

Virtus Investment Partners Introduces Three Multi-Manager Alternative Mutual Funds

Liquid alternative funds subadvised by Cliffwater Investments

HARTFORD, Conn., April 24, 2014 /PRNewswire/ -- [Virtus Investment Partners, Inc.](#) (NASDAQ: VRTS), which operates a multi-manager asset management business, today announced that it has introduced three multi-manager alternative mutual funds that will employ a range of hedge fund and alternative strategies to provide individual investors the opportunity to more fully diversify their portfolios for improved consistency of returns over market cycles.

The [new funds](#) – the Virtus Alternative Total Solution Fund, the Virtus Alternative Inflation Solution Fund and the Virtus Alternative Income Solution Fund – are the first liquid alternative mutual funds subadvised by Cliffwater Investments LLC, a joint venture between Virtus and [Cliffwater LLC](#), a leader in providing alternative advisory and asset management services to institutional investors.



Each of the funds is outcome-oriented and uses multiple diversified alternative strategies to address a particular investor need, ranging from core alternatives exposure to inflation protection or income generation. According to Barry M. Mandinach, executive vice president and head of distribution, the funds utilize Cliffwater's top-down asset allocation process for portfolio construction, and leverage Cliffwater's proprietary research and open-architecture approach to source a diverse selection of distinctive alternative managers.

"Institutions have a long history of incorporating alternative strategies to manage their risk profile and deliver consistent, lower-correlated returns," Mandinach said. "Now with the Virtus Alternatives mutual funds, individual investors can access the same caliber of strategies that are available to institutions with the additional benefits of daily liquidity, timely tax reporting, transparency, and a low minimum investment."

Mandinach said that the inherent unpredictability of financial markets, including the challenges in the current environment, demonstrate the benefits of adding alternatives to a portfolio. "A portfolio too heavily invested in equities may not have adequate downside protection, and, with interest rates continuing to be near historic lows, a portfolio too heavily allocated to traditional fixed income may be overly exposed to the possibility of rising rates negatively affecting the value of their bonds and not offer the return potential many investors need to meet their financial goals. So the traditional approach to building a personal portfolio with a balance of equity and fixed income allocations may no longer be sufficient to deliver, on an aggregate basis, inflation-beating returns over time."

"Financial advisors recognize that a meaningful allocation to alternatives may be necessary to serve as a diversifier to help buffer volatility and contribute to the growth that clients so desperately need going forward," said Mandinach. "Incorporating alternative investments has been a time-tested approach to reduce portfolio volatility and generate more consistent results through market cycles."

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About the funds

Cliffwater Investments utilizes a top-down dynamic strategic asset allocation combined with rigorous bottom-up manager research, selection and ongoing due diligence. It has identified 11 different institutional-quality alternative managers as subadvisers of strategies in the funds: Armored Wolf, Ascend Capital, Brigade Capital Management, Credit Suisse Asset Management, Graham Capital Management, Harvest Fund Advisors, ICE Canyon, LaSalle Investment Management, Lazard Asset Management, MAST Capital Management, and Owl Creek Asset Management.

- **[Virtus Alternative Total Solution Fund \(Class A: VATAX\)](#)** allocates to a broad array of uncorrelated alternatives strategies in a diversified portfolio designed to provide the opportunity to generate a positive total return in various market cycles while maintaining a low correlation to traditional equity and fixed income markets. Strategies in the fund include long/short and event-driven long/short equity; event-driven and opportunistic credit; emerging market debt; convertible arbitrage; global macro; global inflation-linked; master limited partnerships (MLPs); infrastructure, and real estate securities.
- **[Virtus Alternative Inflation Solution Fund \(Class A: VSAIX\)](#)** seeks to supplement a traditional portfolio by providing total return that exceeds the rate of inflation for investors who are concerned about potential rising inflation.. Strategies in the fund include commodities; infrastructure; real estate securities; MLPs; opportunistic credit; and global inflation linked.
- **[Virtus Alternative Income Solution Fund \(Class A: VAIAX\)](#)** seeks to improve the income-generating potential of an investor's portfolio by allocating to a variety of uncorrelated, alternative income sources. Strategies in the fund include event-driven and opportunistic credit; emerging market debt; MLPs, real estate securities, and global equity income.

About Virtus Investment Partners

Virtus Investment Partners (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors. Virtus offers access to a variety of investment styles across multiple disciplines to meet a wide array of investor needs, and provides products and services through affiliated managers and select subadvisers, each with a distinct investment style, autonomous investment process and individual brand. Its affiliated managers include [Cliffwater Investments](#), [Duff & Phelps Investment Management](#), [Euclid Advisors](#), [Kayne Anderson Rudnick Investment Management](#), [Kleinwort Benson Investors International](#), [Newfleet Asset Management](#), [Newfound Investments](#), [Rampart Investment Management](#) and [Zweig Advisers](#). Additional information can be found at virtus.com.

Alternative investments are not suitable for all investors. The funds mentioned involve the following risks:

Credit & Interest: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a security may fail to make payments in a timely manner. Values of debt securities may rise and fall in response to changes in interest rates. This risk may be enhanced with longer-term maturities. **Inflation-Linked Securities:** Inflation-linked securities will react differently from other fixed income securities to changes in interest rates. Generally, the value of an inflation-linked security will fall when real interest rates rise and will rise when real interest rates fall. **Equity Securities:** The market price of equity securities may be affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Emerging Markets/Foreign:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Master Limited Partnerships:** Investments in Master Limited Partnerships may be impacted by tax law changes, regulation, or factors affecting underlying assets. **Real**

Estate Investments: The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management. **Infrastructure-Related Investments:** A fund that focuses its investments in infrastructure-related companies will be more sensitive to conditions affecting their business or operations. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Convertible Securities:** A convertible security may be called for redemption at a time and price unfavorable to the fund. **Loan Participation:** There may be no ready market for loan participation interests. The fund may have to sell the interests at a substantial discount. Such interests are subject to the credit risk of the underlying corporate borrower. **Commodity:** Events negatively affecting a particular commodity in which the fund focuses its investments may cause the value of the fund's shares to decrease, perhaps significantly. **Commodity-Linked Instruments:** Commodity-linked instruments may experience a return different than the commodity they attempt to track and may also be exposed to counterparty risk. **Short Sales:** The fund may engage in short sales, and may experience a loss if the price of a borrowed security increases before the date on which the fund replaces the security. **Leverage:** When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment. **Foreign:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **Non-Diversification:** The fund is non-diversified and may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the fund's assets. **Portfolio Turnover:** The fund's principal investment strategies will result in a consistently high portfolio turnover rate. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. Asset allocation does not guarantee a profit or protect against loss in declining markets. **Past performance is not indicative of future results.**

Investors should carefully consider the investment objectives, risks, charges and expenses of any Virtus Mutual Fund before investing. The prospectus and summary prospectus contains this and other information about the fund. Please contact your financial representative, call 1-800- 243-4361 or visit www.virtus.com to obtain a current prospectus and/or summary prospectus. You should read the prospectus and/or summary prospectus carefully before you invest or send money.

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