

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) 27.3
Number of Holdings 101
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.

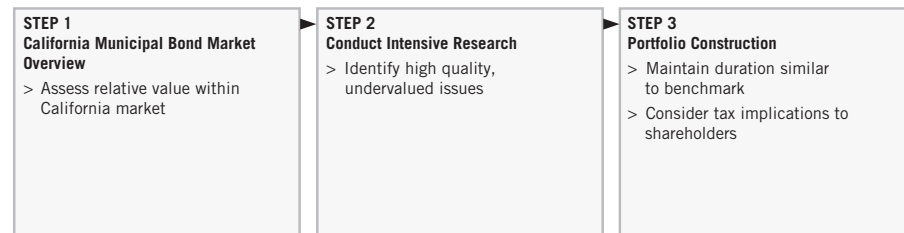
The management team focuses on high quality California tax-exempt municipal bonds, gauging the value of a security by issue type, credit quality, and bond structure.

SEC Yield 2.81%

SEC Yield (Class I 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 2.66%.

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

Investment Process



Average Annual Total Returns Class I at NAV as of 09/30/2017 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 09/29/2006
Fund	0.89	4.82	0.69	3.39	3.47	4.60	4.37
Index	1.03	4.70	0.66	3.15	3.40	4.74	4.58

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.

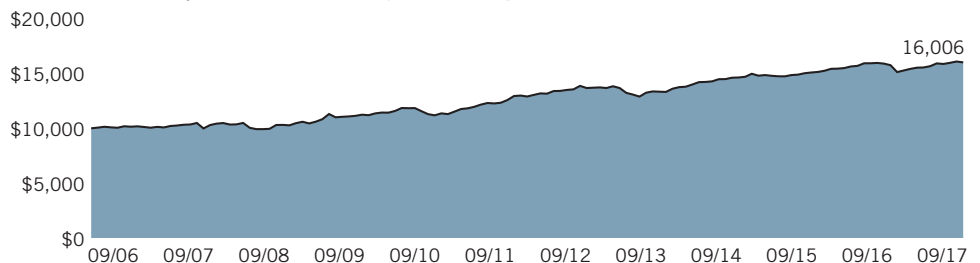
The fund class gross expense ratio is 0.96%. The net expense ratio is 0.60%, which reflects a contractual expense reimbursement in effect through 4/30/2018.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Class I shares have no sales charge and therefore their returns do not reflect the deduction of a sales charge, which if applied, would reduce the performance quoted. Fees and expenses vary among share classes and other share classes do carry sales charges. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required and may not be available to all investors. For fund performance on other share classes, please visit www.virtus.com.

Annual Performance Class I in percent

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund	2.60	-3.82	11.34	1.89	11.38	8.72	-2.60	10.36	3.73	0.17
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 I for the period ending 09/30/2017



An investment of \$10,000 made on 09/29/2006 would be worth \$16,005.74 on 09/30/2017, assuming no front end sales charges.

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
Prerefunded / Escrowed to Maturity	17.99
Tax Allocation	13.20
Hospital	11.25
Local General Obligation	10.06
Water & Sewer	7.56
Leasing	6.72
Miscellaneous Revenue	6.00
Electric	5.26
Education	4.57
Special Tax	4.40
State General Obligation	3.60
Transportation	3.59
Airport Revenue	3.16
Tobacco Asset-Backed	1.50
Cash	1.12

Income Paid Monthly:	NAV at Month-End
July	\$0.026194 11.82
August	\$0.029477 11.88
September	\$0.029681 11.79

Ratings Distribution	% Fund
Aaa	22.66
Aa	55.84
A	17.83
Baa	1.42
Ba	0.82
B	0.00
Caa	0.00
Ca	0.00
C	0.00
D	0.00
Not Rated	1.44

Characteristics	Fund
Effective Duration	6.64 years
Standard Deviation	3.38

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

Effective Duration is the change in the value of a fixed income security that will result from a 1% change in interest rates, while considering the impact of the call option. This measure assigns a probability to the exercise of the call option based on specified shifts in the yield curve. Duration is expressed as a number of years. The bigger the duration number, the greater the interest rate risk or reward for bond prices.

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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