

INVESTMENT OVERVIEW

The Fund seeks to generate attractive total return and income by primarily investing in senior-secured, non-investment grade bank loans. Newfleet applies a disciplined, time-tested investment process focused on managing risk and capturing valuation opportunities with strong income attributes.

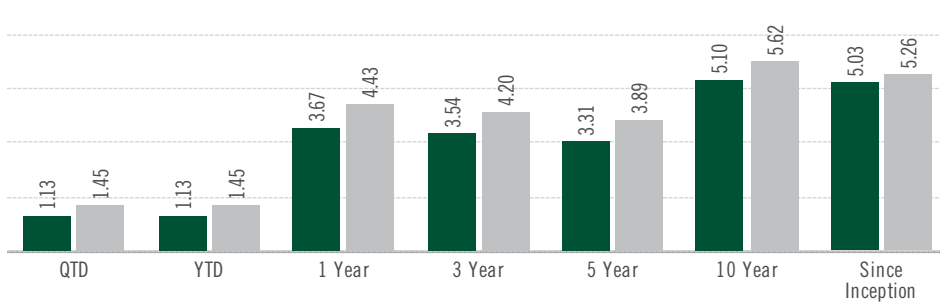
KEY FEATURES

Diversification — Provides exposure to floating rate securities, which have historically offered relatively high income potential with low correlations to other fixed income segments

A Potential Rising Rate Hedge — Periodic coupon resets may help floating rate debt protect against interest rate risk and principal value fluctuations in rising interest rate periods

Extensive Credit Research — Top-down and bottom-up analysis evaluates relative industry attractiveness and individual security and company credit risk and investment potential

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/18



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.

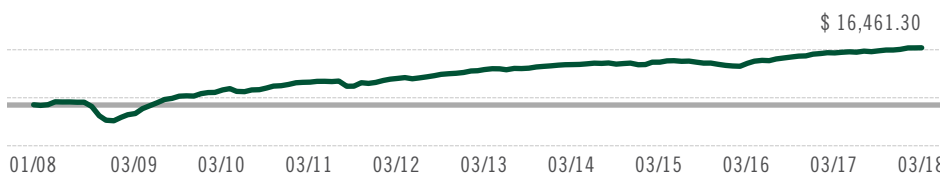
The fund class gross expense ratio is 0.87%. The net expense ratio is 0.81%, which reflects a contractual expense reimbursement in effect through 1/31/2019. This ratio reflects the direct and indirect expenses paid by the Fund. The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.80%.

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 I shares have no sales charges or distribution or service fees, therefore their returns do not reflect these expenses. Fees and expenses vary, and other share classes are subject to sales charges and fees. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required as described in the prospectus and may not be available to all investors. For fund performance on other share classes, please visit www.virtus.com.

ANNUAL PERFORMANCE (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fund	3.43	8.81	-0.51	0.87	5.51	8.98	1.87	9.23	37.55	n/a
Index	4.12	10.16	-0.69	1.60	5.29	9.66	1.52	10.13	51.62	n/a

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 1/31/2008. As of 3/29/2018 the fund value would have been \$16,461.30. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

FUND INFORMATION

	Ticker	CUSIP
A Shares	PSFRX	92828R545
C Shares	PFSRX	92828R537
I Shares	PSFIX	92828R529
R6 Shares	VRSFX	92828W254
Inception Date	01/31/08	
AUM (\$ millions)	528.4	
Number of Holdings	349	
Dividends	Daily	
Morningstar Category	Bank Loan	
Lipper Category	Loan Participation Funds	
Index	S&P/LSTA Leveraged Loan Index	

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★★	206
3 Year	★★★	206
5 Year	★★★	166
10 Year	★★★★	81

Strong ratings are not indicative of positive fund performance.

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



Newfleet Asset Management 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.

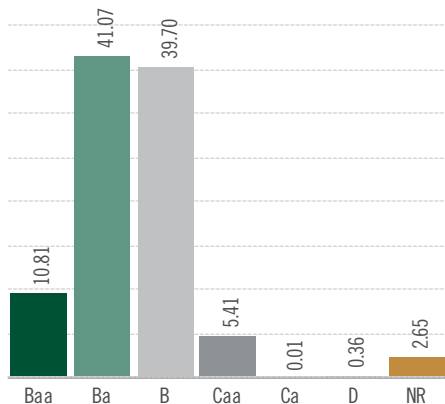
PORTFOLIO MANAGERS

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2008

Kyle A. Jennings, CFA
Industry start date: 1992
Start date with Fund: 2008

Francesco Ossino
Industry start date: 1996
Start date with Fund: 2012

RATINGS DISTRIBUTION % Invested Assets



CHARACTERISTICS

	Fund
Effective Duration	0.39
Weighted Average Maturity	5.23
SEC Yield ¹	5.00

¹ SEC Yield (Class I 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: 4.94%.

TOP TEN HOLDINGS

	% Fund
Univision Communications Inc, 2017 Replacement Term Loan, 03/15/2024	1.78
Level 3 Parent LLC, Tranche B 2024 Term Loan, 02/22/2024	1.65
Charter Communications Operating LLC, Term B Loan, 04/13/2025	1.36
TransDigm Inc, New Tranche F Term Loan, 06/09/2023	1.24
Caesars Resort Collection LLC, Term B Loan, 12/23/2024	1.16
INEOS US Finance LLC, 2024 Dollar Term Loan, 04/01/2024	1.02
First Data Corp, 2024A New Dollar Term Loan, 04/26/2024	0.99
ServiceMaster Co LLC/The, Tranche C Term Loan, 11/08/2023	0.96
NRG Energy Inc, Term Loan, 06/30/2023	0.96
Hilton Worldwide Finance LLC, Series B-2 Term Loan, 10/25/2023	0.89

INDUSTRY ALLOCATIONS % Invested Assets

Healthcare	11.63
Service	11.24
Gaming/Leisure	7.34
Information Technology	6.95
Media/Telecom - Cable/Wireless Video	5.09
Housing	5.08
Manufacturing	5.01
Media/Telecom - Telecommunications	4.84
Forest Products	4.56
Chemicals	4.49
Energy	4.42
Media/Telecom - Broadcasting	4.11
Utility	3.32
Food/Tobacco	3.30
Financial	3.05
Transportation - Automotive	2.52
Media/Telecom - Diversified Media	2.42
Retail	2.16
Aerospace	2.15
Consumer Non-Durables	2.14
Media/Telecom - Wireless Communications	1.27
Metals/Minerals	1.16
Food and Drug	0.83
Consumer Durables	0.69
Transportation - Land Transportation	0.14
Other	0.11

Holdings and sector weightings are subject to change.

DISTRIBUTIONS

Month		NAV at Month-End
January	\$0.035805	9.47
February	\$0.031966	9.44
March	\$0.038086	9.41

RISK STATISTICS (3 YEAR)

	Fund	Index
Alpha	-0.29	n/a
Beta	0.90	1.00
R ²	0.95	1.00
Sharpe Ratio	1.24	1.40
Standard Deviation	2.45	2.65

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. **Bank Loans:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value, and have longer settlement times than other investments, which can make loans relatively illiquid at times. **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. **Leverage:** When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded. **Liquidity:** Certain securities may be difficult to sell at a time and price beneficial to the fund. **Prospectus:** For additional information on risks, please see the fund's prospectus.

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 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. **Weighted Average 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. **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.

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. The higher of 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.

Index: The S&P/LSTA Leveraged Loan Index is a daily total return index that uses LSTA/LPC Mark-to-Market Pricing to calculate market value change. On a real-time basis, the index tracks the current outstanding balance and spread over LIBOR for fully funded term loans. The facilities included in the Index represent a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers. 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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