INVESTMENT OVERVIEW

The Fund seeks total return by investing in stocks of dividend-paying U.S. small-cap companies that appear undervalued. Securities are in the market capitalization range of the Russell 2000® Index and selected through a disciplined investment process focused on dividend policy, attractive valuations, and improving company fundamentals.

KEY FEATURES

Low Valuation Levels — Searches for small-cap stocks trading at the lower end of historical valuation ranges relative to peers, industry, market, and company history

The Power of Dividends — Dividend-paying stocks offer insights into company earnings potential and provide an added total return source that can help lower overall volatility

Extensive Fundamental Research — Bottom-up analysis strives to identify catalysts that could drive meaningful price gains, such as new management, restructurings, or product innovations

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/20

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit virtus.com for performance data current to the most recent month end. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See virtus.com for details.

The fund class gross expense ratio is 1.20%. The net expense ratio is 1.18%, which reflects a contractual expense reimbursement in effect through 4/30/2022. Average annual total return is the annual compound return for the indicated period and reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns.

ANNUAL PERFORMANCE (%)

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<tbody>
<tr>
<td>Fund</td>
<td>17.58</td>
<td>-12.42</td>
<td>10.29</td>
<td>29.16</td>
<td>-5.86</td>
<td>2.12</td>
<td>35.05</td>
<td>16.80</td>
<td>-3.73</td>
<td>28.79</td>
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<tr>
<td>Index</td>
<td>22.39</td>
<td>-12.86</td>
<td>7.84</td>
<td>31.74</td>
<td>-7.47</td>
<td>4.22</td>
<td>34.52</td>
<td>18.05</td>
<td>-5.50</td>
<td>24.50</td>
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GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 1/31/1997. As of 9/30/2020 the fund value would have been $71,038.46. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.
Holdings and sector weightings are subject to change.

Alpha 0.63 n/a  
Beta 0.96 1.00  
R² 0.95 1.00  
Sharpe Ratio -0.26 -0.29  
Standard Deviation 22.99 23.23

RISK STATISTICS (3 YEAR)  
Alpha 0.63 n/a  
Beta 0.96 1.00  
R² 0.95 1.00  
Sharpe Ratio -0.26 -0.29  
Standard Deviation 22.99 23.23

INDEX DEFINITION  
Index: The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. 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. Ratings do not take into account the effect of sales charges and loads.

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