INVESTMENT OVERVIEW
The Fund seeks to generate high current income and total return by investing primarily in intermediate-term debt securities utilizing a relative value, research-driven approach. The investment team seeks to strategically overweight undervalued sectors while applying strict risk controls.

KEY FEATURES
Diversification — Highly diversified, duration-neutral opportunistic bond portfolio, which allows for higher allocations to lower-rated and non-U.S. debt
Flexibility — Newfleet rotates across 14 major bond segments, including ex-U.S. (Yankees and corporate bonds, and non-U.S. dollar bonds in both developed and emerging markets), in order to benefit from opportunity—and manage risk
Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

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: 1994

MORNINGSTAR RATINGS

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit virtus.com for performance data current to the most recent month end. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See virtus.com for details.

The fund class gross expense ratio is 0.85%. The net expense ratio is 0.74%, which reflects a contractual expense reimbursement in effect through 1/31/2021.

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.

ANNUAL PERFORMANCE (%) as of 09/30/20

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Fund Class I</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD</td>
<td>0.62</td>
<td>1.22</td>
</tr>
<tr>
<td>YTD</td>
<td>3.19</td>
<td>5.79</td>
</tr>
<tr>
<td>1 Year</td>
<td>3.27</td>
<td>5.24</td>
</tr>
<tr>
<td>3 Year</td>
<td>5.19</td>
<td>4.89</td>
</tr>
<tr>
<td>5 Year</td>
<td>3.64</td>
<td>5.81</td>
</tr>
<tr>
<td>10 Year</td>
<td>4.01</td>
<td></td>
</tr>
</tbody>
</table>

GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 10/09/2009. As of 9/30/2020 the fund value would have been $18,611.61. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.
**TOP TEN HOLDINGS**

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>% Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Treasury Note/Bond, 1.5000% 02/15/2030</td>
<td>1.06</td>
</tr>
<tr>
<td>iShares iBoxx $ Investment Grade Corporate Bond ETF</td>
<td>0.96</td>
</tr>
<tr>
<td>Towed Point Mortgage Trust 2018-6, 3.7500% 03/01/2058</td>
<td>0.72</td>
</tr>
<tr>
<td>Mexico Government International Bond, 4.6000% 01/31/2050</td>
<td>0.63</td>
</tr>
<tr>
<td>Russian Bond - Eurobond, 4.3750% 03/21/2029</td>
<td>0.55</td>
</tr>
<tr>
<td>Towed Point Mortgage Trust 2018-6, 3.7500% 03/01/2058</td>
<td>0.52</td>
</tr>
<tr>
<td>Indonesia Government International Bond, 2.8500% 02/14/2030</td>
<td>0.50</td>
</tr>
<tr>
<td>Petrobras Global Finance BV, 5.6000% 01/03/2031</td>
<td>0.50</td>
</tr>
<tr>
<td>United States Treasury Note/Bond, 0.2500% 05/31/2025</td>
<td>0.49</td>
</tr>
<tr>
<td>AMSP 2020-SFR3 Trust, 1.8060% 09/01/2037</td>
<td>0.48</td>
</tr>
</tbody>
</table>

**RATINGS DISTRIBUTION**

- Aaa: 5.39%
- A: 1.08%
- Aa: 2.40%
- Ba: 0.08%
- Baa: 0.04%
- Caa: 0.01%
- B: 3.83%
- C: 1.74%
- D: 1.70%
- NR: 30.06%

**SECTOR ALLOCATIONS**

- Asset Backed Securities: 8.88%
- Equity: 0.05%
- Fixed Income Instruments: 90.17%
- Loans: 10.74%
- Non-Agency Residential MBS: 13.67%
- Bank Loans: 10.74%
- Treasury: 1.68%
- Non-Agency Commercial MBS: 1.14%
- Mortgage Backed Securities: 0.26%
- Non-USD: 0.19
- Taxable Municipals: 0.13

**INDEX DEFINITION**

Index: 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.

**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. 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. Where the rating 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, Ca, and D are below-investment grade ratings.

**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 issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities.

Weighted Average Maturity: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to a benchmark index. Sharpe Ratio: A risk-adjusted measure of an investment’s excess return relative to a benchmark index. Sharpe Ratio is 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.

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Please consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial professional, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing. Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.