

**INVESTMENT OVERVIEW**

The Fund seeks to generate total return from both current income and capital appreciation by investing primarily in higher-quality intermediate-term debt securities across 14 global bond sectors. A disciplined, time-tested investment process and rigorous risk management approach aim to capitalize on opportunities across undervalued areas of the fixed income markets.

**KEY FEATURES**

**Broad Fixed Income Exposure** – Highly diversified, duration-neutral core plus bond allocation, primarily focused on higher-quality, more liquid securities

**Relative Value Focus** – Top-down analysis weighs relative attractiveness of 14 global bond sectors, evaluating fundamentals, yields, spreads, and supply/demand dynamics

**Extensive Fundamental Research** – Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	SAVAX	92828R107
C Shares	SAVXC	92828R305
I Shares	SAVYX	92828R404
R6 Shares	VBFRX	92828W270

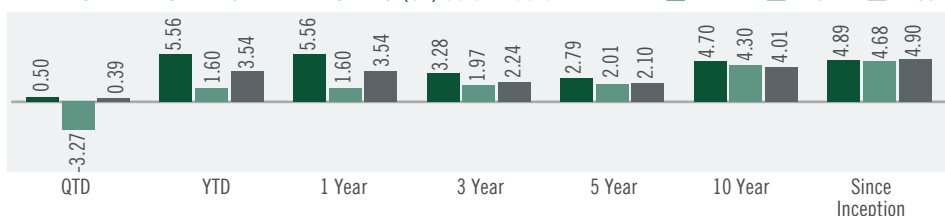
Inception Date	07/01/98
AUM (\$ millions)	73.5
Number of Holdings	420
Dividends	Daily
Morningstar Category	Intermediate-Term Bond
Lipper Category	Core Plus Bond Funds

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★★★	847
3 Year	★★★★★	847
5 Year	★★★★★	778
10 Year	★★★★★	554

Strong ratings are not indicative of positive fund performance.

**AVERAGE ANNUAL TOTAL RETURNS (%)** as of 12/31/17



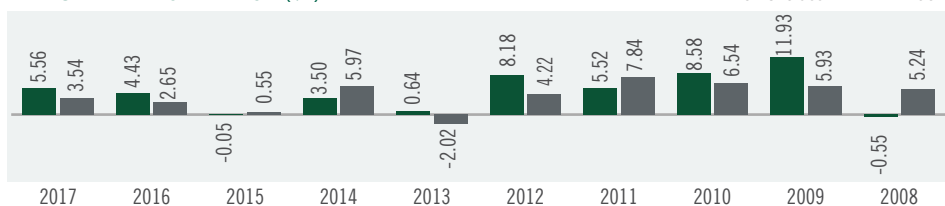
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original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

The fund class gross expense ratio is 1.19%. The net expense ratio is 0.87%, which reflects a contractual expense reimbursement in effect through 1/31/2019. This ratio reflects the direct and indirect expenses paid by the Fund.

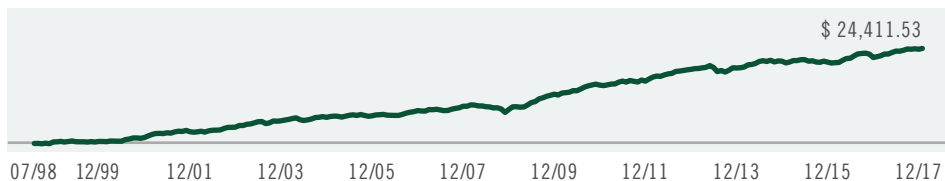
The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.85%.

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 3.75%. A contingent deferred sales charge of 0.50% 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 (%)**



**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 7/1/1998. As of 12/29/2017 the fund value would have been \$24,411.53. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 3.75%.

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.

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

**INVESTMENT ADVISER**

Virtus Investment Advisers, Inc.

**INVESTMENT SUBADVISER**

Newfleet Asset Management, LLC



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.

**PORTFOLIO MANAGERS**

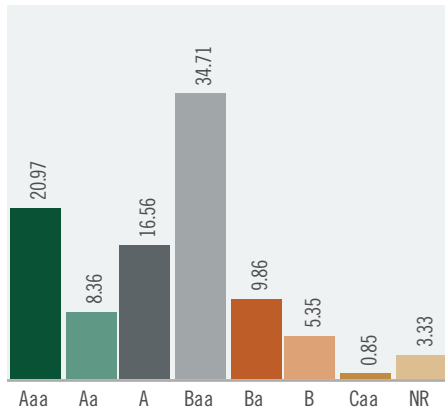
**David L. Albrycht, CFA**

Industry start date: 1985  
 Start date with Fund: 2012

**Stephen H. Hooker, CFA**

Industry start date: 1993  
 Start date with Fund: 2017

**RATINGS DISTRIBUTION**



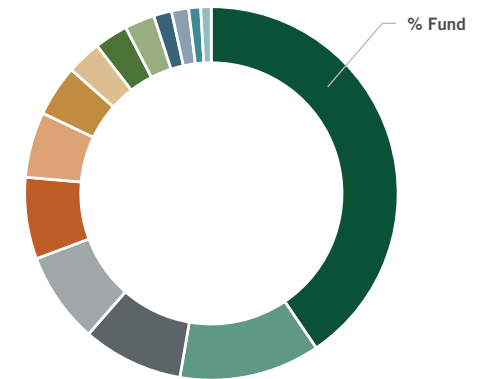
**% Fund**

**TOP TEN HOLDINGS**

Security	% Fund
United States Treasury Note/Bond, 2.50% 02/15/2046	3.33
United States Treasury Note/Bond, 1.63% 02/15/2026	1.87
Virtus Newfleet Credit Opportunities Fund R6	1.55
State of California, 7.60% 11/01/2040	1.13
Port Authority of New York & New Jersey, 5.00% 04/15/2057	1.02
General Electric Co, 5.00% 12/29/2049	0.96
Morgan Stanley, 6.38% 07/24/2042	0.82
UBS AG/Stamford CT, 7.63% 08/17/2022	0.79
Goldman Sachs Group Inc/The, 5.75% 01/24/2022	0.75
Fannie Mae Pool, 3.50%	0.74

**% Fund**

**SECTOR ALLOCATIONS**



**% Fund**

**CHARACTERISTICS**

Characteristic	Fund
Effective Duration (years)	5.43
SEC Yield (%) <sup>1</sup>	3.03
Weighted Avg Effective Maturity	7.30

<sup>1</sup> SEC Yield (Class A 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. Performance figures represent a partial waiver/reimbursement of fees where applicable. Without the partial waiver/reimbursement of fees, performance figures would be lower and the SEC Yield would have been: 2.73%.

**DISTRIBUTIONS**

Month	NAV at Month-End
October	\$0.030850 11.31
November	\$0.031216 11.25
December	\$0.033968 11.27

**RISK STATISTICS (3 YEAR)**

Metric	Fund	Index
Alpha	1.62	n/a
Beta	0.68	1.00
R <sup>2</sup>	0.50	1.00
Sharpe Ratio	1.09	0.67
Standard Deviation	2.67	2.78

Holdings and sector weightings are subject to change.

**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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **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.

**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. **Effective Duration:** 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. **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. **Weighted Average Effective Maturity:** The length of time until the average security in a fund will mature, be redeemed by its issuer, or paid down over time, which is the case with most securitized assets.

**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 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.

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 effects of sales charges and loads.

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Fund classification categories developed by Lipper, a Thomson Reuters Company.

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