

NEWFLEET ASSET MANAGEMENT, LLC

ITEM 1 – COVER PAGE

NEWFLEET ASSET MANAGEMENT, LLC

PRINCIPAL OFFICE:

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MARCH 30, 2017

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This Brochure provides information about the qualifications and business practices of Newfleet Asset Management, LLC (“Newfleet”). If you have any questions about the contents of this Brochure, please contact us at (877) 332-8172 or Laura.Krajewski@virtus.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Newfleet is 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 with which you determine to hire or retain an adviser.

Additional information about Newfleet is also available via the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Newfleet who are registered, or are required to be registered, as investment adviser representatives of Newfleet.

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ITEM 2 – MATERIAL CHANGES

This Form ADV Part 2A brochure dated March 30, 2017 has been prepared according to the requirements and rules promulgated by the SEC. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without a charge.

Currently, our Brochure may be requested by contacting Laura Krajewski at (877) 332-8172 or laura.krajewski@virtus.com. Our Brochure is also available on our website, www.newfleet.com, and is also free of charge upon request.

We have made the following material changes to our ADV Part 2A since our last annual amendment dated March, 30 2016:

Item 4: We updated the amount of our Assets Under Management

Item 4: We updated the investment strategies we actively will manage

The following non material changes have occurred:

Item 5: Updates to the registered investment products for which Newfleet receives a fee

Item 10: Updates to the affiliate list

Item 10: Announcement of agreement to acquire RidgeWorth Investments by Virtus Investment Partners, Inc

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ITEM 4 – ADVISORY BUSINESS

The firm is an indirect, wholly-owned subsidiary of a publicly traded company, Virtus Investment Partners, Inc. ("Virtus"), and has been in business since 1989. Newfleet provides investment management services to foundations, endowments, trusts, pension and profit sharing plans, corporations, public funds, multi-employer plans, a privately placed commingled trust and private clients. Newfleet also provides portfolio investment management services as a sub-adviser to registered investment companies (including "Affiliated Funds"), to private and institutional clients of its affiliate Kayne Anderson Rudnick Investment Management, LLC, as the collateral manager for certain structured products (collateralized debt obligations "CDO" and collateralized loan obligations "CLO") and to Undertakings for Collective Investment in Transferable Securities ("UCITS"). Newfleet's management of client portfolios is generally on a fully discretionary basis. The firm actively manages those portfolios with an overall goal of maximizing total returns subject to each client's risk profile and investment guidelines and tailored to the individual needs of clients. Newfleet does not consider the above services "financial planning" or any similar term.

TYPES OF INVESTMENTS

Newfleet offers a variety of fixed income investment strategies, utilizing securities that include, but are not limited to, corporate bonds (both higher and lower rated), municipal bonds (both insured and uninsured), bank loans and foreign bonds.

Newfleet may also offer investment advice on the following types of investments:

- Mutual funds
- Closed-end funds
- Exchange-traded funds
- U.S. government securities
- Futures contracts
- Credit default swaps
- Structured products (CDO, CLO and CMO)
- Foreign government bonds
- Options
- Structured securities (Commercial Mortgage Backed Securities (CMBS), Non-Agency Residential Mortgage Backed Securities (RMBS), Agency Mortgage Backed Securities (MBS), Asset Backed Securities (ABS))

In limited circumstances, where clients are deemed able and are willing to accept greater risk in pursuit of potential higher total return, Newfleet also will use leveraging and hedging techniques, including buying securities on margin.

INVESTMENT STRATEGIES

Newfleet invests and manages client portfolios in accordance with an investment strategy selected by the client. The strategy

employed will also be in accordance with the clients' overall investment objectives and any restrictions. Clients may impose restrictions on investing in certain securities or types of securities by notifying Newfleet in writing.

A range of actively managed multi-sector strategies, as well as a floating rate strategy, enhanced floating rate strategy, high yield strategy, and corporate credit strategy are also offered by Newfleet. The multi-sector strategies are diversified, fixed income portfolios which employ sector analysis, sector allocation and a research intensive value approach for issue selection. The floating rate strategy invests primarily in the bank loan sector. For the enhanced floating rate strategy Newfleet adds an option overlay managed by an affiliate. The actively managed high-yield strategy invests primarily in high-yield fixed income securities.

Newfleet also offers a tax-exempt investment process that employs a tax-efficient, relative value approach. Many sources of information are utilized including credit research, yield curve positioning, specific security structure, sector valuations and geographic prospects to identify the best opportunities within the municipal bond market to meet investment objectives.

The individual issue selection process for tax-exempt securities is based on fundamental credit analysis, which includes reviewing financial statements to measure the issuers debt paying ability over the term of the bond, analyzing the bond's sector and its future prospects, speaking with key issuer personnel, and/or reviewing the bond's rating history with the major rating agencies and credit enhancer if insured. After reviewing the creditworthiness of the issuer, the bond's price is reviewed on a historical basis and relative to similar issues in the market to determine fair valuation. Lastly, technical market conditions are analyzed, specifically the supply and demand of the issuer, sector, structure, or geographic region to identify the relative value of the individual bond.

Oversight continues with review of unusual price movements, online news and rating events, issuer financials and relative valuation changes among securities. Some of the tools utilized in the process include in-house credit research, broker-dealer research and strategy ideas, rating agency research and reports (access to Moody's, S&P, and Fitch rating information), Bloomberg, Barclay's index reports, and proprietary portfolio reporting and analysis software. Independent third party credit research and market analysis are also utilized for the selection process.

ASSETS UNDER MANAGEMENT

As of December 31, 2016, Newfleet managed approximately \$11,800,000,000 billion in client assets, all managed on a discretionary basis.

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ITEM 5 – FEES AND COMPENSATION

Fees for investment advisory service are detailed in each contract for service, and are subject to negotiation. Generally, Newfleet charges a fixed-percentage fee per annum for investment advice based on assets under management. Fees are typically payable quarterly in advance. Clients may decide to have fees deducted from assets, or to be billed for fees incurred. Fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary. In some cases, fees charged by Newfleet may be greater than fees charged by other investment advisers for similar services; in other cases our fees may be lower.

Investment advisory fees may be based on the fair market value of the assets, or the current face value of the assets on an annual basis, or fixed fees. Newfleet may negotiate and enter into a performance based fee arrangement with eligible clients meeting the criteria as set forth under Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Terminated accounts will be charged advisory fees and additional expenses incurred by Newfleet in the transfer or final disposition of the account. Accounts may be terminated by giving written notice (in most cases, 30 days) to Newfleet, and clients will generally receive a pro-rata refund of any unearned prepaid fees upon such termination.

Clients will incur brokerage, custodial, and other transactions costs in addition to fees. Please refer to Item 12, Brokerage Practices, for additional details.

In certain instances Newfleet may purchase or sell for separately managed clients' accounts shares of one of the Affiliated Funds for which it serves as sub-adviser. When this occurs, the separately managed client account assets invested in an Affiliated Fund are not subject to the advisory fee otherwise applicable to the account; rather, those assets are subject only to the Affiliated Fund fees and charges applicable to all shareholders of the fund, as set forth in the fund's current prospectus. Depending on which Affiliated Fund the account is invested in, the Affiliated Fund fees—a portion of which are paid to Newfleet—may be more or less than the separate account advisory fee otherwise applicable to the account.

Newfleet receives fees for managing the following registered investment products:

- Virtus Bond Fund
- Virtus High Yield Fund
- Virtus Strategic Allocation Fund
- Virtus Tactical Allocation Fund
- Virtus CA Tax-Exempt Bond Fund
- Virtus Multi-Sector Intermediate Bond Fund
- Virtus Multi-Sector Short Term Bond Fund
- Virtus Senior Floating Rate Fund
- Virtus Multi-Sector Fixed Income Series

- Virtus Strategic Allocation Series
- Virtus Total Return Fund Inc
- Virtus Global Multi-Sector Income Fund
- Virtus Emerging Markets Debt Fund
- Virtus Tax-Exempt Bond Fund
- Virtus Strategic Income Fund
- Dunham Corporate/Government Bond Fund (Class A, C and N)
- Dunham Floating Rate Bond Fund (Class A, C and N)
- Advisorshares Newfleet Multi-Sector Income ETF
- Virtus Credit Opportunities Fund
- Virtus Newfleet Unconstrained Bond ETF
- Virtus Newfleet Dynamic Credit ETF
- Virtus Global Dividend & Income Fund Inc

Advisory fees for services under existing sub-advisory contracts for the Virtus registered investment companies range between 0.175% and 0.475% 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 for each registered investment company. Fees for the Virtus Funds are paid monthly in arrears based on annual fees. Fees for the Advisorshares Newfleet Multi-Sector Income ETF are based on the average daily net assets of the Fund, and paid monthly at the annual rate of .25%. Fees for the Dunham funds are further described in Item 6.

Newfleet's basic fee schedule for separately managed accounts range between .20% and .50% depending upon type and size of the portfolio, however, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary from the foregoing. In some cases, fees charged by Newfleet may be greater than fees charged by other investment advisers for similar services; in other cases our fees may be lower.

Newfleet receives annual collateral management fees and/or service fees, which range up to 0.25%, for the management of CDO and CLO structured products.

Newfleet receives a portion of the fee charged by the promoter of the UCITS which has been determined by the contract between Newfleet and the promoter and subsequently approved by the UCITS in accordance with the provisions of the Central Bank of Ireland. Advisory fees for these services may be up to 0.65%

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Newfleet receives fees based upon documented performance metrics for designated client accounts. In all cases where Newfleet or its affiliates charge a performance-based fee, any such arrangements will comply with Section 205 of the Investment Advisers Act of 1940, as amended, and the rules thereunder, and all applicable laws and regulations.

In addition to the annual collateral management fee, Newfleet

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receives an incentive fee of 20% of excess cash flows once the equity in the Nob Hill CDO's equity has received an internal rate of return of 12%. The fees for the CLO structured product is based on par value of the assets. The fees for the CDO structured products are based on market value for any defaulted securities and par value for the rest of the assets. The fees for these structured products are paid on a quarterly basis.

Newfleet receives an annual base fee of 0.30% of assets under management and also a performance based fee for managing the Dunham Corporate/Government Bond Fund. The performance fee is derived from a comparison of the net return of the fund's Class N shares to a comparative index. The performance fee will increase/decrease by 1 basis point (0.01%) for each 10 basis points (0.10%) of outperformance/underperformance of the comparative index. The performance fee will increase/decrease up to 15 basis points (0.15%) to/from the base fee to arrive at the fulcrum fee. The highest possible fulcrum fee is 0.50%; lowest is 0.15% (0.30% base fee plus or minus 0.15% performance fee). The fulcrum fee accrues daily and is paid monthly, based on the Fund's average daily net assets and the performance against the index over the prior rolling 12-month period.

Newfleet also receives an annual base fee of 0.40% of assets under management and also a performance based fee for managing the Dunham Floating Rate Bond Fund. The performance fee is derived from a comparison of the net return of the fund's Class N shares to a comparative index. The performance fee will increase/decrease by 1 basis point (0.01%) for each 10 basis points (0.10%) of outperformance/underperformance of the comparative index. The performance fee will increase/decrease up to 20 basis points (0.20%) to/from the base fee to arrive at the fulcrum fee. The highest possible fulcrum fee is 0.60%; lowest is 0.20% (0.40% base fee plus or minus 0.20% performance fee). The fulcrum fee accrues daily and is paid monthly, based on the Fund's average daily net assets and the performance against the index over the prior rolling 12-month period.

Newfleet manages accounts that are charged an asset-based fee in the same strategy as the account that is charged a performance-based fee. In certain situations Newfleet may have an incentive to favor the performance-based fee account. To address this conflict of interest, Newfleet manages both types of accounts in a similar manner, with similar investments and similar allocations.

SIDE BY SIDE MANAGEMENT

"Side-by-side management" refers to the simultaneous management of multiple types of client accounts/investment products. Newfleet manages numerous accounts with a variety of strategies, which may present conflicts of interest. To address these potential conflicts Newfleet has adopted procedures regarding trade allocation and aggregation, as well as cross transactions as further described in Item 12.

ITEM 7 – TYPES OF CLIENTS

Newfleet offers investment advice to investment companies, foundations, endowments, trusts, pension and profit sharing plans, corporations, public funds, multi-employer plans and private clients, structured products and other private funds, and other business entities. Newfleet serves as investment manager of investment vehicles offered to non-US investors in the form of UCITS domiciled in Ireland, registered with, and regulated by, the Central Bank of Ireland.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Newfleet's security analysis methods include fundamental and technical analysis. Newfleet will use varied sources of information including, but not limited to, annual reports, prospectuses, filings with the Securities and Exchange Commission, inspections of corporate activities, research materials prepared by others, corporate rating services, company press releases, and financial newspapers and magazines. Newfleet may also utilize the services of a third party research provider. The research team is always engaged in fundamental research and uses a proactive approach to identify the current fundamentals of a particular issuer and to predict future developments in credit rating and fundamentals for specific issuers.

Newfleet's investment strategies include one or all of the following:

- Long-term purchases (securities or bank loans held at least a year)
- Short-term purchases (securities or bank loans sold within a year)
- Trading (securities or bank loans sold within 30 days) (resulting in increased brokerage and other transaction costs and taxes)
- Short sales
- Leverage in the form of borrowing
- Option writing (including covered options, uncovered options and spreading strategies); and
- The use of certain other derivatives

Interest rate, credit spread and credit default hedges may also be implemented if consistent with a client's investment guidelines.

Newfleet's multi-sector strategy is based on the principle that active sector rotation, along with disciplined risk management and strong security selection, provides an effective method of achieving favorable returns in the fixed income market. Newfleet seeks the best opportunities for total return while avoiding interest-rate forecasting. Newfleet offers multi-sector strategies of varying duration and risk level. A dedicated bank loan strategy and a high yield strategy are also offered.

Newfleet may enter into derivative transactions when the use is consistent with established client investment guidelines and the firm's investment strategy as selected by the client. A derivative is a financial arrangement between two parties whose payments or values are based on—or “derived” from—the performance of some agreed-upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks.

Derivatives can be used for a variety of reasons. For example, if a portfolio consists of foreign investments that are denominated in the currency of the country of the issuer, we may want to reduce the risk of fluctuations in the value of such currencies. Or, we may want to modify the risk/return profile of a portfolio without incurring significant transaction cost and without disturbing the portfolio.

There are significant risks associated with derivatives that can result in the loss of principal, or, in certain cases, the loss of more than the initial investment. The primary risks associated with derivatives are (i) market risk (the risk that the market value of the investment will decline), (ii) credit risk (the risk that the counterparty to the transaction will default on its obligations), (iii) liquidity risk (the risk that the instrument will not be readily marketable) and (iv) valuation risk (the risk that because the instrument is thinly traded, it may have only one pricing source). In no event will Newfleet invest in any derivative instrument unless such investment is consistent with established client investment guidelines.

Debt securities are subject to various risks, the most prominent of which are credit risk and interest rate risk. Credit risk is 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. Debt securities rated below investment-grade are especially susceptible to this risk. Interest rate risk exists because the values of debt securities usually rise and fall in response to changes in interest rates. Interest rate risk is generally greater for investments with longer maturities. These risks can affect a security's price volatility to varying degrees, depending upon the nature of the instrument.

Borrowing risk: when an account that is a registered investment company borrows money, it may be required to maintain continuous asset coverage (total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the asset coverage declines, for example as a result of market fluctuations, the account may be required to sell some of its portfolio holdings quickly to reduce the debt and restore the required asset coverage, even though it may be disadvantageous from an investment standpoint to do so. Borrowing may exaggerate the effect on the account's net asset value of any increase or decrease in the market value of the portfolio. Money borrowed will be subject to interest costs that may or may not be offset by appreciation of the securities purchased. The account also may be subject to other conditions or fees that would

increase the cost of borrowing over the stated interest rate. The various costs of borrowing may therefore ultimately exceed the income or potential capital gains from investments made with such leverage.

The value of securities used in any of Newfleet's offered investment strategies may go up, or down, in response to factors not within the control of the investment manager, such as the status of an individual company underlying a security, or the general economic climate.

Investors should be aware that their investment is not guaranteed, and understand that there is a risk of loss of value in their investment.

ITEM 9 – DISCIPLINARY INFORMATION

Item 9 is not applicable.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following investment advisers are all subsidiaries of Virtus and affiliates of Newfleet Asset Management, LLC:

Duff & Phelps Investment Management Co., Euclid Advisors LLC, Kayne Anderson Rudnick Investment Management, LLC, Rampart Investment Management Company, LLC, Virtus Alternative Investment Advisers, Inc., Virtus ETF Advisers, Inc., Virtus Investment Advisers, Inc., Virtus Retirement Advisers, LLC and Zweig Advisers LLC.

VP Distributors, LLC, and ETF Distributors are affiliated, registered broker-dealers, which serve as the underwriter and distributor of the open-end registered investment companies for which Newfleet acts as adviser. Neither firm has trading activity nor retains trading operations. Some personnel of Newfleet, including management persons, are FINRA registered representatives under VP Distributors.

Virtus Fund Services, LLC, an affiliate of Newfleet Asset Management, LLC, serves as the administrator and transfer agent to certain funds for which Newfleet acts as sub-adviser.

Virtus Alternative Investment Advisers, Inc. is registered as a commodity pool operator. Management persons of Newfleet may be an associated person of the foregoing entity.

The investment management services of Newfleet 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 Newfleet, its affiliates, and other entities in support of these activities. There may exist certain potential or actual conflicts of interests within these interrelationships, which may or may not be readily apparent to an investor.

In a variety of instances, Newfleet utilizes the personnel and/or services of one or more of its affiliates in the performance of its

business including, without limitation, investment advice and portfolio management, portfolio execution and trading, back office processing, accounting, reporting and client servicing. Moreover, Newfleet's traders and portfolio managers serve as traders and portfolio managers for Newfleet's affiliates. Such utilization may take a variety of forms including dual employee or delegation arrangements, formal sub-advisory or servicing agreements, or other formal and informal arrangements among Newfleet and its affiliates. In these circumstances, the registered affiliate, with which the client has its investment management agreement, remains responsible for the account within the framework of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and/or other applicable regulatory frameworks and the relevant investment management agreement, and no additional fees are charged to the client for the affiliates' services except as set forth in the investment management agreement.

Additionally, Virtus and its affiliates may enter into marketing or sponsorship arrangements with third parties, sub-advisers and brokerage firms to promote the distribution of proprietary investment products including, but not limited to, mutual funds, closed-end funds, managed accounts or the general enhancement of the Virtus marketing image. Such third parties, sub-advisers and brokerage firms may concurrently have advisory, distribution or other relationships with Newfleet. These arrangements may or may not necessarily result in additional assets under management by Newfleet or inure to the direct or indirect benefit of clients of Newfleet.

Some officers and directors of Virtus serve as our officers or directors. Some Newfleet and Virtus officers and directors also serve as officers or directors of affiliated registered investment companies.

Virtus Investment Partners, Inc. (NASDAQ: VRTS) on December 16, 2016 announced it has entered into an agreement to acquire RidgeWorth Investments. RidgeWorth's wholly owned affiliated are: Seix Investment Advisors, Ceredex Value Advisors, and Silvant Capital Management. RidgeWorth also has a minority ownership interest in Zevenbergen Capital Investments, a growth equity boutique. The transaction is expected to close mid 2017.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

To fully protect the interests of Newfleet's clients, Newfleet has adopted the Virtus Code of Conduct and a Code of Ethics for personal trading, which are designed to prevent and detect possible conflicts of interest with client trades. Compliance with these codes is a condition of employment. All of our supervised persons must acknowledge their terms annually, or as amended.

Any employee found to have engaged in improper or unlawful activity faces appropriate administrative and legal action. It is the responsibility of each associate to ensure that they and those they manage are conducting business professionally and are complying with the procedures and policies governing Newfleet's collective responsibility. Any employee becoming aware of others engaged in wrongdoing or improper conduct

must immediately report such activity to their supervisor and compliance officer. Failure to do so may result in additional action being taken against that individual. Virtus has established formal reporting procedures and a confidential 24-hour "hotline" for the purpose of employees requesting assistance concerning the reporting of violations of the Code of Conduct or other related policies.

Newfleet or a related person may recommend that clients buy or sell securities or investment products in which Newfleet or a related person has some financial interest. Likewise, Newfleet or a related person may buy or sell securities that Newfleet also recommends to clients. The following highlights some of the provisions of the Virtus Code of Conduct:

VIRTUS CODE OF CONDUCT

Commitment to Shareholders

- Conflicts of interest
- Insider trading and personal trading
- Market timing

Commitment to Customers

- Safeguarding assets
- Other market conduct
- Privacy

Commitment to Corporate Citizenship

- Complying with the legal and regulatory requirements
- Anti-money laundering
- Lobbying and political contributions

Commitment to Employees

- Equal opportunities
- Sexual harassment
- Workplace safety

Commitment to Ethics and Compliance

- Ethical decision-making
- Monitoring Code compliance
- Whistle-blower protection

A complete copy of the Virtus Code of Conduct is available upon request.

NEWFLEET CODE OF ETHICS

The following highlights some of the provisions of the Newfleet Code of Ethics:

- Pre-clearance is required for 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.
- 60 day holding period for covered securities.
- Brokerage provision of duplicate copies of brokerage statements and confirmations to our Compliance

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- Department, or the electronic equivalent.
- Employee provision of Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Requirement that personal transactions be consistent with the Code of Ethics in a manner that avoids any actual or potential conflict of interest.
- Any covered employee not in observance of the above may be subject to discipline.

Newfleet does not purchase or sell securities for its own account. Newfleet's directors, officers, and employees 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.

None of Newfleet's directors, officers, 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 and that they know at the time of such transaction that is being bought, sold, or considered for purchase or sale for a client account, unless:

- 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

Newfleet's officers and employees are encouraged to invest in shares of Virtus Mutual Funds.

Newfleet has adopted the Insider Trading Policy and Procedures designed to mitigate the risks of Newfleet and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of Newfleet's clients or for their own benefit. The policy applies to every Supervised Person of Newfleet and extends to activities both within and outside their duties to Newfleet, including for an employee's personal account.

Newfleet endeavors to ensure that the investment management and overall business of the firm complies with both Newfleet and Virtus policies and applicable U.S. federal and state securities laws and regulations.

A complete copy of Newfleet's current Code of Ethics is available by sending a written request to Newfleet Asset Management, LLC, Attn: Compliance Department, 100 Pearl Street, Hartford, CT 06103.

Email requests may be sent to: Laura.Krajewski@virtus.com

ITEM 12 – BROKERAGE PRACTICES

Newfleet is aware of its fiduciary obligations to seek the "best execution" of client transactions. Best execution is a process that entails the efficient placement of orders, clearance, settlement, and overall execution quality, as well as the price obtained for the transaction. It is Newfleet's policy to seek the best execution available in light of the overall quality of brokerage and research services provided to it or its clients. Best execution involves reasonably seeking the most-favorable terms for a transaction under the circumstances. Each Newfleet office allocates client transactions to unaffiliated broker-dealers in the best interest of its clients, based on review of the current market, and the broker-dealer. A brokerage committee will perform periodic reviews of execution results and brokerage services.

Each Newfleet office generally determines the broker through whom securities transactions are to be affected. In selecting brokers for a portfolio transaction, Newfleet considers, without limitation, the overall direct net economic results to an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to Newfleet, and the financial strength and stability of the broker.

From time to time, Newfleet utilizes the trading facilities of affiliated registered investment advisers, and affiliated registered investment advisers may use Newfleet's trading facilities.

The actual allocation of brokerage business may vary from year to year, depending on Newfleet's evaluation of all applicable considerations. In no case will Newfleet make binding commitments as to the level of trade volume it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

RESEARCH

Newfleet receives services relating to the investment decision process in the form of research reports and products that are furnished in the normal course of business by broker-dealers or other vendors which include, but are not limited to information regarding: the economy; industries; sectors of securities; individual companies; statistical information; taxation; political developments; legal developments; technical market action; pricing and appraisal services; credit analysis; risk measurement analysis and performance analysis. Research products and services provided by broker-dealers through which transactions are effected on behalf of client accounts are used for the benefit of all clients collectively. Such research services are received primarily in the form of written reports, telephone contacts and

personal meetings with security analysts. In addition, research services is sometimes provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists and government representatives. In some cases, research services are received from third parties but are provided to Newfleet by or through brokers.

Newfleet is aware of its fiduciary obligations to seek the “best execution” of client transactions. Best execution is a process that entails the efficient placement of orders, clearance, settlement, and overall execution quality, as well as the price obtained for the transaction. Best execution involves reasonably seeking the most-favorable terms for a transaction under the circumstances. Each Newfleet office allocates client transactions to unaffiliated broker-dealers in the best interest of its clients, based on review of the current market, and the broker-dealer. A brokerage committee specific to each office of Newfleet will perform periodic reviews of execution results and brokerage services.

TRADE AGGREGATION AND ALLOCATION

Newfleet seeks, but is not obligated, to bunch orders for the purchase or sale of the same security for client accounts where Newfleet deems this to be appropriate and in the best interests of the accounts, consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account will participate at an average price for the bunched order on the same business day, and the transaction costs shall be shared pro-rata based on each client’s participation in the bunched order, to the extent practical for the specific type of security. When a bunched order is only partially filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions (such as de minimis orders) and each participating account will participate at the average price for the bunched order on the same business day to the extent practicable. Municipal portfolio management personnel serve both Newfleet offices and another affiliate. In this capacity, the municipal portfolio management personnel combine orders of all affiliates they serve according to the trade aggregation and allocation procedures noted here.

Newfleet performs investment advisory services for various clients and may give advice, and take action, with respect to any of those which may differ from the advice given, or the timing or nature of action taken, with respect to any one account, provided that over a period of time Newfleet, to the extent practical, allocates investment opportunities to each account on a fair and equitable basis relative to other similarly situated client accounts.

CROSS-TRANSACTIONS

To reduce transaction costs and promote trading efficiency for mutual fund clients, Newfleet may engage in inter-account transactions consistent with procedures adopted pursuant to Rule 17a-7 under the Investment Company Act of 1940. Where appropriate, Newfleet may engage in inter-account or cross-

transactions with eligible advisory accounts and will comply with the applicable disclosure and consent requirements associated with such transactions under the Adviser’s Act.

ITEM 13 – REVIEW OF ACCOUNTS

A Senior Portfolio Manager, with extensive experience, is assigned to each account and is responsible for monitoring and maintaining compliance with client-specific guidelines. Formal reviews are performed at least annually and include client portfolio structure, strategies, adherence to client investment policy and guidelines, and benchmarks. Portfolio Managers also perform more frequent informal reviews for accounts on an ongoing basis that include market conditions, portfolio holdings and transactions, cash flows and account performance.

Written account and performance reviews are offered to most clients on a quarterly basis. More-frequent reports may be provided upon request.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Newfleet does not enter into agreements with or make commitments to broker-dealers under which Newfleet is obligated to compensate broker-dealers for client referrals. However, for clients other than those covered by ERISA, when Newfleet believes that a broker-dealer who has referred clients to Newfleet is capable of providing the best-price services and overall execution as to a particular portfolio transaction, considering all the factors described herein, Newfleet may select that broker-dealer in recognition of the broker-dealer’s referrals or possible future referrals. In doing so will pay higher commissions than would otherwise be payable to another broker-dealer.

Certain designated persons will act as advisory representatives of Newfleet. These persons may be institutional account representatives of affiliates of the firm and may offer advice or opinions as to the value of Newfleet’s services or the appropriateness of such services for a potential client. Compensation will be provided to these persons by way of salaries and bonuses through the Newfleet affiliate of which the designated person is employed.

Newfleet may also permit certain designated persons (referred to as “Solicitors”) to refer potential business to Newfleet. Any solicitor will be required to enter into a written agreement with Newfleet that contains an undertaking that the Solicitor will deliver a disclosure document relating to Newfleet and a separate disclosure document relating to the Solicitor’s arrangement with Newfleet. Payments to Solicitors may range, depending on the type of investment vehicle, from 5% to 40% of the investment management fee received by Newfleet. Newfleet currently has one such solicitor agreement in place.

NEWFLEET ASSET MANAGEMENT, LLC

FORM ADV, PART 2

ITEM 15 – CUSTODY

Newfleet does not have custody of client assets.

Clients should receive account statements from their bank, broker-dealer or other qualified custodian, in addition to the account statement that they may receive from Newfleet. We urge clients to carefully review both account statements and compare official custodial records to the account statements provided by Newfleet.

Newfleet statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16 – INVESTMENT DISCRETION

Newfleet generally manages accounts on a discretionary where Newfleet has full authority in determining which securities are purchased or sold. Newfleet exercises its investment discretion consistent with its investment policies, as well as with any investment guidelines or restrictions adopted by a client and accepted by Newfleet.

Generally, investment agreements between Newfleet and its clients are established at the time the account is opened, detail investment objectives and guidelines, and grant full discretionary authority over securities purchases and sales, subject to those investment objectives and guidelines. Newfleet may select brokers or dealers that provide research or other transaction-related services and may cause a client to pay such broker-dealer commissions for effecting transaction in excess of commissions other broker-dealers may have charged. Newfleet will consider the full range and quality of a broker's or dealer's services, including, among other things, the value of research provided, execution capability, commission rate, financial responsibility, market making capabilities, efficiency, confidentiality, responsiveness and other factors it deems appropriate.

The Board of Directors, Managers or Trustees of each registered investment company sub-advised by Newfleet, establishes guidelines regarding investment strategy, and restrictions. Such guidelines can be found in each fund's prospectus. Newfleet complies with these guidelines in its exercise of investment discretion on behalf of each fund.

CLASS ACTION LAWSUITS

Newfleet is not responsible for exercising client's rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. Newfleet will generally not notify clients regarding class action lawsuits and will not transmit proof of claim forms to clients except upon client request.

ITEM 17 – VOTING CLIENT SECURITIES

Although the nature of Newfleet's portfolios is such that ballots

are rarely required, Newfleet has adopted pre-determined proxy voting guidelines (the "Guidelines") to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the investment. Under the Guidelines, Newfleet sometimes delegates to a non-affiliated third party vendor the responsibility to review proxy proposals and make voting recommendations on behalf of Newfleet. Newfleet may also vote a proxy contrary to the Guidelines if we determine that such action is in the best interest of our clients.

A complete copy of Newfleet's current Proxy Voting Policies & Procedures is available by sending a written request to Newfleet Asset Management, LLC, Attn: Compliance Department, 100 Pearl Street, Hartford, CT 06103.

Email requests may be sent to: Laura.Krajewski@virtus.com.

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