

**Short-Term Bond**

Overall Morningstar Rating™ Based on risk adjusted returns as of 09/30/2017. Rating out of 463 Funds.

Fund Information**Symbol and CUSIP**

A shares	HIMZX	(92828W346)
C shares	PCMZX	(92828W338)
I shares	HIBIX	(92828W320)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management, LLC

AUM (\$ millions) 358.3

Number of Holdings 557

Dividends Daily

Investment Professionals

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2012

Benjamin Caron, CFA
Industry start date: 1997
Start date with Fund: 2012

Lisa M. Baribault
Industry start date: 2003
Start date with Fund: 2017

INVESTMENT OPPORTUNITY

The fund focuses on primarily higher quality, more liquid securities across 14 fixed income sectors by applying a time-tested approach of active sector rotation, extensive credit research and disciplined risk management to capitalize on opportunities across undervalued areas of the fixed income markets.

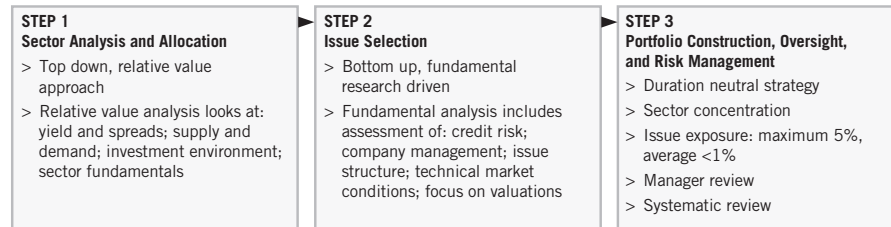
The fund invests at least 80% of its assets in fixed income debt obligations of various types of issuers. The fund's average duration will range from one to three years.

The fund seeks to earn a high level of total return, including a competitive level of current income, while limiting fluctuations in net asset value due to changes in interest rates.

SEC Yield 2.50%

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 2.09%.

Effective May 8, 2017 this fund changed its name from the Virtus Low Duration Income 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 02/23/1996
Fund	0.76	2.41	1.56	2.09	2.06	3.80	4.46
Index	0.44	1.60	-0.50	1.88	1.46	3.56	4.71

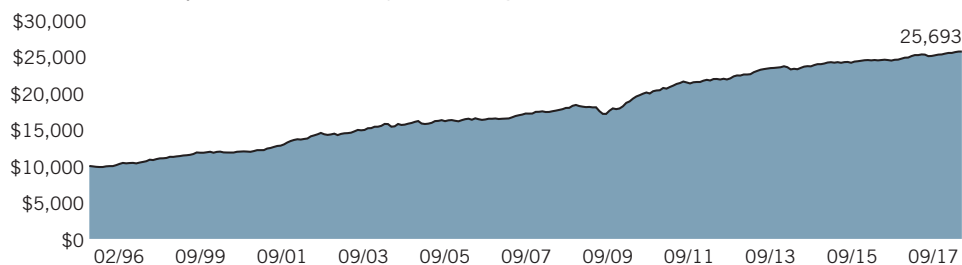
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original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

The fund class gross expense ratio is 0.85%. The net expense ratio is 0.50%, 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	4.59	-2.16	13.39	6.93	3.25	6.40	1.02	2.10	1.24	2.58
Index	7.39	5.08	5.24	5.89	5.80	3.89	-0.86	3.13	1.07	2.08

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

An investment of \$10,000 made on 02/23/1996 would be worth \$25,694.92 on 09/30/2017, assuming no front end sales charges.

Index: The Low Duration Income Fund Linked Benchmark consists of the BofA Merrill Lynch 1-5 Year US Corporate & Government Bond Index which tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities, with a remaining term to final maturity less than 5 years, 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. Performance of the Low Duration Income Linked Benchmark prior to 2/1/2017 is that of the Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index.

Sector Allocations	% Fund
Asset Backed Securities	28.00
Corporate - High Quality	20.48
Non-Agency Residential MBS	14.90
Mortgage Backed Securities	10.85
Non-Agency Commercial MBS	7.72
Bank Loans	6.09
Treasury	5.20
Corporate - High Yield	4.07
Yankee - High Quality	1.12
Emerging Market - High Yield	0.91
Cash	0.61
Taxable Municipals	0.06

Income Paid Monthly:	NAV at Month-End
July	\$0.018242 10.84
August	\$0.021713 10.85
September	\$0.021662 10.83

Ratings Distribution	% Fund
Aaa	41.00
Aa	9.98
A	20.70
Baa	17.97
Ba	7.30
B	0.80
Caa	0.09
Ca	0.00
C	0.00
D	0.00
Not Rated	2.16

Characteristics	Fund
Effective Duration	2.41 years
Standard Deviation	1.11

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.

ABS/MBS: Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk.

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.

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.

Weightings are subject to change.

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- and 10-year periods, respectively, the Fund was rated 4, 5 and 5 stars among 463, 382 and 259 funds in the Short-Term 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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