

Fund Information

Symbol and CUSIP

A shares	CTESX	(92828R503)
I shares	CTXEX	(92828R602)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management, LLC

AUM (\$ millions)	27.4
Number of Holdings	100
Dividends	Daily

Investment Professionals

Tim Heaney, CFA
 Industry start date: 1990
 Start date with Fund: 1997

INVESTMENT OPPORTUNITY

The fund seeks current income free from federal and state income taxes by investing in municipal bonds issued in the state of California.

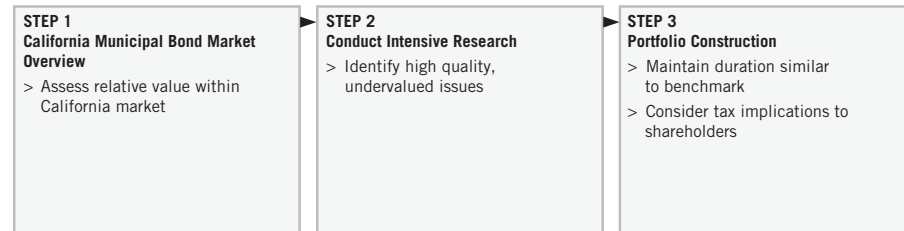
The management team focuses on high quality California tax-exempt municipal bonds, gauging the value of a security by issue type, credit quality, and bond structure.

SEC Yield 2.43%

SEC Yield (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. The SEC Yield would have been 2.10%.

Effective May 8, 2017 this fund changed its name from the Virtus CA Tax-Exempt Bond Fund.

Investment Process



Average Annual Total Returns Class A as of 06/30/2017 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 05/17/1983
NAV	2.00	3.76	-0.54	3.47	3.58	4.42	6.01
POP	-0.81	0.90	-3.28	2.51	3.01	4.13	5.92
Index	2.04	3.64	-0.76	3.37	3.75	4.80	n/a

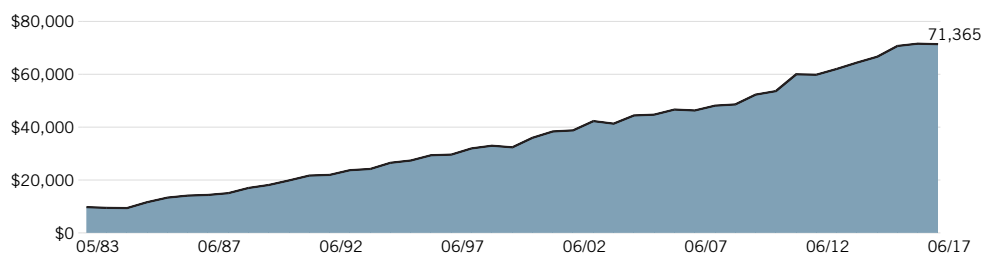
The fund class gross expense ratio is 1.21%. The net expense ratio is 0.85%, which reflects a contractual expense reimbursement in effect through 4/30/2018.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Net Asset Value (NAV) returns do not reflect the deduction of any sales charges. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge of 2.75%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid.

Annual Performance Class A at NAV in percent

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund	2.36	-4.06	11.05	1.63	11.09	8.45	-2.84	10.25	3.38	0.01
Index	2.81	-4.15	12.23	2.97	12.28	8.15	-1.76	9.96	3.51	-0.14

Growth of \$10,000 Class A for the period ending 06/30/2017 Actual initial investment \$9,725



This chart assumes an initial investment of \$10,000 made on May 17, 1983 for Class A shares including any applicable sales charges. Performance assumes reinvestment of dividends and capital gain distributions.

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.

Index: The Bloomberg Barclays California Municipal Bond Index measures long term investment grade, tax-exempt and fixed rate bonds issued in California. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

Sector Allocations	% Fund	Ratings Distribution	% Fund
Prerefunded / Escrowed to Maturity	17.61	Aaa	23.41
Tax Allocation	12.70	Aa	54.61
Hospital	9.77	A	17.78
Local General Obligation	9.74	Baa	1.40
Water & Sewer	7.51	Ba	0.81
Miscellaneous Revenue	6.78	B	0.00
Leasing	6.64	Caa	0.00
Electric	5.31	Ca	0.00
Special Tax	4.86	C	0.00
State General Obligation	4.56	D	0.00
Education	4.51	Not Rated	1.99
Transportation	3.36		
Airport Revenue	3.16		
Cash	2.01		
Tobacco Asset-Backed	1.48		

Income Paid Monthly:	NAV at Month-End
April	\$ 0.025752 11.71
May	\$ 0.027504 11.86
June	\$ 0.029204 11.80

Characteristics	Fund
Duration	6.74 years
Standard Deviation	3.37

Weightings are subject to change.

RATINGS DISTRIBUTION METHODOLOGY: The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government debt issues. The ratings apply to the fund's holdings and not the fund itself. The higher of the ratings between Moody's, Standard & Poor's and Fitch is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C and D are below-investment grade ratings.

IMPORTANT RISK CONSIDERATIONS:

Credit & Interest: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Geographic Concentration:** A fund that focuses its investments in a particular geographic location will be highly sensitive to financial, economic, political, and other developments affecting the fiscal stability of that location. **Municipal Market:** Events negatively impacting a municipal security, or the municipal bond market in general, may cause the fund to decrease in value. **State & AMT Tax:** A portion of income may be subject to some state and/or local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

Duration represents the interest rate sensitivity of a fixed income fund. For example, if a fund's duration is five years, a 1% increase in interest rates would result in a 5% decline in the fund's price. Similarly, a 1% decline in interest rates would result in a 5% gain in the fund's price.

Standard Deviation (3 year) measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk.

Investment Manager of the Fund

Newfleet leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

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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