INVESTMENT OVERVIEW
The Fund seeks to generate current income by applying extensive credit research to capitalize on opportunities across undervalued sectors of the bond market in a short duration portfolio.

KEY FEATURES
Diversification and Flexibility — A multi-sector fixed income allocation offers exposure to U.S. as well as international economies, currencies, sectors, and securities. Newfleet rotates across 14 major bond segments in order to benefit from opportunity and manage risk
Risk Management — A focus on minimizing credit and interest rate risk through active sector rotation and superior security selection
Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/19

<table>
<thead>
<tr>
<th></th>
<th>NAV</th>
<th>POP</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD</td>
<td>0.75</td>
<td>1.02</td>
<td>1.10</td>
</tr>
<tr>
<td>YTD</td>
<td>-1.94</td>
<td>0.42</td>
<td>0.49</td>
</tr>
<tr>
<td>1 Year</td>
<td>4.62</td>
<td>4.27</td>
<td>4.27</td>
</tr>
<tr>
<td>3 Year</td>
<td>2.71</td>
<td>2.67</td>
<td>2.67</td>
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<tr>
<td>5 Year</td>
<td>2.60</td>
<td>2.38</td>
<td>2.38</td>
</tr>
<tr>
<td>10 Year</td>
<td>4.09</td>
<td>3.85</td>
<td>3.85</td>
</tr>
<tr>
<td>Since Inception</td>
<td>7.55</td>
<td>7.16</td>
<td>7.16</td>
</tr>
</tbody>
</table>

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.

Benchmark life performance is reported from 06/30/92. The fund class gross expense ratio is 0.99% and reflects the direct and indirect expenses paid by the Fund. The gross expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.98%. 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 2.25%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 12 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 (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-0.78</td>
<td>3.66</td>
<td>4.97</td>
<td>0.09</td>
<td>1.05</td>
<td>1.52</td>
<td>9.39</td>
<td>3.10</td>
<td>10.25</td>
<td>29.80</td>
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<tr>
<td>Index</td>
<td>1.60</td>
<td>2.00</td>
<td>2.57</td>
<td>1.00</td>
<td>1.24</td>
<td>1.93</td>
<td>4.90</td>
<td>1.87</td>
<td>5.20</td>
<td>16.62</td>
</tr>
</tbody>
</table>

GROWTH OF $10,000

$39,439.85

This chart assumes an initial investment of $10,000 made on 7/6/1992. As of 9/30/2019 the fund value would have been $39,439.85. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.25%.
**Q3 19 Virtus Newfleet Multi-Sector Short Term Bond Fund**

**Class A**

as of 09/30/19

**RATINGS DISTRIBUTION**

<table>
<thead>
<tr>
<th>Rating</th>
<th>% Fund</th>
<th>% Fund</th>
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</thead>
<tbody>
<tr>
<td>Aaa</td>
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<td>3.77</td>
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<tr>
<td>Aa</td>
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<tr>
<td>A</td>
<td>2.04</td>
<td>2.04</td>
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<tr>
<td>Baa</td>
<td>0.36</td>
<td>0.36</td>
</tr>
<tr>
<td>Ba</td>
<td>0.37</td>
<td>0.37</td>
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<tr>
<td>B</td>
<td>0.01</td>
<td>0.01</td>
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<tr>
<td>Caa</td>
<td>0.30</td>
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<td>0.06</td>
<td>0.06</td>
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<tr>
<td>C</td>
<td>0.86</td>
<td>0.86</td>
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<tr>
<td>D</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>NR</td>
<td>0.30</td>
<td>0.30</td>
</tr>
</tbody>
</table>

**CHARACTERISTICS**

- **Effective Duration:** 2.12
- **Weighted Average Maturity:** 3.13
- **30-day SEC Yield:** 2.52

**30-day SEC Yield:** A standardized yield calculated according to a formula set by the SEC, and is subject to change.

**DISTRIBUTIONS**

- **Month:** July 2019
  - NAV at Month-End $0.011884
  - Distributions 4.71
- **Month:** August 2019
  - NAV at Month-End $0.012623
  - Distributions 4.73
- **Month:** September 2019
  - NAV at Month-End $0.010686
  - Distributions 4.72

**SECTORAllocATIONS**

- **Corporate - High Quality:** 24.36
- **Non-Agency Residential MBS:** 23.44
- **Asset Backed Securities:** 22.20
- **Bank Loans:** 7.31
- **Non-Agency Commercial MBS:** 6.12
- **Corporate - High Yield:** 5.82
- **Emerging Market - High Yield:** 3.97
- **Yankee - High Quality:** 2.28
- **Mortgage Backed Securities:** 2.01
- **Treasury:** 1.96
- **Non-USD:** 0.33
- **Cash:** 0.11
- **Taxable Municipal:** 0.07
- **Equity:** 0.03

**RISK STATISTICS (3 YEAR)**

- **Alpha:** -0.23
- **Beta:** 1.12
- **R²:** 0.51
- **Sharpe Ratio:** 0.68
- **Standard Deviation:** 1.54

**RATINGS DISTRIBUTION METHODOLOGY**

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation’s or government’s debt issues. The ratings apply to the fund’s holdings and not the fund itself. Ratings are provided by Standard & Poor’s, Moody’s, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. When the ratings agencies rate a security differently, Newfleet uses the higher rating. If a rating is not available, 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, C, and D are below-investment grade ratings.

**Top Ten Holdings**

- **United States Treasury Bill, 0.0000%**
  - 08/13/2020
  - % Fund 1.01
- **iShares iBoxx High Yield Corporate Bond ETF**
  - % Fund 0.67
- **Arroyo Mortgage Trust 2018-1, 3.7630%**
  - % Fund 0.58
- **Petrobras Global Finance BV, 5.2990%**
  - % Fund 0.58
- **United States Treasury Note/Bond, 1.7500% 06/15/2022**
  - % Fund 0.55
- **Russian Foreign Bond - Eurobond, 4.8750% 09/16/2023**
  - % Fund 0.50
- **Goldman Sachs Group Inc/The, 3.3281%**
  - % Fund 0.46
- **Hertz Vehicle Financing II LP, 2.7300%**
  - % Fund 0.46
- **JP Morgan Mortgage Trust 2017-5, 3.1779%**
  - % Fund 0.45
- **COLT 2019-3 Mortgage Loan Trust, 2.7640%**
  - % Fund 0.45

**Glossary**

**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 remaining term to final maturity less than 3 years. The index is calculated on a total return basis. The index is unmanaged. Its returns do not reflect any face, expenses, or sales charges, and is not available for direct investment.

**INDEX DEFINITION**

- The ICE BofAML 1-3 Year A-BBB US Corporate Index measures performance of U.S. corporate bond issues rated A through BBB3, inclusive (based on an average of Moody’s, S&P and Fitch), with a remaining term to final maturity less than 3 years. The index is calculated on a total return basis. The index is unmanaged. Its returns do not reflect any face, expenses, or sales charges, and is not available for direct investment.

**Please carefully consider a fund’s investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus mutual fund, contact your financial representative, call 1-800-243-4361, or visit Virtus.com for a prospectus or summary prospectus. Read it carefully before investing. Not insured by FDIC/NCSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value. Distributed by VP Distributors, LLC, member FINRA and subsidiary of Virtus Investment Partners, Inc. 1255 10-19 © 2019 Virtus Mutual Funds**