



Form ADV, Part 2A Firm Brochure

[Item 1 – Cover Page](#)

**Virtus Fund Advisers, LLC
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Institutional Accounts, Registered Investment Companies, Private Funds, and Collective Funds Brochure

March 31, 2023

This Form ADV, Part 2A Brochure (the “Brochure”) provides information about the qualifications and business practices of Virtus Fund Advisers, LLC (“VFA”, “we”, “us” or “our”), related to the products stated above. We also offer advisory services to other types of clients which are covered in a separate Form ADV, Part 2A brochure entitled: “Managed Account/Wrap-Fee Programs, Investment Model Delivery and Manager Recommendations to Unaffiliated Third Parties Brochure.” 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 VFA 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.

This Brochure is not: an offer or agreement to provide advisory services to any person; an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment company that we advise; or a complete discussion of the features, risks, or conflicts associated with any advisory service or investment company. Persons who receive this publicly available Brochure should be aware that it is designed solely to provide information responsive to certain disclosure obligations under the Investment Advisers Act of 1940, as amended (“Advisers Act”). More complete information about the Virtus family of funds and VFA’s advisory services is included in the relevant account or investment company documents. To the extent that there is any conflict between discussions herein and similar or related discussions in such documents, the relevant account or investment company documents shall govern and control. You should read this Brochure and those other documents carefully and consult with tax, legal, and financial advisors before making any investment decision.



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 VFA 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 VFA who are registered, or are required to be registered, as investment adviser representatives of VFA. You can search the SEC's website by referencing a firm's unique identifying number known as a CRD number. Our CRD number is 107346.

This Brochure contains the following material changes since the last annual update on March 29, 2022:

- Item 4. We updated our assets under management. We added disclosure indicating VFA is providing direct investment management (not utilizing subadvisers) for a limited number of client accounts, including private investment funds ("Private Funds") that are exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") and the Investment Company Act of 1940, as amended (the "Investment Company Act") as well as non-discretionary investment services to the sponsor of a Qualified Tuition Program under Section 529 of the Internal Revenue Code of 1986, as amended (the "529 Plan"). We disclosed changes to VFA's list of subadvisers. We disclosed that effective July 1, 2022, Virtus reorganized its three fixed income subsidiaries, to operate as separate divisions under a single legal entity named Virtus Fixed Income Advisers, LLC ("VFIA"). These three divisions of VFIA maintain their distinct investment process and philosophy, portfolio management teams, investment culture and brand. They operate under the d/b/a names of Newfleet Asset Management, Seix Investment Advisors and Stone Harbor Investment Partners. We updated the listing of funds.
- Item 5. We updated with the standard fee schedules for the strategies VFA provides investment advisory services without utilizing a subadviser.
- Item 7. We added disclosure indicating VFA is providing direct investment management (not utilizing sub-advisers) for a limited number of client accounts.
- Item 8. We added descriptions of the investment strategies and methods of analysis related to the strategies VFA is directly managing (not utilizing sub-advisers). We updated our risk disclosures.
- Item 10. We made changes to our listing of affiliated registered investment advisers as well as changes regarding our global affiliates. We also added descriptions of other affiliates to which our Systematic and Multi-Asset Portfolio Managers, Analysts and Traders provide services.
- Item 12. We made changes to this item regarding brokerage to disclose policies regarding direct trading (not utilizing sub-advisers) activity in which VFA engages. We clarified our soft dollar disclosures.
- Item 13. We deleted language referring to formal biennial account reviews.
- Item 15. We added disclosure related to custody of private fund assets.
- Item 17. We modified this item to accommodate proxy voting responsibilities for the limited number of accounts for which VFA has direct proxy voting responsibility (not utilizing sub-advisers).
- Appendix A – Privacy Policy. We modified our Privacy Policy.



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Item 4 – Advisory Business

VFA is a wholly owned subsidiary of Virtus Partners, Inc., which is a wholly owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”), a publicly traded multi-manager asset management business, as of December 31, 2008 (NASDAQ: VRTS). VFA has been registered with the SEC since 1985.

VFA provides discretionary and non-discretionary investment advisory services to investment accounts for pension and profit-sharing plans, endowments and foundations, governmental entities, other corporate entities, high net worth clients, wrap-fee programs, investment companies registered under the Investment Company Act (“Registered Investment Companies”), Undertakings for Collective Investment in Transferable Securities (“UCITS”), collective investment trusts (“CITs”), and registered investment advisers. In addition, VFA provides advisory services to Private Funds that are exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) and the Investment Company Act as well as non-discretionary investment services to the sponsor of a Qualified Tuition Program under Section 529 of the Internal Revenue Code of 1986, as amended (the “529 Plan”). VFA is also named as the Lead Style Manager for the Virtus Multi-Firm Consults Diversified Portfolios (“CDP Program”), a program of Managed Account Advisors LLC (“MAA”), an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”).

VFA’s services are tailored to the needs and investment mandates of each client, and clients can generally impose restrictions on investing in certain securities or types of securities in their accounts managed by VFA when negotiating their investment advisory agreement. VFA provides investment advisory services for accounts that are (i) established directly with the client; (ii) introduced through wrap-fee programs of other financial services firms, such as broker-dealers, registered investment advisers, and other intermediaries; or (iii) mutual funds and other accounts sub-advised by affiliated and unaffiliated investment advisers.

This Brochure describes VFA’s services provided to the following types of clients: institutional accounts, Registered Investment Companies, Private Funds, and CITs. VFA’s separate Form ADV, Part 2A brochure entitled: “Managed Account/Wrap-Fee Programs, Investment Model Delivery and Manager Recommendations to Unaffiliated Third Parties Brochure” provides descriptions of our services provided to such client types.

Assets Under Management as of December 31, 2022

As of December 31, 2022, VFA had regulatory assets under management of \$9,477,304,720. Discretionary assets under management totaled \$8,602,137,077. Non-discretionary assets under management related to the Virtus Collective Investment Trust II, the Virtus Multi-Series Collective Investment Trust, and the Stone Harbor Collective Investment Trust totaled \$875,167,644. In addition, VFA has \$205,472,371 of model/emulation assets under contract. Model/emulation assets refer to assets that VFA is under contract to deliver a model portfolio for and are not considered regulatory assets under management. VFA also provides services to \$3,272,416,807 of other fee-earning assets, which are not included in assets under management. Products covered by this Brochure comprise \$9,366,260,065 of the firm’s total regulatory assets under management.

Sub-advisory Relationships

The vast majority of our assets under management are delegated to affiliated and unaffiliated investment advisers pursuant to delegation or sub-advisory agreements (“subadvisers”). Under these circumstances, VFA is considered a “manager of managers.” In addition, VFA delegates certain responsibilities such as trading and operations to affiliated and unaffiliated service providers. As a result, with the exception of those clients listed below under the heading “Relationships Not Subadvised”, throughout this Brochure, references to



services provided by VFA should be read to include services provided by a subadviser or service provider to which VFA has delegated authority in connection with its advisory services.

The manager of managers structure involves the use of one or more subadvisers to manage some or all of a client portfolio. Under this structure, VFA is responsible (as articulated in the management agreement) for the oversight of the particular portfolio investment programs and certain day-to-day operations and for evaluating and selecting subadvisers on an ongoing basis; making recommendations to the client regarding hiring, retaining or replacing subadvisers; negotiating and renegotiating the terms of the sub-advisory agreements; monitoring the subadvisers' compliance with the respective portfolio's investment objectives, policies and restrictions; setting overall investment strategies of each portfolio; and providing certain other oversight activities.

VFA's subadvisers will change from time to time but as of the date of this Brochure, subadvisers in connection with institutional accounts, Registered Investment Companies, Private Funds, and CITs are as follows:

Affiliated Subadvisers:

- Ceredex Value Advisors LLC
- NFJ Investment Group, LLC
- Silvant Capital Management LLC
- Sustainable Growth Advisers, LP
- Virtus Fixed Income Advisers, LLC ("VFIA")¹

Unaffiliated Subadvisers:

- Pacific Investment Management Company LLC
- Zevenbergen Capital Investments LLC²

Relationships Not Subadvised

VFA provides direct investment management (does not utilize subadvisers) for a limited number of client accounts. Investment services are provided by two teams: the Virtus Multi-Asset team ("Virtus Multi-Asset"); and the Virtus Systematic team ("Virtus Systematic"). These client accounts are as follows:

Virtus Multi-Asset:

- A Qualified Tuition Program under Section 529 of the Internal Revenue Code of 1986, as amended.

Virtus Systematic:

- Virtus Emerging Markets Consumer Collective Fund
- Virtus Emerging Markets Consumer LLC
- Virtus International Small-Cap Opportunities LLC
- Other separately managed accounts

As further described in Item 10. Other Financial Industry Activities and Affiliations, Virtus Multi-Asset and Virtus Systematic Portfolio Managers and Analysts also serve as "dual-hatted" employees of VFA's affiliate, Virtus Investment Advisers, Inc. and in doing so provide advisory services to certain open-end Registered Investment Companies. In addition, traders serve the above and other affiliates as further described in Item 10.

In addition to the above, VFA provides investment services (not utilizing subadvisers or Virtus Multi-Asset or

¹ Effective July 1, 2022, Virtus reorganized its three fixed income subsidiaries, to operate as separate divisions under a single legal entity named Virtus Fixed Income Advisers, LLC ("VFIA"). The three divisions of VFIA maintain their distinct investment process and philosophy, portfolio management teams, investment culture and brand. They operate under the d/b/a names of Newfleet Asset Management, Seix Investment Advisors and Stone Harbor Investment Partners.

² Virtus indirectly holds a minority ownership interest in Zevenbergen Capital Investments LLC.



Virtus Systematic) for the Virtus Multi-Firm Consults Diversified Portfolios (“CDP Program”). VFA recommends affiliated and unaffiliated model providers to provide non-discretionary investment advisory services in the CDP Program, a program of Managed Account Advisors LLC, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The description of services provided to the 529 Plan and the CDP Program are provided in the separate VFA Form ADV, Part 2A Firm brochure entitled: “Managed Account/Wrap-Fee Programs, Investment Model Delivery and Manager Recommendations to Unaffiliated Third Parties Brochure.”

Advisory Services – Institutional

VFA provides investment services to accounts established for institutional clients including pension and profit-sharing plans, endowments and foundations, governmental entities, other corporate entities. VFA manages these accounts subject to each client’s investment guidelines.

Advisory Services – Mutual Funds

VFA provides investment advisory services to the following funds of the Virtus Asset Trust (“VAT”), an affiliated series trust registered under the Investment Company Act:

- Virtus Ceredex Large-Cap Value Equity Fund
- Virtus Ceredex Mid-Cap Value Equity Fund
- Virtus Ceredex Small-Cap Value Equity Fund
- Virtus Seix Core Bond Fund
- Virtus Seix Corporate Bond Fund
- Virtus Seix Floating Rate High Income Fund
- Virtus Seix High Grade Municipal Bond Fund
- Virtus Seix High Yield Fund
- Virtus Seix Total Return Bond Fund
- Virtus Seix U.S. Government Securities Ultra-Short Bond Fund
- Virtus Seix Ultra-Short Bond Fund
- Virtus SGA International Growth Fund
- Virtus Silvant Large-Cap Growth Stock Fund
- Virtus Zevenbergen Innovative Growth Stock Fund
- Virtus Seix High Income Fund
- Virtus Seix Investment Grade Tax-Exempt Bond Fund

Advisory Services –CITs

VFA provides nondiscretionary advisory services to funds (“Collective Funds”) established under the CITs , specifically the following Collective Funds. Others may be added as negotiated with clients.

- Ceredex Large Cap Value Equity
- Ceredex Mid Cap Value Equity
- NFJ Dividend Value
- NFJ Small Cap Value
- Sustainable Growth Advisers International
- Sustainable Growth Advisers Global
- Stone Harbor Emerging Markets Debt
- Stone Harbor Emerging Markets Debt 50/50 Blend
- Stone Harbor Emerging Markets Local Currency Debt
- Stone Harbor Global Diversified Credit
- Stone Harbor High Yield Fixed Income
- Stone Harbor Bank Loan
- Virtus Emerging Markets Consumer



Advisory Services - Private Funds

VFA provides advisory services to Private Funds that are exempt from registration under the Securities Act and the Investment Company Act. A minimum investment size may be applicable for participation in a Private Fund. VFA is paid an advisory fee in accordance with the advisory agreement entered into with its parent company, Virtus Partners, Inc., the managing member. Additional information concerning these funds, including advisory fees, is included in the relevant funds' offering documents.

Other Investment Services

VFA provides investment management services as subadviser to the Barclays Global Access U.S. Value Fund, a UCITS fund distributed by an unaffiliated firm.

Reliance Upon Certain Exemptive Orders, Regulatory Provisions and Investment Management Agreements

In managing the assets of our advisory clients who are Registered Investment Companies and UCITS, we rely on the following:

- Manager of managers exemptive orders granted by the SEC when employing subadvisers for our registered investment company clients ("Funds"); and/or
- Provisions from the Central Bank of Ireland when employing subadvisers for UCITS clients.

The manager of managers structure involves the use of one or more subadvisers to manage some or all of a Fund's portfolio. Under this structure, VFA is responsible for the oversight of the Funds' investment programs and certain day-to-day operations and for evaluating and selecting subadvisers on an ongoing basis; making recommendations to the Board of Trustees regarding hiring, retaining or replacing subadvisers; negotiating and renegotiating the terms of the sub-advisory agreements; monitoring the subadvisers' compliance with the Funds' respective investment objectives, policies and restrictions; setting overall investment strategies of each Fund; and providing certain other oversight activities.

Investment management services are provided in accordance with any written investment advisory contracts based on specific investment guidelines delivered by the client. VFA may agree to reasonable restrictions placed on VFA's investment discretion by clients. Guidelines provided by clients 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. Client guidelines may also include social restrictions or those that prohibit us from buying specific companies. Investment guidelines and restrictions must be provided to VFA in writing and may impact performance.

Types of Investments

VFA, subject to client-imposed restrictions and guidelines, offers investment advice on the following types of instruments: equity securities including common and preferred stocks and equivalents, exchange-listed securities, securities traded over-the-counter, foreign issues, American Depositary Receipts ("ADRs"), warrants, corporate debt securities, 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 can where appropriate, utilize derivatives, options contracts on securities, futures contracts on intangibles, credit default swaps and participation notes. We can utilize where appropriate, foreign currencies to purchase foreign securities. We can also utilize (but are not obligated unless



required by the respective product offering materials or governing documents) foreign currencies to hedge against the risk of a decline in the U.S. dollar or other currencies.

VFA cannot guarantee or assure our clients that their investment objectives will be achieved. VFA does not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy, or the success of VFA's overall management of any account. VFA's investment recommendations are subject to various market, currency, economic, political and business risks, and the risk that investment decisions will not always be profitable. Risks are discussed in "Item 8. Methods of Analysis, Investment Strategies and Risk of Loss" below and in each subadviser's Form ADV, Item 8 which you should review carefully before deciding to engage VFA's services.

Item 5 – Fees and Compensation

This section describes our basic fee schedule. VFA reserves the right to negotiate all fees and annual minimums based on individual client considerations, including but not limited to, number and frequency of reports and client meetings, individual security investments versus common or collective funds or mutual funds, investment guidelines and restrictions, or account size. 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 lower fees.

The specific manner in which fees are charged is established in a client's written agreement with VFA. VFA typically charges its clients a fixed percentage fee per annum for investment advice based on the market value of the assets under management, payable quarterly in arrears. In limited circumstances, we may offer fixed or other fee arrangements. Assets under management include a client's uninvested cash position for which VFA does not provide investment advice. First and last quarter fees are generally calculated based on the number of days in the quarter VFA managed the account. VFA will invoice the client or the client's custodian directly if instructed by the client in the investment advisory agreement or other written authorization. Clients can elect to be billed directly for fees or authorize VFA to directly debit fees from their accounts. If you direct your custodian to pay VFA from your account, your custodian should send a quarterly statement directly to you, which should disclose transactions made in the account and VFA's fees. VFA (or its service provider) will generally receive copies of the custodian's statements in paper or electronic form. It is important that you compare the client reports you receive directly from us to the official custodial records you receive from your custodian. VFA's standard advisory contract is cancelable by either a client or VFA thirty days after receipt or delivery of written notice. Other termination conditions may be negotiated to accommodate special client requirements.

When VFA uses an affiliated or unaffiliated subadviser in providing advisory services, clients will not incur any increase in advisory or other fees as a result of such sub-advisory arrangement. VFA generally shares its fees with the entity providing sub-advisory services to VFA (in the case of certain affiliates, this can be affected through the affiliated subadviser receiving the fee and allocating a portion of the fee to VFA through intercompany transactions).

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Refer to "Item 12. Brokerage Practices" for more information.

To the extent that a client's assets are invested in an account overseen or held by the client's trustee or custodian, the client should be aware that the trustee or custodian may also charge management or transactional fees with respect to such assets. Mutual funds, UCITS, 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.

Standard fee schedules and minimum separate account size for strategies directly managed by VFA (not utilizing subadvisers) are as follows:

Virtus Multi-Asset:

Asset Allocation Advisory

- 0.225% on the first \$50 million
- 0.200% on the next \$50 million
- 0.175% on the next \$100 million
- 0.150% on the balance of assets
- Minimum Separate Account: \$50 million

Virtus Systematic:

Emerging Markets Opportunity

- 0.7000% on the first \$50 million
- 0.6000% on the next \$50 million
- 0.5000% on the next \$400 million
- 0.4500% on the balance of assets
- Minimum Separate Account: \$25 million

Emerging Markets Consumer

- 1.000% on the first \$25 million
- 0.800% on the next \$25 million
- 0.750% on the balance of assets
- Minimum Separate Account: \$25 million

International Small Cap Equity

- 0.800% on the first \$25 million
- 0.750% on the next \$25 million
- 0.700% on the next \$50 million
- 0.650 on the next \$150 million
- 0.600 on the balance of assets
- Minimum Separate Account: \$25 million

U. S. Small Cap Equity

- 0.700% on the first \$50 million
- 0.600 on the next \$50 million
- 0.550 on the next \$150 million
- 0.500 on the balance of asset
- Minimum Separate Account: \$25 million

Fees and minimum assets under management are subject to modification and negotiation to accommodate special client circumstances. The reasons for such modifications may include, without limitation, the type of product provided, the complexity and level of service provided, the number of different accounts and the total assets under management for that client and related clients, the particular type of client, required attendance at client meetings, other services provided by VFA, or other circumstances or factors that VFA deems relevant. We reserve the right to waive any and all minimum account requirements and to accept or continue to provide services to smaller accounts, at our sole discretion.

Advisory Fees – CITs

VFA receives fees for providing nondiscretionary advisory services to CITs. VFA does not maintain a standard fee schedule for nondiscretionary services to CITs. The advisory fees are based on assets under management and typically negotiated with, and paid by, each CIT pursuant to an agreement between the parties and will vary by CIT and strategy.



Advisory Fees –Registered Investment Companies

The fee charged to Registered Investment Company clients is determined by our investment advisory contract as approved by such investment company in accordance with the provisions of 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 such investment advisory contracts may be up to .85% 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 portfolios. Furthermore, the 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 VFA in the transfer or final disposition of an advisory account.

Advisory Fees – Institutional / Other

VFA also provides investment advisory services to CITs; UCITS authorized under the European Directive; institutional clients including pension and profit-sharing plans, endowments and foundations, governmental entities, other corporate entities; and high net worth clients. To the extent that these client accounts are invested in mutual funds, these funds generally charge a management fee for their services as investment managers. This management fee, along with other charges, is included in the “expense ratio” of the fund. These fees are described in each fund’s prospectus and are in addition to the fees you pay to VFA. With the exception of our asset allocation account clients, when a portfolio manager of one of our subadvisers determines to invest assets of an individual discretionary account in a mutual fund (an affiliated registered investment company) for which it (or an affiliate) also acts as adviser and/or subadviser and receives an investment advisory fee, VFA will not charge an account level fee on the market value of assets held in the affiliated mutual fund.

VFA manages Private Funds as an investment manager to, and receives an advisory fee based on an investment management agreement with its parent company, Virtus Partners, Inc., who is the managing member.

If a client account has chosen an asset allocation strategy using mutual funds or ETFs, an account level asset allocation fee is generally charged in addition to the management fees the funds pay to the adviser for investment management of the funds.

This Brochure focuses on a subset of VFA’s clients including mutual funds, CITs, Private Funds, and institutional clients. In addition, VFA has other client types that include wrap fee program clients, investment model delivery, a 529 Plan, and the CDP Program. VFA manages accounts for certain of these various client types such as mutual funds, institutional clients, and wrap-fee program clients within the same strategy which may be offered at different fee schedules. Please refer to the separate VFA Form ADV, Part 2A Firm brochure entitled: “Managed Account/Wrap-Fee Programs, Investment Model Delivery, and Manager Recommendations to Unaffiliated Third Parties” for fees related to clients other than those addressed by this Brochure.

The written terms of each client’s contract will prevail with respect to all of the above.

In addition to the above, VFA may develop new strategies managed in seed accounts which may be offered with negotiated fees.



Compensation from the Sale of Securities

VFA's supervised persons and related registered sales personnel typically market VFA investment capabilities to various prospects and intermediaries either directly through separate accounts and Wrap Programs or indirectly through Funds advised by VFA.

Certain of VFA's supervised persons and related registered sales personnel also may be associated with VP Distributors, LLC, an affiliated broker-dealer, and in that capacity may engage in marketing or selling activities with respect to shares or interests in Funds advised by VFA. (See "Item 10. Other Financial Industry Activities and Affiliations" for more information about other financial industry activities and affiliations.) The Funds may pay an investment management or administrative fee to VFA. In addition, fees are paid to one or more broker-dealers receiving sales commissions or distribution fees including 12b-1 fees, loads or contingent deferred sales charges payable by VFA or an affiliate, the Funds or their respective investors.

Certain VFA supervised persons and related registered sales personnel may be compensated by VFA or an affiliate for successful marketing or selling activities with respect to shares or interests in Funds advised by VFA. These VFA supervised persons and related registered sales personnel do not receive transaction-based compensation.

Custody Fees

Funds will bear expenses associated with custody of the respective funds' assets. VFA does not select account custodians on behalf of clients or serve as the custodian of client account assets. The custodian appointed by the client may charge custody and other fees that are in addition to the advisory fees payable to VFA.

Other Fees Incurred by Our Clients

Subject to client-imposed restrictions if any, VFA (or generally its subadvisers) may invest or recommend investment in open-end and closed-end Registered Investment Companies, exchange traded funds ("ETFs") and other pooled investment vehicles. When VFA (or generally its subadvisers) invests client assets in these investment vehicles, unless otherwise agreed and where permitted by applicable law, the client may bear its proportionate share of fees and expenses as an investor in the investment vehicle in addition to VFA's investment advisory fees. The investment vehicle's prospectus, offering documents or other disclosure documents contain a description of its fees and expenses.

In addition, subject to any limitations provided by the investment management agreement, VFA (or generally its subadvisers) may invest client assets or recommend that clients invest in shares or other interests in certain open-end and closed-end Registered Investment Companies and ETFs to which VFA or its related persons (or its subadvisers) provide investment advice or other services, and from which VFA and its affiliates (and VFA's subadvisers and their affiliates) receive advisory, administrative and/or distribution fees. In the case of the foregoing, whereby client assets are invested in an affiliated fund, VFA may, depending on the arrangement with a separate account client, and any legal requirements, waive investment advisory fees on the assets invested in such investment company, credit the account for the fees paid by the Fund to VFA's related persons, avoid or limit the payment of duplicative fees to VFA and its related persons through other means, or charge fees both at the investment company level and separate account level. To the extent that fees and expenses incurred by any fund purchased for the client's account are in addition to certain of the expenses covered by the managed account, VFA and its affiliates can receive additional economic benefit when a client account is invested in such fund, and a conflict of interest can exist.



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 all or a portion of designated client accounts). The terms of any incentive fee are based upon a negotiated arrangement with the client. VFA anticipates that such client relationships and arrangements will also pay a base fee calculated on the market value of the assets under management. We will enter into performance-based fee arrangements with only qualified clients in accordance with Section 205 of the Advisers Act, and the rules thereunder. We have an incentive to favor accounts for which we receive performance-based fees. VFA 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 and/or separation of trading and portfolio management activities by firewalls (“information barriers”).

Side-by-side management

Side-by-side management refers to an investment adviser’s simultaneous management of assets of various client types in the same investment strategy with varied fee structures. VFA manages accounts for various client types such as mutual funds, institutional clients, and wrap-fee program clients within the same strategy, which may present conflicts of interest. Due to different client investment objectives and strategies, clients should be aware that VFA can sell 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. VFA has 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 the separation of trading and portfolio management activities by information barriers.

Item 7 – Types of Clients

VFA provides discretionary and non-discretionary investment advisory services to investment accounts for pension and profit-sharing plans, endowments and foundations, governmental entities, other corporate entities, high net worth clients, open-end investment companies, UCITS, CITs, CDPs, 529 Plan, Private Funds, and registered investment advisers.

Subject to a master sub-advisory and services agreement, VFA provides investment advice indirectly to certain clients of Truist, formerly known as SunTrust Bank, an entity with which VFA was affiliated prior to VFA being acquired by Virtus Investment Partners, Inc.

The vast majority of our assets under management are delegated to affiliated and unaffiliated investment advisers pursuant to delegation or sub-advisory agreements (“subadvisers”). Under these circumstances, VFA is considered a “manager of managers.” The remaining assets under management are directly managed (do not utilize a subadviser) by the Virtus Multi-Asset and Virtus Systematic teams. In addition, VFA delegates certain responsibilities such as trading and operations to affiliated and unaffiliated service providers.

In addition to its manager of managers business model, VFA also provides direct investment management (does not utilize subadvisers) for a limited number of client accounts. In doing so, VFA’s affiliate, Virtus Shared Services (“VSS”) provides a variety of back office and trading operations to VFA (in addition to other VFA affiliates).

We require 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 for each Registered Investment Company and UCITS establishes guidelines and restrictions which can be found in the applicable offering documents.

Fees and minimum initial assets under management are subject to modification and negotiation to accommodate special client requirements. We reserve the right to waive any and all minimum account requirements and to accept or continue to provide services to smaller accounts, at our sole discretion.

Shareholders in investment companies and investors in other pooled products are not deemed advisory clients of VFA.

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

The following are broad descriptions of the methods of analysis and investment strategies offered by VFA and implemented by our subadvisers. It should be noted that investing in securities involves risk of loss that clients should be prepared to bear.

Methods of Analysis and Investment Process

The vast majority of our assets under management are delegated to affiliated and unaffiliated investment advisers under sub-advisory agreements; descriptions of strategies and investment processes used in managing such assets can generally be found in the respective subadviser's Form ADV Part 2A.

VFA selects and employs subadvisers to implement investment management programs for the majority of client accounts, consistent with stated objectives. The subadvisers, subject to the VFA's supervision, are responsible for the day-to-day management of the respective portfolio or model portfolio, or sleeves thereof. In this respect, the subadvisers determine which securities to purchase and sell, consistent with the stated objectives of each client account and investment guidelines agreed upon by the subadviser and VFA, or any additional client-imposed restrictions provided to and accepted by VFA in writing.

In its role as a manager of managers, VFA's primary functions include developing new investment products, identifying and appointing investment managers (and/or making recommendations thereof, such as is the case for VAT and CITs) and monitoring those managers, who are generally appointed as subadvisers on an on-going basis. Subsequent to appointment, VFA monitors subadviser performance and in that capacity can affect termination or replacement (and/or make recommendations thereof, such as is the case for VAT and CITs). Depending upon the requirements of our client agreement, VFA (or its service providers), generally affects one or more of the following: monitors the compliance of the subadviser with the investment objectives and related policies of our client accounts; monitors significant changes that may impact the subadviser's overall business and regularly performs reviews of the subadviser; and/or other will perform other activities as required by our client agreement.

Subsequent to appointment, VFA monitors subadviser performance and in that capacity can affect termination or replacement (and/or make recommendations thereof, such as is the case for VAT and CITs). Depending upon the requirements of the client agreements, VFA (or its service providers), among other things, does the following: monitors the compliance of the subadviser with the investment objectives and related policies of client accounts; monitors significant changes that may impact the subadviser's overall business and regularly performs reviews of the subadviser; and reviews the performance of the subadviser.

Pursuant to an order from the SEC, VFA, subject to VAT Board approval, is permitted to appoint a new subadviser for a VAT Fund or change the terms of a sub-advisory agreement.



VFA provides direct investment management (does not utilize subadvisers) for a limited number of client accounts. Investment services are provided by two teams, the Virtus Multi-Asset team and the Virtus Systematic team.

Virtus Multi-Asset

The Virtus Multi-Asset team specializes in constructing and managing multi-asset solutions to meet specific objectives, constraints and outcomes. The team has a two-part approach to managing these strategies.

1. Core portfolio design with strategic allocations across relevant asset classes and selection of underlying strategies, either active or passive, across those asset classes.
2. Active asset allocations across and within global financial markets using a quantamental investment process.

The core portfolio design begins by defining the range of asset classes available to the strategic asset allocation process, which is generally based on the overall objectives for the mandate and any client, regulatory or other constraints. The strategic asset allocation is determined based on the target return and/or risk for the strategy and the expected returns and risks of the selected asset classes.

Next, for each asset class, the team decides to use either active, passive or both strategies based on the relative efficiency of the asset class and the overall fee level targeted for the core portfolio. The team conducts quantitative and qualitative assessments with a focus on philosophy, people, performance, and process, as well as any structural factor biases and particular return-dynamics and selects those determined to be a best fit for the asset class and the overall core portfolio. Upon a client's request, the team may also integrate other considerations such as sustainability into the design of the core portfolio.

For active asset allocations, the team first determines the asset classes across which to allocate. In determining active positions across this universe (which may be broader than the asset classes in the core portfolio), the team implements a quantamental approach. The two pillars of this approach are (1) a quantitative component which focuses on market characteristics of momentum and mean reversion in a proprietary framework, and (2) a qualitative component which focuses on macroeconomic and fundamental characteristics in a team-based consensus driven framework. Scores from the two pillars are combined and systematically translated into active asset allocation positions through varying portfolio construction frameworks. These active asset allocation changes are implemented either by adjusting core portfolio exposures or may be expressed through derivative instruments such as futures.

The Virtus Multi Asset team offers the Virtus Global Allocation strategy. The Virtus Global Allocation strategy employs active allocation across asset classes and actively managed strategies within those asset classes. The strategy allocates its investments across asset classes in response to changing market, macroeconomic, and other factors and events that the portfolio managers believe may affect the value of the strategy's investments. To gain exposure to different asset classes, the strategy incorporates actively managed underlying strategies, both directly through dedicated teams managing separate sleeves of the strategy and indirectly through investments in affiliated mutual funds, as well as through allocation to additional other underlying passive strategies. Under normal circumstances, the strategy invests directly and indirectly in global equity securities, fixed-income securities, and long and short positions using derivatives across multiple asset classes. The strategy may also invest in exchange-traded funds ("ETFs"), unaffiliated mutual funds, other pooled vehicles and derivative instruments such as futures, among others.



Virtus Systematic

The Virtus Systematic team specializes in differentiated investment solutions, strategies, and outcomes across asset classes, regions, and securities. The team uses a behavioral finance approach, rooted in the theory that investors often react inefficiently to new information. The team's portfolio management process is designed to identify companies poised to benefit from changes not yet fully reflected in the market. The team blends a quantitative data-driven investment process with a qualitative overlay to exploit pricing inefficiencies in the securities markets. The team uses a proprietary quantitative alpha model based on artificial intelligence and supported by technology. The alpha model integrates fourteen (14) innovative factors, including behavioral finance factors. The team complements the stock selection produced by the alpha model with a dynamic risk management overlay and qualitative reviews; and integrates ESG-related risks.

- **Risk Control Methodology:** The risk model complements the results from the alpha model and used in the investment process to help lower volatility exposure versus the benchmark. The risk model seeks to offer a holistic viewpoint on risk, both at the stock level and total portfolio levels. The risk model leverages tools provided by Axioma, a third-party provider to analyze risk and construct portfolios. Embedded in the risk controls is a principal component analysis which assesses and monitors significant systematic risks in the market (including beta, growth, leverage, sector exposure, currency exposure, industry exposure, and others.). The risk model is updated daily with fundamental and statistical variants and varying time horizons. The risk model allows the team with capabilities to perform scenario analysis through the addition or subtraction of specific stocks in order and to quantify their respective marginal contribution to active and total portfolio risk.
- **ESG:** Independently, ESG-related risks are identified through external data. ESG scores from third-party providers are integrated into the investment process on a daily basis and combined with the proprietary alpha and risk model. The team also incorporates a proprietary "environmental sentiment score", based upon publicly available research and company-related transcripts seeking to identify opportunities and risks through analyzing the sentiment across publicly available information utilizing a natural language processing technique.

The Virtus Systematic team manages the following four investment strategies:

- The Virtus Systematic Emerging Markets Opportunities strategy follows a quantitative strategy using bottom-up stock selection seeking to capitalize on the dynamic nature of emerging markets. The strategy seeks a broad exposure to emerging markets using a proprietary multi-factor model to obtain a clear investment view on each stock.
- The Virtus Systematic Emerging Markets Consumer strategy focuses on emerging market consumer-related industries, while excluding hard-asset and export-related industries. The strategy includes securities listed in both emerging and developed markets.
- The Virtus Systematic International Small Cap Opportunities strategy invests primarily in non-U.S. Small Cap equities. The strategy spans developed markets and emerging markets to pursue the full growth potential of small-cap stocks outside the U.S.
- The Virtus Systematic U.S. Small Cap strategy follows a quantitative investment strategy investing primarily in non-U.S. Small Cap equities. The strategy spans the smaller capitalization US stocks which are typically more oriented to the US domestic economy.



Investment Oversight and Governance

Virtus's product governance framework provides additional oversight tools for VFA with the goal of offering and maintaining quality, high-performing strategies that meet multiple investment needs. Virtus maintains a Product Management Committee ("PMC") responsible for assessing new product ideas and approving product modifications, a Product Management group with day-to-day oversight responsibilities; and an Investment Oversight Committee ("IOC") responsible for overseeing investment performance and product quality.

The PMC is a cross-functional governance support group that evaluates product actions from an investment, compliance, operational, distribution and legal perspective. As part of its investment oversight, Virtus regularly reviews the overall VFA product line for any recommended changes. The resulting product development and management initiatives are reviewed and assessed by the PMC and can include proposed product launches, modifications, mergers, liquidations, adoptions, fee reductions and subadviser changes.

Virtus's Product Management group reviews and monitors investment performance of VFA's strategies on an ongoing basis. Individual product managers are assigned to each of the subadvisers and conduct regular dialogue, visits, telephonic meetings therewith and complete detailed assessments of each strategy. The results of these assessments are reported to the IOC, which maintains the primary oversight responsibility for investment performance.

On a quarterly basis, the IOC reviews the performance, style consistency, and discipline with which the investment managers apply their investment processes and identifies any strategies that are exhibiting persistent underperformance or results that are inconsistent with expectations. The results of the IOC review can result in certain strategies being placed on the review or management monitor list, or ultimate recommendations for subadviser replacement.

During the initial subadviser selection process, VFA Compliance evaluates each subadviser's regulatory compliance structure. Each subadviser is expected to have a compliance infrastructure and policies and procedures that are reasonably designed to prevent violations of securities laws and to promptly identify any potential violations and is also expected to have a protocol for pre- and post-trade portfolio guideline restriction testing.

Subsequent to subadviser appointment, VFA Compliance will generally conduct reviews and perform periodic forensic testing in the following manner:

- VFA Compliance periodically (generally annually) meets with representatives of its subadvisers and complete compliance reviews, including key compliance matters.
- Each subadviser completes a quarterly subadviser compliance oversight questionnaire and information request covering a variety of compliance and operations matters. The information request provides a framework for VFA's quarterly compliance review and assessment of subadvisers.
- VFA Compliance performs forensic testing of compliance with portfolio restrictions, applicable regulations and procedures as part of its compliance program and oversight of subadvisers. The forensic tests may be conducted by analysis of reports and data developed by VFA or provided by affiliated or unaffiliated service providers or by monitoring reports provided by a mutual fund's sub-administrator and other mutual fund service providers. Forensic tests are generally conducted on a daily, monthly, quarterly or annual frequency depending on the type of test.



- With respect to its oversight of affiliated subadvisers, VFA utilizes information and reporting processes managed by Virtus Corporate Compliance and the Virtus Compliance Committee. Representatives of VFA Compliance also meet with the compliance personnel of VFA's affiliated subadvisers to conduct periodic and annual compliance reviews, and as needed to discuss specific matters.

For investments in any pooled vehicles, please also refer to the prospectus, offering memoranda or other governing document that provides a more detailed discussion of strategies and risks.

Risk of Loss

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 involve the risk of loss, including the loss of principal, which 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.

The vast majority of our assets under management are delegated to affiliated and unaffiliated advisers under sub-advisory agreements.

Clients or prospective clients should also refer to the applicable subadviser's Form ADV Part 2A to reference risks related to specific securities or strategies. With respect to Registered Investment Companies, UCITS, Private Funds, 529 Plans, and CITs, clients and prospective clients should also refer to the respective Plan or offering documents.

Depending on your strategy, the limitations imposed by your established portfolio investment guidelines, and the type of security, your account may face the following investment risks:

Your account may be subject to additional risks other than those described below because the types of investments in your account can change over time.

The risks are listed in alphabetical order, which is not necessarily indicative of importance.

Allocation Risk

A fund's or account's investment performance depends, in part, upon how its assets are allocated and reallocated by its adviser and/or subadviser. If the fund's or account's exposure to equities and fixed income securities, or to other asset classes, deviates from the subadviser's intended allocation, or if the fund's or account's allocation is not optimal for market conditions at a given time, the fund's or account's performance may suffer. In addition, to the extent portfolio managers consider environmental, social and corporate governance ("ESG") factors as part of their investment strategy, there can be no guarantee that the portfolio managers' consideration of such factors or efforts to select investments based on ESG factors will be successful or produce the desired results. To the extent the portfolio managers employ quantitative models, whether proprietary or maintained by third parties, there can be no assurance that such models will behave as expected in all market conditions, including due to deviations between expected and actual relationships among variables. Any imperfections, errors, or limitations in such models could affect a fund's performance. By necessity, such models make simplifying assumptions that limit their effectiveness. In addition, the computer programming used to construct, or the data employed by quantitative models may contain errors, which may cause losses for the fund or account, or reduce performance. In the event third-party models become increasingly costly or unavailable, the portfolio managers may be forced to rely on proprietary models or to reduce or discontinue their use of quantitative models. The funds and accounts are also subject to the risk that deficiencies in the operational systems or controls of the subadviser or another service provider will cause losses for the funds or accounts or hinder operations. For example, trading delays or errors (both



human and systemic) could prevent a fund or account from purchasing a security expected to appreciate in value. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to the subadviser and each individual portfolio manager in connection with managing the funds and accounts and may also adversely affect the ability of the funds and accounts to achieve their investment objectives. To the extent portfolio managers employ strategies that are not correlated to broader markets, or that are intended to seek returns under a variety of market conditions (such as managed volatility strategies), a fund or account may outperform the general securities market during periods of flat or negative market performance and underperform the securities market during periods of strong market performance. To the extent that a fund or account invests significantly in one or more mutual funds or exchange-traded funds (each, "Underlying Funds"), its investment performance will depend upon how its assets are allocated and reallocated among particular Underlying Funds and other investments. A fund or account that invests significantly in one or more Underlying Funds is subject to allocation risk, which is the risk that the subadviser will make less than optimal or poor asset allocation decisions and/or that the subadviser will make less than optimal or poor decisions in selecting the Underlying Funds and other investments in which each fund or account invests. The subadviser attempts to identify asset classes and sub-classes, and Underlying Funds and/or other means of obtaining exposure to such asset classes, and other investments that will provide consistent, quality performance for each fund or account, but there is no guarantee that the subadviser's allocation techniques will produce the desired results. It is possible that the subadviser will focus on Underlying Funds and other investments that perform poorly or underperform other available Underlying Funds under various market conditions.

You could lose money on your investment in a fund or account as a result of these allocation decisions.

Asset-Backed Securities

Asset-backed securities represent interests in pools of underlying assets such as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The impairment of the value of collateral or other assets underlying an asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses to a fund or account.

Early payoffs in the loans underlying such securities may result in a fund or account receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, a fund or account may be required to invest proceeds at lower interest rates, causing the fund or account to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

Bank Loans

Investing in loans (including floating rate loans, loan assignments, loan participations and other loan instruments) carries certain risks in addition to the risks typically associated with high- yield/high-risk fixed income securities. Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and sometimes trade infrequently on the secondary market. In the event a borrower defaults, a fund's or account's access to the collateral may be limited or delayed by bankruptcy or other insolvency laws. There is a risk that the value of the collateral securing the loan may decline after a fund or account invests and that the collateral may not be sufficient to cover the amount owed to the fund or account. If the loan is unsecured, there is no specific collateral on which the fund or account can foreclose. In addition, if a secured loan is foreclosed, a fund or account may bear the costs and liabilities associated with owning and disposing of the collateral, including the risk that collateral may be difficult to sell.



Transactions in many loans settle on a delayed basis that may take more than seven days. As a result, sale proceeds related to the sale of loans may not be available to make additional investments or to meet a fund's redemption obligations or an account owner's desire to take cash out of the account until potentially a substantial period of time after the sale of the loans. No active trading market may exist for some loans, which may impact the ability of the fund or account to realize full value in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded loans. Loans also may be subject to restrictions on resale, which can delay the sale and adversely impact the sale price. Difficulty in selling a loan can result in a loss. Loans made to finance highly leveraged corporate acquisitions may be especially vulnerable to adverse changes in economic or market conditions. Certain loans may not be considered "securities," and purchasers, such as a fund or account, therefore may not be entitled to rely on the strong anti-fraud protections of the federal securities laws. With loan participations, a fund or account may not be able to control the exercise of any remedies that the lender would have under the loan and likely would not have any rights against the borrower directly, so that delays and expense may be greater than those that would be involved if a fund or account could enforce its rights directly against the borrower.

Cannabis Related Companies

The regulatory environment governing the medical and adult use marijuana industries in the U.S. is, and will continue to be, subject to evolving regulation by governmental authorities. The possession and use of marijuana, even for medical purposes, is illegal under federal and certain states' laws, which may negatively impact the value of a fund's or account's investments. The non-U.S. marijuana industry is also subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana, as well as those relating to health and safety, the conduct of operations and the protection of the environment. Controlled substance legislation differs between countries and legislation in certain countries may restrict or limit the ability of certain companies in which a fund or account invests to sell their products. Accordingly, there are a number of risks associated with investing in companies in an evolving regulatory environment, including, without limitation, increased industry competition, rapid consolidation of industry participants and potential insolvency of industry participants. Such risks may negatively impact the value of the fund's or account's investment in cannabis related stocks.

China-Related Risk

The Chinese economy is generally considered an emerging and volatile market. Although China has experienced a relatively stable political environment in recent years, there is no guarantee that such stability will be maintained in the future. As an emerging market, many factors may affect such stability – such as increasing gaps between the rich and poor or agrarian unrest and instability of existing political structures – and may result in adverse consequences to a fund or account investing in securities and instruments economically tied to China. A small number of companies represent a large portion of the Chinese market as a whole, and prices for securities of these companies may be very sensitive to adverse political, economic, or regulatory developments in China and other Asian countries, and may experience significant losses in such conditions. The value of Chinese currencies may also vary significantly relative to the U.S. dollar, affecting a fund's or account's investments, to the extent the fund or account invests in China-related investments.

Historically, China's central government has exercised substantial control over the Chinese economy through administrative regulation, state ownership, the allocation, expropriation or nationalization of resources, by controlling payment of foreign currency-denominated obligations, by setting monetary policy and by providing preferential treatment to particular industries or companies. The emergence of domestic economic demand is still at an early stage, making China's economic health largely dependent upon exports. China's growing trade surplus with the U.S. has increased the risk of trade disputes. For example, recent developments in relations between the U.S. and China have heightened concerns of increased tariffs and restrictions on trade between the two countries. An increase in tariffs or trade restrictions, or even the threat of such developments, could lead to a significant reduction in international trade, which could have a negative impact on China's, or other countries', export industry and a commensurately negative impact on a fund or



account that invests in securities and instruments that are economically tied to China. In addition, as China's economic and political strength has grown in recent years, it has shown a greater willingness to assert itself militarily in the region. Military or diplomatic moves to resolve any issues could adversely affect the economies in the region.

Despite economic reforms that have resulted in less direct central and local government control over Chinese businesses, actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China. These activities, which may include central planning, partial state ownership of or government actions designed to substantially influence certain Chinese industries, market sectors or particular Chinese companies, may adversely affect the public and private sector companies in which a fund or account invests. Government actions may also affect the economic prospects for, and the market prices and liquidity of, the securities of Chinese companies and the payments of dividends and interest by Chinese companies. In addition, currency fluctuations, monetary policies, competition, social instability or political unrest may adversely affect economic growth in China. The Chinese economy and Chinese companies may also be adversely affected by regional security threats, as well as adverse developments in Chinese trade policies, or in trade policies toward China by countries that are trading partners with China. The economies, industries, and securities and currency markets of the China region may also be adversely affected by slow economic activity worldwide, dependence on exports and international trade, increasing competition from Asia's other low-cost emerging economies, and environmental events and natural disasters that may occur in China.

In addition, the relationship between China and Taiwan is particularly sensitive, and hostilities between China and Taiwan may present a risk to a fund's or account's investments in China.

Commodity and Commodity-Linked Instruments

Investments by a fund or account in commodities or commodity-linked instruments may subject the fund's or account's portfolio to greater volatility than investments in traditional securities. The value of commodity-linked instruments may be affected by overall market movements, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Individual commodity prices can fluctuate widely over short time periods.

Commodity investments typically do not have dividends or income and are dependent on price movements to generate returns. Commodity price movements can deviate from equity and fixed income price movements. The means by which a fund seeks exposure to commodities, both directly and indirectly through derivatives, may be limited by the fund's intention to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended. A fund's or account's investments in commodity-linked derivative instruments may subject the fund or account to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Confidential Information Access Risk

In managing funds or accounts that may invest in privately placed instruments, certain subadvisers will seek to avoid the receipt by the portfolio managers and analysts of material, non-public information ("Confidential Information") about the issuers of such instruments (which may include senior loans, other bank loans and related investments), because such issuers may have or later issue publicly traded securities. In many instances, issuers offer to furnish Confidential Information to prospective purchasers or holders of the issuer's loans. In circumstances when the subadvisers' portfolio managers and analysts do not receive Confidential Information from these issuers, a fund or account may be disadvantaged in comparison to other bank loan



investors, including with respect to the price the fund or account pays or receives when it buys or sells a bank loan. Further, in situations when a fund or account is asked, for example, to grant consents, waivers or amendments with respect to bank loans, the subadvisers' ability to assess the desirability of such consents, waivers and amendments may be compromised. For these and other reasons, it is possible that a subadviser's decision not to receive Confidential Information under normal circumstances could adversely affect a fund's or account's investment performance.

Notwithstanding its intention not to receive Confidential Information with respect to its management of investments in loans and privately placed instruments generally, a subadviser may from time to time come into possession of Confidential Information about issuers whose securities may be held in a fund's or account's portfolio. Possession of such information may in some instances occur despite a subadviser's efforts to avoid such possession, but in other instances a subadviser may choose to receive such information (for example, in connection with participation in a creditors' committee with respect to a financially distressed issuer). As, and to the extent, required by applicable law, that subadviser's ability to trade in these securities for the account of a fund or account could potentially be limited by its possession of such information. Such limitation on the subadviser's ability to trade could have an adverse effect on a fund or account by, for example, preventing the fund or account from selling a loan that is experiencing a material decline in value. In some instances, these trading restrictions could continue in effect for a substantial period of time.

Consumer-Related Companies Risk

The Virtus Emerging Markets Consumer strategy focuses its investments in the consumer and consumer-related sectors, which include the consumer staples, consumer discretionary and healthcare industries, will be associated with the risks particular to those sectors, including demographic and product trends, performance of the overall economy, competition, marketing campaigns, environmental factors, government regulation, interest rates, consumer confidence and disposable household income and consumer spending. Accounts invested in this strategy may from time to time invest a substantial portion of their assets in these and other industries or sectors, and during those periods will be subject to a greater extent to the risks associated with those industries or sectors.

Contingent Convertible Securities Risk

Contingent convertible securities ("CoCos") have no stated maturity, have fully discretionary coupons and are typically issued in the form of subordinated debt instruments. CoCos generally either convert into equity or have their principal written down upon the occurrence of certain triggering events ("triggers") linked to regulatory capital thresholds or regulatory actions relating to the issuer's continued viability. As a result, an investment by a fund or account in CoCos is subject to the risk that coupon (i.e., interest) payments may be cancelled by the issuer or a regulatory authority in order to help the issuer absorb losses. An investment by a fund or account in CoCos is also subject to the risk that, in the event of the liquidation, dissolution or winding-up of an issuer prior to a trigger event, the fund's or account's rights and claims will generally rank junior to the claims of holders of the issuer's other debt obligations. In addition, if CoCos held by a fund or account are converted into the issuer's underlying equity securities following a trigger event, the fund's holding may be further subordinated due to the conversion from a debt-to-equity instrument. Further, the value of an investment in CoCos is unpredictable and will be influenced by many factors and risks, including interest rate risk, credit risk, market risk and liquidity risk. An investment by a fund or account in CoCos may result in losses to the fund or account.

Convertible Securities

Convertible securities are bonds, debentures, notes, preferred stock, rights, warrants or other securities that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula. A convertible security generally entitles the holder to receive interest paid or accrued on debt instruments or the



dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. If a convertible security is called for redemption, the respective fund or account may have to redeem the security, convert it into common stock or sell it to a third party at a price and time that is not beneficial for the fund or account. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Securities convertible into common stocks may have higher yields than common stocks but lower yields than comparable nonconvertible securities. Certain funds or accounts may also invest in synthetic convertible securities, which involve the combination of separate securities that possess the two principal characteristics of a traditional convertible security (i.e., an income-producing component and a right to acquire an equity security). Synthetic convertible securities are often achieved, in part, through investments in warrants or options to buy common stock (or options on a stock index), and therefore are subject to the risks associated with derivatives.

Counterparty Risk

A fund or account is also subject to the risk that a counterparty to a derivatives contract, repurchase agreement, a loan of portfolio securities or an unsettled transaction may be unable or unwilling to make timely settlement payments or otherwise honor its obligations to the fund or account. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the fund or account could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses for the fund or account. In addition, transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared ("cleared swaps"). For over-the-counter swaps, there is a risk that the other party to certain of these instruments will not perform its obligations to a fund or account or that a fund or account may be unable to enter into offsetting positions to terminate its exposure or liquidate its position under certain of these instruments when it wishes to do so. Such occurrences could result in losses to such fund or account. For cleared swaps, a fund's or account's counterparty is a clearinghouse rather than a bank or broker. In cleared swaps, such fund or account makes payments (including margin payments) to and receives payments from a clearinghouse through its account at clearing members. Clearing members guarantee performance of their clients' obligations to the clearinghouse. Counterparty risk may be pronounced during unusually adverse market conditions and may be particularly acute in environments in which financial services firms are exposed to systemic risks of the type evidenced by the 2008 insolvency of Lehman Brothers and subsequent market disruptions. See "Derivatives Risk" below.

Covenant Lite Loans Risk

Because covenant lite loans contain few or no financial maintenance covenants, they may not include terms that permit the lender of the loan to monitor the borrower's financial performance and, if certain criteria are breached, declare a default, which would allow the lender to restructure the loan or take other action intended to help mitigate losses. As a result, the Fund could experience relatively greater difficulty or delays in enforcing its rights on its holdings of covenant lite loans than its holdings of loans or securities with financial maintenance covenants, which may result in losses, especially during a downturn in the credit cycle.

Cybersecurity

With the increased use of technologies such as the Internet to conduct business, the funds and accounts are potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, infection by computer viruses or other malicious software code or unauthorized access to the digital information systems, networks or devices of a fund, subadviser or their service providers (including, but not limited to, a fund's investment adviser, transfer agent, custodian, administrators and other financial intermediaries, and an account's custodian) through "hacking" or other means, in each case for the purpose of misappropriating assets or sensitive information (including, for example, personal shareholder information), corrupting data or causing operational disruption or failures in



the physical infrastructure or operating systems that support the fund or account. Any such cybersecurity breaches or losses of service may cause the fund or account to lose proprietary information, suffer data corruption or lose operational capacity, which, in turn, could cause the fund or account to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. While the funds, subadvisers and their service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

Cybersecurity risks may also impact issuers of securities in which the fund or account invests, which may cause the fund's or account's investments in such issuers to lose value.

Debt Instruments

Debt instruments are subject to various risks, the most prominent of which are credit risk and interest rate risk. These risks can affect an instrument's price volatility to varying degrees, depending upon the nature of the instrument.

- *Credit Risk.* There is a 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. Securities are subject to varying degrees of credit risk, which are often reflected in their credit ratings and a fund holding a fixed income security is subject to the risk that the security's credit rating will be downgraded. Securities issued by the U.S. Treasury historically have presented minimal credit risk. However, at least one major rating agency downgraded the long-term U.S. credit rating in 2011 due to the rising public debt burden and perception of greater policymaking uncertainty in the U.S. and have introduced greater uncertainty about the ability of the U.S. to repay its obligations. A further credit rating downgrade or a U.S. credit default could decrease the value and increase the volatility of a fund's or account's investments, to the extent that the fund or account has exposure to securities issued by the U.S. Treasury. Debt instruments rated below investment-grade are especially susceptible to this risk.
- *Interest Rate Risk.* The values of debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of interest income paid to a fund or account but will affect the value of the fund's shares or account's value. Interest rate risk is generally greater for investments with longer maturities. It is difficult to predict the pace at which central banks or monetary authorities may change interest rates or the timing, frequency, or magnitude of such changes. Any such changes could be sudden and could expose debt markets to significant volatility and reduced liquidity for investments.

Certain instruments pay interest at variable or floating rates. Variable rate instruments reset at specified intervals, while floating rate instruments reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the instrument. However, some instruments do not track the underlying index directly, but reset based on formulas that can produce an effect similar to leveraging; others may also provide for interest payments that vary inversely with market rates. The market prices of these instruments may fluctuate significantly when interest rates change.

To the extent that a fund or account effectively has short positions with respect to fixed income instruments, the values of such short positions would generally be expected to rise when nominal interest rates rise and to decline when nominal interest rates decline. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate.



Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a fund or account might have to reinvest the proceeds in an investment offering a lower yield, and therefore it might not benefit from any increase in value as a result of declining interest rates.

The London Interbank Offered Rate ("LIBOR") historically has been and currently is used extensively in the U.S. and globally as a "benchmark" or "reference rate" for various commercial and financial contracts, including corporate and municipal bonds, bank loans, asset-backed and mortgage related securities, interest rate swaps and other derivatives. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced plans to phase out the use of LIBOR. Certain U.S. dollar LIBOR publications were discontinued at the end of 2021, while the remainder are expected to end by mid-2023. Certain instruments in which the funds or accounts may invest have begun to rely on the Secured Overnight Financing Rate (SOFR), which is a volume-weighted median of borrowing rates from the Treasury repurchase agreement market. There remains uncertainty regarding the future utilization of LIBOR and SOFR and other replacement rates, and the potential effects of the transition away from LIBOR on the funds and accounts or on certain instruments in which the funds or accounts invest are not known. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR, particularly in so far as the documentation governing such instruments does not include "fall back" provisions addressing the transition from LIBOR. With respect to most LIBOR-based instruments in which a fund or account may invest, the pricing and other terms governing the adoption of any successor rate are expected to limit or eliminate the direct effect of the transition to a successor rate on the value of such instruments. However, uncertainty and volatility arising from the transition may result in a reduction in the value of certain LIBOR-based instruments held by the funds or accounts or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses to the funds or accounts. The shift to SOFR from LIBOR also brings pricing challenges for borrowers and loan issuers, who prefer exposure to credit benchmarks that will adjust to shifts in credit market conditions. SOFR is based on the U.S. repurchase agreement market, which has no credit risk and may fall during times of stress. LIBOR, by contrast, measures bank borrowing costs and rises during periods of stress. Lenders are adapting by pricing loans with a spread to SOFR. However, there are risks that this spread could underprice risks if there are unexpected periods of credit stress.

- *Corporate Debt Risk.* Like all debt securities, corporate debt securities generally represent an issuer's obligation to repay to the investor (or lender) the amount borrowed plus interest over a specified time period. A typical corporate bond specifies a fixed date when the amount borrowed (principal) is due in full, known as the maturity date, and specifies dates when periodic interest (coupon) payments will be made over the life of the security. Corporate debt securities come in many varieties and may differ in the way that interest is calculated, the amount and frequency of payments, the type of collateral, if any, and the presence of special features (e.g., conversion rights). Investments in corporate debt securities may include, but are not limited to, senior, junior, secured and unsecured bonds, notes and other debt securities, and may be fixed rate, floating rate, zero coupon and inflation linked, among other things. We may invest in convertible bonds and warrant structures, which are fixed income securities with imbedded warrants that are exercisable into other debt or equity securities. Upon conversion of such securities into equity securities, the equity securities will be sold. Prices of corporate debt securities fluctuate and, in particular, are subject to several key risks including, but not limited to, interest-rate risk, credit risk, prepayment risk and spread risk. The market value of a corporate bond may be affected by the credit rating of the corporation, the corporation's performance and perceptions of the corporation in the marketplace. There is a risk that the issuers of these corporate debt securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument.



- *High Yield Securities Risk.* Investments in fixed-income securities and preferred stocks of below investment grade quality (commonly referred to as “high yield” or “junk bonds”), if any, are predominantly speculative because of the credit risk of their issuers. While offering a greater potential opportunity for capital appreciation and higher yields, such below investment grade securities entail greater potential price volatility and may be less liquid than higher-rated securities. Issuers of below investment grade quality securities are more likely to default on their payments of interest and principal owed to a client, and such defaults will reduce the client’s account value and income distributions. The prices of these lower quality securities are more sensitive to negative developments than higher rated securities. Adverse business conditions, such as a decline in the issuer’s revenues or an economic downturn, generally lead to a higher non-payment rate. In addition, such a security may lose significant value before a default occurs as the market adjusts to expected higher non-payment rates.
- *Limited Voting Rights Risk.* Debt instruments typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default.
- *Liquidity Risk.* Certain debt instruments may be substantially less liquid than many other securities, such as U.S. Government securities or common stocks. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a fund or account from purchasing or selling such illiquid securities at an advantageous time or price, or possibly requiring a fund or account to dispose of other investments at unfavorable times or prices in order to satisfy its obligations or possibly delaying the redemption of fund shares or ability of the account owner to obtain cash from the account. Funds and accounts with principal investment strategies that involve securities of companies with smaller market capitalizations, non-U.S. securities, Rule 144A securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer.

The SEC has adopted Rule 22e-4 under the Investment Company Act, which requires each fund to adopt a liquidity risk management program to assess and manage its liquidity risk. Under its program, a fund will be required to classify its investments into specific liquidity categories and monitor compliance with limits on investments in illiquid securities. The funds do not expect Rule 22e-4 to have a significant effect on investment operations. While the liquidity risk management program attempts to assess and manage liquidity risk, there is no guarantee it will be effective in its operations and may not reduce the liquidity risk inherent in a fund’s investments.

- *Long-Term Maturities/Durations Risk.* Fixed income instruments with longer maturities or durations may be subject to greater price fluctuations due to interest rate, tax law, and general market changes than instruments with shorter maturities or durations.
- *Prepayment/Call Risk.* There is a risk that issuers will prepay fixed rate obligations when interest rates fall. A fund or account holding callable instruments therefore may be forced to reinvest in obligations with lower interest rates than the original obligations and otherwise may not benefit fully from the increase in value that other fixed income investments experience when rates decline.
- *Redemption Risk.* Debt instruments sometimes contain provisions that allow for redemption in the event of tax or security law changes, in addition to call features at the option of the issuer. In the event of a redemption, a fund or account may not be able to reinvest the proceeds at comparable rates of return.



- *Sovereign Debt Obligations Risk.* Investments in emerging market countries' government debt obligations involve special risks. Certain emerging market countries have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A debtor's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation and, in the case of a government debtor, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. Government debtors may default on their debt and may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt.

The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a debtor's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government debtor, which may further impair such debtor's ability or willingness to service its debts on a timely basis. Holders of government debt may be requested to participate in the rescheduling of such debt and to extend further loans to government debtors. Restructuring arrangements may include reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements and obtaining new credit to finance interest payments. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, we may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country.

In addition, the holders of more senior fixed income securities, such as commercial bank debt, may contest payments to the holders of other foreign government debt securities in the event of default under their commercial bank loan agreements.

- *Structured Notes.* Structured notes are derivative debt instruments with principal and/or interest payments linked to the value of an underlying reference instrument. Structured notes for which the reference instrument is a bond or other debt instrument are often called "credit linked notes." Investments in structured notes involve certain risks, including the risk that the issuer may be unable or unwilling to satisfy its obligations to pay principal or interest, which are separate from and in addition to the risk that the note's reference instruments may move in a manner that is disadvantageous to the holder of the note. Structured notes are often illiquid and are subject to market risk, liquidity risk and interest rate risk. Structured notes may be more volatile than the underlying reference instrument.

Depository Receipts

Certain funds and/or accounts may invest in American Depositary Receipts (ADRs) sponsored by U.S. banks, European Depositary Receipts (EDRs), Global Depositary Receipts (GDRs), ADRs not sponsored by U.S. banks, other types of depository receipts (including non-voting depository receipts), and other similar instruments representing securities of foreign companies. The issuers of Depository Receipts may discontinue issuing new Depository Receipts and withdraw existing Depository Receipts at any time, which may result in costs and delays in the distribution of the underlying assets to the fund or account and may negatively impact the fund or account's performance. Although certain depository receipts may reduce



or eliminate some of the risks associated with foreign investing, these types of securities generally are subject to many of the same risks as direct investment in securities of foreign issuers.

Derivatives

Derivative transactions are contracts whose value is derived from the value of an underlying asset, index or rate, including futures, options, non-deliverable forwards, foreign currency forward contracts and swap agreements. A fund or account may use derivatives to hedge against factors that affect the value of its investments, such as interest rates and foreign currency exchange rates. A fund or account may also utilize derivatives as part of its overall investment technique to gain or lessen exposure to various securities, markets, volatility, dividend payments and currencies.

Derivatives typically involve greater risks than traditional investments. It is generally more difficult to ascertain the risk of, and to properly value, derivative contracts. Many derivatives, and particularly those that are privately negotiated, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the fund or account. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Derivatives are usually less liquid than traditional securities and are subject to counterparty risk (the risk that the other party to the contract will default or otherwise not be able to perform its contractual obligations). In addition, some derivatives transactions may involve potentially unlimited losses.

If a fund or account sells a credit default swap, that fund or account effectively adds economic leverage to its portfolio because, in addition to its total net assets, the fund or account is subject to investment exposure on the notional amount of the swap. Additionally, holding a position in a credit default swap could result in losses if the fund or account does not correctly evaluate the creditworthiness of the company on which the credit default swap is based. To the extent a fund or account writes call options on individual securities that it does not hold in its portfolio (i.e., “naked” call options), it is subject to the risk that a liquid market for the underlying security may not exist at the time an option is exercised or when the fund or account otherwise seeks to close out an option position. Naked call options have speculative characteristics and the potential for unlimited loss.

Derivative contracts entered into for hedging purposes may also subject a fund or account to losses if the contracts do not correlate with the assets, indexes or rates they were designed to hedge. In regard to currency hedging using forward contracts, it is generally not possible to precisely match the foreign currency exposure of such foreign currency forward contracts to the value of the securities involved due to fluctuations in the market values of such securities and cash flows into and out of the fund or account between the date a foreign currency forward contract is entered into and the date it expires.

Governments, agencies and/or other regulatory bodies may adopt or change laws or regulations that could adversely affect a fund’s or account’s ability to invest in derivatives as the fund’s or account’s subadviser intends. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), among other things, grants the Commodity Futures Trading Commission (the “CFTC”) and SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act including comprehensive regulation of the over-the-counter (“OTC”) derivatives market. The implementation of the Dodd-Frank Act could adversely affect a fund or account by placing limits on derivative transactions, and/or increasing transaction and/or regulatory compliance costs. For example, the CFTC has adopted rules that apply a new aggregation standard for position limit purposes, which may further limit a fund’s or account’s ability to trade futures contracts and swaps.

There are also special tax rules applicable to certain types of derivatives, which could affect the amount, timing and character of a fund’s or account’s income or loss and hence of its distributions to shareholders by causing holding period adjustments, converting short-term capital losses into long-term capital losses,



and accelerating a fund's or account's income or deferring its losses. A fund's or account's use of derivatives may also increase the amount of taxes payable by shareholders or the resources required by the fund or account, or its adviser and/or subadviser(s) to comply with particular regulatory requirements.

Under recently adopted rules and regulations, transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared. In a cleared derivatives transaction, a fund's or account's counterparty is a clearing house, rather than a bank or broker. Since the funds and the subadvisers are not members of clearing houses and only members of a clearing house can participate directly in the clearing house, the funds and accounts will hold cleared derivatives through accounts at clearing members. In a cleared derivatives transaction, a fund or account will make payments (including margin payments) to and receive payments from a clearing house through its account at a clearing member. Clearing members guarantee performance of their clients' obligations to the clearing house.

In October 2020, the Securities and Exchange Commission (the "SEC") adopted new Rule 18f-4 under the Investment Company Act ("Rule 18f-4") providing for the regulation of a registered investment company's use of derivatives and certain related instruments. Among other things, Rule 18f-4 limit a fund's derivatives exposure through a value-at-risk ("VaR") test and requires the adoption and implementation of a derivatives risk management program for certain derivatives users. In connection with the adoption of Rule 18f-4, the SEC also eliminated the asset segregation framework arising from prior SEC guidance for covering derivatives and certain financial instruments. Compliance with Rule 18f-4 will not be required until August 2022. When a fund comes into compliance, the fund's treatment of investments or trading practices that involve contractual obligations to pay in the future will change. Most such investments or trading practices will be considered to be derivatives under Rule 18f-4 and will therefore be subject to the VaR test set forth in the rule. The approach to asset segregation and coverage requirements described in the fund's prospectus will also be impacted. For certain investments, such as reverse repurchase agreements and similar financing transactions, a fund will have the option to either treat them as (1) senior securities under Section 18 of the Investment Company Act, in which case they would be subject to the 300% asset coverage requirement described above, or (2) derivatives subject to the VaR test imposed by Rule 18f-4. Rule 18f-4 could restrict a fund's ability to engage in certain derivatives transactions and/or increase the costs of such derivatives transactions, which could adversely affect the value or performance of the fund.

Centrally cleared derivative arrangements may be less favorable to mutual funds or accounts than bilateral arrangements. For example, the funds or accounts may be required to provide greater amounts of margin for cleared derivatives transactions than for bilateral derivatives transactions. Also, in contrast to bilateral derivatives transactions, following a period of notice to a fund or account, a clearing member generally can require termination of existing cleared derivatives transactions at any time or increases in margin requirements above the margin that the clearing member required at the beginning of a transaction. Clearing houses also have broad rights to increase margin requirements for existing transactions or to terminate transactions at any time. In addition, derivatives that are centrally cleared are subject to the credit risk of the clearing house and the member of the clearing house through which a fund or account holds its cleared position. If a fund's or account's counterparty or the relevant clearing house or clearing member were to default, the fund or account could lose a portion or all of the collateral held by the counterparty, clearing house, or clearing member on its behalf, or could suffer extended delays in recovering that collateral.

Distressed Company Risk

A fund or account that invests in securities of distressed companies may be subject to greater levels of credit, issuer and liquidity risk than a portfolio that does not invest in such securities. Securities of distressed companies include both debt and equity securities. Debt securities of distressed companies are considered predominantly speculative with respect to the issuers' continuing ability to make principal and interest payments. Issuers of distressed company securities may also be involved in restructurings or



bankruptcy proceedings that may not be successful. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the fund's or account's ability to sell these securities (liquidity risk). If the issuer of a debt security is in default with respect to interest or principal payments, the fund or account may lose the value of its entire investment. Investments in distressed securities often involve increased control position risk and litigation risk.

Equity Securities

Generally, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. Equity securities may take the form of shares of common stock of a corporation, membership interests in a limited liability company, limited partnership interests, or other forms of ownership interests.

Equity securities also include, among other things, preferred stocks, convertible securities and warrants. In particular, equity securities will respond to events that affect entire financial markets or industries (such as changes in inflation or consumer demand) and to events that affect particular issuers (such as news about the success or failure of a new product). Equity securities also are subject to "stock market risk," meaning that stock prices in general may decline over short or extended periods of time. When the value of the stocks held by a fund or account goes down, the value of the fund's or account's shares will be affected. Dividend paying companies may underperform companies without a history of paying dividends. In addition, because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Risks associated with investing in equity securities include the following.

- *Growth Stocks Risk.* Growth stocks can react differently to issuer, political, market, and economic developments than the market as a whole and other types of stocks. Growth stocks also tend to be more expensive relative to their earnings or assets compared to other types of stocks, and as a result they tend to be sensitive to changes in their earnings and more volatile than other types of stocks.
- *Large Market Capitalization Companies Risk.* The value of investments in larger companies may not rise as much as investments in smaller companies, and larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- *Medium Market Capitalization Companies Risk.* Medium-sized companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of medium-sized companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund or account.
- *Small and Medium Market Capitalization Companies Risk.* Small and medium-sized companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of small and medium-sized companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund or account.
- *Small Market Capitalization Companies Risk.* Small companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of small companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund or account.



- *Value Stocks Risk.* A company may be undervalued due to market or economic conditions, temporary earnings declines, unfavorable developments affecting the company and other factors, or because it is associated with a market sector that generally is out of favor with investors. Undervalued stocks tend to be inexpensive relative to their earnings or assets compared to other types of stock. However, these stocks can continue to be inexpensive for long periods of time and may not realize their full economic value.

ESG

A fund's or account's consideration of ESG factors could cause it to perform differently compared to funds or accounts that do not use such considerations. The relevance and weightings of specific ESG factors may vary across asset classes, sectors and strategies and no one factor is determinative. ESG factors are qualitative and subjective by nature and there are significant differences in interpretations of what it means for a company to have positive or negative ESG factors. There is no guarantee that the factors utilized by a fund's or account's adviser or subadviser or any judgment exercised by the adviser or subadviser will reflect the opinions of any particular investor, and the factors analyzed by the adviser or subadviser may differ from the factors any particular investor considers relevant in evaluating ESG practices. When integrating ESG factors into the investment process, the adviser or subadviser may rely on third-party data that it believes to be reliable, but it does not guarantee the accuracy of such third-party data. ESG information from third-party data providers may be incomplete, inaccurate or unavailable, which may adversely impact the investment process. Moreover, the current lack of common standards may result in different approaches to integrating ESG factors. As a result, the funds or accounts may invest in companies that do not reflect the beliefs and values of any particular investor. The ESG factors that may be evaluated as part of the investment process are anticipated to evolve over time and one or more characteristics may not be relevant with respect to all issuers that are eligible for investment. Further, the regulatory landscape with respect to ESG integration in the United States is still developing and future rules and regulations may require a fund or account to modify or alter its investment process with respect to ESG integration.

Exchange-Traded Funds (ETFs)

ETFs invest in a portfolio of securities designed to track a particular market segment or index. The risks associated with investing in ETFs generally reflect the risks of owning shares of the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities. Assets invested in ETFs incur a layering of expenses, including operating costs and advisory fees that fund shareholders or account owners indirectly bear; such expenses may exceed the expenses the fund or account would incur if it invested directly in the underlying portfolio of securities the ETF is designed to track.

Shares of ETFs trade on a securities exchange and may trade at, above, or below their net asset value. The extent to which the investment performance and risks associated with a fund or account correlate to those of a particular ETF will depend upon the extent to which the portfolio's assets are allocated from time to time for investment in the ETF, which will vary.

Foreign Investing

Investing in securities of non-U.S. companies involves special risks and considerations not typically associated with investing in U.S. companies, and the values of non-U.S. securities may be more volatile than those of U.S. securities. The values of non-U.S. securities are subject to economic, geopolitical, and political developments in countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies, and to changes in currency exchange rates. Values may also be affected by restrictions on receiving the investment proceeds from a non-U.S. country. In the event of nationalization, expropriation or other confiscation, a fund or account could lose its entire investment in non-U.S. securities.



In general, less information is publicly available about non-U.S. companies than about U.S. companies. Non-U.S. companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. In addition, a fund's or account's investments in non-U.S. securities may be subject to withholding and other taxes imposed by countries outside the U.S., which could reduce the return on an investment in a fund or account. Certain foreign issuers classified as passive foreign investment companies may be subject to additional taxation risk. Risks associated with foreign investing include the following:

- *Currency Rate Risk.* Because the foreign securities in which a fund or account invests generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the fund's or account's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. Currency rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or non-U.S. governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. Because the value of each fund's shares and account's value is calculated in U.S. dollars, it is possible for a fund or account to lose money by investing in a foreign security if the local currency of a foreign market depreciates against the U.S. dollar, even if the local currency value of the fund's or account's holdings goes up. Generally, a strong U.S. dollar relative to such other currencies will adversely affect the value of the fund's or account's holdings in foreign securities. The local emerging market currencies in which a fund or account may be invested from time to time may experience substantially greater volatility against the U.S. dollar than the major convertible currencies of developed countries.
- *Emerging Market Risk.* The risks of foreign investments are generally greater in countries whose markets are still developing than they are in more developed markets. Emerging market countries typically have economic and political systems that are less fully developed and can be expected to be less stable than those of more developed countries. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation. Since these markets are often small, they may be more likely to suffer sharp and frequent price changes or long-term price depression because of adverse publicity, investor perceptions or the actions of a few large investors. They may also have policies that restrict investment by foreigners, or that prevent foreign investors from withdrawing their money at will. Certain emerging markets may also face other significant internal or external risks, including the imposition of sanctions and risk of war and civil unrest. Emerging market securities may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause a fund or account to miss attractive investment opportunities, hold a portion of its assets in cash pending investment, or be delayed in disposing of a portfolio security, all of which would negatively affect the fund's or account's performance. Funds and accounts may also be subject to Emerging Markets Risk if they invest in derivatives or other securities or instruments whose value or returns are related to the value or returns of emerging market securities.

The funds and accounts may invest in some emerging markets through trading structures or protocols that subject them to risks such as those associated with illiquidity, custodying assets, different settlement and clearance procedures and asserting legal title under a developing legal and regulatory regime to a greater degree than in developed markets or even in other emerging markets. For example, some of the funds or accounts may invest in certain eligible Chinese securities ("China A Shares") listed and traded on either the Shanghai Stock Exchange ("SSE") or the Shenzhen Stock Exchange ("SZSE"). Such funds and accounts expect to access China A Shares through the Shanghai-Hong Kong Stock Connect Program or the Shenzhen-Hong Kong Stock Connect Program (each, a "Stock Connect"). The Shanghai Stock Connect is a securities trading and clearing program developed by the Hong Kong Stock Exchange ("SEHK"), SSE, Hong Kong Securities Clearing Company Limited and



China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between SEHK and SSE that commenced operations in November 2014. The Shenzhen Stock Connect subsequently commenced operations in December 2016. The Stock Connect programs are subject to regulations promulgated by regulatory authorities for both SSE, SZSE and SEHK, as applicable, and further regulations or restrictions, such as trading suspensions, may adversely affect the Stock Connects and the value of the China A Shares held by the funds and accounts. There is no guarantee that the systems required to operate each Stock Connect will function properly or will continue to be adapted to changes and developments in the applicable markets or that the relevant exchanges will continue to support the Stock Connects in the future. In the event that the relevant systems do not function properly, trading through a Stock Connect program could be disrupted. While Stock Connect is not subject to individual investment quotas, daily and aggregate investment quotas apply to the aggregate volume on each Stock Connect, which may restrict or preclude a fund's or account's ability to invest in Stock Connect securities or to enter into or exit trades on a timely basis. In addition, Stock Connect securities generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with each program's rules, which may further subject the funds and accounts to liquidity risk with respect to China A Shares. A fund or account may be restricted in its ability to dispose of its China A Shares purchased through a Stock Connect in a timely manner. As an example, the Shanghai Stock Connect is generally available only on business days when both the SEHK and SSE are open. When either the SEHK or SSE is closed, a fund or account will not be able to trade Stock Connect securities at a time that may otherwise be beneficial to trade. Additionally, the SSE or SZSE may be open at a time when the Stock Connect program is not trading, with the result that prices of China A Shares may fluctuate at times when a fund or account is unable to add to or exit its position. Because of the way in which China A Shares are held in Stock Connect, a fund or account may not be able to exercise the rights of a shareholder and may be limited in its ability to pursue claims against the issuer of a security and may suffer losses in the event the depository of the SSE or SZSE becomes insolvent. Only certain China A Shares are eligible to be accessed through the Stock Connect program. Such securities may lose their eligibility at any time, in which case they presumably could be sold but could no longer be purchased through the Stock Connect program. Because the Stock Connect program is new, the actual effect on the market for trading China A Shares with the introduction of large numbers of foreign investors is unknown. Investments in China A Shares may not be covered by the securities investor protection programs of either exchange and, without the protection of such programs, will be subject to the risk of default by the broker. The limitations and risks described above with respect to each Stock Connect are specific to the applicable program; however, these and other risks may exist to varying degrees in connection with the funds' or accounts' investments through other trading structures, protocols and platforms in other emerging markets.

Chinese operating companies sometimes rely on variable interest entity ("VIE") structures to raise capital from non-Chinese investors because of Chinese government limitations or prohibitions on direct foreign ownership in certain industries. In a VIE structure, a series of contractual arrangements are entered into between a holding company domiciled outside of China and a Chinese operating company or companies, which are intended to mimic direct ownership in the operating company, but in many cases these arrangements have not been tested in court and it is not clear that the contracts are enforceable or that the structures will otherwise work as intended. The offshore holding company, which is not a Chinese operating company, then issues exchange-traded shares that are sold to the public, including non-Chinese investors. Shares of the offshore entity purchased by a fund or account would not be equity ownership interests in the Chinese operating company and the fund's or account's interest would be subject to legal, operational and other risks associated with the company's use of the VIE structure. For example, at any time the Chinese government could determine that the contractual arrangements constituting part of the VIE structure are unenforceable or do not comply with applicable law or regulations, these laws or regulations could change or be interpreted differently in the future, and the Chinese government may with no advance notice otherwise intervene in or exert influence over VIE structures or the related Chinese operating companies. If



any of these or similar risks or developments materialize, the fund's or account's investment in the offshore entity may suddenly and significantly decline in value or become worthless because of, among other things, difficulty enforcing (or the inability to enforce) the contractual arrangements or materially adverse effects on the Chinese operating company's performance. In these circumstances, the fund or account could experience significant losses with no recourse available. From time to time, the fund's or account's investments in U.S.-listed shell companies relying on VIE structures to consolidate China-based operations could be significant.

For all of these reasons, investments in emerging markets may be considered speculative. To the extent that a fund or account invests a significant portion of its assets in a particular emerging market, the fund or account will be more vulnerable to financial, economic, political and other developments in that country, and conditions that negatively impact that country will have a greater impact on the fund or account as compared with a fund or account that does not have its holdings concentrated in a particular country.

- *Equity-Linked Instruments Risk.* Equity-linked instruments are instruments of various types issued by financial institutions or special purpose entities located in foreign countries to provide the synthetic economic performance of a referenced equity security, including benefits from dividends and other corporate actions, but without certain rights of direct investment in the referenced securities, such as voting rights. In addition to the market and other risks of the referenced equity security, equity-linked instruments involve counterparty risk, which includes the risk that the issuing entity may not be able to honor its financial commitment. Equity-linked instruments have no guaranteed return of principal and may experience a return different from the referenced equity security. Typically, a fund or account will invest in equity-linked instruments in order to obtain exposure to certain countries in which it does not have local accounts.
- *Foreign Currency Transactions Risk.* A fund or account may engage in foreign currency transactions, including foreign currency forward contracts, options, swaps and other similar strategic transactions. These transactions may be for the purposes of hedging or efficient portfolio management, or may be for investment purposes, and they may be exchange traded or traded directly with market counterparties. Such transactions may not prove successful or may have the effect of limiting gains from favorable markets movements.

A fund or account may use derivatives to acquire positions in various currencies, which presents the risk that the fund or account could lose money on its exposure to a particular currency and also lose money on the derivative. A fund or account also may take positions in currencies that do not correlate to the currency exposure presented by the fund's or account's other investments. As a result, the fund's or account's currency exposure may differ, in some cases significantly, from the currency exposure of its other investments and/or its benchmarks.

Focused Investments

Focusing fund or account investments in a small number of issuers, industries, foreign currencies or regions increases risk. Funds or accounts that are "non-diversified" because they may invest a significant portion of their assets in a relatively small number of issuers may have more risk because changes in the value of a single security or the impact of a single economic, political or regulatory occurrence may have a greater adverse impact on the value of the fund or account. Similarly, certain underlying bond funds may have more risk because they may invest a substantial portion of their assets in bonds of similar projects or from issuers of the same status. Some of those issuers also may present substantial credit or other risks. Diversified funds or accounts that invest in a relatively small number of issuers are subject to similar risks. In addition, the funds and accounts may be subject to increased risk to the extent they focus their investments in securities



denominated in a particular foreign currency or in a narrowly defined geographic area, for example, regional economic risks relating to weather emergencies and natural disasters. Similarly, a fund or account that focuses its investments in a certain type of issuer is particularly vulnerable to events affecting such type of issuer. Also, a fund or account may have greater risk to the extent it invests a substantial portion of its assets in a group of related industries (or “sectors”). The industries comprising any particular sector and investments in a particular foreign currency or in a narrowly defined geographic area outside the United States may share common characteristics, are often subject to similar business risks and regulatory burdens, and react similarly to economic, market, political or other developments. Funds or accounts may be subject to increased risk to the extent they allocate assets among investment styles and certain styles underperform relative to other investment styles. Furthermore, certain issuers, industries and regions may be adversely affected by the impacts of climate change on the demand for and the development of goods and services and related production costs, and the impacts of legislation, regulation and international accords related to climate change, as well as any indirect consequences of regulation or business trends driven by climate change. Funds and accounts that focus investments of their assets in a particular industry or group of related industries are subject, and have heightened exposure, to the risks factors particular to each such industry.

When a fund or account invests in mutual funds or exchange-traded funds (“Underlying Funds”), certain Underlying Funds may have more risk because they have a particular geographic or sector focus. An Underlying Fund that holds or obtains exposure to a particular geography, such as Europe or the Far East, may be affected by economic, regulatory or political developments affecting issuers in that geography. Similarly, Underlying Funds that focus their investments in companies that have exposure, directly or indirectly, to a particular sector, such as the eco-sectors or water-related sectors, will be impacted more by events or factors affecting those sectors than if their portfolios were more diversified among a number of unrelated sectors and industries. To the extent that a fund or account concentrates a significant portion of its assets in a single Underlying Fund, it will be particularly sensitive to the risks associated with that Underlying Fund and any investments in which that Underlying Fund concentrates.

Geographic Concentration

The value of the investments of a fund or account that focuses its investments in a particular geographic location will be highly sensitive to financial, economic, political and other developments affecting the fiscal stability of that location, and conditions that negatively impact that location will have a greater impact on the fund or account as compared with a fund or account that does not have its holdings similarly concentrated. Events negatively affecting such location are therefore likely to cause the value of the fund’s or account’s shares to decrease, perhaps significantly.

Hedging Risk

Certain subadvisers have engaged, and may in the future, engage in hedging transactions. To the extent a subadviser employs a hedging strategy, the success of any such hedging strategy will depend, in part, upon the subadviser’s ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of such hedging strategy will also be subject to the subadviser’s ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a subadviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if the subadviser had not engaged in such hedging transactions. Additionally, a subadviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Moreover, there is no guarantee that such intended hedging strategy will be successful in hedging out the subject risks.

High-Yield Fixed Income Securities (Junk Bonds)

Securities rated below the four highest rating categories of a nationally recognized statistical rating



organization, may be known as “high-yield” securities and commonly referred to as “junk bonds.” The highest of the ratings among these nationally recognized statistical rating organizations is used to determine the security’s classification. Such securities entail greater price volatility and credit and interest rate risk than investment-grade securities. Analysis of the creditworthiness of high-yield issuers is more complex than for higher-rated securities, making it more difficult for a fund’s or account’s subadviser to accurately predict risk. There is a greater risk with high-yield fixed income securities that an issuer will not be able to make principal and interest payments when due. If the fund or account pursues missed payments, there is a risk that fund or account expenses could increase. In addition, lower-rated securities may not trade as often and may be less liquid than higher-rated securities, especially during periods of economic uncertainty or change. As a result of all of these factors, these bonds are generally considered to be speculative. In recent years, there has been a broad trend of weaker or less restrictive covenant protections in the high yield market. Among other things, under such weaker or less restrictive covenants, borrowers might be able to exercise more flexibility with respect to certain activities than borrowers who are subject to stronger or more protective covenants. For example, borrowers might be able to incur more debt, including secured debt, return more capital to shareholders, remove or reduce assets that are designated as collateral securing high yield securities, increase the claims against assets that are permitted against collateral securing high yield securities or otherwise manage their business in ways that could impact creditors negatively. In addition, certain privately held borrowers might be permitted to file less frequent, less detailed or less timely financial reporting or other information, which could negatively impact the value of the high yield securities issued by such borrowers. Each of these factors might negatively impact the high yield instruments held by a fund or account.

Illiquid and Restricted Securities

Certain securities in which a fund or account invests may be difficult to sell at the time and price beneficial to the fund or account, for example due to low trading volumes or legal restrictions. When there is no willing buyer or a security cannot be readily sold, the fund or account may have to sell at a lower price or may be unable to sell the security at all. The sale of such securities may also require the fund or account to incur expenses in addition to those normally associated with the sale of a security.

Income

The income shareholders receive from a fund or account is based primarily on the dividends and interest the fund or account earns from its investments, which can vary widely over the short- and long-term. If prevailing market interest rates drop, distribution rates of the fund’s or account’s preferred stock holdings and any bond holdings could drop as well. The fund’s or account’s also income also would likely be affected adversely when prevailing short-term interest rates increase. In certain circumstances, a fund or account may be treated as receiving income even though no cash is received. A fund or account may not be able to pay distributions or may have to reduce distribution levels if the cash distributions that the fund or account receives from its investments decline. For investments in inflation-protected treasuries (TIPS), income may decline due to a decline in inflation (or deflation) or due to changes in inflation expectations.

Industry/Sector Concentration

The value of the investments of a fund or account that focuses its investments in a particular industry or market sector will be highly sensitive to financial, economic, political and other developments affecting that industry or market sector, and conditions that negatively impact that industry or market sector will have a greater impact on the fund or account as compared with a fund or account that does not have its holdings similarly concentrated. Events negatively affecting the industries or market sectors in which a fund or account has invested are therefore likely to cause the value of the fund’s shares or account’s value to decrease, perhaps significantly.

Inflation-Linked Investments

The current market value of inflation-protected securities is not guaranteed and will fluctuate. Inflation-protected securities may react differently from other fixed income securities to changes in interest rates.



Because interest rates on inflation-protected securities are adjusted for inflation, the values of these securities are not materially affected by inflation expectations. Therefore, the value of inflation-protected securities is anticipated to change in response to changes in “real” interest rates, which represent nominal (stated) interest rates reduced by the expected impact of inflation. Generally, the value of an inflation-protected security will fall when real interest rates rise and will rise when real interest rates fall.

Because the interest and/or principal payments on an inflation-protected security are adjusted periodically for changes in inflation, the income distributed by a fund or received by an account invested in such securities may be irregular. Although the U.S. Treasury guarantees to pay at least the original face value of any inflation-protected securities the Treasury issues, other issuers may not offer the same guarantee. Also, inflation-protected securities, including those issued by the U.S. Treasury, are not protected against deflation. As a result, in a period of deflation, the inflation-protected securities held by a fund or account may not pay any income and the fund or account may suffer a loss. While inflation-protected securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in a fund’s or account’s value. If interest rates rise due to reasons other than inflation, a fund’s or account’s investment in these securities may not be protected to the extent that the increase is not reflected in the securities’ inflation measures. In addition, positive adjustments to principal generally will result in taxable income to a fund or account at the time of such adjustments (which generally would be distributed by the fund or account as part of its taxable dividends), even though the principal amount is not paid until maturity. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A fund’s or account’s investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different from the rate of the inflation index.

IPO Risk

A fund or account may acquire common and preferred stock of issuers in an IPO. Investment returns from IPOs may be highly volatile and subject to varying patterns of trading volume, and these securities may at times be difficult to sell. In addition, information about the issuers of IPO securities is often difficult to obtain since they are new to the market and may not have lengthy operating histories. From time to time, a fund or account may purchase stock in an IPO and then immediately sell the stock. This practice will increase portfolio turnover rates and increase costs to the fund or account, affect performance, and may increase capital gain distributions, resulting in greater tax liability to the fund shareholders or account owners. At any particular time or from time to time, a fund or account may not be able to invest in securities issued in IPOs, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the fund or account. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of funds to which IPO securities are allocated increases, the number of securities issued to any one fund or account may decrease. The investment performance of a fund or account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the fund or account is able to do so. In addition, as a fund or account increases in size, the impact of IPOs on the fund’s or account’s performance will generally decrease.

Issuer Risk

The value of a security may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer’s goods or services as well as the historical and prospective earnings of the issuer and the value of its assets.

Leverage

When a fund or account makes investments in futures contracts, forward contracts, swaps and other derivative instruments, the futures contracts, forward contracts, swaps and certain other derivatives provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. When a fund or account uses leverage through activities such as borrowing, entering into short sales,



purchasing securities on margin or on a when-issued basis, or purchasing derivative instruments in an effort to increase its returns, the fund or account has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the fund or account. The value of the shares of a fund or account employing leverage will be more volatile and sensitive to market movements. The use of leverage may cause a fund to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations or to meet segregation requirements.

Certain types of leveraging transactions, such as short sales that are not “against the box,” could theoretically be subject to unlimited losses in cases where a fund or account, for any reason, is unable to close out the transaction. In addition, to the extent a fund or account borrows money, interest costs on such borrowings may not be recovered by any appreciation of the securities purchased with the borrowed amounts and could exceed the fund’s or account’s investment returns, resulting in greater losses. Leverage may also involve the creation of a liability that requires the fund or account to pay interest.

LIBOR

The London Interbank Offered Rate (“LIBOR”) historically has been and currently is used extensively in the U.S. and globally as a “benchmark” or “reference rate” for various commercial and financial contracts, including corporate and municipal bonds, bank loans, asset-backed and mortgage related securities, interest rate swaps and other derivatives. For example, debt instruments in which a fund invests may pay interest at floating rates based on LIBOR or may be subject to interest caps or floors based on LIBOR. A fund’s derivative investments may also reference LIBOR. In addition, issuers of instruments in which a fund invests may obtain financing at floating rates based on LIBOR, and a fund may use leverage or borrowings based on LIBOR. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the intention to phase out the use of LIBOR by the end of 2021. However, after subsequent announcements by the FCA, the LIBOR administrator and other regulators, certain of the most widely used LIBORs have been extended and are expected to continue until mid- 2023. Currently, the U.S. and other countries are working to replace LIBOR with alternative reference rates. The transition effort in the U.S. is being led by the Alternative Reference Rate Committee (ARRC), a diverse group of market participants convened by the Federal Reserve. After much deliberation, ARRC selected the Secured Overnight Financing Rate (“SOFR”) as the preferred LIBOR successor for U.S. dollar markets. SOFR is a volume-weighted median of borrowing rates from the Treasury repurchase agreement market. National working groups in other jurisdictions have similarly identified overnight nearly risk-free rates like SOFR as their preferred alternatives to LIBOR. Although the structured transition to the new rates is designed to mitigate the risks of disruption to financial markets, such risks exist. Abandonment of or modifications to LIBOR could lead to significant short-and long-term uncertainty and market instability. The risks associated with this discontinuation and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. It remains uncertain the effects such changes would have on the funds, issuers of instruments in which the funds invest, and the financial markets generally.

Limited Number of Investments

The risk that a fund’s or account’s portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund’s or account’s portfolio than would a fund or account holding a greater number of securities.

Market Volatility

The value of the securities in which a fund or account invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be short-or long-term.

Instability in the financial markets may expose each fund or account to greater market and liquidity risk and potential difficulty in valuing portfolio instruments that it holds. In response to financial markets that experienced extreme volatility, and in some cases a lack of liquidity, the U.S. Government and other



governments have taken a number of unprecedented actions, including acquiring distressed assets from financial institutions and acquiring ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear. Additional legislation or government regulation may also change the way in which funds themselves are regulated, which could limit or preclude a fund's ability to achieve its investment objective.

Local, regional or global events such as war or military conflict (e.g. Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness or other public health issue, recessions, inflation, rapid interest rate changes, supply chain disruptions, sanctions, or other events could have a significant impact on a fund or account and its investments, hampering the ability of a fund's or account's portfolio manager(s) to invest a fund's or account's assets as intended.

Mortgage-Backed Securities

Mortgage-backed securities represent interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. The impairment of the value of collateral underlying a mortgage-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses to a fund or account.

Early payoffs in the loans underlying such securities may result in a fund or account receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, a fund or account may be required to invest proceeds at lower interest rates, causing the fund to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

Mortgage-Backed and Asset-Backed Securities

Mortgage-backed securities represent interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. Asset-backed securities represent interests in pools of underlying assets such as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card arrangements. These two types of securities share many of the same risks. The impairment of the value of collateral or other assets underlying a mortgage-backed or asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses to a fund or account.

Early payoffs in the loans underlying such securities may result in a fund or account receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, a fund or account may be required to invest proceeds at lower interest rates, causing the fund to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Due to these risks, asset-backed securities may become more volatile in certain interest rate environments. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

Municipal Bond Market

The amount of public information available about municipal bonds is generally less than that for corporate



equities or bonds, and the investment performance of a fund or account may be more dependent on the analytical abilities of the subadviser than would be the case for a fund or account that does not invest in municipal bonds. Certain factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of a fund's or account's investments in municipal securities. Other factors include the general conditions of the municipal securities market, the size of the particular offering, the maturity of the obligation and the rating of the issue. Changes in economic, business or political conditions relating to a particular municipal project, municipality, or state, territory or possession of the United States in which the fund or account invests may have an impact on the fund's or account's share price. The secondary market for municipal bonds also tends to be less well-developed and less liquid than many other securities markets, which may adversely affect the fund's or account's ability to sell its bonds at attractive prices. In addition, municipal obligations can experience downturns in trading activity, and the supply of municipal obligations may exceed the demand in the market. During such periods, the spread can widen between the price at which an obligation can be purchased and the price at which it can be sold. Less liquid obligations can become more difficult to value and be subject to erratic price movements. Economic and other events (whether real or perceived) can reduce the demand for certain investments or for investments generally, which may reduce market prices and cause the value of the fund shares or account to fall. The frequency and magnitude of such changes cannot be predicted. A fund or account may invest in municipal obligations that do not appear to be related, but in fact depend on the financial rating or support of a single government unit, in which case, events that affect one of the obligations will also affect the others and will impact the fund's or account's portfolio to a greater degree than if the fund's or account's investments were not so related. The increased presence of non-traditional participants in the municipal markets may lead to greater volatility in the markets.

Portfolio Turnover

A fund's or account's investment strategy may result in consistently frequently high turnover rate. A high portfolio turnover rate may result in correspondingly greater brokerage commission expenses and the distribution to shareholders or accountholders of additional capital gains for tax purposes, some of which may be taxable at ordinary income rates. These factors may negatively affect the fund's or account's performance.

Preferred Stocks

Preferred stocks may provide a higher dividend rate than the interest yield on debt instruments of the same issuer, but are subject to greater risk of fluctuation in market value and greater risk of non-receipt of income. Unlike interest on debt instruments, dividends on preferred stocks must be declared by the issuer's board of directors before becoming payable. Preferred stocks are in many ways like perpetual debt instruments, providing a stream of income but without stated maturity date. Because they often lack a fixed maturity or redemption date, preferred stocks are likely to fluctuate substantially in price when interest rates change. Such fluctuations generally are comparable to or exceed those of long-term government or corporate bonds (those with maturities of fifteen to thirty years). Preferred stocks have claims on assets and earnings of the issuer which are subordinate to the claims of all creditors but senior to the claims of common stockholders. A preferred stock rating differs from a bond rating because it applies to an equity issue which is intrinsically different from, and subordinated to, a debt issue. Preferred stock ratings generally represent an assessment of the capacity and willingness of an issuer to pay preferred stock dividends and any applicable sinking fund obligations. Preferred stock also may be subject to optional or mandatory redemption provisions, and may be significantly less liquid than many other securities, such as U.S. Government securities, corporate debt or common stock.

Real Estate Investment

Investing in companies that invest in real estate ("Real Estate Companies") exposes a fund or account to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which Real Estate Companies are organized and operated. Real estate is highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Real Estate



Companies may lack diversification due to ownership of a limited number of properties and concentration in a particular geographic region or property type. Risks associated with investing in Real Estate Companies include the following:

- *Equity REIT Securities Risk.* REITs are financial vehicles that pool investor capital to purchase or finance real estate. Equity REITs invest primarily in direct ownership or lease of real property, and they derive most of their income from rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Investing in equity REITs and REIT-like entities involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs and REIT-like entities are typically small or medium market capitalization companies, and they are subject to management fees and other expenses. A fund or account that invests in REITs and REIT-like entities will bear its proportionate share of the costs of the REITs' and REIT-like entities' operations. REITs and REIT-like entities are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency and self-liquidation. REITs and REIT-like entities also are subject to the possibility of failing to qualify for tax-free pass-through of income. Also, because REITs and REIT-like entities typically are invested in a limited number of projects or in a particular market segment, these entities are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. In the event of a default by a borrower or lessee, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition, investment in REITs could cause a fund to possibly fail to qualify as a regulated investment company, depending upon the nature of dividends received by the fund.
- *REIT and REOC Securities Risk.* REIT and REOC Securities Risks. Investing in Real Estate Investment Trusts (REITs) and REIT-like entities involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs and REIT-like entities are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency and self-liquidation. REITs and REIT-like entities also are subject to the possibility of failing to qualify for tax-free pass-through of income. Also, because REITs and REIT-like entities typically are invested in a limited number of projects or in a particular market segment, these entities are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. In the event of a default by a borrower or lessee, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition, investment in REITs could cause a fund to possibly fail to qualify as a regulated investment company. A Real Estate Operating Company ("REOC") is similar to an equity REIT in that it owns and operates commercial real estate, but unlike a REIT it has the freedom to retain all its funds from operations and, in general, faces fewer restrictions than a REIT. REOCs do not pay any specific level of income as dividends, if at all, and there is no minimum restriction on the number of owners nor limits on ownership concentration. The value of a fund's or account's REOC securities may be adversely affected by the same factors that adversely affect REITs. In addition, a corporate REOC does not qualify for the federal tax treatment that is accorded a REIT. A fund or account also may experience a decline in its income from REOC securities due to falling interest rates or decreasing dividend payments.

Redemption

The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund by, for example, accelerating the realization of capital gains and/or increasing the fund's transaction costs.



Repurchase Agreements

Certain funds and accounts may enter into repurchase agreements, in which the fund or account purchases a security from a bank or broker-dealer that agrees to repurchase the security at the fund's or account's cost plus interest within a specified time. If the party agreeing to repurchase should default, the fund or account will seek to sell the securities which it holds. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days are considered illiquid securities.

Reverse Repurchase Agreements and Other Borrowings

Certain funds and accounts may enter into reverse repurchase agreements and dollar rolls, subject to a fund's or account's limitations on borrowings. A reverse repurchase agreement involves the sale of a security by a fund or account and its agreement to repurchase the instrument at a specified time and price. A dollar roll is similar except that the counterparty is not obligated to return the same securities as those originally sold by the fund or account but only securities that are "substantially identical." Reverse repurchase agreements and dollar rolls may be considered forms of borrowing for some purposes. A fund will segregate assets determined to be liquid by the Adviser in accordance with Rule 22c-4 under the Investment Company Act, to cover its obligations under reverse repurchase agreements, dollar rolls and other borrowings. Each fund also may borrow money to the extent permitted under the Investment Company Act, subject to any policies of the fund currently described in its prospectus or Statement of Additional Information. In addition, to the extent permitted by and subject to applicable law or SEC exemptive relief, certain funds may make short-term borrowings from investment companies (including money market mutual funds) advised or sub-advised by the adviser or its affiliates. Reverse repurchase agreements, dollar rolls and other forms of borrowings will create leveraging risk for a fund. See "Leverage."

Sector Focused Investing

The value of the investments of a fund or account that focuses its investments in a particular market sector will be highly sensitive to financial, economic, political and other developments affecting that market sector, and conditions that negatively impact that market sector will have a greater impact on the fund or account as compared with a fund or account that does not have its holdings similarly focused. Events negatively affecting the market sectors in which a fund or account has invested are therefore likely to cause the value of the account or of the fund's shares to decrease, perhaps significantly.

Short-Term Investments

Short-term investments include money market instruments, repurchase agreements, certificates of deposit and bankers' acceptances and other short-term instruments that are not U.S. Government securities. These securities generally present less risk than many other investments, but they are generally subject to credit risk and may be subject to other risks as well.

Sustainable Investing Risk

Certain funds or accounts focus their investments in companies their subadviser believe exhibit strong records with respect to environmental, social, and corporate governance ("ESG") factors, a fund or account may choose to sell, or not to purchase, investments that are otherwise consistent with its investment objective. Environmental performance criteria rate a company's management of its environmental challenges, including its effort to reduce or offset the impacts of its products and operations. Social criteria measure how well a company manages its impact on the communities where it operates, including its treatment of local populations, its handling of human rights issues, its commitment to philanthropic activities, its record regarding labor-management relations, anti-discrimination policies and practices, employee safety and the quality and safety record of a company's products, its marketing practices and any involvement in regulatory or anti-competitive controversies. Governance criteria address a company's investor relations and management practices, including company sustainability reporting, board accountability and business ethics policies and practices. To the extent other funds or accounts consider ESG factors and criteria as part of their



overall investment strategy, similar risks will apply.

In general, the application of the subadviser's ESG criteria to investments will affect the fund's or account's exposure to certain issuers, industries, sectors, regions, and countries; may lead to a smaller universe of investments than other funds or accounts that do not incorporate ESG analysis; and may negatively impact the relative performance of the fund or account depending on whether such investments are in or out of favor. In addition, the fund or account may sell a security based on ESG-related factors when it might otherwise be disadvantageous to do so.

Due to its focus on investing in companies that the subadviser believes exhibit strong ESG records, the fund or account invests in companies that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose securities may react similarly to various events and other factors. To the extent it focuses a significant portion of its assets in a limited number of issuers, sectors, industries or geographic regions, the fund or account is further subject to focused investment risk and is more susceptible to events or factors affecting companies in that particular sector, industry or geographic region. See "Focused Investments." The fund or account may also have focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region.

Prolonged drought, floods, weather, disease and other natural disasters, as well as war and political instability, may significantly reduce the ability of companies in such regions to maintain or expand their operations or their marketing efforts in affected countries or geographic regions. See "Foreign Investing" and "Emerging Market Risk."

Tax-Exempt Securities

Tax-exempt securities may not provide a higher after-tax return than taxable securities, or the tax-exempt status of such securities may be lost or limited.

Tax Liability

Distributions by a fund could become taxable to shareholders as ordinary income due to noncompliant conduct by a municipal bond issuer, unfavorable changes in federal or state tax laws, or adverse interpretations of tax laws by applicable tax authorities. Such adverse interpretations or actions could cause interest from a security to become taxable, possibly retroactively, subjecting shareholders to increased tax liability. In addition, such adverse interpretations or actions could cause the value of a security, and therefore the value of a fund's shares, to decline.

Unrated Fixed Income Securities

A fund's or account's subadviser has the authority to make determinations regarding the quality of unrated fixed-income securities for the purposes of assessing whether they meet the fund's or account's investment restrictions. However, analysis of unrated securities is more complex than that of rated securities, making it more difficult for the subadviser to accurately predict risk. Unrated fixed income securities may not be lower in quality than rated securities, but due to their perceived risk they may not have as broad a market as rated securities, making it more difficult to sell unrated securities.

U.S. Government Securities

Obligations issued or guaranteed by the U.S. Government, its agencies, authorities and instrumentalities and backed by the full faith and credit of the United States only guarantee principal and interest will be timely paid to holders of the securities. The entities do not guarantee that the value of an account or of fund shares will increase, and in fact, the market values of such obligations may fluctuate. In addition, not all U.S. Government securities are backed by the full faith and credit of the United States; some are the obligation solely of the entity through which they are issued. There is no guarantee that the U.S. Government would provide financial support to its agencies and instrumentalities if not required to do so by law.



Other Risks

Cybersecurity Risk

In addition to the risks associated to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to “cybersecurity” risk. A breach in cybersecurity refers to both intentional and unintentional events that may cause an account to lose proprietary information such as misappropriating sensitive information, access to digital systems to obtain client and financial information, corrupting data, or causing operational disruption.

Similar adverse consequences could result from cybersecurity incidents affecting counterparties with which we engage in transactions, third-party service providers (e.g., a client account’s custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. The Firm has in place risk management systems and business continuity plans which are designed to reduce the risks associated with these attacks, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

Tax Information (for tax-paying entities)

Ordinary income dividends, including distributions of short-term capital gain, paid by certain mutual funds to the client who are shareholders may be subject to a United States withholding tax under existing provisions of the Internal Revenue Service Code of 1986 applicable to non-U.S. individuals and entities, unless a withholding exemption is provided under applicable treaty law.

VFA does not, and will not, offer tax advice to clients on any such issues and clients are encouraged to seek the advice of a qualified tax professional. Clients should also understand that VFA is not responsible for making any tax credit or similar claim or any legal filing (including but not limited to proofs of claim) on a client’s behalf.

Other

The value of securities used in all of our strategies, whether equity 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

VFA is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of VFA or the integrity of VFA’s management.

VFA has not been involved in any legal or disciplinary events that would be material to a client’s evaluation of the company or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

VFA has material relationships with its affiliates, as described below.



VFA is a wholly owned subsidiary of Virtus Partners, Inc., which is a wholly owned subsidiary of Virtus. Virtus is a publicly traded company operating a multimanager asset management business (NASDAQ: VRTS). Certain officers and directors of Virtus serve as officers of Virtus's indirect, wholly owned affiliates, including VFA.

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 VFA, 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. VFA is aware of, and has procedures to manage, its fiduciary duties and any potential conflicts that may arise related to providing services through affiliates.

In providing services to its clients, VFA will use personnel or services of one or more of its affiliated investment advisers or other corporate affiliates, and VFA's affiliated investment advisers will use personnel or services of VFA. Services provided in these arrangements may include, among other things, investment advice, portfolio execution and trading, back-office processing, accounting, reporting, and client servicing. These services may be provided through arrangements that take a variety of forms, including dual employee, participating affiliate, delegation arrangement, sub-advisory, consulting, or other servicing agreements. In each case, the personnel of the entity providing services are required to follow policies and procedures designed to ensure that the applicable clients' accounts are handled appropriately and in the best interests of the clients. When VFA uses the personnel or services of an affiliate to provide services to VFA's clients, VFA remains responsible for the account from a legal and contractual perspective. Similarly, if an affiliated investment adviser uses the personnel or services of VFA to provide services to such affiliated investment adviser's clients, the affiliated investment adviser remains responsible for the account from a legal and contractual perspective. No additional fees are charged to the clients for such services except as otherwise set forth in the client's applicable investment management or other agreement. Without limiting generality of the foregoing, persons who serve as VFA portfolio managers and analysts for the Virtus Systematic and Virtus Multi-Asset Teams also serve in the same capacity for our affiliate VIA and are direct employees thereof; and provide advisory services to certain open-end Registered Investment Companies clients of VIA using the same or similar strategies under which they also provide advisory services to certain clients of VFA. Members of the equity trading team serving the Virtus Systematic and Virtus Multi-Asset Teams are organized under our affiliate, VSS, and these individuals (under VSS) also provide the same or similar services to our affiliates, Ceredex, NFJ, Silvant, VEA, and VIA. VFA and its above referenced affiliates have policies and procedures in place to ensure that their respective clients who share the same portfolio management and trading facilities are treated fairly with respect to allocation of investment opportunities.

VFA engages certain of its affiliated investment advisers to provide sub-advisory services with respect to certain open-end funds, CITs, Institutional Accounts, Wrap Programs, and Investment Model Delivery/Manager Recommendations to third parties. Additional relationships of this nature can be entered into by VFA in the future. The compensation for such arrangements is typically structured as a percentage of the overall management fee being paid to the affiliated subadviser from VFA, as the hiring affiliated investment adviser.

VFA generally shares its fees with the entity providing sub-advisory services to VFA (in the case of certain affiliates, this is affected through the affiliated subadviser receiving the fee and allocating a portion of the fee to VFA through intercompany transactions).

VFA is not registered, and does not have an application pending to register, as a broker-dealer. However, an affiliate of VFA, VP Distributors, LLC ("VPD"), is a registered broker-dealer. VPD is a limited purpose broker-dealer that serves as principal underwriter and distributor of certain open-end mutual funds and ETFs



managed by VFA and/or its affiliated investment advisers. Certain VFA personnel whose job responsibilities either require or are appropriate for registering as broker-dealer representatives are registered representatives of VPD.

VPD is the Program Manager and Underwriter for a 529 Plan and has entered into an Investment Advisory Services Agreement with VFA delegating to VFA certain rights, duties and obligations of VPD with regard to investment advisory services provided to the Program. The assets invested in certain of the investment portfolios may be invested primarily or exclusively in mutual funds advised by VFA, or one of its affiliates. Expenses of such mutual funds include the fund's investment advisory (and administrative) fees, which are paid to an affiliate of Virtus and/or VFA.

Certain employees of VPD promote VFA's services and products. When VFA pays a fee to VPD for the efforts of VPD's employees to promote VFA's services, VPD is considered a "solicitor" or "promoter" for VFA as discussed further in "Item 14. Client Referrals and Other Compensation", below.

VFA has a number of affiliates that are SEC registered investment advisers, which are:

- Ceredex Value Advisors LLC ("Ceredex")
- Duff & Phelps Investment Management Co.
- Kayne Anderson Rudnick Investment Management, LLC
- NFJ Investment Group, LLC ("NFJ")
- Seix CLO Management LLC
- Silvant Capital Management LLC ("Sivant")
- Sustainable Growth Advisers, LP ("SGA")
- Virtus Alternative Investment Advisers, Inc. ("VAIA")
- Virtus ETF Advisers LLC ("VEA")
- Virtus Fixed Income Advisers, LLC ("VFIA")³
- Virtus Investment Advisers, Inc. ("VIA")
- Westchester Capital Management, LLC
- Westchester Capital Partners, LLC

VFA has affiliates that are foreign registered investment advisers, which are:

- Stone Harbor Investment Partners (UK) LLP
- Stone Harbor Investment Partners Limited
- Virtus Global Partners Pte. Ltd.

Stone Harbor Investment Partners (UK) LLP ("SH UK") is a foreign affiliated adviser and affiliate of VFA. Stone Harbor UK is located in London, United Kingdom and registered with the Financial Conduct Authority ("FCA"). SH UK provides marketing and other services, including introducing the investment advisory capabilities of VFA and other Virtus affiliated managers to prospective non-U.S. institutional investors.

Stone Harbor Investment Partners Limited (the "MANCO") was incorporated in Ireland as a private limited liability company under the Companies Act 2014 (as may be amended). The MANCO is authorized by the Central Bank of Ireland to act as a management company to UCITS funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and as a European Union alternative investment fund manager in accordance with the E.U. Directive on Alternative Investment Fund Managers ("AIFMD") and the AIFMD Regulations.

Virtus Global Partners Pte. Ltd. ("Singapore Ltd."), was established in Singapore as a private limited

³ Effective July 1, 2022, Virtus reorganized its three fixed income subsidiaries, to operate as separate divisions under a single legal entity named Virtus Fixed Income Advisers, LLC ("VFIA"). The three divisions of VFIA maintain their distinct investment process and philosophy, portfolio management teams, investment culture and brand. They operate under the d/b/a names of Newfleet Asset Management, Seix Investment Advisers and Stone Harbor Investment Partners.



company and has been granted the Capital Markets Services License by the Monetary Authority of Singapore. Singapore Ltd. does not currently conduct investment advisory services or portfolio management services, Singapore Ltd. solely provides client services, which include introducing the investment advisory capabilities of VFA and other Virtus affiliated managers to prospective non-U.S. institutional investors.

Representatives of Virtus Investment Partners International Ltd. ("Virtus International") to the extent permitted by each applicable non-U.S. jurisdiction, introduce the investment advisory services of VFA and other Virtus affiliated managers to non-U.S. institutional investors. VFA has entered into solicitation or referral arrangements with one or more of its Global Affiliates.

Ceredex, Silvant, SGA and VFIA are affiliated subadvisers to funds for which VFA is the investment adviser.

In addition to serving VFA as an affiliated subadviser, NFJ, Silvant, VFIA, and WCM are affiliated subadvisers to VFA's affiliate, VIA for which they manage the assets of certain open- and closed-end funds.

VFA is the investment adviser to the Virtus Asset Trust, a series of Registered Investment Companies offered by the Virtus family of funds.

VFA, VAIA, VIA and VEA utilize some of the same affiliated and unaffiliated subadvisers as VFA, in managing open-end and closed-end Registered Investment Companies, UCITS, and exchange traded funds.

Virtus Fund Services, LLC, an affiliate of VFA, serves as the administrator and transfer agent to certain funds for which VFA 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 VFA (listed above); and managed by affiliates of VFA.

Certain VFA affiliates manage private funds. Complete and accurate information about such private funds is available in the Form ADV of the respective affiliate.

Virtus Shared Services ("VSS") provides certain back- and mid- office investment operations and support services; information technology infrastructure and support services for certain Virtus affiliates including VFA. In addition, VSS conducts trading for VFA's directly managed strategies. VSS also provides trading and trade administration to certain affiliates of VFA.

Legal Restrictions Related to Our Affiliations

VFA and its affiliates are limited by certain laws, regulations, or contracts as to how much of a particular security they may invest in on behalf of their respective clients. For example, the SEC, federal, state, and foreign regulations impose limits (in some cases determined on an enterprise-wide basis for VFA together with its affiliates) on the levels of investment in a security VFA can make on behalf its clients. When such holdings reach certain regulatory thresholds VFA (and when applicable its affiliates) must restrict additional purchases. When this occurs, those clients who contract with the firm after a limitation has been reached will not receive an allocation of the security and existing clients may not receive any additional allocations. These restrictions and limitations could adversely impact the performance an account would otherwise be able to achieve.

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

We endeavor to ensure that the investment management and overall business of the firm complies with both



our firm and Virtus (parent) policies and applicable U.S. federal and state securities laws and regulations. We have adopted the Virtus Code of Conduct and the Code of Ethics (the “Codes”) in accordance with Rule 204A-1 of the Advisers Act. The Codes have been reasonably designed to prevent and detect possible conflicts of interest with client trades. Compliance with the Codes is a condition of employment. All of our supervised persons must acknowledge terms of the Codes, annually, or as amended. Any employee found to have engaged in improper or unlawful activity faces appropriate disciplinary action. Each employee is responsible for ensuring that they and those they manage conduct business professionally and comply with our firm’s policies and procedures. Employees must immediately report (to their supervisor, a compliance officer or corporate legal counsel) knowledge of any wrongdoing or improper conduct. Failure to do so may result in disciplinary action being taken against that individual. Our reporting procedures are supported by a telephone number and similar on-line reporting technology available 24-hours/day to any employee to confidentially report, or request assistance concerning possible violations of the Codes and other firm policies. This technology and reporting platform is administered by an independent, third-party.

Our officers and employees are encouraged to invest in shares of investment products that we and/or our affiliates advise. Subject to limitations described herein and set forth by our Codes, our directors, officers, and/or 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 and they may engage in the following:

- Recommend that clients buy or sell securities or investment products in which we or a related person have some financial interest; and/or
- Buy or sell securities or investment products that our firm and/or our directors, officers, associated personnel or a related person recommends to our clients.

Our Codes are designed to prevent and detect conflicts of interest regarding the above.

None of our 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.



Code of Conduct

The Virtus Code of Conduct directs our employees' conduct in the following areas:

- Compliance with Applicable Laws,
- Rules and Regulations
- Insider Trading
- Conflicts of Interest and Related Party Transactions
- Corporate Opportunities
- Fair Dealing
- Protection and Proper Use of Company Assets
- Confidentiality
- Recordkeeping
- Interaction with Government Officials and Lobbying
- Contract Review and Execution
- Company Disclosures and Public Communications
- Information Protection Policies
- Human Resource Policies
- Use of Social Media
- Intellectual Property
- Designation of Compliance Officers
- Seeking Guidance About Requirements of the Code
- Reporting Violations
- Waivers, Discipline and Penalties

Code of Ethics

Employees are categorized as either Supervised, Access or Advisory Persons under our Code of Ethics. All Supervised Persons 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; and
- 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, those employees classified as Access Persons 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; and
- Hold all covered securities no less than 30-days.

Employees classified as Advisory Persons are further prohibited from directly or indirectly acquiring or disposing of a security on the date of, and 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.

We do not purchase or sell securities for our own account. However, when we do not engage a subadviser, we can at times utilize personnel as members of our portfolio management and trading team who also serve certain VFA affiliates in the same and/or similar capacities. In serving in this capacity these personnel serve an affiliate in managing assets of portfolio owned by another affiliate. VFA and its applicable affiliates 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 and to mitigate conflicts of interest with Virtus proprietary accounts.

Other Related Policies and Procedures

We have adopted the Insider Trading Policy and Procedures designed to mitigate the risks of our firm and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of our 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 each of our Supervised, Access and Advisory Persons and extends to activities both within and outside their duties to our firm, including for an employee's personal account.

In addition to the above, our policies set limitations on and require reporting of gifts, entertainment, business meals, sponsorships, business building and charitable donations, whether given or received. Generally, our employees are prohibited from accepting or providing gifts or other gratuities from clients or individuals seeking to conduct business with us in excess of \$100.

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 our Code of Conduct and/or our Code of Ethics is available by sending a written request to Virtus Fund Advisers, LLC, Attn: Corporate Compliance, One Financial Plaza, Hartford, CT 06103 or by emailing a request to us at: InvestmentAdviser@Virtus.com.

Participation or Interest in Client Transactions

The existence of business relationships and investment practices creates the potential for conflicts of interest. VFA has adopted restrictive policies and procedures wherever deemed appropriate, to seek to detect and mitigate or prevent potential conflicts of interest. Certain known conflicts and VFA's handling of such conflicts are disclosed below.

- VFA, indirectly through affiliates, may manage simultaneously parallel accounts in some cases with the same portfolio managers, with similar objectives, but with differing fees to VFA or affiliates. VFA's policy is to manage each account independently and fairly, and recognizes and seeks to control the conflicts of interests inherent in such practices;
- VFA's affiliate personnel who provide administrative services to VFA's clients also will have information about VFA clients' investments;
- Certain VFA officers have officer titles at other VFA affiliates; and
- VFA has a policy of not purchasing or recommending the purchase of securities issued by its parent company, Virtus.

Item 12 – Brokerage Practices

As a result of our business model, we generally delegate brokerage and trading activity on behalf of the vast majority of our clients to affiliated and non-affiliated subadvisers. As of July 25, 2022, VFA began directly managing (not utilizing subadvisers) a limited number of client accounts (those client accounts managed by



the Virtus Multi-Asset and the Virtus Systematic Teams. When not utilizing the services of a subadviser, VFA delegates trade and trade administration to our affiliate, VSS. VSS also provides trading and trade administration to VFA's affiliates, Ceredex, Silvant, NFJ, VEA, and VIA (together, the "Affiliated RIAs"). Ceredex, Silvant and NFJ provide subadviser services to VFA.

In addition to the general descriptions of brokerage practices provided below, descriptions of each subadviser's specific brokerage practices can be found in their respective Form ADV, Part 2A brochure.

Discretionary Clients

When VFA receives full discretionary authority to determine the broker to be used and the commission paid to such broker, and VFA employs subadvisers, the subadvisers, subject to the supervision of VFA, determine the securities and other investments to be purchased, sold or entered into by a sub-advised portfolio or a portion thereof; and place orders with brokers or dealers that they select. Each of our subadvisers is primarily responsible for seeking "best execution" when effecting transactions for our client accounts. Each subadviser oversees its own execution quality and brokerage selection, typically by means of a brokerage committee or its equivalent. VFA Compliance receives confirmation of the subadviser reviews through its quarterly oversight process and during the compliance due diligence meetings. In addition, on a quarterly basis, subadvisers are required to confirm that trading activity is in compliance with applicable Fund policies and regulations, including the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") regarding soft dollar usage.

When VFA does not employ a subadviser, VFA determines the securities and other investments to be purchased, sold or entered into by a portfolio or a portion thereof; and places orders with brokers and dealers they select. VFA is subject to "best execution" when effecting transactions for VFA's directly managed client accounts and is responsible for overseeing execution quality and brokerage selection. VFA has established a Broker Selection and Best Execution Committee ("Best Execution Committee") that meets quarterly to oversee VFA's overall trading practices, including trading strategies, policies and processes.

We can provide no assurance and cannot take any responsibility for best execution when a client elects to retain discretion over broker selection or commission rate.

Non-Discretionary Clients

VFA also accepts accounts for which it does not have full discretionary authority. In these cases, VFA⁴ recommends purchases and sales of securities for such accounts, subject to the client's approval and implementation.

When VFA makes a recommendation that is accepted by a non-discretionary client, who chooses to execute the transaction without VFA's assistance, the nondiscretionary client may unknowingly purchase or sell securities at the same time as VFA's other nondiscretionary and/or discretionary clients, to a potential mutual disadvantage. Alternatively, the nondiscretionary client may request VFA to place orders for the purchase or sale of the securities recommended and VFA may either be given the right (which is generally further delegated to the applicable subadviser) to determine the executing broker-dealer or the client may direct that such transactions be affected through specified broker-dealers. As a result, the timing of the non-discretionary client's transaction and price received may differ from that of other VFA clients because their transactions are typically executed after the transactions for VFA's fully discretionary accounts.

⁴ VFA, as referenced in this section, includes VFA's subadvisers if VFA is employing the use of a subadviser to provide investment management to non-discretionary clients.



It is not VFA's general practice to conduct cross trades; however, to reduce transaction costs and promote trading efficiency, certain client portfolios and/or portfolios managed by affiliates of VFA will transact with one another. VFA will only enter into such inter-account transactions when it is 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) or will be made only when permitted by the advisory account(s) affected.

Soft Dollar Programs

Subject to the requirements of seeking best execution; complying with any imposed client restrictions provided to VFA in writing; and complying with a "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)") VFA's or its subadvisers can direct a trade to broker-dealers who provide them with permissible brokerage or research services. When VFA does not utilize subadvisers, VFA will direct trades for the respective accounts based on VFA's brokerage and soft dollar policies. Subadvisers, when utilized, are subject to VFA's subadviser oversight process. The subadvisers are responsible for directing trades in accordance with their respective brokerage and soft dollar policies.

When engaging in the trading activities, VFA or its subadvisers can affect securities transactions which cause a client to pay an amount of commission in excess of the amount of commission another broker would have charged; and can generate commission credits which can be used to pay for brokerage and research services provided or paid for by brokers-dealers or other permissible parties. When VFA or its subadvisers use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, they receive a benefit because they do not have to produce or pay for the research, products or services. VFA and its subadvisers are required to make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services and research and investment information received, viewed in terms of either the specific transaction or overall responsibility to the accounts for which VFA and its subadvisers exercise investment discretion. VFA and its subadvisers regularly evaluate commissions paid in order to ensure that the commission represents reasonable compensation for any brokerage and research services provided by such brokers.

When engaging in soft dollar programs, VFA or its subadvisers can obtain services, other products and research to supplement their research, analysis and execution capabilities without incurring incremental costs. In these circumstances, VFA or its subadvisers can be incented to select or recommend a broker dealer based on their interest in receiving the research or other products or services, rather than clients' interests in receiving most favorable execution. VFA or its subadvisers can be further incented if such broker dealers require minimum levels of client commissions to provide research or brokerage services.

VFA and its subadvisers, when not limited by written agreement, are permitted to use "step-out" trade mechanisms. A "step-out" trade occurs when the executing broker-dealer agrees to "step out" a portion of a bunched execution, and that "stepped-out" portion is cleared through the broker-dealer providing the research and brokerage services. The client is assessed a commission only by the broker-dealer who clears the transaction. The executing broker-dealer receives compensation in the form of commission from the portion of the bunched execution that was not "stepped-out" to other brokers.

Research products and services received for a particular client's brokerage commissions may be used for the benefit of all or a segment of VFA's (or our subadvisers') clients and not exclusively or specifically for the benefit of the client account or accounts whose transactions generated the commissions.

VFA does not receive services, other products or research through our subadvisers' use of soft dollars.



At times VFA will receive Section 28(e) eligible research based on direct trading activities. When doing so, research services obtained directly or indirectly generally include one or more of the following:

- Analytical and other information pertaining to specific securities;
- Research information relating to overall investment strategy including macroeconomics forecasts and analyses; and
- Analyst reports, analyst models, analyst access, conferences, invitations to analyst events and/or other 28(e) eligible research.

VFA does not have any agreement or understanding with any broker-dealer that would obligate the Firm to direct a specific amount of brokerage transactions or commissions in return for such services.

Execution Only Accounts

Unless otherwise agreed to in writing, clients who prohibit the generation of commission credits (“execution only accounts”) should not necessarily expect to incur commission rates lower than the rates paid by our client accounts which generate commission credits because their respective portfolio trades are typically included in “bunched” trades effected on behalf of all client accounts buying the same security on the same day; will incur the same commission rate paid by other clients included in the trade; and the resulting commission rate may be higher than another broker-dealer would have charged.

Client directed prohibitions against generating commission credits will generally apply to only third-party research products and services. Any research products and services that are provided directly by a broker-dealer and bundled with their other brokerage services are usually obtained by directing transactions to that particular broker-dealer.

Commission Sharing Arrangements

VFA and its subadvisers may, but are not required to, participate in commission sharing arrangements whereby VFA or its subadvisers request brokers affecting transactions on behalf of their respective clients to allocate a portion of the commission to a commission credit account maintained by the executing broker or a commission management provider for VFA or for the applicable subadviser. VFA or its subadvisers can direct an executing broker or commission management provider to pay independent research providers (which may or may not be other brokers) for research products and services. Commission sharing arrangements may be used to pay for both proprietary and third-party research products and services. Commission sharing arrangements enable VFA or its subadvisers to direct their respective client trades to broker-dealers irrespective of whether or not the broker provides research products and services. Subsequently, VFA or its subadvisers will direct the executing broker or commission management provider to pay the research provider from their respective commission credit account.

Trade Aggregation and Allocation

When VFA employs subadvisers, it is VFA’s policy and expectation that the respective subadvisers (subject to VFA’s subadviser oversight), to the extent practicable, will allocate all investment opportunities among their respective applicable clients over a period of time on a fair and equitable basis.

When VFA does not employ a subadviser, then VFA has a fiduciary duty to obtain best execution for its



clients. Where securities are purchased on behalf of more than one client at the same time, the Firm must fulfill its duty to obtain best execution for all clients and will not favor one client at the expense of the other. VSS will attempt (to the extent appropriate, permissible, and/or feasible) to aggregate multiple orders for the purchase or sale of the same security placed at or at approximately the same time, to achieve best execution with respect to all transactions being effected on behalf of client accounts. This “block” trading process generally includes pro-rata allocations of trades across all accounts and clients to promote fairness. Employee trades are not blocked with client trades as employees must use an outside broker to conduct personal trades which are subject to black-out periods to prevent employees from trading in front of VFA for its clients.

Generally, VSS will (in accordance with the agreement between VFA and VSS) aggregate or “block” transactions on behalf of various Firm clients in order to facilitate best execution and possibly negotiate more favorable pricing and commission rates. VSS will aggregate transactions wherever possible except when directed brokerage or other restrictions makes aggregation impractical or not permissible. Orders to reduce or raise cash at the strategy level will be aggregated for all accounts within the strategy and traded as a block, subject to any restrictions at the account level. To the extent that transactions are blocked, the Firm will allocate such transactions to all participating client accounts in a fair and equitable manner consistent with its trade allocation policies, fiduciary obligations and each participating client’s investment advisory agreement.

VSS follows the process below when executing like orders:

1. Like orders sent at overlapping times from different portfolio managers within VFA and our affiliate, VIA will be combined and traded together, subject to any limits managers place on the orders. When a trade is in progress at the time a subsequent trade is received in the same security, the existing block may be closed, and a new block established combining the remaining unexecuted trades with the subsequent trade.
2. Like orders sent at overlapping times from Affiliated RIAs (excluding VIA) will not be combined but will share executions on a one-for-one basis starting when the second order arrives, regardless of the size of either order. This is subject to any limits managers place on the orders.

Due to market conditions or a change in portfolio management decisions, a specific aggregated order may not be completely filled at one price or in total. At such times, the order will be average-priced so that all accounts receive a fair price, and the transaction will be distributed among all accounts in a fair and equitable manner so that no account will be systematically disadvantaged by the allocation.

VFA realizes such situations present inherent conflicts of interest and that certain VFA accounts may appear to be disadvantaged in specific instances. VFA will, however, at all times allocate trades on a basis believed to be fair and equitable. In addition, VFA will not disproportionately allocate trades in a manner inconsistent with the manager’s ability to effectively and efficiently maintain or sell the position (i.e., “odd lots” or less than standard incremental amounts). The trader will, however, ensure that all accounts are treated fairly based on all distribution criteria (i.e., no client or Fund will disproportionately receive rounded-up allocations).

Determining the quality of trade executions requires the evaluation of subjective, objective, and complex qualitative and quantitative factors. VFA, along with VSS, must manage the trading process to fulfill their duty for all clients by selecting the appropriate trading techniques, venues and brokers; controlling the pace of the liquidity search to avoid excessive market impact; understanding clients’ and regulatory restrictions; and monitoring results. These are all factors taken into consideration as VFA and VSS apply the standards of prudent fiduciary behavior in seeking best execution for all client accounts.

VFA performs investment advisory and investment management services for various clients and may give advice and take action with respect to one client that differs from advice given or the timing or nature of



action taken with respect to another client. It is, however, VFA's policy not to favor or disfavor consistently or consciously any clients or class of clients in the allocation of investment opportunities, with the result that, to the extent practicable, all investment opportunities will be allocated among clients over a period of time on a fair and equitable basis.

Allocation of initial public offerings and secondary offerings (equity) to client accounts is as follows:

- *Full Allocation*
If a full allocation is received, VSS will, in most cases, allocate syndicate transactions on a pro rata basis across eligible accounts. Eligible accounts requesting the allocation may be within one discipline or multiple disciplines or one Virtus affiliate or multiple Virtus affiliates.
- *Partial Allocation – One Discipline*
If a full allocation is not received and only one discipline indicated interest, that discipline will receive the allocation and it will be allocated to eligible accounts on a pro rata basis.
- *Partial Allocation – Multiple Disciplines within One Firm*
If a full allocation is not received and multiple disciplines have entered an indication of interest, VSS will allocate shares to disciplines based on the discipline's indication of interest. VFA and VIA will be considered as one firm for allocation purposes. At the discipline level, the shares will then be allocated on a pro rata basis to all eligible accounts.

After completing the above, each Virtus affiliate will allocate its shares on a pro rata basis among its eligible accounts. In most instances, allocation will be made in 100 share lots to minimize client trading costs. However, if a de minimis amount is received from the underwriter, VSS can allocate at the account level using a rotational basis, which may result in clients receiving an odd lot.

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 13 – Review of Accounts

VFA provides discretionary investment supervisory services to Registered Investment Companies, specifically the VAT, registered under the Investment Company Act, as amended. VFA also provides investment advisory services to CITs; UCITS authorized under the European Directive; institutional clients including pension and profit-sharing plans, endowments and foundations, governmental entities, other corporate entities, a 529 Plan, Private Funds, and high net worth clients. The offering documents for the Registered Investment Companies, UCITS and CITs, Private Funds, the 529 Plan, and client investment management agreements for our other institutional clients establish guidelines and restrictions with respect to investment strategies, that include the types of securities to be bought and sold. 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 VAT, we set the overall investment strategies; evaluate, select, and recommend to the Board of Trustees the subadvisers to manage all or part of the assets within these



series; monitor and evaluate the subadvisers' investment programs and results; and review the accounts' compliance with the stated investment objectives, policies, and restrictions. Generally, our representatives meet with the respective Fund Board of Trustees at least quarterly to review the performance and other account attributes.

VFA's affiliated subadvisers that manage accounts under a sub-advisory contract with VFA perform the review at the client level.

Portfolio managers for each investment discipline determine the specific securities purchased or sold within a portfolio based on the investment discipline's philosophy and process, as well as the client's investment policy guidelines. Portfolio managers are familiar with the client's philosophy, investment guidelines and objectives and continually evaluate all client relationships and verify portfolios are continuously serviced, monitored and supervised. The portfolio manager (VFA portfolio manager, if applicable or portfolio manager from an appointed subadviser, if applicable) works with each client to make certain that the assets are invested in accordance with regulations and stated client and investment discipline guidelines.

The IOC also provides investment oversight and analysis of VFA and affiliates' activities including performance attribution evaluation and analysis on certain accounts and strategies.

Depending on the type of client account, specific client guidelines and restrictions are coded into one or more compliance guideline systems at the subadviser and/or VFA level upon account opening and periodically reviewed and updated as appropriate. The compliance guideline systems are designed to screen individual transactions to prevent and/or forensically identify trade allocations to accounts that do not comply with specific client guidelines.

VFA's policy (carried out through its affiliates for those clients' accounts that are subadvised) is to provide institutional separately managed account clients with quarterly reports listing current assets (as of the report date), which generally include summary information of account activity since the previous report. Some clients request reports or meeting booklets that contain portfolio holdings, portfolio characteristics and investment performance. Other special reports are prepared when requested. The frequency of reports depends upon the investment style and agreed upon timeframe of the client; however, VFA's general policy is to issue reports quarterly. You will receive statements from your custodian and certain clients will receive an additional report from VFA. These reports will differ in presentation and type of information presented, but should be consistent with regard to assets, contributions and withdrawals. In addition, external events may trigger a non-periodic account review or action by the portfolio manager. These include, but are not limited to the following:

- Change in the fundamentals or performance expectations of a security held in an account;
- Change in investment strategy;
- Additions to or withdrawals from an account;
- Meeting with a client when its needs are reviewed and/or changed; or
- A material market or economic change.

Investors in mutual funds, UCITS, and CITs receive reports from the respective transfer agent, administrator or custodian.

VFA provides compliance and other reports as requested by the Board of Trustees of the VAT or Trustees of the CITs.



Item 14 – Client Referrals and Other Compensation

VFA generally does not receive an economic benefit from anyone other than its clients for providing investment advice to its clients. However, as discussed in “Item 10, Other Financial Industry Activities and Affiliations”, VFA and its personnel may provide services to VFA’s affiliates, and VFA may receive services from its affiliates. Such services may include investment advice for which the providing entity may be compensated directly or indirectly by the receiving entity.

As discussed in “Item 10, Other Financial Industry Activities and Affiliations”, above, VFA has arrangements with VPD whereby VFA compensates VPD for referrals in certain circumstances. Such arrangements are commonly referred to as “solicitation arrangements” and the persons or entities providing the solicitation services are commonly known as “solicitors” or “promoters”. The Advisers Act requires that when an affiliate acts as a promoter for VFA such affiliate discloses to the potential client that the promoter is affiliated with VFA. The compensation paid by VFA to VPD for these solicitation arrangements generally is structured as being all or a portion of any variable compensation paid by VPD or to its employee(s) relating to assets under management by VFA that were referred by such employee(s), and in some cases the compensation also includes a percentage of VPD’s costs with respect to employment of the individual(s).

While VFA currently does not compensate any unaffiliated third parties for client referrals, VFA may have relationships with certain consulting firms and other intermediaries. For example, VFA may, from time to time, purchase products or services, such as investment manager performance data, from consulting firms. In compliance with applicable law and regulation, VFA or an affiliate from time to time may also pay event attendance or participation or other fees; underwrite educational, charitable or industry events; or provide gifts of value to, or at the request of, an organization or individual (including VFA affiliates) that, among other things: (i) offers or includes products or services of VFA or an affiliate in a particular program; (ii) permits VFA or an affiliate access to their financial advisers, brokers, employees, or other affiliated persons to provide training, marketing support, and educational presentations on products or services affiliated with VFA; and/or (iii) refers or has referred a client to VFA. VFA may obtain products and/or services from consulting firms separate and apart from any recommendations made to clients for VFA’s investment services, and also may provide cash or non-cash support for educational, training, marketing and other events sponsored by consulting firms and other intermediaries, subject to internal policies and regulatory restrictions. Additionally, certain affiliated or third-party institutions provide financial support on a voluntary basis for marketing, educational, and sales meetings of VFA or affiliates. VFA also may, from time to time, pay a fee for inclusion of information about the firm in databases maintained by certain unaffiliated third-party data providers that in turn make such information available to their investment consultant clients. The payments and benefits described in this paragraph could give the firms receiving them and their personnel an incentive to favor VFA’s investment advisory services over those of firms that do not provide the same payments and benefits.

Additionally, VFA or any of its affiliates may enter into arrangements with, and/or make payments from their own assets to certain intermediaries to enable access to Virtus Funds on platforms made available by such intermediaries or to assist such intermediaries to upgrade existing technology systems or implement new technology systems or programs in order to improve the methods through which the intermediary provides services to VFA and its affiliates and/or their clients. Such arrangements or payments may establish contractual obligations on the part of such intermediary to provide VFA’s or an affiliate’s fund clients with certain exclusive or preferred access to the use of the subject technology or programs or preferable placement on platforms operated by such intermediary. The services, arrangements and payments described in this paragraph present conflicts of interest because they provide incentives for intermediaries, customers or clients of intermediaries, or such customers’ or clients’ serviceproviders to recommend, or otherwise make available, VFA’s or its affiliates’ strategies or Virtus Funds to their clients in order to receive or continue to benefit



from these arrangements from VFA or its affiliates. The provision of these services, arrangements and payments described above by VFA or its affiliates is only to the extent permitted by applicable law and guidance and is not dependent on the amount of Virtus Funds or strategies sold or recommended by such intermediaries, customers or clients of intermediaries, or such customers' or clients' service providers.

Item 15 – Custody

VFA does not provide custodial services to its clients. Our clients are solely responsible for selecting banks or registered broker-dealers that are “qualified custodians” to provide custody of their assets. However, under the SEC’s Custody Rule, in certain circumstances, VFA is deemed to have custody due to the fact that VFA can inform the custodian to remit investment advisory fees directly to VFA.

Generally, with the exception of our registered investment account clients, VFA does not select, recommend, or require certain account custodians on behalf of clients.

You should receive quarterly custodial statements directly from your qualified custodian. We urge you to carefully review those statements and compare the custodial records to any statements we provide you. Comparing reports will allow you to determine whether account transactions, including advisory fees, are proper. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation of methodologies of certain securities.

VFA provides advisory services to Private Funds that are exempt from registration under the Securities Act and the Investment Company Act. VFA’s parent company, Virtus Partners, Inc. serves as the managing member. The Private Funds have retained an unaffiliated custodian to be responsible for the custody and safekeeping of the private fund assets. Although VFA will not have physical custody of such private fund’s assets, the Advisers Act defines custody broadly, and VFA believes that it is deemed to have custody of the Private Funds’ assets by reason of its parent company serving as the Private Funds’ managing member. In accordance with applicable custody requirements under the Advisers Act, an accountant registered with and subject to inspection by the Public Company Accounting Oversight Board (“PCAOB”) will conduct an annual audit of the Private Funds and investors in the private fund will receive audited financial statements annually.

Item 16 – Investment Discretion

We manage our clients’ assets on a discretionary and non-discretionary basis and from time to time we may accept new accounts on either 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. Investment guidelines and restrictions must be provided to VFA in writing and may impact performance.

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 VFA in writing. Restrictions may impact performance.

When managing accounts on a non-discretionary basis, we perform our duties in accordance with the limitations described in the client contract.

VFA’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.



Item 17 – Voting Client Securities

When employing the services of a subadviser and when granted discretionary authority to manage accounts, VFA will generally delegate to its subadvisers the responsibility to vote proxies, unless the client has explicitly reserved the authority for itself. The subadvisers generally delegate to an unaffiliated third-party vendor the responsibility to review proxy proposals, make voting recommendations and cast votes. VFA seeks (or as applicable, requires its subadvisers to seek) to make voting decisions solely in the best interests of its clients and to enhance the economic value of the underlying portfolio securities held in its clients' accounts.

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

- VFA will accept proxy voting responsibility only with written agreement with the client. When VFA accepts proxy voting responsibility, generally the client will be allowed to request to vote its proxies on a particular solicitation (consistent with the agreement entered into with VFA) and VFA will attempt to comply with the request if it is operationally possible.
- When VFA employs the use of subadvisers, VFA delegates to the subadviser, subject to VFA's oversight, the responsibility to review proxy proposals, make voting recommendations and cast votes. VFA and its subadvisers have each adopted policies regarding proxy voting and VFA, as well as each subadviser has a proxy committee or similar body (the "Committee"); or other designated party that is responsible for establishing policies and procedures designed to enable the firm to ethically and effectively discharge its fiduciary obligation in voting proxies on behalf of all discretionary client accounts and funds.
- Unless a client chooses custom guidelines, VFA, or if applicable, its affiliated subadviser will vote all shares per its proxy guidelines. In the case that a ballot item is not covered under the policy or is coded as case-by-case in the firm's guidelines, a research analyst or portfolio manager will review the available information and will utilize such information, along with his knowledge of the company, to make a vote recommendation to the firm's Committee. The Committee members consider the information and recommendation and will then vote on that ballot item. As reflected in the firms' proxy policies, the Committee will affirmatively vote proxies for proposals that it deems to be in the best economic interest of its clients, as a whole, as shareholders and beneficiaries of those actions.

Due to its diversified client base and numerous product lines, a committee or other designated party of VFA or if applicable, its subadvisers may determine a potential conflict exists in connection with a proxy vote. The Committee or other designated party will determine how to address the conflict and that may include voting strictly in accordance with policy, and/or allowing the third-party service provider to vote in accordance with its guidelines. Additional conflicts of interests will be evaluated by the Committee or designated party on an individual basis. Although VFA strives to alleviate or diffuse known conflicts, there is no guarantee that all situations have been or will be mitigated through proxy policy incorporation.

In an effort to make well-informed and qualified proxy vote decisions, VFA and if applicable, its subadvisers generally utilize a third-party proxy service provider for support services related to the proxy voting



processes/procedures which include, but are not limited to the following:

- The collection of proxy material from our clients' custodians;
- The review of proxy proposals and appropriate voting recommendations on behalf of the firm;
- The facilitation of proxy voting, reconciliation, and disclosure, in accordance with the firm's proxy policies and the Committee's direction; and
- Recordkeeping and voting record retention.

When VFA does not employ the use of a subadviser in managing accounts, to assist it in analyzing proxies, VFA subscribes to Institutional Shareholder Services ("ISS"), an unaffiliated third-party corporate governance research service that provides in-depth analyses of shareholder meeting agendas and vote recommendations. VFA fully reviews the ISS Proxy Voting Guidelines and follows its recommendations on most issues brought to a shareholder vote. In the case that a ballot item is not covered under the guidelines or VFA's guidelines are coded as case-by-case, a research analyst or portfolio manager will review the available information and will utilize such information, along with his/her knowledge of the company, to make a vote recommendation to the firm's Committee. The Committee members consider the information and recommendation and will then vote on that ballot item. In special circumstances, including where VFA in good faith believes that any ISS recommendation would be to the detriment of our investment clients, VFA will override an ISS recommendation, based on the approval of VFA's Committee. As reflected in the firm's Proxy policies, the Committee or designated party will affirmatively vote proxies for proposals that it deems to be in the best economic interest of its clients, as a whole, as shareholders and beneficiaries of those actions.

Each proxy vote must be evaluated on its own merits. Factors such as a company's organizational structure, executive and operational management, Board of Directors structure, corporate culture and governance process, and the impact of economic, environmental and social implications remain key elements in all voting decisions.

VFA and if applicable, its affiliated subadvisers will review the third-party proxy service provider's capabilities as agent for the contracted services noted above.

To obtain a copy of the complete proxy voting guidelines or information about how your proxies were voted, please send a written request to sending a written request to Virtus Fund Advisers, LLC, Attn: Corporate Compliance, One Financial Plaza, Hartford, CT 06103 or by emailing a request to us at: InvestmentAdviser@Virtus.com.

VFA or if applicable, its subadvisers 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. VFA, or if applicable, its subadvisers, and their respective 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. Conflicts of interest are handled in various ways depending on the type and materiality.

VFA may abstain from voting client proxies if, based on its evaluation of relevant criteria, it determines that the costs associated with voting a proxy exceed the expected benefits to affected clients, such as but not limited to the following situation: Untimely notice of a shareholder meeting; requirements to vote proxies in person; restrictions on a foreigner's ability to exercise votes, and requirements to provide local agents with power of attorney to execute the voting instructions.



Class Actions, Bankruptcies and Similar Claims

Unless otherwise stipulated by law or written agreement, VFA, or if applicable, its subadvisers, are not responsible to initiate and pursue litigation claims and related filings for class actions, bankruptcies, and similar claims on behalf of its clients' accounts. VFA will attempt to forward to client materials it receives in this regard and will employ reasonable efforts to assist clients in responding to claims but disclaims responsibility for any reasonable delays in transmission that may occur. 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.

Unless otherwise stipulated by written agreement, VFA or if applicable, its subadvisers, may at their discretion, elect to participate in bankruptcy proceedings, make investment-related elections and join creditors' committees on behalf of some or all of VFA's clients, but are not obligated to do so.

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. VFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. VFA does not require or solicit prepayment of advisory fees six months or more in advance. VFA does not act as custodian for any client account. VFA has not been the subject of a bankruptcy proceeding.



Appendix A - Privacy Policy

Rev. 03-2023

FACTS

WHAT DOES VIRTUS FUND ADVISERS, LLC DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and investment experience
- Account balances and assets
- Risk tolerance and transaction history

How?

All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons Virtus Fund Advisers, LLC ("Virtus Fund Advisers") chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Virtus Fund Advisers share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We do not share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We do not share
For our affiliates to market to you	No	We do not share
For nonaffiliates to market to you	No	We do not share

Questions?

Call 800-248-7971 or go to www.Virtus.com

Who we are	
Who is providing this notice?	Virtus Fund Advisers, LLC (“Virtus Fund Advisers”)
What we do	
How does Virtus Fund Advisers protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Virtus Fund Advisers collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ Open an account or give us your contact information ■ Seek advice about your investments ■ Enter into an investment advisory contract ■ Tell us about your investment or retirement portfolio
Why can’t I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ Sharing for affiliates’ everyday business purposes—information about your creditworthiness ■ Affiliates from using your information to market to you ■ Sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ Our affiliates include companies such as: Ceredex Value Advisors LLC; Duff & Phelps Investment Management Co.; Kayne Anderson Rudnick Investment Management, LLC; NFJ Investment Group LLC; SEIX CLO Management LLC; Silvant Capital Management LLC; Stone Harbor Investment Partners Limited; Stone Harbor Investment Partners (UK) LLP; Sustainable Growth Advisers LP; Westchester Capital Management, LLC; Westchester Capital Partners, LLC; Virtus Alternative Investment Advisers, Inc.; Virtus ETF Advisers, LLC; Virtus Fixed Income Advisers, LLC; Virtus Fund Services, LLC; Virtus Global Partners PTE. Ltd.; Virtus Investment Advisers, Inc.; Virtus Investment Partners, Inc.; Virtus Investment Partners International Ltd.; Virtus Partners, Inc.; Virtus Shared Services, LLC; and VP Distributors, LLC.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ Virtus Fund Advisers does not share with non-affiliates so they can market to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ■ Virtus Fund Advisers does not jointly market.
Other important information	

For California Residents Only

In addition to our Privacy Policy, the below notice is provided solely to certain **California residents** who are clients of Virtus Fund Advisers. To the extent that the California Consumer Privacy Act (“CCPA”), as amended by CPRA applies, you have the right to know what personal information we intend to collect or have collected about you and why. For clients of Virtus Fund Advisers, this information is provided in our **Privacy Notice**, above.

The CCPA also provides you the right to request access to specific pieces of information we have collected from you. You have the right to request correction of inaccurate information that we maintain about you. You also can request that we delete personal information about you. You can contact our Compliance Department at 800-248-7971 or go to www.virtus.com if you wish to make any of these requests. It is important to note, however, that the CCPA does not apply to all businesses, nor does it apply to personal information maintained by financial services firms that is covered under certain exemptions described in the CCPA, and as such, the CCPA will typically not apply to Virtus Fund Advisers’ customers.

If we do not delete certain items of personal information because we have a legal right or obligation to retain that information, we will notify you of that. Further, if we do not delete certain items of personal information because we have a legal right or obligation to retain that data, we will delete that information at such later time that we no longer have a legal right or obligation to retain that information upon such a request.

At this time we do not sell personal data or share personal data for purposes of cross-context advertising. We are not required under CCPA to provide information to you about our collection of your personal information or our sale or disclosure of personal information about you more than twice within a 12-month period. Additionally, we are permitted to refuse to honor unfounded or excessive repetitive requests to us or charge a reasonable administrative fee for honoring those requests, and in either case, will notify you of any such decision. We will not discriminate against you for making a rights requests under California law. You have the right to appeal any decision regarding your rights and can do that by contacting us as described above.