



# **INTRODUCTION TO VIRTUS INVESTMENT PARTNERS**

**Presentation to:  
South Dakota Investment Council**

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## ■ Firm Overview

- Summary
- Value Proposition
- Strategy Statement
- Multi-Boutique Model
- Growth Opportunities

## ■ Products

- Diversified Capabilities
- Diversity of Sales
- Multi-Product Offerings

## ■ Virtus Vision for CollegeAccess 529

## Firm Overview

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**We are a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors**

- Independent publicly traded asset manager
  - Market capitalization of \$1.2 billion (NYSE: VRTS)
- Managing \$167.5 billion in a multi-boutique structure<sup>1</sup>
  - Flexible model with offerings from investment managers and select subadvisers
  - Strong retail distribution and U.S. and non-U.S. institutional distribution support
  - Shared operations and business support services
- Investment strategies available in multiple product forms:
  - Open-end mutual funds
  - Closed-end funds
  - Global funds
  - Exchange-traded funds
  - Retail separate accounts
  - Institutional accounts
  - Collective investment trusts
  - Structured products

### Flexible Multi-Boutique Model

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- Flexible partnership approach with alignment of interests
  - Preserves investment manager culture, investment process, and brand
  - Shared distribution and support services
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### Diverse, High-Quality Product Offerings

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- Well-diversified across asset classes and investment styles
  - Differentiated strategies for changing environments and investor preferences
  - Consistently strong investment performance
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### Extensive Distribution Capabilities

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- Provides one-point access to distinctive investment capabilities
  - Relationships with a broad set of intermediaries, consultants, and institutional clients
  - Consultative and educational sales approach
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### Attractive Financial Profile

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- Strong and diverse cash flow
  - Proven operating leverage and ability to generate attractive margins
  - Prudent capital management, modest financial leverage, focused on business growth
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### Multiple Opportunities for Growth

- Introduction of new products
- Expansion of investment capabilities and distribution
- Addition of new investment managers

**To be a distinctive and trusted provider of asset management products and services that is profitable, growing, and consistently delivering value for clients and shareholders**

- Offer high-quality, attractive investment strategies to meet multiple investment needs
- Raise and retain assets by positioning products as solutions to investment needs
- Align organizational capabilities to facilitate business objectives and create an attractive environment for investment managers
- Raise awareness and knowledge of Virtus among all constituencies, including current and prospective clients, advisors, business partners, associates, and shareholders
- Manage capital prudently, balancing operating flexibility, investment in growth, and return of capital
- Build long-term shareholder value through risk-managed execution of business activities



# FIRM OVERVIEW

## MULTI-BOUTIQUE MODEL

Our partnership approach preserves each investment manager's unique entrepreneurial culture, provides continued investment autonomy, and ensures appropriate alignment of interests



As of March 31, 2025

<sup>1</sup> Virtus has a minority ownership position in Zevenbergen Capital Investments

# FIRM OVERVIEW

## MULTI-ASSET MANAGER



### GROWTH EQUITY



*Growth Equity*



*Global Growth Equity*



*Innovative Growth Equity*

### VALUE EQUITY



*Quality-Focused Equity*



*Value Equity*



*Global Value Equity*

### FIXED INCOME



*Multi-Sector Fixed Income*



*Specialty Fixed Income*



*Emerging Markets Debt*

### ALTERNATIVE



*Systematic Alternatives*



*Listed Real Assets*



*Event-Driven Alternatives*

### MULTI-ASSET



<sup>1</sup> Virtus has a minority ownership position in Zevenbergen Capital Investments



# FIRM OVERVIEW

## GROWTH OPPORTUNITIES

### Product

- Leverage capabilities of current strategies into other product structures
- Broaden capabilities with new teams/managers

### Distribution

- Leverage strength in existing retail channels
- Increase presence in RIA and retirement
- Expand institutional distribution
- Broaden presence in offshore markets

### Inorganic

- Add differentiated or complementary investment strategies
- Diversify distribution
- Increase scale

# Products

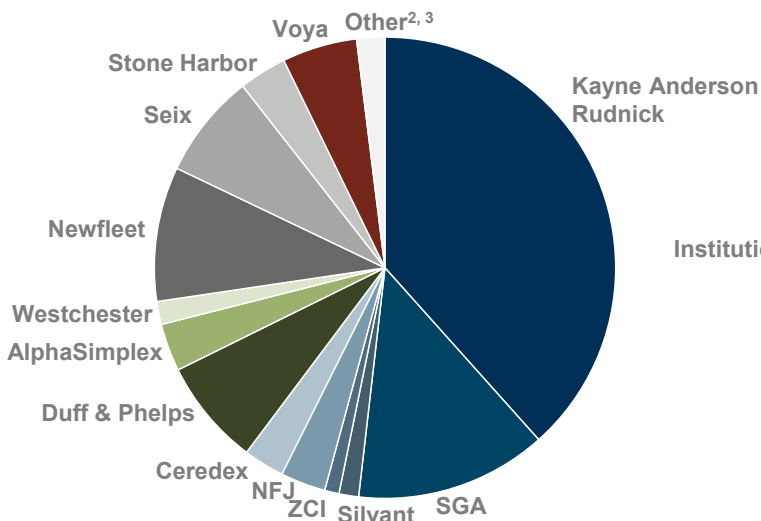
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# FIRM OVERVIEW

## DIVERSIFIED CAPABILITIES



### AUM by Manager



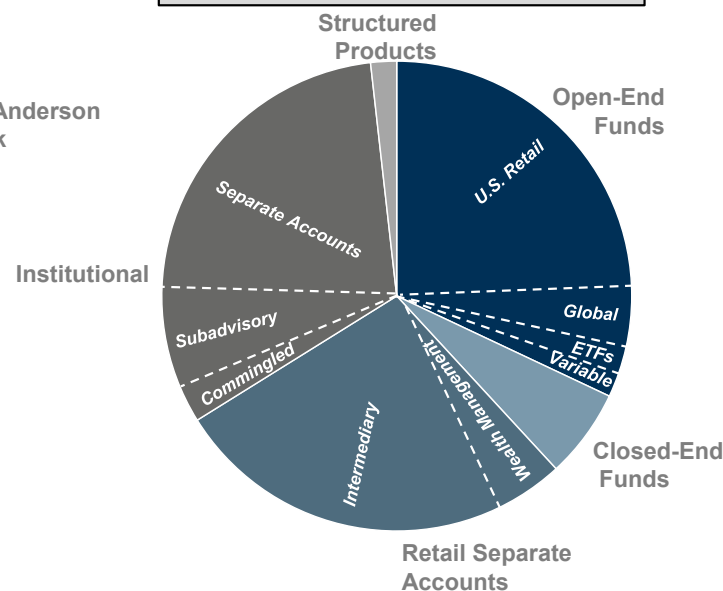
#### Investment Managers

Kayne Anderson Rudnick	\$64.3	38%
SGA	22.5	13%
Newfleet	15.8	9%
Duff & Phelps	12.5	8%
Seix	12.3	7%
AlphaSimplex	5.6	3%
Stone Harbor	5.6	3%
NFJ	5.3	3%
Ceredex	4.8	3%
Westchester	2.7	2%
Silvant	2.3	1%
ZCI <sup>1</sup>	1.7	1%
VIA and Other <sup>2</sup>	0.9	1%
<b>Total</b>	<b>\$156.3</b>	<b>92%</b>

#### Unaffiliated Subadvisers

Voya	\$8.8	5%
Other <sup>3</sup>	2.4	1%
<b>Total</b>	<b>\$11.2</b>	<b>6%</b>

### AUM by Product Type



#### Funds

U.S. Retail	\$44.2	26%
Closed-End	10.3	6%
Global	5.2	3%
ETFs	3.4	2%
Variable Insurance	0.8	1%
<b>Total</b>	<b>\$63.9</b>	<b>38%</b>

#### Retail Separate Accounts

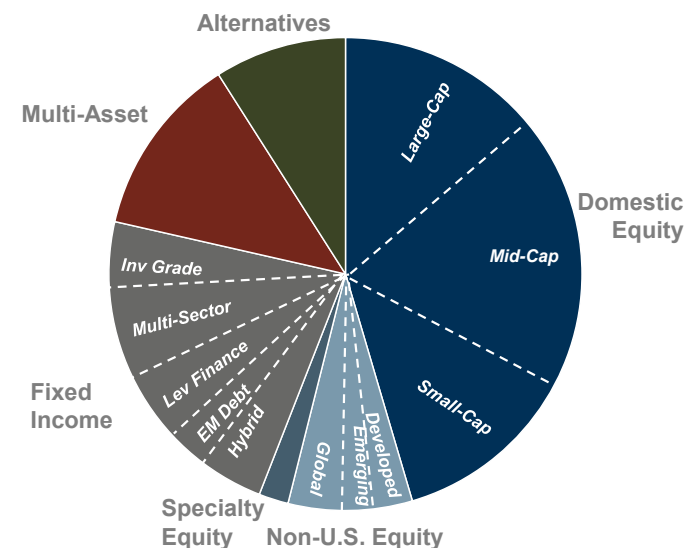
Intermediary Sold	\$38.4	23%
Wealth Management	8.5	5%
<b>Total</b>	<b>\$46.9</b>	<b>28%</b>

#### Institutional

Separate Accounts	\$32.7	20%
Subadvisory	18.9	11%
Structured Products	3.0	2%
Commingled Vehicles	2.1	1%
<b>Total</b>	<b>\$56.7</b>	<b>34%</b>

**Total AUM: \$167.5 billion**

### AUM by Asset Class



#### Equity

Domestic Mid-Cap	\$33.7	20%
Domestic Small-Cap	22.9	14%
Domestic Large-Cap	19.5	12%
Global	10.3	6%
Specialty <sup>4</sup>	3.4	2%
Developed Markets	2.1	1%
Emerging Markets	1.8	1%
<b>Total</b>	<b>\$93.7</b>	<b>56%</b>

#### Fixed Income

Multi-Sector	\$10.4	6%
Investment Grade	9.8	6%
Leveraged Finance	8.5	5%
Emerging Markets Debt	5.6	3%
Hybrid	3.6	2%
<b>Total</b>	<b>\$37.9</b>	<b>23%</b>

#### Multi-Asset and Alternatives

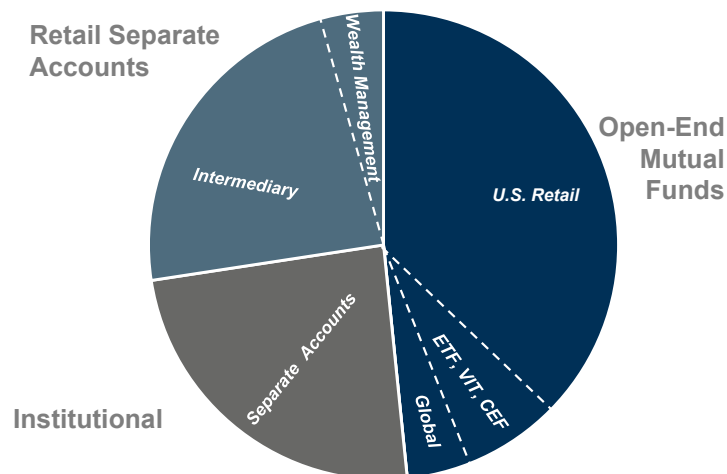
Multi-Asset <sup>5</sup>	\$20.8	12%
Alternatives <sup>6</sup>	15.1	9%
<b>Total</b>	<b>\$35.9</b>	<b>21%</b>

\$ billions; as of March 31, 2025; totals may not add due to rounding; <sup>1</sup>Virtus has 30% ownership stake in Zevenbergen Capital Investments (ZCI); <sup>2</sup>Systematic, Multi-Asset, and ETF strategies; <sup>3</sup>Other unaffiliated subadvisers; <sup>4</sup>Includes strategies designed to give targeted investment exposure to specific trends, themes or industry sectors; <sup>5</sup>Consists of multi-asset offerings not included in equity, fixed income and alternatives; <sup>6</sup>Consists of managed futures, event-driven, real estate securities, infrastructure, long/short, and other strategies

# DISTRIBUTION

## DIVERSITY OF SALES

### Sales by Product Type



### Total YTD Sales: \$6.2

#### Funds

U.S. Retail	\$2.4	39%
ETFs	0.4	6%
Global	0.2	3%
Variable Insurance	-	-
Closed-End	-	-
	\$3.0	48%

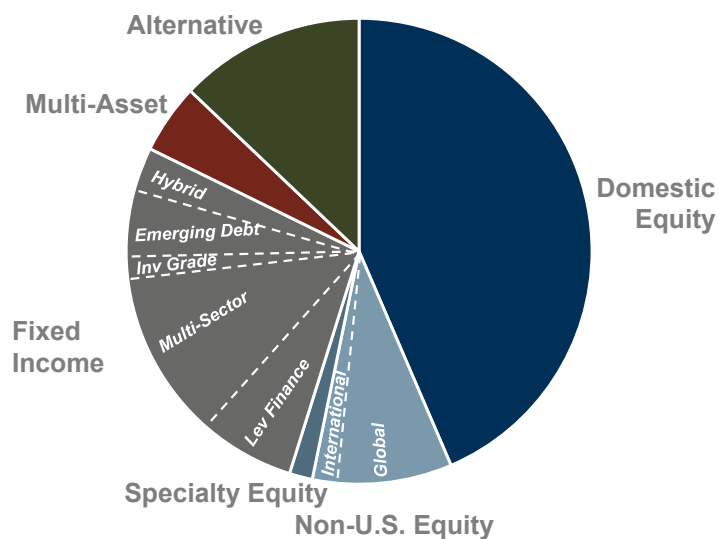
#### Retail Separate Accounts

Intermediary Sold	\$1.5	24%
Wealth Management	0.2	3%
	\$1.7	27%

#### Institutional

Separate Accounts	\$1.5	24%
Structured Products	-	-
	\$1.5	24%

### Sales by Asset Class



#### Equity

Domestic	\$2.7	44%
Global	0.5	8%
International	0.1	2%
Specialty <sup>1</sup>	0.1	2%
	\$3.4	56%

#### Fixed Income

Multi-Sector	\$0.7	11%
Leveraged Finance	0.4	6%
Emerging Markets Debt	0.3	5%
Hybrid	0.2	3%
Investment Grade	0.1	2%
	\$1.7	27%

#### Multi-Asset and Alternative

Alternative <sup>2</sup>	\$0.8	13%
Multi-Asset <sup>3</sup>	0.3	5%
	\$1.1	18%

\$ billions; As of As of March 31, 2025; Totals may not add due to rounding <sup>1</sup>Includes strategies designed to give targeted investment exposure to specific trends, themes or industry sectors <sup>2</sup>Consists of managed futures, event-driven, real estate securities, infrastructure, long/short, and other strategies <sup>3</sup>Consists of multi-asset offerings not included in equity, fixed income and alternatives

# FIRM OVERVIEW

## MULTI-PRODUCT OFFERINGS



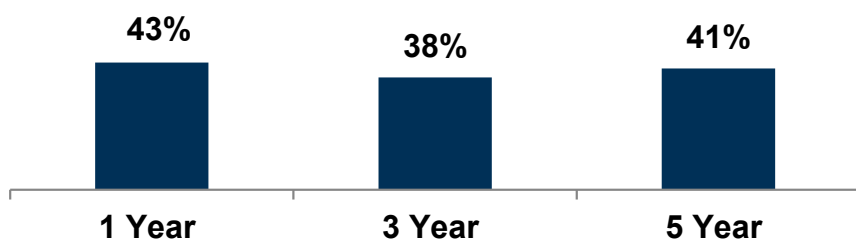
<b>Open-End Funds</b>	70 Funds \$44.2 billion	<ul style="list-style-type: none"> <li>■ Most major traditional investment categories with a strength in differentiated strategies</li> <li>■ Widely available and distributed through broad range of intermediaries</li> </ul>
<b>Closed-End Funds</b>	12 Funds \$10.3 billion	<ul style="list-style-type: none"> <li>■ Yield-generating strategies (utility, multi-sector fixed, dividend equity, etc.)</li> <li>■ Available through intermediaries; focus on retirees</li> </ul>
<b>Global Funds</b>	23 Funds \$5.2 billion	<ul style="list-style-type: none"> <li>■ Tailored set of strategies attractive in the non-U.S. market</li> <li>■ Distribution through dedicated resources to non-resident aliens in U.S.</li> </ul>
<b>Exchange-Traded Funds</b>	20 Funds \$3.4 billion	<ul style="list-style-type: none"> <li>■ Focused set of offerings of active and passive strategies to address specific needs</li> <li>■ Distributed through intermediaries, predominately independent and RIA</li> </ul>
<b>Variable Insurance Funds</b>	9 Funds \$0.8 billion	<ul style="list-style-type: none"> <li>■ Focused selection of investment strategies generally leveraging open-end strategies</li> <li>■ Investment offerings available in variable annuities and variable life insurance</li> </ul>
<b>Retail Separate Accounts</b>	27 Strategies \$46.9 billion	<ul style="list-style-type: none"> <li>■ Managed accounts sponsored and distributed by unaffiliated brokerage firms</li> <li>■ Wealth Management services offered directly to high-net-worth clients</li> </ul>
<b>Institutional</b>	\$53.7 billion	<ul style="list-style-type: none"> <li>■ Fixed income, equity, alternative, and solution-oriented offerings</li> <li>■ Investment managers-centric with shared support, targeting channels in U.S. and non-U.S. markets</li> </ul>
<b>Structured Products</b>	\$3.0 billion	<ul style="list-style-type: none"> <li>■ Serve as collateral manager for collateralized loan obligations (CLOs)</li> <li>■ Targeted distribution to CLO investors (e.g., insurance companies, Asian investors)</li> </ul>

# PRODUCTS

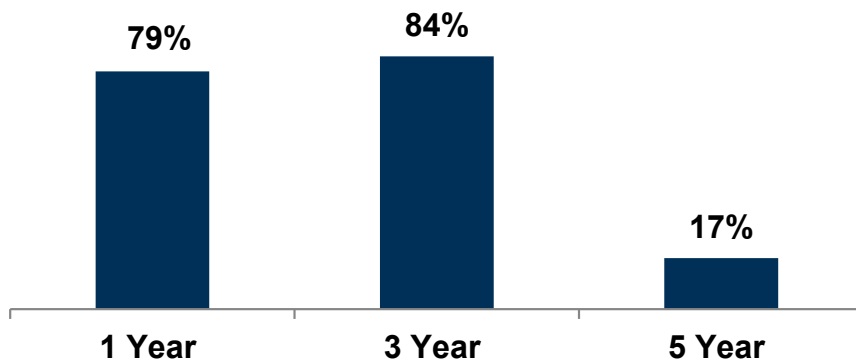
## ATTRACTIVE PERFORMANCE



### Institutional Performance<sup>1</sup>



### Retail Separate Accounts Performance<sup>1</sup>



### Mutual Fund Performance<sup>2</sup>

Morningstar Rating	# of Funds	AUM	% of AUM	
★★★★★	7	\$11,022	25%	71%
★★★★	26	\$20,554	46%	
★★★	20	\$6,712	15%	
★★	13	\$4,529	10%	86%
★	4	\$1,552	4%	

#### Morningstar Normal Distribution

5 Star	4 Star	3 Star	2 Star	1 Star
10%	22.5%	35%	22.5%	10%

Strong ratings are not indicative of positive fund performance.  
The Overall Morningstar Rating is based on risk-adjusted returns.

As of March 31, 2025; \$ millions

<sup>1</sup> % of AUM outperforming benchmarks

<sup>2</sup> AUM excludes non-rated funds. Based on institutional-class shares, except for funds without I shares, for which A shares were used, or if A share rating is higher than I shares  
Past performance is not indicative of future results



# PRODUCTS

## DIVERSITY OF PERFORMANCE



33 mutual funds rated 5 or 4 Stars, including 8 of 10 largest funds

### 5- and 4-Star Mutual Funds by Asset Class

Asset Class	# of Funds <sup>1</sup>
Multi-Asset/Alternatives	8
U.S. Equity	10
Fixed Income	10
International Equity	5

### Ten Largest Mutual Funds

Fund	AUM	M'Star Rating <sup>1</sup>
Newfleet Multi-Sector Short Term Bond	\$4.6	5
Income & Growth	\$4.5	4
KAR Mid-Cap Core	\$2.7	5
The Merger Fund®	\$2.3	4
KAR Small-Cap Growth	\$2.2	4
KAR Small-Cap Core	\$2.1	5
KAR Small-Mid-Cap Core	\$2.1	4
AlphaSimplex Managed Futures Strategy	\$1.7	2
Ceredex Mid-Cap Value Equity	\$1.5	3
Seix Floating Rate High Income	\$1.4	4

As of March 31, 2025; \$ billions

<sup>1</sup>Morningstar overall rating for institutional-class shares based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

## **Virtus Vision for CollegeAccess 529**

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## Updated Investment Themes

- Updated glidepath to align with the profile of program participants, especially in the close to college-age portfolios
  - Lowered allocation to real assets
  - Incorporated more flexible and diversified individual investment portfolios
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## Leverage Distribution Capabilities

- Leverage Virtus's established distribution network of wholesale reps
  - Access to data and "distribution intelligence" to enhance data-driven distribution
  - Tap into the knowledge-base of Virtus Mutual Fund Sales team.
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## Opportunity to Further Refine Marketing Strategy

- Build on an established marketing strategy primarily focused on:
    - paid print advertising in South Dakota-based publications
    - social media campaigns that reach the local and national market
  - Seek to target audiences associated with younger age-based portfolios
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# INVESTMENT UPDATE

## SUMMARY OF CHANGES FOR 2025



### ***Program Changes***

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#### **Glidepath Update**

- Modestly increase target equity allocations up until age 18 to increase potential returns and investors' ability to pay college costs.
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#### **Strategic Asset Allocation**

- Reallocate TIPS and global real estate exposures to nominal bonds and global equities, respectively.
  - Allocation to commodities replaced by "real assets," which includes commodity futures, commodity equities, global REITs, global infrastructure-related equities and TIPS.
  - The new SAAs have four main asset classes: Cash/Short Term Bond, Nominal Bonds, Global Equities, Real Assets.
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### ***Allocation Changes***

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#### **Asset Allocation**

- Align portfolios with strategic asset allocation with an underweight to real assets, a tilt toward U.S. and growth equities
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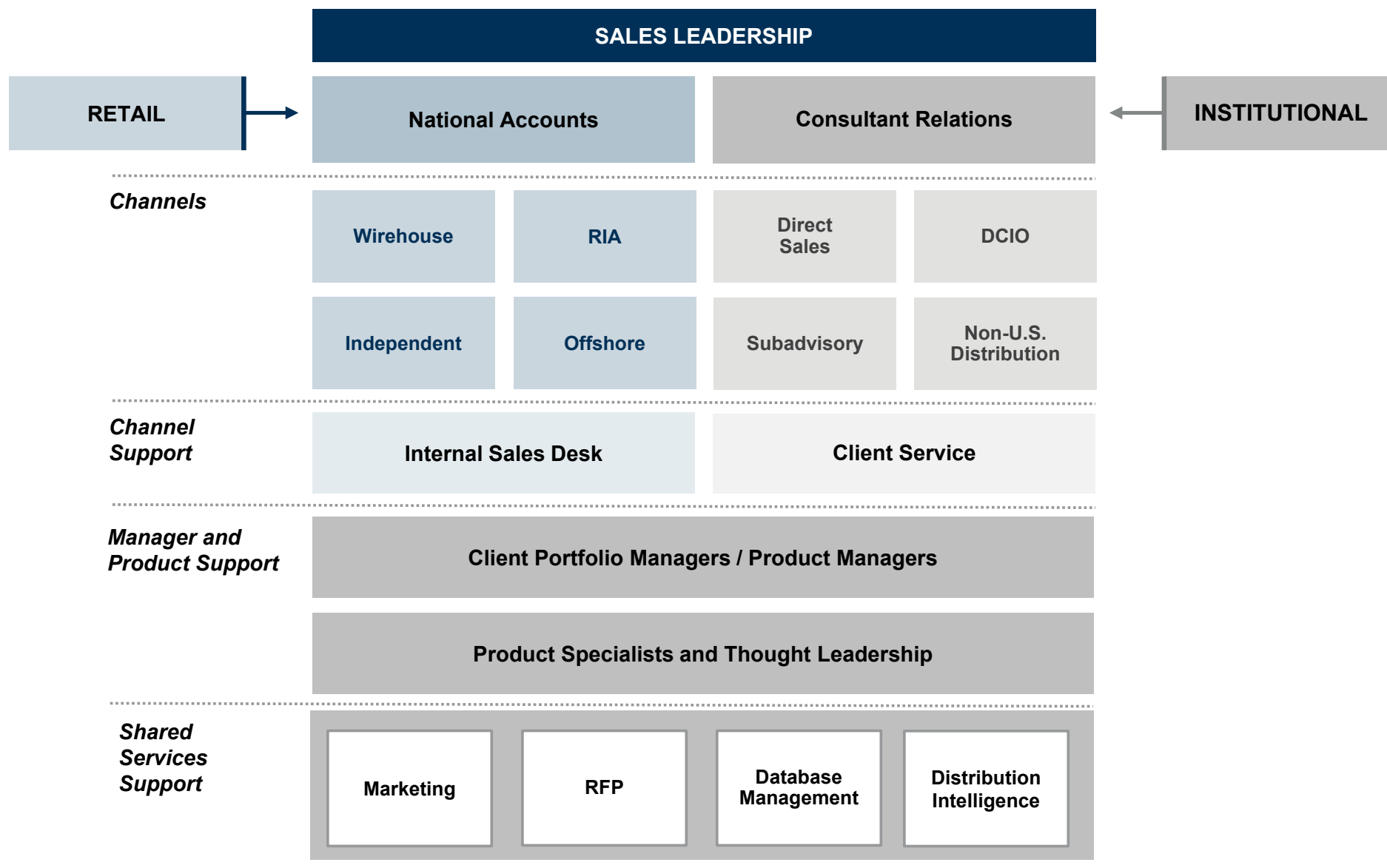
#### **Fund Level Changes**

- Reduce total number of funds in the age-based and static portfolios from 18 to 15
  - Take advantage of diverse lineup of Virtus Fund offerings to achieve target allocation exposures
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# DISTRIBUTION

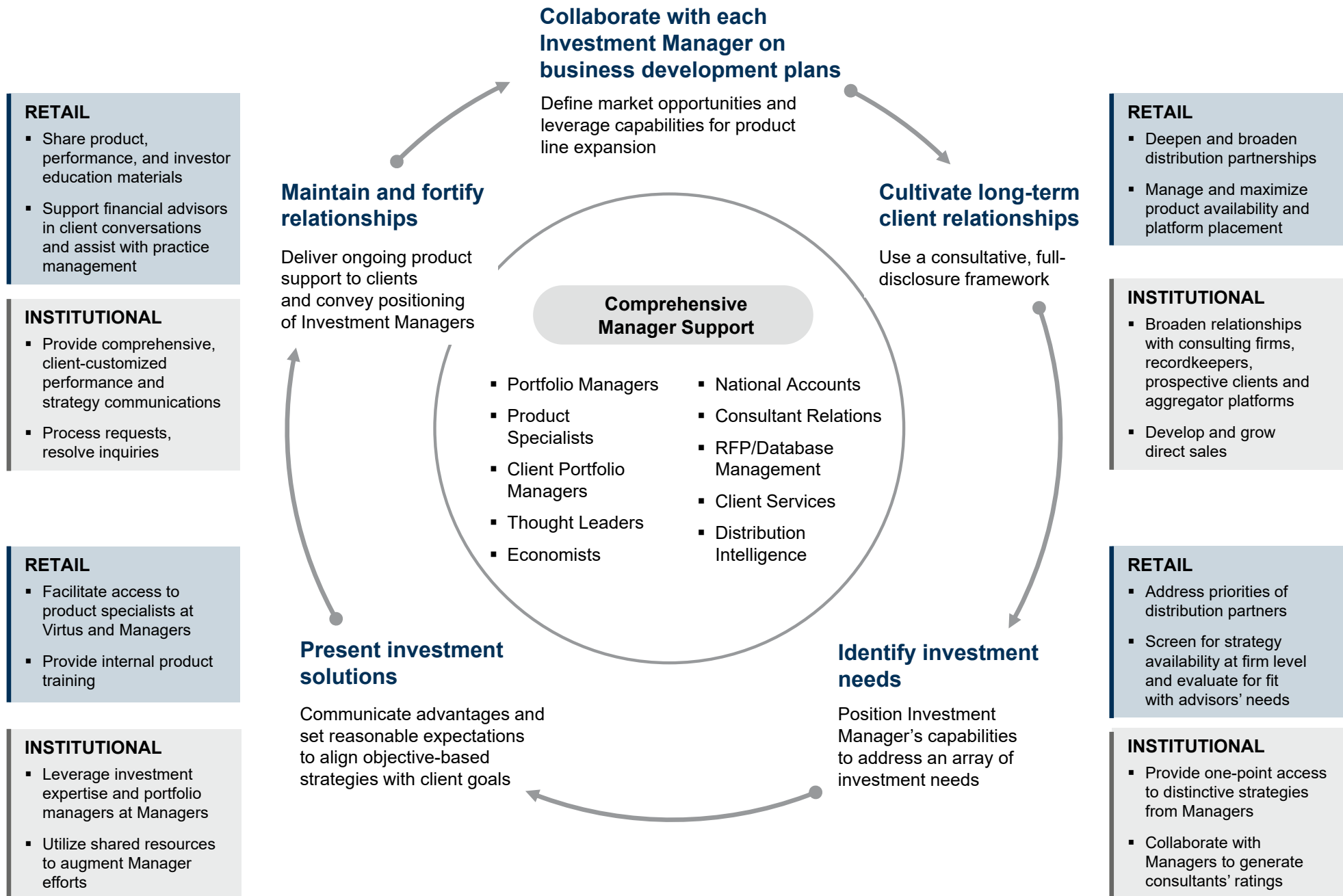
## ORGANIZATION OVERVIEW

Multi-market, multi-channel distribution approach provides access to broadest client base



# DISTRIBUTION APPROACH

## MULTI-MANAGER APPROACH





# MARKETING STRATEGY

LOCAL AND NATIONAL ADVERTISING, SOCIAL MEDIA



CollegeAccess529  
invest in your children.

**CollegeAccess 529**



Give your child the freedom to dream  
with CollegeAccess 529

No gift is greater than an education.  
To learn how to start saving today visit  
[www.collegeaccess529.com](http://www.collegeaccess529.com).

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