

**INVESTMENT OVERVIEW**

The Fund seeks to generate attractive risk-adjusted returns through an actively managed portfolio of primarily closed-end funds. Extensive closed-end fund industry expertise and rigorous quantitative and qualitative analysis strive to capitalize on potential price dislocations and market inefficiencies.

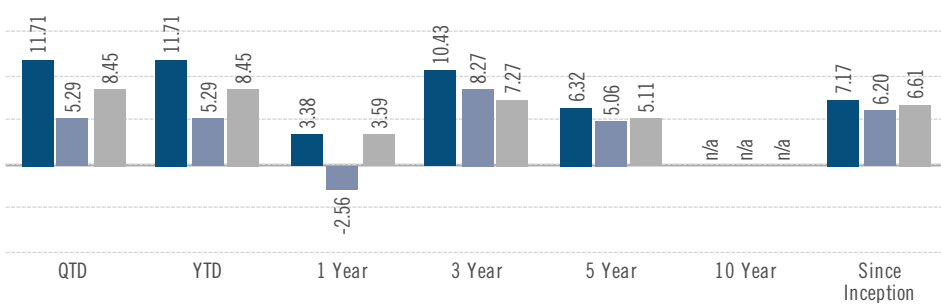
**KEY FEATURES**

**Extensive Fundamental Research** — Searches for well-managed closed-end funds trading at attractive relative values

**Opportunistic Approach** — Engages an active trading strategy based on a deep understanding of each closed-end fund's characteristics and changing fundamentals

**A Complement to Traditional Assets** — A flexible, unconstrained portfolio approach can help expand overall investor diversification with a highly specialized return source

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/19



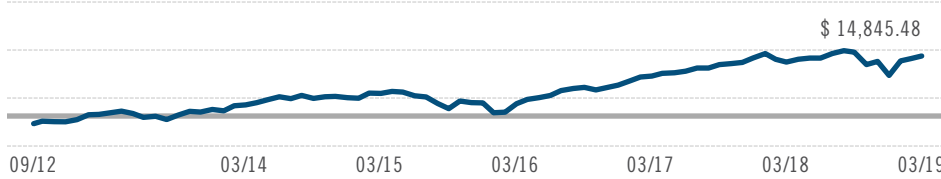
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original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

The fund class gross expense ratio is 3.28%. The net expense ratio is 3.26%, which reflects a contractual expense reimbursement in effect through 1/31/2020. 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 1.60%. 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. Class A shares have a maximum sales charge of 5.75%. A contingent deferred sales charge of 1% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

**ANNUAL PERFORMANCE (%)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fund	-9.52	17.37	12.83	-3.61	8.92	8.37	n/a	n/a	n/a	n/a
Index	-5.52	15.41	5.92	-0.98	4.96	12.32	n/a	n/a	n/a	n/a

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 9/5/2012. As of 3/29/2019 the fund value would have been \$14,845.48. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 5.75%.

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	VHFAX	92828W874
C Shares	VHFCX	92828W866
I Shares	VHFIX	92828W858

Inception Date	09/05/12
AUM (\$ millions)	54.8
Number of Holdings	39
Dividends	Quarterly
Morningstar Category	Allocation--50% to 70% Equity
Lipper Category	Flexible Portfolio Funds
Index	60% MSCI AC World Index (net) / 40% Bloomberg Barclays U.S. Aggregate

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★★	690
3 Year	★★★★★	690
5 Year	★★★★★	601
10 Year	Not Rated	n/a

Strong ratings are not indicative of positive fund performance. The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

**INVESTMENT ADVISER**

Virtus Investment Advisers, Inc.

**INVESTMENT SUBADVISERS**



**HERZFELD**

Thomas J. Herzfeld Advisors' investment philosophy is predicated on recognizing the recurring valuation patterns found in the closed-end fund industry and exploiting them in a systematic manner.

**PORTFOLIO MANAGER**

**Thomas J. Herzfeld**  
Industry start date: 1968  
Start date as Fund Portfolio Manager: 2012

**Erik M. Herzfeld**  
Industry start date: 1998  
Start date as Fund Portfolio Manager: 2012

**Ryan Paylor**  
Industry start date: 2005  
Start date as Fund Portfolio Manager: 2018

**CHARACTERISTICS**

	Fund
Average Weighted Discount of Portfolio	-10.55

**RISK STATISTICS (3 YEAR)**

	Fund	Index
Alpha	0.76	n/a
Beta	1.40	1.00
R <sup>2</sup>	0.84	1.00
Sharpe Ratio	1.00	1.00
Standard Deviation	9.24	6.08

**DISTRIBUTIONS**

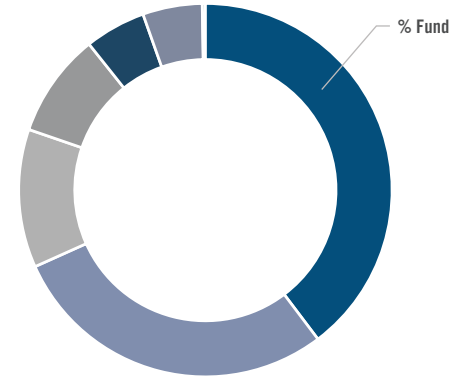
Month	NAV at Month-End
September 2018	\$0.121801 12.64
December 2018	\$0.142310 10.05
March 2019	\$0.026830 11.20

**TOP TEN HOLDINGS**

	% Fund
Nexpoint Strategic Opportunities Fund	9.24
Central Securities Corp	6.59
Boulder Growth & Income Fund Inc	5.56
Highland Floating Rate Opportunities Fund	5.06
Tekla Healthcare Opportunities Fund	4.73
Nuveen Credit Strategies Income Fund	4.67
Cornerstone Strategic Value Fund Inc	4.15
Apollo Tactical Income Fund Inc	3.52
Adams Natural Resources Fund Inc	3.46
Aberdeen Total Dynamic Dividend Fund	3.39

Holdings and asset allocations are subject to change.

**ASSET ALLOCATIONS**



	% Fund
Closed End Funds (Domestic Equity)	39.70
Closed End Funds (Foreign Equity)	28.58
Closed End Funds (Senior Loan)	11.99
Closed End Funds (Domestic Bonds)	9.01
Cash and Equivalents	5.29
Preferred Stocks	5.15
Closed End Funds (Muni Bonds)	0.27

**IMPORTANT RISK CONSIDERATIONS**

**Closed-End Funds:** Closed-end funds may trade at a discount from their net asset values, which may affect whether the fund will realize gains or losses. They may also employ leverage, which may increase volatility. **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. **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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Real Estate:** The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management. **Fund of Funds:** Because the fund can invest in other funds, it indirectly bears its proportionate share of the operating expenses and management fees of the underlying fund(s). **Prospectus:** For additional information on risks, please see the fund's prospectus.

**GLOSSARY**

**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. **R<sup>2</sup>:** 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 composite index consists of 60% MSCI AC World Index (net) and 40% Bloomberg Barclays U.S. Aggregate Bond Index. The MSCI AC World Index (net) is a free float-adjusted market

capitalization-weighted index that measures equity performance of developed and emerging markets. The index is calculated on a total return basis with net dividends reinvested. The Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. 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.

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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