

# Virtus Investment Partners Introduces SMID Core Fund Managed by Kayne Anderson Rudnick

Strategy seeks to invest in high-quality companies with a competitive advantage

HARTFORD, Conn., March 8, 2018 /PRNewswire/ -- Multi-boutique asset manager [Virtus Investment Partners](#) (NASDAQ: VRTS) and affiliated investment manager [Kayne Anderson Rudnick](#) (KAR) have introduced the Virtus KAR Small-Mid Cap Core Fund, a new fund that seeks to invest in high-quality companies with a competitive advantage and purchase them at attractive valuations.

The [fund](#), which began trading today under the ticker VKSIX (I Shares), seeks to generate attractive risk-adjusted long-term returns by investing in the stocks of U.S. small- and mid-cap companies that KAR believes have durable competitive advantages, excellent management, and an ability to generate high and enduring profitability. The investment strategy used for the fund mirrors the strategy of KAR's SMID Core retail separate account that had \$2.0 billion in assets under management as of December 31, 2017.

Portfolio managers Jon Christensen, CFA, Julie Kutasov and Craig Stone use KAR's disciplined investment process to identify businesses that are differentiated by above-average returns on capital and trading at attractive valuations. They expect to invest in a high-conviction portfolio of 25 to 35 select companies believed to be undervalued relative to their future growth potential. The fund, benchmarked to the *Russell 2500* Index, pursues long-term capital appreciation while seeking to incur less risk than the small- and mid-cap markets.

"At KAR, we look for unique business models that generate strong free cash flow and returns on capital, and with management teams that are good stewards of capital," said Doug Foreman, CFA, chief investment officer. "We think our approach allows us to maintain a competitive edge with rigorous, first-hand fundamental research, filtering out low-quality companies in favor of ones that we believe have the potential to create, nurture and grow their businesses to the exclusion of effective competition."

"This strategy is a natural extension for KAR, which is well respected for its reliance on deep fundamental research to identify high-quality small-, mid- and large-cap companies that dominate their markets," said Frank Waltman, executive vice president, product management for Virtus. "The Virtus KAR Small-Mid Cap Core Fund can be a valuable addition to investors' portfolios to help them further diversify their holdings, particularly during volatile equity markets."

## About Kayne Anderson Rudnick

[Kayne Anderson Rudnick](#) is an investment management firm founded in 1984 by entrepreneurs Richard Kayne and John Anderson, for whom the Anderson School of Management at the University of California, Los Angeles is named. Based in Los Angeles, the firm has \$18.8 billion in assets under management as of December 31, 2017. The company builds equity portfolios of companies that have strong, consistent growth with low business and financial risk and manages assets for corporations, endowments, foundations, public entities and high-net-worth individuals. With more than 30 years of experience, KAR is known for its commitment to high quality in its business practices and investment strategies.

## About Virtus Investment Partners, Inc.

[Virtus Investment Partners](#) (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors. The company provides investment management products and services through its affiliated managers and select

subadvisers, each with a distinct investment style, autonomous investment process, and individual brand. Virtus Investment Partners offers access to a variety of investment styles across multiple disciplines to meet a wide array of investor needs. In addition to [Kayne Anderson Rudnick Investment Management](#), its affiliates include [Ceredex Value Advisors](#), [Duff & Phelps Investment Management](#), [Newfleet Asset Management](#), [Rampart Investment Management](#), [Seix Investment Advisors](#), [Silvant Capital Management](#), and [Virtus ETF Solutions](#). Additional information can be found at [virtus.com](#).

### **Fund Risks:**

**Equity securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Limited number of investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund.

**Industry/sector concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

**Please carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus Mutual Fund, contact your financial representative, call 1-800-243-4361, or visit [virtus.com](#) for a prospectus or summary prospectus. Read it carefully before investing.**

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For further information: Joe Fazzino, Media Relations, (860) 263-4725, [joe.fazzino@virtus.com](mailto:joe.fazzino@virtus.com); Jaime Doyle, Media Relations, (973) 944-8105, [jdoyle@jconnelly.com](mailto:jdoyle@jconnelly.com)

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