

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.

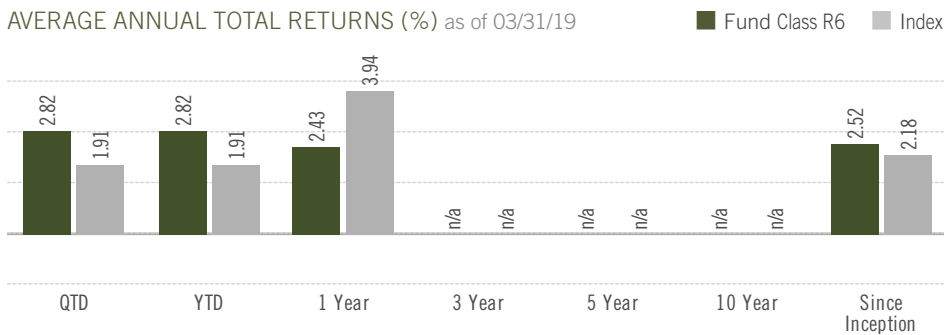
KEY FEATURES

**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 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](http://Virtus.com) for performance data current to the most recent month-end.

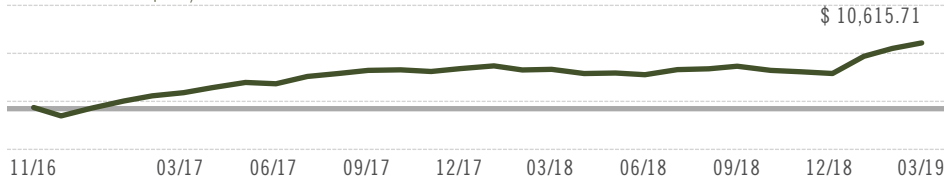
The fund class gross expense ratio is 0.66%. The net expense ratio is 0.56%, which reflects a contractual expense reimbursement in effect through 1/31/2020. This ratio reflects the direct and indirect expenses paid by the Fund. The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.55%.

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 R6 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 R6 shares are offered primarily to investors who do not require the Fund or an affiliate of the Fund to make or pay any type of servicing, administrative or participation payments with respect to the shares. Class R6 shares may not be available to all investors. For fund performance on other share classes, please visit [www.virtus.com](http://www.virtus.com).

ANNUAL PERFORMANCE (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fund	-0.45	3.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Index	1.60	2.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 11/3/2016. As of 3/29/2019 the fund value would have been \$10,615.71. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

FUND INFORMATION

	Ticker	CUSIP
A Shares	NARAX	92828R644
C Shares	PSTCX	92828R628
C1 Shares	PMSTX	92828R594
I Shares	PIMSX	92828R610
R6 Shares	VMSSX	92828W247

Inception Date	11/03/16
AUM (\$ millions)	6,354.2
Number of Holdings	802
Dividends	Daily
Morningstar Category	Short-Term Bond
Lipper Category	Short-Intmtd Investment Grade Debt Funds
Index	ICE BofAML 1-3 Year A-BBB US Corporate Index

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.

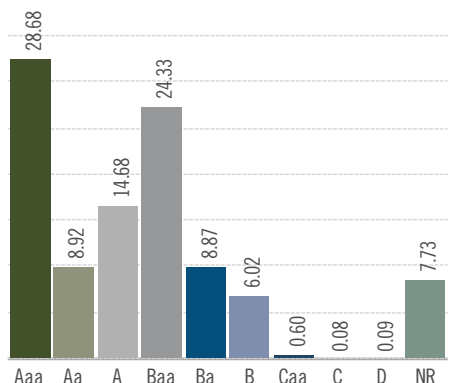
PORTFOLIO MANAGER

David L. Albrycht, CFA

Industry start date: 1985

Start date as Fund Portfolio Manager: 1993

**RATINGS DISTRIBUTION**



**CHARACTERISTICS**

Characteristic	Fund
Effective Duration	2.08
Weighted Average Maturity	3.18
SEC Yield <sup>1</sup>	3.54

<sup>1</sup> SEC Yield (Class R6 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: 3.46%.

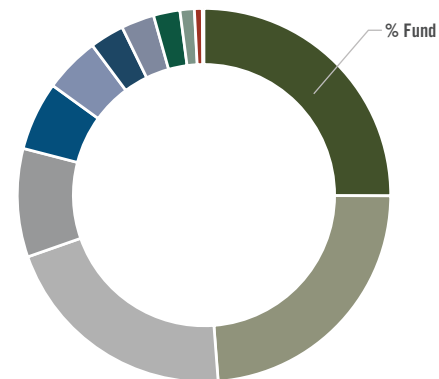
**TOP TEN HOLDINGS**

Security	% Fund
United States Treasury Note/Bond, 1.3750% 04/30/2020	0.93
Virtus Newfleet Credit Opportunities Fund	0.93
United States Treasury Bill, 0.0000% 07/18/2019	0.86
Arroyo Mortgage Trust 2018-1, 3.7630%	0.67
JP Morgan Mortgage Trust 2017-5, 3.1752%	0.51
Mizuho Financial Group Inc, 2.6320% 04/12/2021	0.50
Fannie Mae Pool, 4.0000%	0.48
Petroleos Mexicanos, 4.6250% 09/21/2023	0.48
Hertz Vehicle Financing II LP, 2.7300% 03/25/2021	0.46
Goldman Sachs Group Inc/The, 3.8538% 05/15/2026	0.45

**DISTRIBUTIONS**

Month	NAV at Month-End	NAV at Month-End
January 2019	\$0.012757	4.64
February 2019	\$0.013157	4.66
March 2019	\$0.013185	4.67

**SECTOR ALLOCATIONS**



Sector	% Fund
Corporate - High Quality	25.06
Asset Backed Securities	23.73
Non-Agency Residential MBS	20.86
Bank Loans	9.38
Corporate - High Yield	5.96
Non-Agency Commercial MBS	4.82
Emerging Market - High Yield	2.98
Treasury	2.86
Mortgage Backed Securities	2.29
Yankee - High Quality	1.24
Non-USD	0.69
Taxable Municipals	0.07
Cash	0.04
Equity	0.02

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. **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. **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. **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. **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.

**INDEX DEFINITION**

Index: The ICE BofAML 1-3 Year A-BBB US Corporate Index measures performance of U.S. corporate bond issues rated A1 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 fees, expenses, or sales charges, and is not available for direct investment.

**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.

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