

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

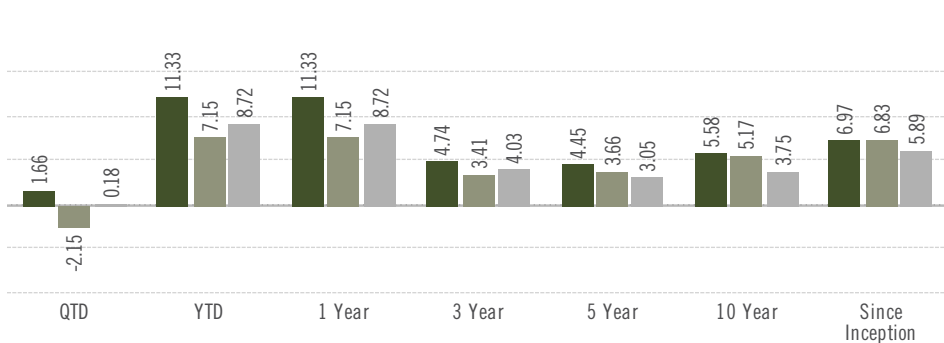
Flexibility — Newfleet rotates across 14 major bond segments, including ex-U.S. (Yankees and corporate bonds, and non-U.S. dollar bonds in both developed and emerging markets), in order to benefit from opportunity—and manage risk

Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

FUND INFORMATION

	Ticker	CUSIP
A Shares	NAMFX	92828R677
C Shares	NCMFX	92828R651
I Shares	VMFIX	92828R289
R6 Shares	VMFRX	92828W544
Inception Date	12/15/89	
AUM (\$ millions)	318.2	
Number of Holdings	537	
Dividends	Daily	
Morningstar Category	Multisector Bond	
Lipper Category	Multi-Sector Income Funds	
Index	Bloomberg Barclays U.S. Aggregate Bond Index	

AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/31/19



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. Class A shares have a maximum sales charge of 3.75%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid.

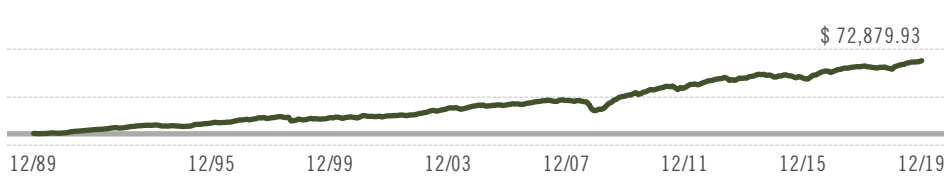
The fund class gross expense ratio is 1.10%. The net expense ratio is 0.99%, which reflects a contractual expense reimbursement in effect through 1/31/2021.

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 (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fund	11.33	-3.70	7.18	10.15	-1.77	1.58	2.18	14.08	3.19	13.24
Index	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.22	7.84	6.54

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 12/15/1989. As of 12/31/2019 the fund value would have been \$72,879.93. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 3.75%.

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★★★	262
3 Year	★★★★	262
5 Year	★★★★★	220
10 Year	★★★★★	120

Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive future performance.

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER

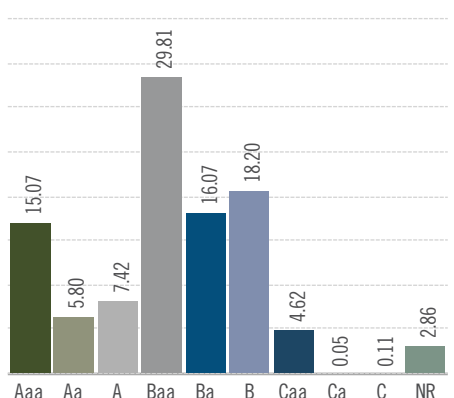


Newfleet Asset Management leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

PORTFOLIO MANAGER

David L. Albrycht, CFA
Industry start date: 1985
Start date as Fund Portfolio Manager: 1994

RATINGS DISTRIBUTION



CHARACTERISTICS

Characteristic	Fund
Effective Duration	4.23
Weighted Average Maturity	6.16
30-day SEC Yield ¹	3.69
30-day SEC Yield (unsubsidized) ²	3.60

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

² 30-day SEC Yield (unsubsidized) is the 30 day SEC yield without the effect of applicable expense waivers.

TOP TEN HOLDINGS

Security	% Fund
State of California, 7.6000% 11/01/2040	0.99
Russian Foreign Bond - Eurobond, 5.6250% 04/04/2042	0.99
Pertamina Persero PT, 6.4500% 05/30/2044	0.84
United States Treasury Note/Bond, 1.7500% 06/15/2022	0.74
Ukraine Government International Bond, 7.3750% 09/25/2032	0.68
Fannie Mae Pool, 4.0000%	0.60
KazMunayGas National Co JSC, 4.7500% 04/19/2027	0.59
Mill City Mortgage Loan Trust 2018-4, 3.5000% 04/01/2066	0.59
Turkey Government International Bond, 7.6250% 04/26/2029	0.52
United States Treasury Note/Bond, 2.2500% 03/31/2021	0.50

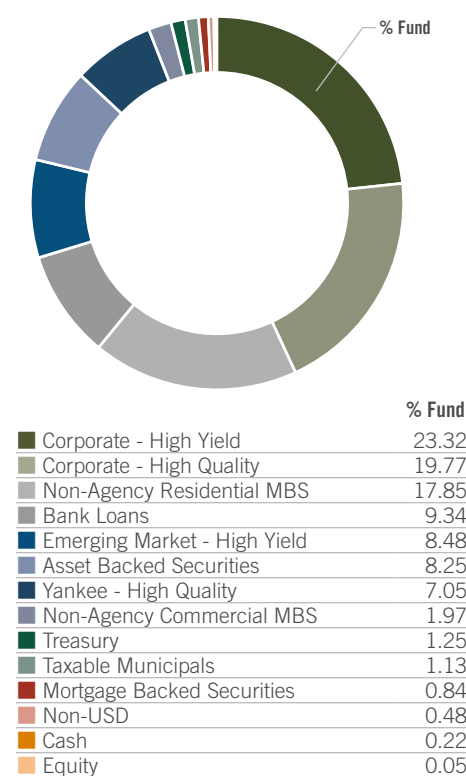
DISTRIBUTIONS

Month	NAV at Month-End
October 2019	\$0.032717 10.15
November 2019	\$0.033814 10.14
December 2019	\$0.031206 10.23

RISK STATISTICS (3 YEAR)

	Fund	Index
Alpha	2.27	n/a
Beta	0.33	1.00
R ²	0.10	1.00
Sharpe Ratio	1.04	0.83
Standard Deviation	2.96	2.87

SECTOR ALLOCATIONS



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. **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. **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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **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.

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.

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 representative, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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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. 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, C, and D are below-investment grade ratings.

Morningstar RatingTM 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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