CIT and UCITS strategies are as follows:

Affiliated Funds Risk: VIA can select affiliated and/or unaffiliated funds, which may create a conflict of interest.

Aggressive Strategies Risk: The risk that the use of leverage, short selling, futures, options, and/or derivatives may cause exposure to additional risks.

Asset Allocation Risk: The risk that the fund's exposure to equities and fixed income securities, or to different asset classes, may vary from the intended allocation or may not be optimal for market conditions

at a given time. Asset allocation does not guarantee a profit or protect against a loss in declining markets. Actual performance will depend on the asset class allocations and the performance of the underlying market sectors or sub-sectors. The proportions allocated to each market sector or sub-sector may cause a portfolio to underperform relevant benchmarks or other investments with a similar objective.

Bank Loans Risk: The risk that loans that are 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.

Call Options Risk: The risk that selling call options may limit a portfolio's opportunity to profit from the increase in price of its underlying investments. Buying call options risks the loss of the premium paid for those options.

Closed-end Funds Risk: The risk that closed-end funds may trade at a discount from their net asset values, which may affect whether the portfolio will realize gains or losses. They may also employ leverage, which may increase volatility.

Commodity Risk: The risk that events negatively affecting a particular commodity in which the portfolio focuses its investments may cause the value of the fund's shares to decrease, perhaps significantly.

Commodity Concentration Risk: The risk that a portfolio concentrating its assets in commodities-related investments is vulnerable to conditions that negatively affect commodities-related companies and industries.

Commodity-Linked Risk: The risk that commodity-linked instruments may experience a return different than the commodity they attempt to track and may also be exposed to counter-party risk.

Convertible Securities Risk: The risk that a convertible security may be called for redemption at a time and price unfavorable to the portfolio.

Correlation to Index Risk: The risk that the performance of a portfolio following an index may vary from that index due to factors such as portfolio cash-flows, transaction costs, and timing differences associated with additions to and deletions from its index.

Counterparties Risk: The risk that a third-party upon whom the portfolio relies to complete a transaction will default.

Credit Risk: The risk that the issuer of a debt security may fail to make interest and/or principal payments.

Derivatives Risk: The risk that investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment (see additional risks below).

Diversification Risk: There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio, or that diversification among different asset classes reduces risk.

Emerging Markets Risk: The risk that emerging markets securities will be more volatile, or more greatly affected by negative conditions, than those in more established foreign markets.

Energy Sector Concentration Risk: The risk that the portfolio's investments are concentrated in the energy sector and may present more risks than if the fund were broadly diversified over numerous sectors of the economy.

Equity-Linked Investments Risk: The risk that equity-linked instruments may experience a return different than the equity security they attempt to track and may also be exposed to counterparty risk.

Equity REITs Risk: The risk that a portfolio may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management.

Equity Securities Risk: The risk that the market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small- or medium-sized companies may enhance that risk.

ETF Sector Concentration Risk: Portfolios that invest in ETFs representing the primary sectors of the S&P 500® Index or in an ETF representing U.S. Treasuries are more vulnerable to conditions that negatively affect such sectors as compared to a portfolio that is not significantly invested in such sectors.

Exchange Traded Funds and Notes Risks: The risk that the value of an Exchange Traded Fund (ETF) or Exchange Traded Note (ETN) may be more volatile than securities making up their respective index that the EFT or ETN is designed to track. Costs to a portfolio of owning shares of an ETF or ETN may exceed those the portfolio would incur by investing in the underlying securities directly.

Foreign & Emerging Markets Risk: Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk.

Fund of Funds Risk: Portfolios that invest in other funds indirectly bear their proportionate share of the operating expenses and management fees of the underlying fund(s).

Geographic Concentration Risk: The risk that events negatively affecting the fiscal stability of a state, country or region will cause the value of the portfolio's shares to decrease. A portfolio concentrating its

assets in a state, country or region, may be more vulnerable to those areas' financial, economic or other political developments.

Growth Stocks Risk: The risk that the market price of equity securities may be affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small- or medium-sized companies may enhance that risk.

High Yield-High Risk Fixed Income Securities Risk: There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities.

Income Risk: The risk that income received from the fund may vary widely over the short- and long-term.

Industry/Sector Concentration Risk: The risk that a portfolio focusing its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

Inflation-Linked Risk: The risk that inflation-linked securities will react differently from other fixed income securities to changes in interest rates. Generally, the value of an inflation-linked security will fall when real interest rates rise and will rise when real interest rates fall.

Interest Rate Risk: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a security may fail to make payments in a timely manner. Values of debt securities may rise and fall in response to changes in interest rates. This risk may be enhanced with longer-term maturities.

Leverage Risk: The risk that the value of leveraged portfolios may be more volatile and all other risks may be compounded.

Limited Number of Investments Risk: The risk that a portfolio with a limited number of securities may be more susceptible to factors adversely affecting its securities than a less concentrated portfolio.

Liquidity Risk: The risk that certain securities may be difficult to sell at a time and price beneficial to the portfolio.

Market-cap Risk: The risk that the market price of equity securities may be affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small-, medium- or large-cap companies may enhance that risk.

Market Volatility Risk: The risk that securities in a portfolio may go up or down in response to the prospects of individual companies and general economic conditions. Price changes may be short or long term.

Master Limited Partnership Risk: The risk that investments in Master Limited Partnerships may be adversely impacted by tax law changes, regulation, or factors affecting underlying assets.

Mortgage-Backed and Asset-Backed Securities Risk: The risk that changes in interest rates can cause both extension and prepayment risks for mortgage- and asset-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral.

Municipal Market Risk: The risk that events negatively impacting a municipal security, or the municipal bond market in general, may cause the value of such securities to decrease in value.

Non-Diversification Risk: The risk that portfolios that are non-diversified may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the portfolio's assets.

Portfolio Turnover Risk: The risk that the portfolio's principal investments strategies will result in a consistently high portfolio turnover rate. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account.

Preferred Stocks Risk: The risk that preferred stocks may decline in price, fail to pay dividends, or be illiquid.

Prepayments/Calls Risk: The risk that issuers prepay or call fixed rate obligations when interest rates fall, and thereby force the portfolio to reinvest at lower interest rates.

Real Estate Risk: The risk that a portfolio may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management.

Sector Focused Risk: The risk that events negatively affecting a particular industry or market sector in which the fund focuses its investments will cause the value of the fund's shares to decrease, perhaps significantly. To the extent that the fund invests a significant portion of its portfolio in ETFs representing one or more of the primary sectors of the S&P 500® Index (such as consumer discretionary, energy, healthcare) or in an ETF representing U.S. Treasuries, the fund is more vulnerable to conditions that negatively affect such sectors as compared to a fund that is not significantly invested in such sectors.

Short Sales Risk: The risk that portfolios engaging in short sales may experience a loss if the price of a borrowed security increases before the date on which the security can be replaced.

Tax-Exempt Securities Risk: The risk that tax-exempt securities may not provide a higher after-tax return than taxable securities.

Tax Liability Risk: The risk that noncompliant conduct by a municipal bond issuer, or adverse interpretations, could cause interest from a security to become taxable, subjecting shareholders to increased tax liability.

Technology Concentration Risk: The risk that portfolios heavily weighted in the technology sector will be impacted by that sector's performance more than a portfolio with broader sector diversification.

Unrated Fixed Income Securities Risk: The risk that the quality of an unrated fixed income security is not accurately assessed and the portfolio may invest in a security with greater risk than intended.

U.S. Government Securities Risk: The risk that U.S. government securities may be subject to price fluctuations. An agency may default on an obligation not backed by the United States.

Value Stocks Risk: The risk that the market price of equity securities may be affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small- or medium-sized companies may enhance that risk.

Use of Derivatives, Options, Futures and Leverage

We may enter into other types of financial or securities transactions where the use thereof is consistent with established client investment guidelines, as follows:

- We may enter into derivative transactions for our clients. 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. Derivatives can be used to achieve these and other goals.
- We may write covered call options and purchase call and put options on securities and securities indices. We may utilize an appropriate transaction to close an open options position.
- We may utilize financial futures and related options for hedging and risk management purposes.
- We may employ leverage in the form of borrowing and we may sell securities short, as part of our overall portfolio management strategies and in accordance with established client guidelines. 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.

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

Borrowing Risk: 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 is 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 can 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.

Short Sales Risk: 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.

Risks Associated with the Purchase and Writing of Options: 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.

Investment strategy and use of derivatives, borrowing, short sales of securities and options by our subadvisers is further disclosed in the respective subadviser's Form ADV Part 2 and/or the applicable fund's Prospectus and Statement of Additional Information.

The value of securities used in all of our strategies, whether equity and/or fixed-income, may go up, or down, in response to factors not within our control, such as but not limited to 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.

Item 9 – Disciplinary Information

In a December 2014 settlement with the SEC, F-Squared Investments ("F-Squared"), an unaffiliated former subadviser to VIA, admitted that it had violated federal securities laws related to inaccurate performance information for the period of April 2001 through September 2008 that was provided to clients and included in indices tracked by certain VIA-advised mutual funds and separate accounts. On November 16, 2015, without admitting or denying the SEC's findings, VIA consented to the entry of an order providing that it cease and desist from committing or causing any violations and future violations of Sections 204, 206(2) and 206(4) of the Investment Advisers Act of 1940, as amended, and Rules 204-2, 206(4)-1, 206(4)-7 and 206(4)-8 thereunder, and Section 34(b) of the Investment Company Act of 1940, as amended; agreed to a censure; and paid \$16.5 million, which included a civil money penalty of \$2 million, disgorgement of \$13.4 million and prejudgment interest of \$1.1 million. According to the order, VIA: was negligent in not knowing that F-Squared's track record and performance were inaccurate; falsely presented F-Squared's AlphaSector strategy's history and inaccurate track record in certain materials; failed to adopt adequate policies and procedures regarding the accuracy of third-party produced performance information and the reporting and assessment of concerns about the accuracy of such statements; and, as a result, failed to adopt and implement reasonably designed policies regarding the retention of books and records reasonably necessary to support the basis for such performance information in advertisements that it directly or indirectly distributed.

From time to time, VIA and/or its affiliates may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the SEC, involving such companies' compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting their products and other activities. At this time, VIA believes that the outcomes of such matters are not likely, either individually or in the aggregate, to have a material adverse effect on the management or other services VIA provides to investment advisory accounts.

Item 10 – Other Financial Industry Activities and Affiliations

VIA is directly and wholly owned by Virtus Partners, Inc. ("VP"). VP is directly and wholly owned by Virtus Investment Partners, Inc. ("Virtus") a publicly traded multi-manager asset management business, as of December 31, 2008 (NASDAQ: VRTS). The following advisers are all subsidiaries of VP and affiliates of VIA:

- Duff & Phelps Investment Management Co. ("DPIM");
- Euclid Advisors LLC ("Euclid");
- Kayne Anderson Rudnick Investment Management, LLC ("KAR");
- Newfleet Asset Management, LLC ("Newfleet");
- Rampart Investment Management Company, LLC ("Rampart");
- Virtus Alternative Investment Advisers, Inc. ("VAIA");
- Virtus ETF Advisers LLC ("VEA");
- Virtus Retirement Investment Advisers, LLP ("VRIA"); and
- Zweig Advisers LLC.

Certain affiliates (above) are subadvisers to funds for which VIA is the investment adviser. All of the above are wholly owned except for VEA which is a subsidiary of ETFis Holdings LLC. ETFis Holdings LLC is 57.5% owned by Virtus Partners, Inc. and 42.5% owned by management holders.

VIA is an investment adviser to the following registered investment companies offered by the Virtus family of funds:

- | | |
|--|--|
| • Virtus Equity Trust; and Virtus Opportunities Trust (collectively, the "Virtus Funds") | • Virtus Total Return Fund |
| • Virtus Global Dividend & Income Fund Inc. | • Virtus Global Multi-Sector Income Fund |
| | • Virtus Variable Insurance Trust |
| | • Zweig Fund |

VIA serves as a promoter and investment manager of the Virtus Global Funds plc, an investment vehicle offered to non-U.S. investors in the form of a UCITS domiciled in Ireland and registered with, and regulated by, the Central Bank of Ireland.

VP Distributors, LLC, an affiliate of VIA, is a registered broker-dealer, which serves as the underwriter and distributor of the open-end registered investment companies for which VIA acts as adviser. Certain personnel of VIA, including management persons, are FINRA registered representatives under VP Distributors, LLC. Marketing and sales employees of Virtus affiliates, who are registered representatives, may only represent Virtus products and services of Virtus affiliated advisers to third-party financial professionals and institutional clients.

Virtus Fund Services, LLC, an affiliate of VIA, serves as the administrator and transfer agent to certain funds for which VIA and its affiliates act as the adviser or subadviser. Additionally, Virtus Fund Services, LLC is the administrator for the open-end and closed-end registered investment companies advised by VIA (listed above) and affiliates of VIA, including the Virtus Alternative Solutions Trust, the Duff & Phelps Global Utility Income Fund Inc., the Duff & Phelps Select Energy Fund, the Zweig Fund, Inc. and the Virtus Global Dividend & Income Fund Inc.

Our affiliate, VAIA and VEA are registered as a commodity pool operators. Certain management persons of VIA and its affiliates are associated persons of VAIA and VEA.

ETF Distributors LLC, an affiliate of VIA, is a registered broker-dealer, which serves as the principal underwriter and distributor of the exchange traded funds advised by its affiliate Virtus ETF Advisers LLC. ETF Distributors LLC's clients are large financial institutions known as Authorized Participants.

Our investment management services 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 VIA, its affiliates and other entities in support of these activities. Certain potential or actual conflicts of interests within these interrelationships may or may not be readily apparent to an investor.

In a variety of instances, we utilize the personnel and/or services of one or more of our affiliates in the performance of our business including, without limitation, investment advice and portfolio management, trading, back office processing, accounting, reporting and client servicing. These arrangements will take a variety of forms including dual employee or delegation arrangements, formal sub-advisory or servicing agreements, or other formal and informal arrangements among VIA and its affiliates. When we utilize the personnel and services of our affiliates, we remain responsible for the account within the framework of 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. Without limiting generality of the foregoing, persons who serve as VIA portfolio managers for the Virtus Trend Funds are also named portfolio managers and/or traders for our affiliates, Rampart, Newfleet and VEA. VIA, Rampart, Newfleet, and VEA have policies and procedures in place to ensure that their respective clients who share the same portfolio management and trading facilities are treated equitably and fairly over time, with respect to allocation and/or sequencing of trade orders for investment opportunities.

Virtus and its affiliates can enter into marketing or sponsorship arrangements with third parties, subadvisers 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, subadvisers and brokerage firms can concurrently have advisory, distribution or other relationships with VIA. These arrangements may or may not necessarily result in additional assets under management by VIA or inure to the direct or indirect benefit of clients of VIA.

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

To protect the interests of our clients, supervised persons and affiliates, we have adopted under SEC rule 204A-1, the Virtus Code of Conduct and the 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 our 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 VIA's collective responsibility. Any employee becoming aware of others engaged in wrongdoing or improper conduct must immediately report such activity to their supervisor, a compliance officer or corporate legal counsel. 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" telephone number and similar on-line reporting technology administered by an independent third-party for the purpose of employees requesting assistance concerning the reporting of violations of the Code of Conduct and other related policies.

Subject to limitations described herein and set forth by our Code of Conduct and Code of Ethics, VIA or a related person may recommend that clients buy or sell securities or investment products in which VIA or a related person has some financial interest. Likewise, VIA or a related person may buy or sell securities that VIA also recommends to clients. Our Code of Conduct and Code of Ethics for personal trading are designed to prevent and detect conflicts of interest in this regard.

None of our directors, officers, access 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, if they know at the time of such transaction that such a security or option is being bought, sold, or considered for purchase or sale for a client account, unless one or more of the following conditions exist:

- 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.

The following highlights some of the provisions of the Virtus Code of Conduct:

Commitment to Shareholders

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

Commitment to Customers

- Safeguarding assets
- Ethical market conduct
- Privacy and confidential personal information
- Customer complaints
- Fraud

Commitment to Corporate Citizenship

- Complying with legal and regulatory requirements
- Accounting, internal accounting controls and auditing matters
- Anti-money laundering
- Lobbying and political contributions
- Foreign Corrupt Practices Act

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 by sending a written request to Virtus Investment Advisers, Inc., Attn: Corporate Compliance, 100 Pearl Street, Hartford, CT 06103 or by emailing a request to us at InvestmentAdviser@Virtus.com.

VIA Code of Ethics

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

- All supervised personnel are required to comply with the following:
 - Instruct their brokers to directly provide our Compliance Department with duplicate copies of brokerage statements and trade confirmations or the electronic equivalent.

- Provide Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Conduct their personal transactions consistent with the Code of Ethics and in a manner that avoids any actual or potential conflict of interest.
- In addition to the above, certain categories of supervised personnel are further required to comply with the following:
 - Pre-clear 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.
 - Hold all covered securities no less than 60-days.
 - May not directly or indirectly acquire or dispose of a security within seven calendar days before and after the portfolio(s) associated with that person's portfolio management activities.
- Any covered employee not in observance of the above may be subject to a variety of disciplinary actions.

VIA does not purchase or sell securities for its own account. However, as described in above Item 4.- Advisor Business and Item 8. Methods of Analysis, Investment Strategies and Risk of Loss, members of our portfolio management and trading team serve in the same and/or similar capacities to our affiliates, Rampart, VEA and Newfleet. In serving in this capacity to Rampart, they manage assets for a portfolio owned by our affiliate, Virtus Investment Partners, Inc. that serves as seed money to develop Rampart's Portable Yield Strategy (the "PYS Seed Account"). In an effort to ensure equitable and fair treatment to our clients over time, trades made on behalf of the wrap program, other VIA clients (including the Virtus Trend Funds) and clients of Virtus affiliates (including the PYS Seed Account) are affected through one or a combination of the following:

- We may aggregate trades with all participating clients receiving the same average price. To the extent that such a trade is partially filled, the PYS Seed Account (to the extent it is participating) will be removed from the aggregated order and will trade only after the aggregated order is complete;
- We may complete each trade in the order of its time of arrival to the trading desk, for example, when a trade is already in progress at the time we receive a subsequent trade in the same security for the same or another account. In doing so, different clients will receive different prices; and

We will generally prioritize trades for those accounts that allow us full discretion with respect to brokerage selection, over trades for those accounts directing us to use a particular broker(s) (the "Directed Broker(s)") (such as the Sector Trend wrap accounts). All such accounts directing brokerage will generally engage in a random rotation of the sequence in which their orders are communicated to each Directed Broker. When trades are made through this rotation, different clients will receive different prices; however, the computer-driven random rotation statistically balances (over time) the impact of the potential price differences.

Subject to limitations described herein and set forth by our Code of Conduct and Code of Ethics, VIA's directors, officers, and associated personnel 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. VIA or a related person may recommend that clients buy or sell securities or investment products held by VIA's directors, officers and associated personnel.

Our officers and employees are encouraged to invest in shares of Virtus Funds that we and/or our affiliates advise.

We have adopted the Insider Trading Policy and Procedures designed to mitigate the risks of VIA and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of VIA's clients or for their own benefit. Personnel are not to divulge or act upon any material, non-public information, as defined under relevant securities laws and in our Insider Trading Policy and Procedures. The policy applies to every Supervised Person of VIA and extends to activities both within and outside their duties to VIA, including for an employee's personal account.

We endeavor to ensure that the investment management and overall business of the firm complies with both VIA and Virtus policies and applicable U.S. federal and state securities laws and regulations.

Our associated personnel should not accept gifts or other gratuities from clients or individuals seeking to conduct business with us, without prior authorization from Compliance. However no authorization is required for gifts valued at \$100 or less.

Our personnel may, under certain conditions, be granted permission to serve as directors, trustees, or officers of outside organizations. Prior to doing so, approval must be provided by Compliance.

A complete copy of VIA's current Code of Ethics is available by sending a written request to Virtus Investment Advisers, Inc., Attn: Corporate Compliance, 100 Pearl Street, Hartford, CT 06103.

Item 12 – Brokerage Practices

As a result of our business model, we generally delegate the vast majority of the trading activity on behalf of our clients to our subadvisers.

Trading activity related to our investment company clients is delegated to affiliated and non-affiliated subadvisers. We allow the subadvisers to determine the broker-dealers through which they transact investments.

Directed Brokerage

Trading activity related to our wrap fee program clients is managed by a team serving VIA and certain other VIA affiliates. We accept direction from our wrap fee program clients regarding the brokers to be used for such clients' accounts. Other than to satisfy our obligation to seek best execution, we generally do not have authority to determine the broker-dealers to be used for a wrap fee program account. Clients may have existing arrangements permitting them to offset certain administration, accounting, custody, consultant, or other fees in relation to the amount of brokerage transactions handled by a specific broker. At the same time, VIA and/or our related entities may have arrangements to receive products or services provided by the same intermediary, which are separate from the arrangement negotiated by the client. Nevertheless, in following the client's direction to use a particular broker to execute either all or part of the brokerage transactions from their accounts, clients must be aware that, in so doing, they may adversely affect our ability to, among other things, obtain volume discounts on blocked orders to obtain best price and execution.

We may utilize "step-out" trades if we believe such trades will help obtain best execution. We believe that step-out trades benefit our clients by allowing us to find liquidity and execute trades with natural buyers or sellers on terms more favorable than might otherwise be available from the designated broker-dealer, whether directed or non-directed. We will do so when we believe the trades will be effected more efficiently for our clients. A step-out trade is one in which we place the order for a transaction for one or more client accounts with a broker (the "Step-out Broker"), other than the broker that the client has directed VIA to utilize (the "Directed Broker"). The Step-out Broker reports a net price, which may include a mark-up for executing the transaction. The Directed Broker receives the compensation, if any, shown on the confirmation. This compensation is at whatever commission rate or wrap fee the client has negotiated. Thus, the clients that participate in a step-out transaction may pay different transaction costs. The Directed Broker receives the agreed upon commission or wrap fee and the client obtains the execution at a favorable price. A wrap client may incur an additional "net" trade cost if a trade is made away from their wrap sponsor. For fixed income trades, the commission is not shown on the trade confirmation, but is reflected in the negotiated price of the bond. We believe that we do not jeopardize our business relationships when we effect trades away from the designated broker in order to obtain best execution and, in any case, our policy and practice is to act in the best interest of our clients. Directed brokerage clients that do not allow us to participate in step-out trades may pay a higher cost than clients that allow us to participate in step-out trades. Accounts that participate in step-out trades may incur additional transaction costs.

When we place directed trades for selected accounts through a brokerage firm other than that which is executing the block trade, those trades will generally trail the complete block-trading program. The prices of those securities may have already been impacted by the prior block trade, so that the cost or sales prices of the securities in the directed account will not necessarily be the same as those executed as part of the block. As a result, the performance of the directed account will generally differ from that of the non-directed accounts.

Clients not permitting VIA to step-out trades for broker directed accounts may incur a higher cost than those clients with broker discretionary accounts.

Different accounts, or types of accounts, utilizing the same investment model, may generate buy and/or sell programs that are not communicated at the same time.

Trade Aggregation and Allocation

We perform investment advisory services for various clients. We may give advice, and take action, with respect to any of those clients which may differ from the advice given, or the timing or nature of action taken, with respect to any one other account. When not employing services of a subadviser, VIA, 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. As described in above Item 4.- Advisory Business; Item 8.-Methods of Analysis, Investment Strategies and Risk of Loss; and Item 11.- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, in an effort to ensure equitable and fair treatment to our clients over time, trades made on behalf of the wrap program, other VIA clients (including the Virtus Trend Funds) and clients of Virtus affiliates (including the PYS Seed Account) are affected through one or a combination of the following:

- We may aggregate trades with all participating clients receiving the same average price. To the extent that such a trade is partially filled, the PYS Seed Account (to the extent it is participating) will be removed from the aggregated order and will trade only after the aggregated order is complete;
- We may complete each trade in the order of its time of arrival to the trading desk, for example, when a trade is already in progress at the time we receive a subsequent trade in the same security for the same or another account. In doing so, different clients will receive different prices; and
- We will generally prioritize trades for accounts that allow us full discretion with respect to brokerage selection, over trades for accounts directing us to use particular brokers (such as the Sector Trend wrap accounts). All such accounts directing brokerage will generally engage in a random rotation of the sequence in which their orders are communicated to the various broker-dealers. When trades are made through this rotation, different clients will receive different prices; however, the computer-driven random rotation statistically balances (over time) the impact of the potential price differences.

The Virtus Trend Funds advised by VIA do not participate in the rotation protocol described above. VIA provides model portfolio changes for the Virtus Trend Funds and the Virtus Sector Trend wrap product. VIA endeavors to provide such instructions to our traders at the same time so they can begin an

appropriate buy and/or sell program for each; however VIA cannot provide assurance that this will occur in every case.

To reduce transaction costs and promote trading efficiency, we may engage in inter-account transactions between certain client portfolios and/or portfolios managed by affiliates of VIA for which VIA shares traders and portfolio managers. VIA and, if applicable, its affiliate(s) will only enter into inter-account transactions when determined to be in the best interests of all affected clients. Furthermore, such transactions will be consistent with Advisers Act and other applicable regulations including Rule 17a-7 of the Investment Company Act (to the extent that such transactions include mutual funds), ERISA (to the extent that such transactions include entities regulated there under); or will be made only when permitted by the advisory account(s) affected. VIA will comply with the applicable disclosure and consent requirements associated with such transactions under the Advisers Act, as necessary.

Item 13 – Review of Accounts

We provide investment advisory services to registered investment companies, UCITS and a CIT. The respective Board of Trustees (or Directors or named Trustee as may be applicable) of each of the aforementioned entities establishes guidelines and restrictions with respect to investment strategies that include the types of securities to be bought and sold. Such guidelines can be found in the applicable offering documents.

We monitor our client portfolios for performance and compliance with applicable investment restrictions. In our capacity as manager of affiliated and unaffiliated subadvisers to the Virtus Funds, Virtus Global Multi-Sector Income Fund, Virtus Global Dividend & Income Fund, Virtus Total Return Fund, Virtus Variable Insurance Trust, UCITS, CIT and Zweig Fund. We set the overall investment strategies; evaluate, select, and recommend to the Board of Trustees (or Directors or named Trustee as may be applicable) subadvisers needed to manage all or part of the assets within these series; monitor and evaluate the subadvisers' investment programs and results; and review the applicable account's compliance with the stated investment objectives policies and restrictions. Information maintained in client files includes the client's investment objectives and guidelines, overall investment strategy, asset allocation targets, cash distribution requirements, and any special portfolio restrictions.

Generally, our representatives meet with the respective Fund Board of Trustees (or Directors or named Trustee as may be applicable) at least quarterly to review the performance and other account attributes. This information is used as a basis for the review of client accounts.

In addition to the above, we provide investment advisory services to wrap program clients. Generally, wrap program accounts are provided quarterly reports identifying holdings, and for some programs, performance. Generally, each wrap account is invested using the model portfolio for the chosen strategy. Once initially invested, the account is monitored for any drift or variance from the model portfolio weightings and client guidelines. This process is conducted by our portfolio, product management and investment operations associates.

Error Correction

Although we take all reasonable steps to avoid errors in our trading process, occasionally errors do occur. It is our policy that trade errors be identified and resolved promptly, and resolved in a manner consistent with our fiduciary duty to our clients. Consistent with this duty, the overriding goal in trade error resolution is to seek to place the client in the same position that the client would have been in had the error not occurred. There is no single method of calculating gains, losses or compensation due as a result of a trade error. We will determine the most appropriate calculation methodology on a case-by-case basis in light of the specific facts and circumstances of each trade error.

Item 14 – Client Referrals and Other Compensation

VIA and our related persons, do not have any arrangements where we receive compensation (including cash, commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. We may enter into such arrangements pursuant to written agreement.

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

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

Item 15 – Custody

VIA does not have custody of client assets.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements can vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

We may manage accounts on a discretionary or non-discretionary basis.

Generally, in the absence of specific written instructions from a client, we will have complete discretion with respect to the accounts on non-investment company clients, without any limitations on our authority.

- When managing accounts on a discretionary basis, we have full authority to buy and sell securities without prior client approval under its investment advisory contracts. We exercise our investment discretion consistent with our investment policies, as well as with any investment guidelines or restrictions adopted by a client and accepted by VIA.
- When managing accounts on a non-discretionary basis, we perform our duties in accordance with the limitations described in the client contract.

VIA's decision to accept a new account or continue to manage an existing account will include consideration of the nature and extent of the instructions given by the respective client.

Class Actions

Securities litigation can be a potential additional income source for individual investment portfolios that have had trade activity in a security that subsequently became the source of an organized class action lawsuit. We do not file for participation in class action settlements unless agreed to by client contract.

- With respect to our registered investment company clients, we or our subadviser will generally file for participation in class action settlements. We or our subadviser will generally retain a non-affiliated third party vendor to carry out the activities required for participation. The vendor determines the eligibility pertinent to the specific class action, files the claim as appropriate, monitors the class action and processes receipt of any settlement.
- With respect to our institutional and wrap account clients, we do not file for participation in class action settlements unless agreed to by client contract.

Item 17 – Voting Client Securities

We handle proxies in a manner intended to benefit 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.

When employing the services of a subadviser, we generally delegate to the subadviser, who may further delegate to a non-affiliated third-party vendor, the responsibility to review proxy proposals, make voting recommendations and cast votes.

Our arrangements with our wrap program clients generally require us to review proxy proposals, make voting recommendations and/or vote proxies related to these accounts.

Unless directed otherwise by our clients, our basic policies and procedures are as follows:

- We generally delegate, to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations on our behalf. We may vote a proxy contrary to the guidelines if we determine that such action is in the best interests of our clients.
- Conflicts of interests relating to proxy proposals are handled in various ways depending on the type and materiality. Generally, where the guidelines outline our voting position, as either "for" or "against" such proxy proposal, we vote in accordance with the guidelines. Where the guidelines outline our voting position is to be determined on a "case by case" basis, or such proposal is not listed in the guidelines, then we will vote the proxy in accordance with the voting recommendation of a non-affiliated third party vendor, or vote the proxy pursuant to client direction. The method we select will depend upon the facts and circumstances of each situation and the requirements of applicable law.
- We do not vote proxies in certain situations or for certain accounts, such as: 1) where a client has retained the right to vote the proxy; 2) where the cost of voting is deemed to exceed any anticipated benefit to the client; 3) where a proxy is received for a client account that has been terminated; 4) 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 5) where the exercise of voting rights could restrict the ability of the portfolio manager to freely trade the security.

VIA can occasionally be subject to conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. VIA and its employees can also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. If, at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the Chief Compliance Officer. Conflicts of interest are handled in various ways depending on the type and materiality.

Inquiries regarding how a specific proxy proposal was voted or requests for a complete copy of VIA's current Proxy Voting Policies, Procedures and Guidelines can be obtained by sending a written request to Virtus Investment Advisers, Inc., Attn: Corporate Compliance, 100 Pearl Street, Hartford, Connecticut 06103 or emailing us at InvestmentAdviser@Virtus.com

Item 18 – Financial Information

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