

VIRTUS NFJ MUTUAL FUNDS

June 30, 2024

KEY FACTS

\$173.6

Billion in
AUM

31

Funds Rated
4 or 5 Stars¹



Past performance is not indicative of future results.

As of 6/30/24. ¹Based on institutional-class or I shares. Please see page 15 for additional Morningstar disclosure. Strong ratings are not indicative of positive fund performance.

²Newfleet Asset Management, Seix Investment Advisors, and Stone Harbor Investment Partners are divisions of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser. Virtus has a majority or minority interest in the managers shown, with exception of Voya Investment Management.

KEY FACTS

- Established 1989
- Dallas, TX
- AUM: \$6.0 billion
- Seasoned team, averaging 20+ years industry experience
- Wholly owned affiliate of Virtus Investment Partners (NYSE: VRTS)

U.S. Portfolios

- Dividend Value
- Large Cap Value
- All Cap Value
- Mid Cap Value
- Small Cap Value

Non-U.S./Global Portfolios

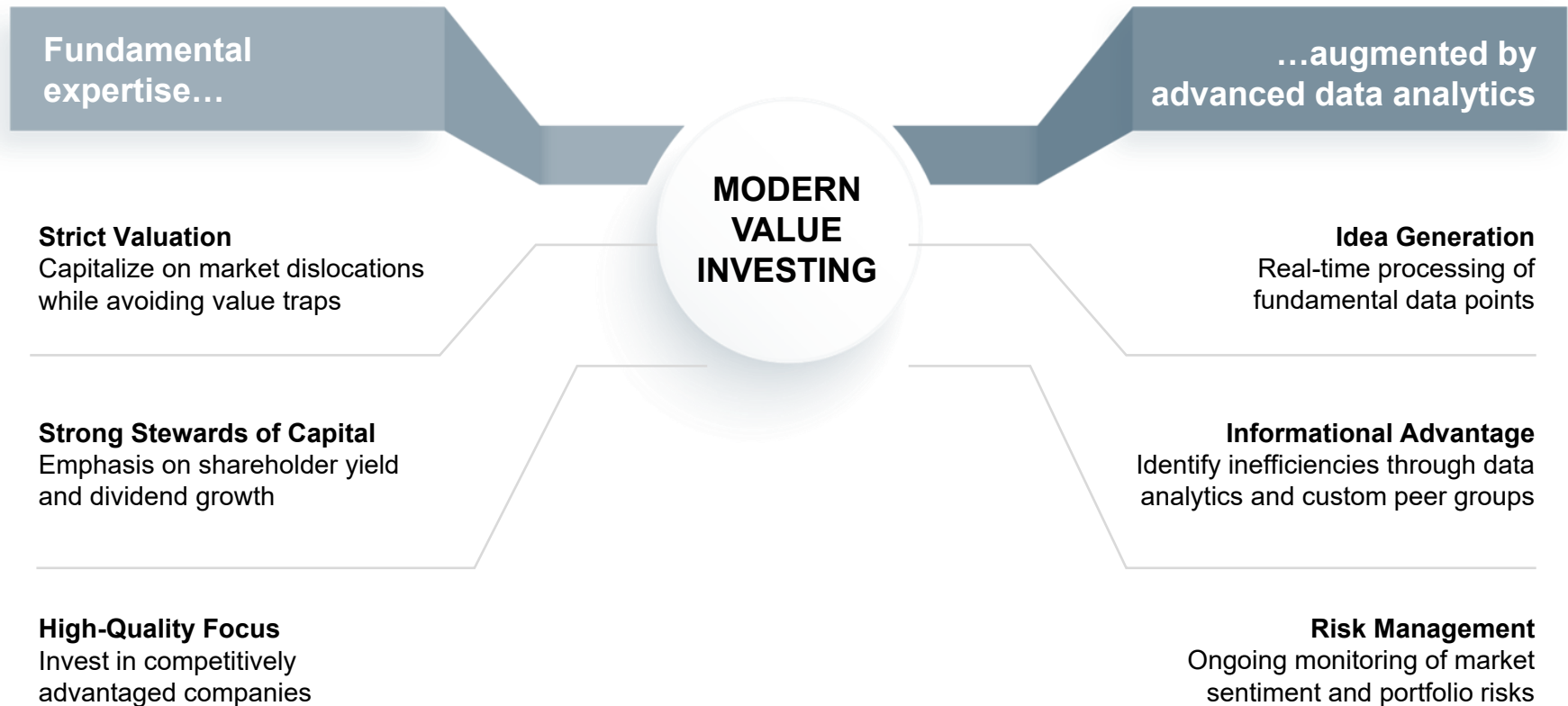
- Emerging Markets Value
- International Value
- Global Infrastructure Income
- Global Sustainability

NFJ believes:

NFJ's **Modern Value approach** harnesses the power of **advanced data analytics** and **fundamental expertise** to identify quality value businesses.

Valuation, shareholder yield, and **quality** are key to long-term investment success.

Emphasizing **diversification** and **numbers over narrative** can help achieve better risk-adjusted returns and client outcomes.





John R. Mowrey, CFA
Chief Investment Officer
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 2007/2007



Paul A. Magnuson
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 1985/1992



R. Burns McKinney, CFA
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 1996/2006



Thomas W. Oliver, CFA, CPA
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 1995/2005



Jeff N. Reed, CFA, FDP
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 2004/2007



J. Garth Reilly
Senior Portfolio Manager/Analyst
Industry/NFJ Start Year: 2005/2005



Kris P. Marca, CFA
Portfolio Manager/Research Analyst
Industry/NFJ Start Year: 2003/2011



Yue Wang, CFA, CPA, FDP
Senior Research Analyst
Industry/NFJ Start Year: 2015/2018



Andrew J. Setaro, CFA
Senior Research Analyst
Industry/NFJ Start Year: 2018/2019

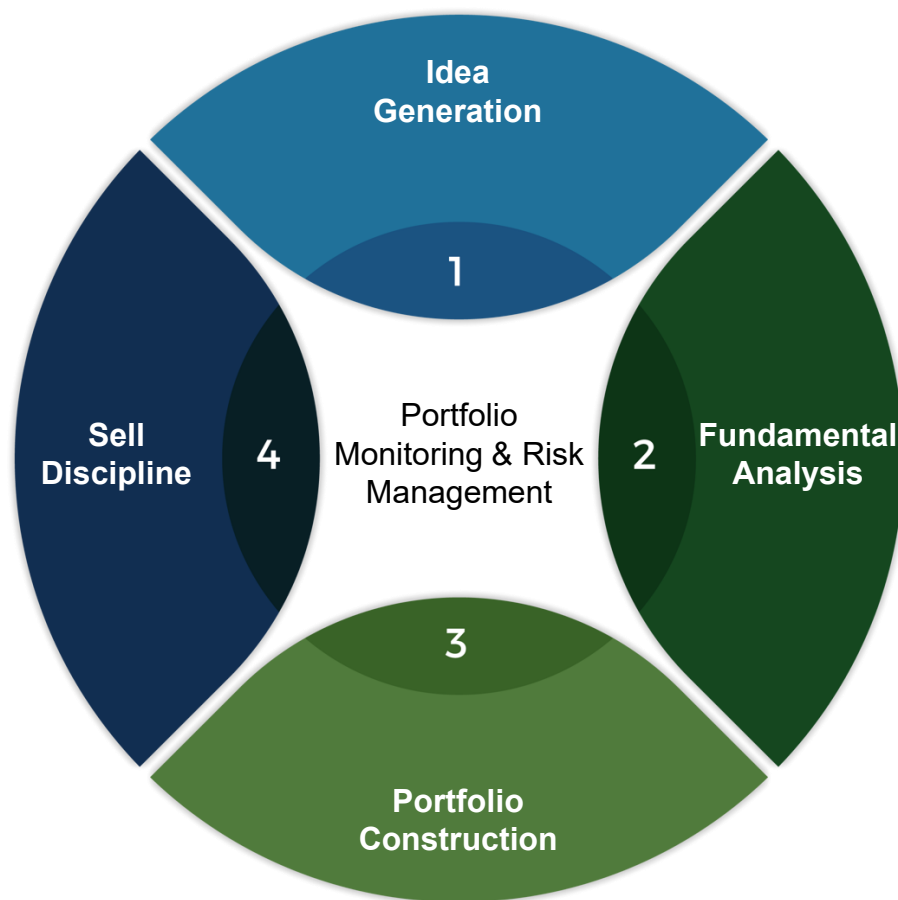


Krysta M. Hill
Product Specialist
Industry/NFJ Start Year: 2005/2008

INVESTMENT PROCESS OVERVIEW

AN INTEGRATED APPROACH

NFJ's Modern Value Approach combines advanced data analytics and other proprietary quantitative tools with fundamental analysis to identify attractively valued, high-quality companies.



 **Uncovering unique valuation insights seeks to offer a competitive advantage and begins with processing large amounts of data in an efficient and scalable manner**

The NFJ Research Workbench is designed to help identify valuation dislocations more efficiently

- Proprietary database tool spanning the global equity universe
- Highly customized data analysis across multiple financial metrics helps to identify a company's true peers
- Quantitative model overlay helps avoid potential idiosyncratic risks and value traps
- Leverages new technologies to continually improve NFJ's powerful front-end process

Advanced Data Analytics

Data synthesis through programming language and other quantitative tools



Actionable Insights

Process identifies companies across the globe that are trading cheaply to peers and the market



Investment Candidates

Most attractively valued stocks are candidates for additional fundamental research





NFJ conducts a rigorous analysis of company fundamentals and financial output

Valuation & Custom Peers Identify attractive entry points	Shareholder Yield Evaluate capital allocation policies	Quality Evaluation Identify consistent and above-average financial output
<ul style="list-style-type: none"> ▪ Statistically derived custom peer groups <ul style="list-style-type: none"> – Identify relationships determined by global equity market – Data analytics and statistical calculations uncover valuation insights ▪ Absolute/relative measures to company's history and the market <ul style="list-style-type: none"> – Industry-specific metrics; P/E, P/B, P/S, EV/EBITDA, P/FFO 	<ul style="list-style-type: none"> ▪ Emphasis on dividend growth over absolute yield ▪ Focus on forward buyback programs ▪ Assess quality of earnings ▪ Consider dividend policy changes and capital deployment stewardship 	<p>Qualitative</p> <ul style="list-style-type: none"> ▪ Consistent and above-average Return on Capital ▪ Low balance sheet stress ▪ High and improving margins; stability over time ▪ Expected and historical earnings growth <p>Quantitative</p> <ul style="list-style-type: none"> ▪ Price Momentum ▪ Short Interest <p>Inputs that can result in higher quality:</p> <ul style="list-style-type: none"> ▪ Favorable industry dynamics ▪ High barriers to entry ▪ Differentiation, first-mover advantage ▪ Scalability, brand equity, network effect ▪ Duopoly or functional duopoly ▪ Recurring revenues



Seeks to construct a portfolio of quality companies diversified across industries that can help generate alpha and mitigate risk

Position Sizing

- Well-diversified holdings
- Mitigate idiosyncratic risk
- Maximum position size: Generally 5% (at market)
- Cash typically 2-3%

Sector Positioning

- Seek broad sector and industry exposure
- Sector weights +/- 10% benchmark require CIO approval

Market Capitalization

- Market cap thresholds based on opportunity set

Diversification

- Diversified portfolio to help reduce downside risk
- Long-term alpha generation begins with intelligent portfolio construction



NFJ's strict sell discipline seeks to remove emotion from the investment process

Valuation Consideration

- Stock becomes expensive on absolute and relative valuations
- Compared to historical average, broad market, and custom peers

Quality Deterioration

- Change in company-specific fundamentals or thesis
- Erosion of industry dynamics or competitive landscape
- Price momentum

Portfolio Upgrade

- Better alternative available; candidate becomes more attractive relative to a current holding
- Improve portfolio construction and risk-adjusted positioning

Acquisition Activity

- Current holding is acquired
- Current holding makes acquisition that fundamentally changes its business



Qualitative analysis and quantitative tools help identify and avoid idiosyncratic risks

Internal Integrated Risk Management

- Portfolio risk is embedded throughout NFJ's investment philosophy and process:
 - Portfolio level controls: position size and diversification
 - CIO/PM reviews and quarterly investment meetings

Quantitative Elements

- NFJ custom functions for quantitative changes in:
 - Price momentum
 - Short interest

Independent Review: Virtus Investment Oversight Committee

- Quarterly meetings with Virtus CEO, CIOs, strategist to discuss markets and performance
- Responsible for monitoring portfolio risk
- Reviews performance, attribution style consistency, and discipline
- Seeks to identify outlier behavior potentially detrimental to portfolio outcomes

01

A Three-Decade Strong Value Foundation

- History of identifying market mispricing and trends through fundamental analysis
- Focus on valuation, shareholder yield, and quality

02

Modern Value Investing Approach

- Proprietary tools and methods to meet the challenges of today's dynamic capital markets
- Applies advanced data analytics

03

High Conviction / High Diversification

- Quantitative methods to eliminate emotional bias
- Detailed, hands-on analysis of company fundamentals
- Strict adherence to process

Each strategy subadvised by NFJ adheres to NFJ’s disciplined value investment philosophy and process, seeking attractively valued, fundamentally sound companies with an emphasis on quality and risk control.

U.S.				NON-U.S.		
Virtus NFJ Mid-Cap Value Fund	Virtus NFJ Dividend Value Fund	Virtus NFJ Small-Cap Value Fund	Virtus NFJ Large-Cap Value Fund	Virtus NFJ Emerging Markets Value Fund	Virtus NFJ International Value Fund	Virtus NFJ Global Sustainability Fund
SYMBOL						
A: PQNAX C: PQNCX INST: PRNIX R6: ANPRX	A: PNEAX C: PNECX INST: NFJEX R6: ANDVX	A: PCVAX C: PCVCX INST: PSVIX R6: ANFVX	A: PNBAX C: PNBCX INST: ANVIX R6: VAAGX	A: AZMAX C: AZMCX INST: AZMIX	A: AFJAX C: AFJCX INST: ANJIX R6: ANAVX	A: ASUAX INST: ASTNX
BENCHMARK						
Russell Midcap® Value Index	Russell 1000® Value Index	Russell 2000® Value Index	Russell 1000® Value Index	MSCI Emerging Markets Index (net)	MSCI AC World ex USA Index (net)	Index 1: MSCI AC World Index (net) Index 2: Dow Jones Sustainability World Index (net)

IMPORTANT RISK CONSIDERATIONS AND DISCLOSURES



Market Volatility

The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Issuer Risk

The portfolio will be affected by factors specific to the issuers of securities and other instruments in which the portfolio invests, including actual or perceived changes in the financial condition or business prospects of such issuers.

Equity Securities

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

Foreign & Emerging Markets

Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk.

Foreign Investing

Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk.

Sustainable Investing

Because the portfolio focuses on investments in companies that the Manager believes exhibit strong environmental, social, and corporate governance records, the portfolio's universe of investments may be smaller than that of other portfolios and broad equity benchmark indices. ESG factors may not be considered for every investment decision and there is no guarantee that the integration of ESG factors will result in better performance.

Prospectus

For additional information on risks, please see the fund's prospectus.

Morningstar

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

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Virtus (NYSE: VRTS) is a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors.

- We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach.
- We have the flexibility, agility, and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers.
- We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility.

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