



High Yield Bond

Overall Morningstar Rating™ Based on risk adjusted returns as of 09/30/2017. Rating out of 601 Funds.

Fund Information

Symbol and CUSIP

A shares	PHCHX	(92828R784)
C shares	PGHCX	(92828R768)
I shares	PHCIX	(92828W767)
R6 shares	VRHYX	(92828W262)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management, LLC

AUM (\$ millions)	71.9
Number of Holdings	374
Dividends	Daily

Investment Professionals

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2011

Kyle A. Jennings, CFA
Industry start date: 1992
Start date with Fund: 2011

Francesco Ossino
Industry start date: 1996
Start date with Fund: 2012

Jonathan Stanley, CFA
Industry start date: 1997
Start date with Fund: 2012

INVESTMENT OPPORTUNITY

The fund is appropriate for investors seeking diversification and the potential rewards associated with investing in high-yield, fixed income securities.

The subadviser uses an investment process that focuses on adding value through issue selection, sector/industry selection and opportunistic trading.

The fund will generally overweight sectors and industries with well-valued companies whose business profiles are viewed to be improving.

SEC Yield 5.64%

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 5.23%.

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 08/08/2012
Fund	1.48	5.93	7.31	4.83	5.70	n/a	6.02
Index	1.98	7.00	8.87	5.84	6.37	n/a	6.57

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 1.18%. The net expense ratio is 0.77%, which reflects a contractual expense reimbursement in effect through 4/30/2018. This ratio reflects the direct and indirect expenses paid by the Fund.

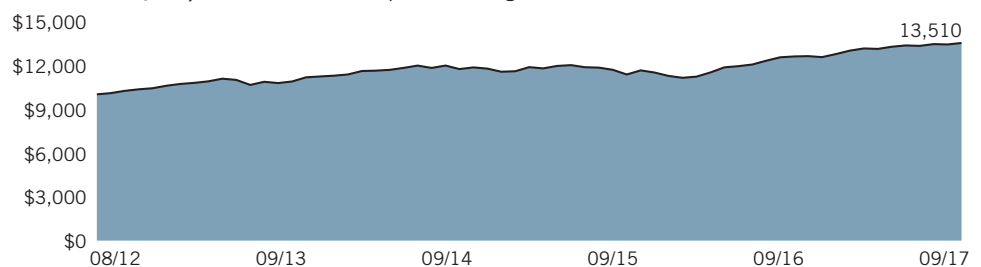
The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.75%.

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 at NAV in percent

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund	n/a	n/a	n/a	n/a	n/a	n/a	6.47	2.39	-2.50	13.31
Index	n/a	n/a	n/a	n/a	n/a	n/a	7.44	2.46	-4.43	17.13

Growth of \$10,000 Class I for the period ending 09/30/2017



An investment of \$10,000 made on 08/08/2012 would be worth \$13,510.20 on 09/30/2017, assuming no front end sales charges..

Index: The Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. 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.

Industry Allocations	% Fund
Consumer Non-Cyclical	16.68
Consumer Cyclical	16.16
Communications	14.59
Financial Institutions	12.61
Energy	11.41
Basic Industry	9.97
Capital Goods	6.66
Technology	3.20
Utility	2.67
Agency	1.93
Transportation	1.16
Other Industrial	0.96
Asset Backed Securities	0.88
Cash	0.67
Sovereign	0.31
RMBS	0.13

Ratings Distribution	% Invested Assets
Aaa	0.67
Aa	0.00
A	0.00
Baa	6.02
Ba	34.86
B	39.34
Caa	12.01
Ca	0.11
C	0.00
D	0.34
Not Rated	6.66

Characteristics	Fund
Effective Duration	3.47 years
Standard Deviation	4.77

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.
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.
Foreign Investing: Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk.
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.
Prospectus: For additional information on risks, please see the fund's prospectus.

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.

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 taking into account the way changes in rates will affect the expected cash flows of any bond with an embedded option such as call or prepayment option. This measure assigns a probability to the exercise of a call option, where applicable, based on specified shifts in the yield curve. Duration is expressed as a number of years, and generally, the larger the duration, the greater the interest rate risk or reward for a portfolio's underlying bond prices.
Standard Deviation (3 year) measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk.

Income Paid Monthly:	NAV at Month-End
July	\$0.018710 4.27
August	\$0.021982 4.24
September	\$0.022056 4.25

Effective May 8, 2017 this fund changed its name from the Virtus High Yield Fund.

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.

Morningstar For the 3-, 5-year periods, respectively, the Fund was rated 3 and 4 stars among 601 and 485 funds in the High Yield Bond category for the time period ending 09/30/2017.

Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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