



Fund Information

Symbol and CUSIP

A shares	HXBZX	(92828W312)
C shares	PXCZX	(92828W296)
I shares	HXBIX	(92828W288)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management, LLC

AUM (\$ millions)	167.2
Number of Holdings	159
Dividends	Daily

Investment Professionals

Tim Heaney, CFA
Industry start date: 1990
Start date with Fund: 2012

Lisa Leonard
Industry start date: 1986
Start date with Fund: 2012

INVESTMENT OPPORTUNITY

The Fund looks to generate high current income exempt from federal income tax by investing in a diversified portfolio of municipal bonds with varying maturities.

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

Issuers are selected based on sector (utility, healthcare, transportation, etc.), and the geographic opportunity presented by areas and regions that are experiencing economic stability.

SEC Yield	2.77%
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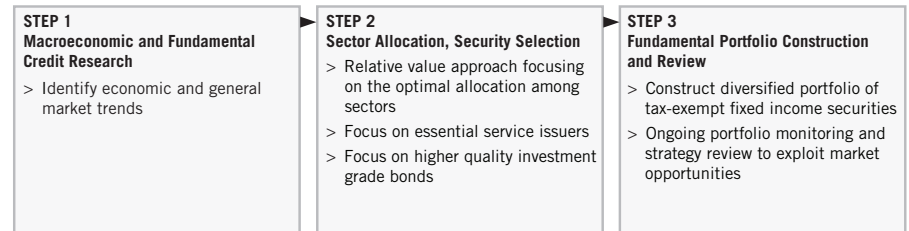
SEC Yield (Class I share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. The SEC Yield would have been 2.58%.

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

Muni National Intern

Overall Morningstar Rating™ Based on risk adjusted returns as of 09/30/2017. Rating out of 257 Funds.

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
NAV	0.87	4.10	0.73	2.57	2.39	4.49	4.99
Index	1.12	4.26	1.07	2.85	2.73	4.36	4.97

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.

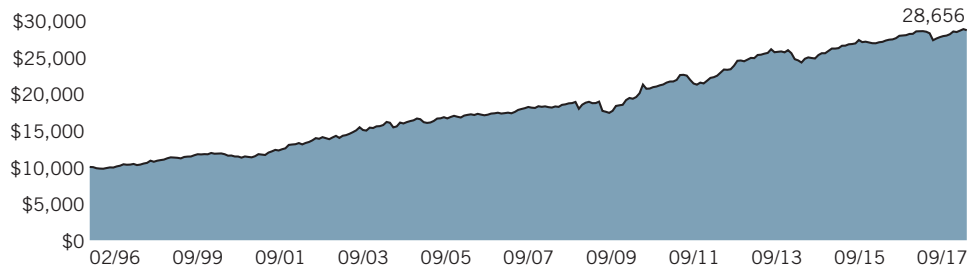
The fund class gross expense ratio is 0.76%. The net expense ratio is 0.60%, which reflects a contractual expense reimbursement in effect through 4/30/2018.

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	3.45	-5.62	18.26	2.39	11.36	7.72	-3.33	8.30	2.64	-0.16
Index	3.36	-2.47	12.91	2.38	10.70	6.25	-1.54	7.46	3.07	0.24

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 \$28,655.89 on 09/30/2017, assuming no front end sales charges.

Index: The Tax-Exempt Bond Linked Benchmark consists of the BofA Merrill Lynch 1-22 Year US Municipal Securities Index, a subset of the BofA Merrill Lynch US Municipal Securities Index including all securities with a remaining term to final maturity less than 22 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 Tax-Exempt Bond Linked Benchmark prior to 6/30/2012 is that of the Bloomberg Barclays Municipal Bond Index.

Top Ten States	% Invested Assets
New York	12.01
Texas	9.18
Florida	8.88
Illinois	8.42
Colorado	6.56
California	6.36
Arizona	4.82
Pennsylvania	4.80
New Jersey	4.71
Georgia	3.41

Sector Allocations	% Fund
Prerefunded / Escrowed to Maturity	14.03
Water & Sewer	13.10
Transportation	11.56
Hospital	11.31
Leasing	7.91
Education	6.75
Electric	6.56
Special Tax	6.22
Miscellaneous Revenue	5.93
Airport Revenue	4.33
State General Obligation	4.18
Local General Obligation	2.28
Cash	1.85
Housing	1.78
Tax Allocation	1.49
Tobacco Asset-Backed	0.72

Ratings Distribution	% Fund
Aaa	9.90
Aa	39.97
A	32.89
Baa	10.61
Ba	0.68
B	0.59
Caa	0.00
Ca	0.00
C	0.00
D	0.00
Not Rated	5.37

Characteristics	Fund
Effective Duration	5.39 years
Standard Deviation	2.88

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	\$0.026194	11.32
August	\$0.031085	11.37
September	\$0.031206	11.28

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.

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.

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.

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, 4 and 4 stars among 257, 221 and 156 funds in the Muni National Interim 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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