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

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

<table>
<thead>
<tr>
<th>Period</th>
<th>Fund Class I</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD</td>
<td>1.29</td>
<td>6.07</td>
</tr>
<tr>
<td>YTD</td>
<td>2.27</td>
<td>3.93</td>
</tr>
<tr>
<td>1 Year</td>
<td>6.52</td>
<td>6.07</td>
</tr>
<tr>
<td>3 Year</td>
<td>9.55</td>
<td>2.27</td>
</tr>
<tr>
<td>5 Year</td>
<td>10.30</td>
<td>5.92</td>
</tr>
<tr>
<td>10 Year</td>
<td>3.38</td>
<td>6.51</td>
</tr>
<tr>
<td>Since Inception</td>
<td>3.71</td>
<td>3.71</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.

The fund class gross expense ratio is 0.86%. The net expense ratio is 0.77%, 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 0.74%.

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 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fund</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-3.32</td>
<td>0.01</td>
</tr>
<tr>
<td>2017</td>
<td>7.34</td>
<td>3.54</td>
</tr>
<tr>
<td>2016</td>
<td>10.54</td>
<td>2.65</td>
</tr>
<tr>
<td>2015</td>
<td>-1.62</td>
<td>0.55</td>
</tr>
<tr>
<td>2014</td>
<td>1.84</td>
<td>5.97</td>
</tr>
<tr>
<td>2013</td>
<td>2.44</td>
<td>-2.02</td>
</tr>
<tr>
<td>2012</td>
<td>14.46</td>
<td>4.22</td>
</tr>
<tr>
<td>2011</td>
<td>3.45</td>
<td>7.84</td>
</tr>
<tr>
<td>2010</td>
<td>13.53</td>
<td>6.54</td>
</tr>
<tr>
<td>2009</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

GROWTH OF $10,000

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/09</td>
<td>$10,000</td>
</tr>
<tr>
<td>09/10</td>
<td></td>
</tr>
<tr>
<td>09/11</td>
<td></td>
</tr>
<tr>
<td>09/12</td>
<td></td>
</tr>
<tr>
<td>09/13</td>
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<td>09/15</td>
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<td>09/16</td>
<td></td>
</tr>
<tr>
<td>09/17</td>
<td></td>
</tr>
<tr>
<td>09/18</td>
<td></td>
</tr>
<tr>
<td>09/19</td>
<td>$18,036.38</td>
</tr>
</tbody>
</table>

This chart assumes an initial investment of $10,000 made on 10/1/2009. As of 9/30/2019 the fund value would have been $18,036.38. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.
Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

A risk-adjusted measure calculated using standard deviation and Sharpe Ratio:

- **Beta**: Measured by the exposure of a security's returns to market risk.
- **Alpha**: Represents the percentage of a fund's or security's movements that can be explained by movements in a benchmark index.
- **Sharpe Ratio**: A measure of the return of an investment relative to its risk.

**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 longer 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.

**Ratings Distribution**

- **Fund**: The Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed income market, including U.S. government and agency securities and corporate bonds of A+ or higher. It is used as a benchmark for mutual funds and other investment products that invest in the same types of securities. The index includes A-rated and BBB-rated corporate bonds, U.S. government securities, and other types of bonds, such as high-yield bonds.

**Sector Allocations**

- **Corporate - High Quality**
- **Corporate - High Yield**
- **Non-Agency Residential MBS**
- **Bank Loans**
- **Asset Backed Securities**
- **Emerging Market - High Yield**
- **Taxable Municipals**
- **Equity**
- **Corporate - High Yield**

**Risk Statistics**

- **Alpha**: 1.97 n/a
- **Beta**: 0.46 1.00
- **Sharpe Ratio**: 0.80 0.43
- **Standard Deviation**: 3.29 3.30

**Distributions**

- **Month**: July 2019
- **Nav at Month-End**: $0.037300
- **Percentage change for October 2019**: 10.15

**Top Ten Holdings**

- **Pertamina Persero PT**, 6.4500% 05/30/2044: 0.87
- **Russian Foreign Bond - Eurobond**, 5.6250% 04/04/2042: 0.80
- **United States Treaury Bill**, 0.0000% 08/13/2020: 0.73
- **United States Treasury Note/Bond**, 2.0000% 02/15/2025: 0.70
- **Fannie Mae Pool**, 4.0000%: 0.68
- **United States Treasury Note/Bond**, 2.3750% 05/15/2029: 0.68
- **Mill City Mortgage Loan Trust 2018-A**, 3.5000% 04/15/2036: 0.61
- **KazMunayGas National Co JSC**, 4.7500% 04/19/2027: 0.60
- **Sberbank of Russia**, 2.0000% 02/15/2027: 0.56
- **Bunker Hill Loan Depositary Trust 2019**, 3.6130%: 0.50

**Characteristics**

- **Effective Duration**: 4.00
- **Weighted Average Maturity**: 5.89
- **30-Day SEC Yield**: 4.04
- **30-Day SEC Yield (unsubsidized)**: 3.97

**Imporant 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.
- **High Yield-High Risk Fixed Income Securities**: There is a greater level of credit risk and price volatility involved with high yield debt securities than investment grade securities.
- **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, which can make loans relatively illiquid at times.
- **Foreign & Emerging Markets**: Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk.
- **Effective Duration**: Represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

**Portfolio Holdings**

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