



Form ADV, Part 2A Firm Brochure

[Item 1 – Cover Page](#)

NEWFLEET ASSET MANAGEMENT, LLC

Principal Office:

One Financial Plaza

Hartford, CT 06103

877-332-8172

Email: James.Sena@Virtus.com

Web Address www.newfleet.com

March 31, 2020

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 James.Sena@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.

Item 2 – Material Changes

This Form ADV Part 2A brochure dated March 31, 2020 has been prepared according to the requirements and rules promulgated by the SEC. Pursuant to SEC Rules, we are required to prepare a summary of any material changes to our brochure within 120 days of the close of our fiscal year, which is 12/31. We may also elect to include a summary of material changes to our brochure as part of other-than annual amendments filed by Newfleet.

We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

This Brochure contains the following material changes from our last annual update, dated March 29, 2019.

Newfleet Asset Management, LLC named James R. Sena Chief Compliance Officer effective January 10, 2020. Mr. Sena has been with Virtus since April, 2015 and has been an officer of Newfleet since September, 2017.

References to the new Chief Compliance Officer have been made to the following sections:

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Item 2 – Material Changes

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Item 17 – Voting Client Securities

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

- Updated the descriptions of the principal risks related to our client portfolios, including adding Market Volatility Risk, which includes, but is not limited to, adding LIBOR Risk and risks related to the economic impact of the global pandemic known as COVID-19.

Item 10 – Other Financial Industry Activities and Affiliations

- Updated our description of other financial industry activities and affiliates to include additions to, or eliminations of, such activities and affiliates.

Item 14 - Client Referrals and Other Compensation

- Enhanced disclosure regarding Client Referrals and Other Compensation related to Newfleet and its affiliates.

You can request our Brochure by contacting James Sena 860.503.1130 or James.Sena@virtus.com. Our Brochure is also available on our website, www.newfleet.com, and is free of charge upon request.



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Item 4 – Advisory Business

The firm, established in 1989, is an indirect, wholly-owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”), a publicly traded company. Newfleet provides investment management services to foundations, endowments, trusts, pension and profit sharing plans, corporations, public funds, multi-employer plans, open-end investment companies, closed-end funds, Exchanged Traded Funds, UCITS, registered investment advisers, a CDO and a CLO which are considered private clients. 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
- Collateral Debt Obligations
- Collateral Loan Obligations
- Options
- Securitized Products - Commercial Mortgage Backed Securities, Non-Agency Residential Mortgage Backed Securities, Agency Mortgage Backed Securities, and Asset Backed Securities

In limited circumstances, where clients are deemed able and 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

A range of actively managed multi-sector strategies, as well as a floating rate strategy, high yield strategy, flexible credit strategy, and municipal bond strategies 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. The actively managed high-yield strategy invests primarily in high-yield fixed income securities. The actively managed flexible credit strategy primarily invests in bank loans and high-yield securities. The comprehensive credit strategy primarily invests in performing, stressed, and distressed debt.

Newfleet's tax-exempt investment process 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 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, 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, 2019, Newfleet managed approximately \$10,611,950,276 in client assets, all managed on a discretionary basis.

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.

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, 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. 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 for separately managed clients' accounts, Newfleet may purchase or sell 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.

Advisory fees for services under existing sub-advisory contracts for the Virtus registered investment companies range between 0.11% and 0.475%, depending upon the type and size of the portfolio. Fees for the Virtus Funds are paid monthly based on the annual rate. Fees for the AdvisorShares Newfleet Multi-Sector Income ETF are based on the average daily net assets of the Fund, and paid monthly based on the annual rate of 0.25%. Fees for AIG Flexible Credit Fund are 0.14%. Fees for the Dunham funds are described in Item 6. Specific advisory fees and expense related information may be found in the prospectus and/or statement of additional information for each registered investment company.

Newfleet's basic fee schedules for separately managed accounts are:

Multi-Sector Core Plus		Multi-Sector Opportunistic	
\$0 to \$100 million	35 bps	\$0 to \$100 million	40 bps
Over \$100 million	30 bps	Over \$100 million	35 bps
Minimum Account Size	\$25 million	Minimum Account Size	\$25 million
Multi-Sector Low Duration Core		Multi-Sector Short Duration	
\$0 to \$100 million	30 bps	\$0 to \$100 million	35 bps
Over \$100 million	25 bps	Over \$100 million	30 bps
Minimum Account Size	\$25 million	Minimum Account Size	\$25 million
Floating Rate		High Yield	
\$0 to \$100 million	45 bps	\$0 to \$100 million	45 bps
Over \$100 million	40 bps	Over \$100 million	40 bps
Minimum Account Size	\$25 million	Minimum Account Size	\$25 million
Flexible Credit			
\$0 to \$100 million	45 bps		
Over \$100 million	40 bps		
Minimum Account Size	\$25 million		

However, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary from the foregoing.

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 fees 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 0.375%.

Item 6 - Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

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.

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 greater than or less than the comparative index. The fulcrum fee is derived by a maximum change to the base fee of 15 basis points (0.15%). The highest possible fulcrum fee is 0.45%; 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 0.30% 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 8.75 basis points (0.875%) of performance greater than or less than the comparative index. The fulcrum fee is derived by a maximum change in the base fee of 30 basis points (0.30%). The highest possible fulcrum fee is 0.50%; lowest is 0.10% (0.30% 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 which we believe are in the Client's best interest. Newfleet has procedures in place to ensure that trades are allocated fairly among Clients.

Side by side Management

"Side-by-side management" refers to the simultaneous management of multiple types of client accounts or 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, private clients, structured products, wrap accounts 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 one year);
- short-term purchases (securities or bank loans sold within one 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);
- use of certain other derivatives.

Newfleet may implement interest rate, credit spread and credit default transactions 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, high yield strategy, flexible credit strategy, and comprehensive credit 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.

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. The value of your portfolio may be affected by one or more of the following risks:

Market Volatility Risk. The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. The value of a security or other instrument may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other instrument, or factors that affect a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates generally do not have the same impact on all types of securities and instruments. An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19

was first detected in China in December 2019 and has now been detected globally. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

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.

Derivatives Risk. The risk that the fund will incur a loss greater than the fund's investment in, or will experience greater share price volatility as a result of investing in, a derivative contract. Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or to attempt to increase yield.

Emerging Market Investing Risk. The risk that prices of emerging markets securities will be more volatile, or will be more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.

Foreign Investing Risk. The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.

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.

Income Risk. The risk that income received from the fund will vary widely over the short- and/or long-term and/or be less than anticipated if the proceeds from maturing securities in the fund are reinvested in lower-yielding securities.

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.

Leverage Risk. The risk that leverage created from borrowing or certain types of transactions or instruments, including derivatives, may impair the fund's liquidity, cause it to liquidate positions at an unfavorable time, increase its volatility or otherwise cause it not to achieve its intended result.

Libor Risk. The London Interbank Offer Rate (“LIBOR”) historically has been and currently is used extensively in the U.S. and globally as a “benchmark” or “reference rate” for various commercial and financial contracts, including corporate and municipal bonds, bank loans, asset-backed and mortgage-related securities, interest rate swaps and other derivatives. For example, debt instruments in which a fund invests may pay interest at floating rates based on LIBOR or may be subject to interest caps or floors based on LIBOR. A fund’s derivative investments may also reference LIBOR. In addition, issuers of instruments in which a fund invests may obtain financing at floating rates based on LIBOR, and a fund may use leverage or borrowings based on LIBOR. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the intention to phase out the use of LIBOR by the end of 2021. Currently, the U.S. and other countries are working to replace LIBOR with alternative reference rates. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement reference rate. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments that reference LIBOR. The expected discontinuation of LIBOR could have a significant impact on the financial markets and may present a material risk for certain market participants, including investment companies such as the funds. Abandonment of or modifications to LIBOR could lead to significant short- and long-term uncertainty and market instability. The risks associated with this discontinuation and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. It remains uncertain how such changes would be implemented and the effects such changes would have on the funds, issuers of instruments in which the funds invest, and the financial markets generally.

Liquidity Risk. The risk that certain securities may be difficult or impossible to sell at the time and price beneficial to the fund.

Loan Risk. The risks that, in addition to the risks typically associated with high-yield/high-risk fixed income securities, loans (including floating rate loans) in which the fund invests may be unsecured or not fully collateralized, may be subject to restrictions on resale, and/or some loans may trade infrequently on the secondary market. Loans settle on a delayed basis, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans.

Long-Term Maturities/Durations Risk. The risk of greater price fluctuations than would be associated with securities having shorter maturities or durations.

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 issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.

Mortgage-Backed and Asset-Backed Securities Risk. The risk that changes in interest rates will cause both extension and prepayment risks for mortgage-backed and asset-backed securities in which the fund invests, or that an impairment of the value of collateral underlying such securities will cause the value of the securities to decrease.

Municipal Bond Market Risk. The risk that events negatively impacting a particular municipal security, or the municipal bond market in general, will cause the value of the fund's shares to decrease, perhaps significantly.

Prepayment/Call Risk. The risk that issuers will prepay fixed rate obligations when interest rates fall, forcing the fund to reinvest in obligations with lower interest rates than the original obligations and otherwise not benefit fully from the increase in value that other fixed income securities experience when interest rates decline.

Tax-Exempt Securities The risk that tax-exempt securities may not provide a higher after-tax return than taxable securities, or that the tax-exempt status of such securities may be lost or limited.

Tax Liability Risk. The risk that noncompliant conduct by a municipal bond issuer, or certain adverse interpretations or actions by a government or tax authority, could cause interest from a security to become taxable, possibly retroactively, subjecting shareholders to increased tax liability.

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.

Extraordinary Events Risk. Global terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

Increased Regulations. Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

Cybersecurity Risk. In addition to the risks associated to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to "cybersecurity" risk. A breach in cybersecurity refers to both intentional and unintentional events that may cause an account to lose proprietary information such as misappropriating sensitive information, access to digital systems to obtain client and financial information, corrupting data, or causing operational disruption. Similar adverse consequences could result from cybersecurity incidents affecting counterparties with which we engage in transactions, third-party service providers (e.g. a client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. The Firm has in place risk management systems and business continuity plans which are designed to reduce the risks associated with these attacks, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have

not been identified. Accordingly, there is no guarantee that such efforts will succeed especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Newfleet or the integrity of Newfleet's management. Newfleet has no disciplinary information to report.

Item 10 - Other Financial Industry Activities and Affiliations

Newfleet is directly and wholly owned by Virtus Partners, Inc. ("VP"). VP is directly and wholly owned by Virtus Investment Partners, Inc. ("Virtus") a publicly traded multi-manager asset management business, as of December 31, 2008 (NASDAQ: VRTS). The following advisers are all subsidiaries of VP and are affiliates of Newfleet:

- Ceredex Value Advisors LLC
- Duff & Phelps Investment Management Co.
- Kayne Anderson Rudnick Investment Management, LLC,
- Rampart Investment Management Company, LLC
- Seix CLO Management LLC
- Seix Investment Advisors LLC
- Silvant Capital Management, LLC
- Sustainable Growth Advisers, LP
- Virtus Alternative Investment Advisers, Inc.
- Virtus ETF Advisers LLC
- Virtus Fund Advisers, LLC
- Virtus Investment Advisers, Inc.

VP Distributors, LLC, an affiliate of Newfleet is a registered broker-dealer which serves as the underwriter and distributor of various registered investment companies for which Newfleet acts as adviser. VP Distributors, LLC does not have 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. Certain potential or actual conflicts of interests within these interrelationships may exist, 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 our affiliates in the performance of our business including, without limitation, investment advice and portfolio management, trading, back office processing, accounting, reporting and client servicing. These arrangements will 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. When we utilize the personnel and services of our affiliates, we remain responsible for the account within the framework of 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.

[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 a Code of Ethics for personal trading and the Virtus Code of Conduct, 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

- Whistleblower 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.
- 30 day holding period for covered securities.
- Brokerage provision of duplicate copies of brokerage statements and confirmations to our Compliance 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 Funds.

Generally, conflicts of interest may arise based on the interrelationship between us, various entities associated with us and our affiliates, and other advised managed separate accounts. For example, the use of affiliated products or services may provide higher fees for the organization or influence the selection of a service provider. With respect to our advisory services, several such conflicts are mitigated given our policy of no double billing on client assets in affiliate funds and our policy regarding competitive rates should affiliate brokerage be utilized.

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 employees, under certain circumstances, can be granted permission to serve as directors, trustee, or officers of outside organizations. Employees must receive approval the Chief Compliance Officer, or her delegate.

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, One Financial Plaza, Hartford, CT 06103.

Email requests may be sent to: James.Sena@Virtus.com

Item 12 – Brokerage Practices

Best Execution

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 record-keeping account is established and maintained in Newfleet's order management system and the appropriate portfolio accounting system. Newfleet's portfolio management team regularly reviews client transactions and client accounts to assess consistency with the relevant investment strategy and applicable account restrictions. While the underlying securities including derivative positions within the accounts are continually monitored, there are various reconciliations performed by Operations and Fund Administration that occur daily, monthly

and/or quarterly depending on the type of account. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

A Senior Portfolio Manager, with extensive experience, is assigned to each account and is responsible for monitoring and maintaining compliance with client-specific guidelines. 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 generally does not receive an economic benefit from anyone other than its clients for providing investment advice to its clients. However, as discussed in Item 10, Newfleet and its personnel may provide services to Newfleet's affiliates, and Newfleet may receive services from its affiliates. Such services may include investment advice for which the providing entity may be compensated directly or indirectly by the receiving entity.

As discussed in Item 10, above, Newfleet has arrangements with VPD and Virtus International whereby Newfleet compensates those entities for referrals in certain circumstances. Such arrangements are commonly referred to as "solicitation arrangements" and the persons or entities providing the solicitation services are commonly known as "solicitors." The Investment Advisers Act of 1940, as amended, requires that when an affiliate acts as a solicitor for Newfleet such affiliate discloses to the potential client that the solicitor is affiliated with Newfleet. The compensation paid by Newfleet to VPD and Virtus International for these solicitation arrangements generally is structured as being all or a portion of any variable compensation paid by VPD or Virtus International to its employee(s) relating to assets under management by Newfleet that were referred by such employee(s), and in some cases the compensation also includes a percentage of VPD's or Virtus International's costs with respect to employment of the individual(s).

With respect to Newfleet's management of UCITS funds, Newfleet or any of its affiliates providing management to such UCITS funds, at their discretion and where permitted by applicable law, can rebate part or all of the management fees charged to the UCITS funds to any UCITS fund shareholder or use part of such management fees to remunerate certain financial intermediaries of such UCITS funds for services provided to fund shareholders. While Newfleet currently does not compensate any unaffiliated third parties for client referrals, Newfleet may have relationships with certain consulting firms and other intermediaries. For example, Newfleet may, from time to time, purchase products or services, such as investment manager performance data, from consulting firms. In compliance with applicable law and regulation, Newfleet or an affiliate from time to time may also pay event attendance or

participation or other fees; underwrite educational, charitable or industry events; or provide gifts of value to, or at the request of, an organization or individual (including Newfleet affiliates) that, among other things: (i) offers or includes products or services of Newfleet or an affiliate in a particular program; (ii) permits Newfleet or an affiliate access to their financial advisers, brokers, employees, or other affiliated persons to provide training, marketing support, and educational presentations on products or services affiliated with Newfleet; and/or (iii) refers or has referred a client to Newfleet. Newfleet may obtain products and/or services from consulting firms separate and apart from any recommendations made to clients for Newfleet's investment services, and also may provide cash or non-cash support for educational, training, marketing and other events sponsored by consulting firms and other intermediaries, subject to internal policies and regulatory restrictions. Additionally, certain affiliated or third party institutions provide financial support on a voluntary basis for marketing, educational, and sales meetings of Newfleet or affiliates. Newfleet also may, from time to time, pay a fee for inclusion of information about the firm in databases maintained by certain unaffiliated third-party data providers that in turn make such information available to their investment consultant clients. The payments and benefits described in this paragraph could give the firms receiving them and their personnel an incentive to favor Newfleet's investment advisory services over those of firms that do not provide the same payments and benefits.

Additionally, Newfleet or any of its affiliates may enter into arrangements with, and/or make payments from their own assets to, certain intermediaries to enable access to Virtus Funds on platforms made available by such intermediaries or to assist such intermediaries to upgrade existing technology systems or implement new technology systems or programs in order to improve the methods through which the intermediary provides services to Newfleet and its affiliates and/or their clients. Such arrangements or payments may establish contractual obligations on the part of such intermediary to provide Newfleet's or an affiliate's fund clients with certain exclusive or preferred access to the use of the subject technology or programs or preferable placement on platforms operated by such intermediary. The services, arrangements and payments described in this paragraph present conflicts of interest because they provide incentives for intermediaries, customers or clients of intermediaries, or such customers' or clients' service providers to recommend, or otherwise make available, Newfleet's or its affiliates' strategies or Virtus Funds to their clients in order to receive or continue to benefit from these arrangements from Newfleet or its affiliates. The provision of these services, arrangements and payments described above by Newfleet or its affiliates is only to the extent permitted by applicable law and guidance and is not dependent on the amount of Virtus Funds or strategies sold or recommended by such intermediaries, customers or clients of intermediaries, or such customers' or clients' service providers.

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 basis 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, One Financial Plaza, Hartford, CT 06103.

Email requests may be sent to: James.Sena@virtus.com

Item 18 – Financial Information

Registered investment advisers are required 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.