

INVESTMENT OVERVIEW

The Fund seeks to generate attractive risk-adjusted long-term returns by investing in the stocks of international small- and mid-cap companies with durable competitive advantages, excellent management, lower financial risk, and strong growth trajectories. A disciplined investment process is employed to identify businesses that are differentiated by above-average returns on capital and trading at attractive valuations.

KEY FEATURES

High-Quality Businesses — Searches for quality international small- and mid-cap companies with solid balance sheets, consistent growth, profitability, and market dominant business models

Lower Volatility Approach — Extensive fundamental research favors companies with less business risk, as defined by lower earnings variability, consistent and profitable growth, high returns on capital, strong free cash flow, and a low organic need for external financing, all of which can help to protect profits in difficult markets

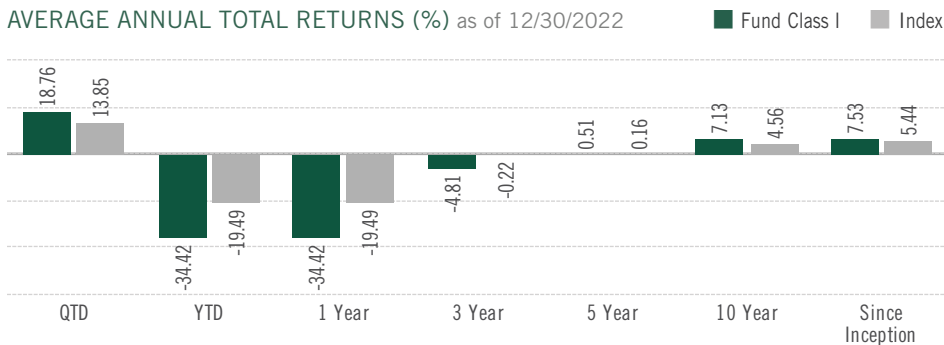
High-Conviction Portfolio — Focused on the portfolio team’s 30-60 strongest investment opportunities, with a long-term, low-turnover approach to realize full stock value potential

FUND INFORMATION

	Ticker	CUSIP
A Shares	VISAX	92828W841
C Shares	VCISX	92828W833
I Shares	VIISX	92828W825
R6 Shares	VRISX	92828W551

Inception Date	09/05/12
AUM (\$ millions)	1,004.3
Number of Holdings	45
Dividends	Semi-Annually
Morningstar Category	Foreign Small/Mid Growth
Lipper Category	International Small/Mid-Cap Growth
Index	MSCI AC World Ex USA Small Mid Cap Index (net)

AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/30/2022



MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★	129
3 Year	★★	129
5 Year	★★★	116
10 Year	★★★★	80

Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

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.

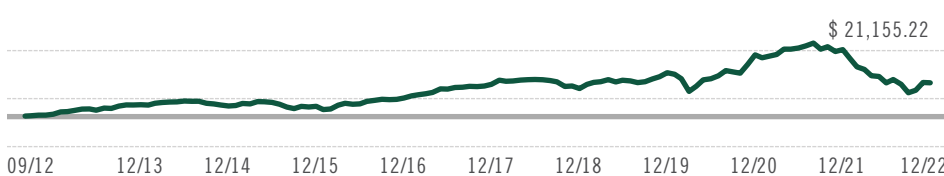
The fund class gross expense ratio is 1.17%.

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 (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-34.42	5.73	24.37	27.58	-6.79	28.48	21.03	-0.87	-3.06	29.89
Index	-19.49	10.16	12.01	22.36	-17.06	30.35	3.57	0.44	-3.05	17.79

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 9/5/2012. As of 12/30/2022 the fund value would have been \$21,155.22. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



Keyne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

Keyne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

PORTFOLIO MANAGERS

Craig Thrasher, CFA

Industry start date: 2003

Start date as Fund Portfolio Manager: 2012

Hyung Kim

Industry start date: 2004

Start date as Fund Portfolio Manager: 2018

CHARACTERISTICS	Fund	Index
Avg. Weighted Market Cap (bn)	2.69	4.35
Median Market Cap (bn)	1.24	0.66
Trailing P/E Ex-Negative Earnings	18.95	10.50
Price-to-Cash Flow	16.04	12.60
Price-to-Book Value	3.42	2.30
Active Share	99.05	n/a

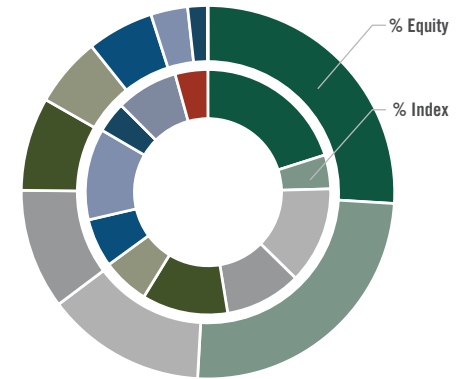
RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-4.03	n/a
Beta	1.08	1.00
R ²	0.88	1.00
Sharpe Ratio	-0.22	-0.04
Standard Deviation	25.32	21.93

TOP TEN HOLDINGS	% Fund
Baltic Classifieds Group PLC	5.20
Haw Par Corp Ltd	4.73
Auto Trader Group PLC	4.67
Rightmove PLC	4.53
Alten SA	3.70
FinecoBank Banca Fineco SpA	3.65
S-1 Corp	3.48
MTU Aero Engines AG	3.42
Heineken Malaysia Bhd	3.21
Corp Moctezuma SAB de CV	3.18

TOP TEN COUNTRIES	% Invested Assets	% Index
United Kingdom	25.78	9.03
Germany	11.41	3.66
Italy	9.12	2.29
Japan	6.28	19.76
China	5.86	4.05
France	5.21	4.31
Singapore	4.76	1.50
Canada	4.20	7.12
Korea (South)	3.50	3.10
Malaysia	3.22	0.82

Holdings and sector weightings are subject to change.

SECTOR ALLOCATIONS



Sector	% Equity	% Index
Industrials	25.98	20.10
Communication Services	24.91	4.47
Financials	13.87	12.79
Information Technology	10.40	10.07
Consumer Discretionary	8.09	11.32
Consumer Staples	6.02	6.21
Health Care	5.78	6.42
Materials	3.20	12.05
Energy	1.75	4.07
Real Estate	0.00	8.19
Utilities	0.00	4.32

IMPORTANT RISK CONSIDERATIONS

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war or military conflict (e.g., Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio's manager(s) to invest the portfolio's assets as intended. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

Avg. Weighted Market Cap (bn): The sum of each security's weight within the fund (or index) multiplied by the security's market capitalization. **Trailing P/E Ex-Negative Earnings:** Per share stock price divided by the latest 12-months earnings per share. **Price-to-Cash Flow:** Per-share stock price divided by the per-share operating cash flow. **Price-to-Book Value:** A ratio used to compare a stock's market value to its book value. **Active Share:** A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **R²:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

INDEX DEFINITION

Index: The MSCI AC World Ex USA Small Mid Cap Index (net) is a free float-adjusted market capitalization-weighted index that measures mid- and small-cap performance across 22 of 23 Developed Market countries (excluding the U.S.) and 24 Emerging Markets countries. The index is calculated on a total return basis with net 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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