

Virtus Investment Partners Establishes Newfound Investments

New affiliated manager to offer disciplined, rules-based investment solutions

HARTFORD, Conn. and BOSTON, Oct. 4, 2012 /PRNewswire/ -- [Virtus Investment Partners, Inc.](#) (NASDAQ: VRTS), which operates a multi-manager asset management business, today announced it has established [Newfound Investments](#), a new investment manager that will expand Virtus' offerings of innovative investment solutions by adding disciplined, rules-based strategies to manage a variety of asset classes.

(Logo: <http://photos.prnewswire.com/prnh/20090105/NEM020LOGO>)

Virtus established Newfound Investments in partnership with Newfound Research, a financial technology firm that will provide access to proprietary research and asset allocation models. Newfound Research, which has a minority interest in the new firm, is known for its absolute U.S. sector exposure recommendations used by investment management companies and advisors.

The first strategies that will be managed by Newfound Investments using Newfound Research's exclusive tactical models will be three new "Virtus Disciplined" open-end mutual funds. Virtus has filed registrations for the Virtus Disciplined Equity Style Fund, Virtus Disciplined Select Bond Fund, and Virtus Disciplined Select Country Fund. Corey Hoffstein, co-founder and chief investment officer of Newfound Research and chief investment officer of Newfound Investments, will be a portfolio manager for the new funds.

George R. Aylward, Virtus' president and chief executive officer, said the addition of Newfound Investments and the introduction of the "Virtus Disciplined" funds as Newfound Investments' initial strategies "continue our tradition of offering exclusive, innovative products that financial advisors can use to assist their clients in meeting their long-term financial goals.

"We believe there is an ever-increasing demand among financial advisors to offer their clients portfolios that have a disciplined investment thesis and, more importantly, explainable and repeatable results," Aylward said. "The markets have evolved greatly over the past decade, and there is a need to deliver investment solutions that can capture performance using rules-based tactical allocation methodologies that focus on generating dependable outcomes rather than chasing performance."

"With today's changing market conditions, portfolios need to be nimble in their execution, and we believe financial advisors will welcome the opportunity to access the 'Virtus Disciplined' funds that use our innovative customized allocation methodologies to create a more consistent fit between portfolio behavior and investor expectations," said Tom Rosedale, co-founder and chief executive officer of Newfound Research. "We are excited about this partnership because it combines Virtus' product expertise and strong retail distribution capabilities with Newfound Research's proprietary technology based on our intellectual capital."

Aylward noted that the addition of Newfound Investments' proprietary capabilities is an expansion of Virtus' multi-manager, multi-strategy investment model, which features exclusive, well-diversified investment solutions from institutional-quality managers, available on a majority of the nation's financial intermediary platforms. Newfound Investments is the second new investment manager added as a Virtus affiliate this year.

About the 'Virtus Disciplined' funds

Newfound Investments will employ a rules-based methodology that provides the optimal asset class exposure and holding period in three open-end mutual funds Virtus has filed with the Securities and Exchange Commission. The three funds, expected to be available to investors later this year, are:

- **Virtus Disciplined Equity Style Fund.** A common investor dilemma is when to shift investments between growth- and value-oriented stocks, and this fund will use the Newfound Relative Exposure Model to identify and capture relative outperformance trends between the two styles. The fund will tactically shift investments between three value-oriented and three growth-oriented exchange traded funds (ETFs) that track all market caps of the Russell indices.
- **Virtus Disciplined Select Bond Fund.** Given changes in interest rates, inflation, economic conditions, and credit cycles, investors have difficulty discerning the distinct performance patterns of fixed income assets. This fund will utilize signals from the Newfound Relative Exposure Model to tactically shift between six ETFs in three fixed-income asset classes: Treasuries, Treasury Inflation-Protected Securities (TIPS), and investment grade and high-yield corporate bonds.
- **Virtus Disciplined Select Country Fund.** Designed to allow international equity investors to capitalize on the significant performance disparities among non-U.S. equity markets, this fund will tactically allocate among ETFs that invest in 12 developed countries within the MSCI EAFE® index by using the Newfound Absolute Exposure Model, which generates positive or negative exposure recommendations for each country.

About Newfound Research LLC

Newfound is an independent financial technology and product innovation firm offering clients agile and accessible quantitative solutions. Since its inception in 2008, Newfound has collaborated with clients to create products rooted in quantitative integrity, requiring both quantitative depth and qualitative insight, that deliver a more consistent fit between portfolio behavior and investor expectations. Newfound's utilities range from proprietary tactical timing models and proprietary risk measures to customized allocation techniques. For more information about Newfound, visit thinknewfound.com.

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. The company provides investment management products and services through its affiliated managers and select subadvisers, each with a distinct investment style, autonomous investment process and individual brand. Virtus Investment Partners offers access to a variety of investment styles across multiple disciplines to meet a wide array of investor needs. Its affiliated managers include [Duff & Phelps Investment Management Co.](#), [Euclid Advisors LLC](#), [Kayne Anderson Rudnick Investment Management, LLC](#), [Newfleet Asset Management, LLC](#), [Newfound Investments, LLC](#), [Rampart Investment Management Co., LLC](#), and [Zweig Advisers LLC](#). Additional information can be found at www.virtus.com.

Forward-Looking Information

This press release contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. These statements may be identified by such forward-looking terminology as "expect," "estimate," "plan," "intend," "believe," "anticipate," "may," "will," "should," "could," "continue," "project," or similar statements or variations of such terms. Our forward-looking statements are based on a series of expectations, assumptions and projections about our company, are not guarantees of future results or performance, and involve substantial risks and uncertainty as described in our 2011 Annual Report on Form 10-K or in any of our

filings with the Securities and Exchange Commission ("SEC"), which are available on our website at www.virtus.com under "Investor Relations." All of our forward-looking statements are as of the date of this release only. The company can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially. You are urged to carefully consider all such factors.

A registration statement relating to the three new funds described herein has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This communication shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state in which such an offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

The funds mentioned involve the following risks:

Credit Risk. The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. **Exchange-Traded Funds (ETFs) Risk.** The risk that the value of an ETF will be more volatile than the underlying portfolio of securities the ETF is designed to track, or that the costs to the fund of owning shares of the ETF will exceed those the fund would incur by investing in such securities directly. **Fund of Funds Risk.** The risk that the underlying funds in which the fund invests will expose the fund to negative performance and additional expenses associated with investment in such funds, and increased volatility. **High Yield-High Risk Fixed Income Securities (Junk Bonds) Risk.** The risk that the issuers of high yield-high risk securities in the fund's portfolio will default, that the prices of such securities will be volatile, and that the securities will not be liquid. **Interest Rate Risk.** The risk that when interest rates rise, the values of the fund's debt securities, especially those with longer maturities, will fall. **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods. **U.S. Government Securities Risk.** The risk that U.S. Government securities in the fund's portfolio will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States. **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and thus, the value of the fund's shares over short or extended periods. **Growth Stocks Risk.** The risk that the fund will underperform when growth investing is out of favor or that the fund's investments will not appreciate as anticipated. **Small and Medium Market Capitalization Companies.** Investments in small and medium market capitalization companies may be more volatile than investments in larger companies. **Value Stocks Risk.** The risk that the fund will underperform when value investing is out of favor or that the fund's investments will not appreciate in value as anticipated. **Foreign Investing Risk.** The risk that the prices of foreign securities may be more volatile than those of their domestic counterparts.

The MSCI EAFE® Index is a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged and not available for direct investment.

Virtus Mutual Funds are distributed by **VP Distributors, LLC**, member, FINRA and subsidiary of Virtus Investment Partners, Inc.

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