

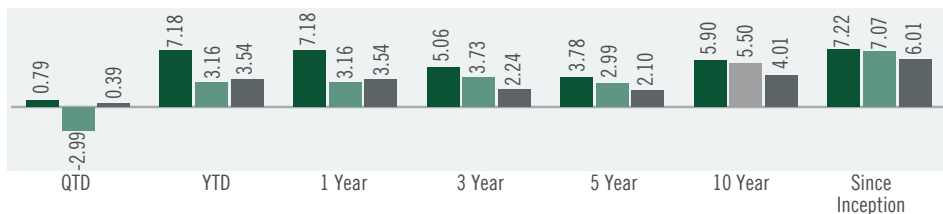
**INVESTMENT OVERVIEW**

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

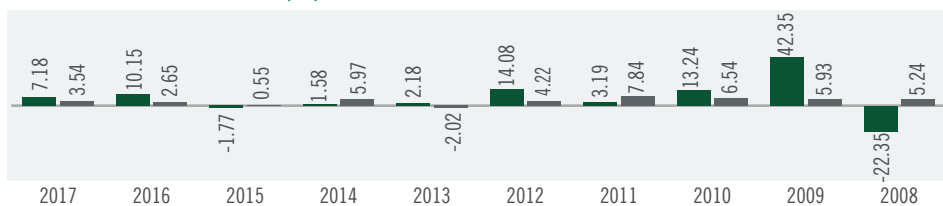
**AVERAGE ANNUAL TOTAL RETURNS (%)** as of 12/31/17



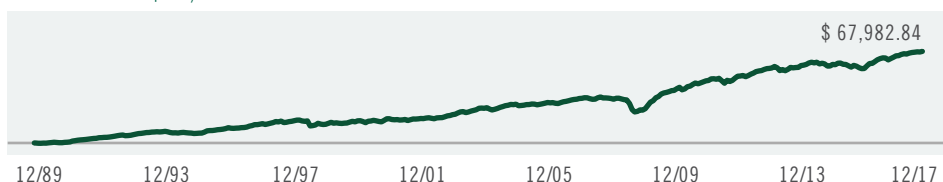
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original 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 1.16%. The net expense ratio is 1.02%, 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 0.99%. 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 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. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

**ANNUAL PERFORMANCE (%)**



**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 12/15/1989. As of 12/29/2017 the fund value would have been \$67,982.84. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 3.75%.

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.

Effective May 8, 2017 this fund changed its name from the Virtus Multi-Sector Intermediate Bond Fund.

**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)	386.5
Number of Holdings	562
Dividends	Daily
Morningstar Category	Multisector Bond
Lipper Category	Multi-Sector Income Funds

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★	257
3 Year	★★★★★	257
5 Year	★★★	202
10 Year	★★★	116

Strong ratings are not indicative of positive fund performance.

**INVESTMENT ADVISER**

Virtus Investment Advisers, Inc.

**INVESTMENT SUBADVISER**

Newfleet Asset Management, LLC

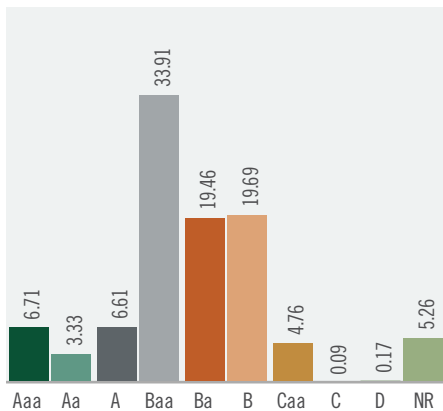


Newfleet leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

**PORTFOLIO MANAGER**

**David L. Albrycht, CFA**  
Industry start date: 1985  
Start date with Fund: 1994

**RATINGS DISTRIBUTION** % Invested Assets



**CHARACTERISTICS**

	Fund
Effective Duration (years)	4.63
SEC Yield (%) <sup>1</sup>	4.15
Weighted Avg Effective Maturity	6.53

<sup>1</sup> SEC Yield (Class A 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: 4.05%.

**TOP TEN HOLDINGS**

	% Fund
Virtus Newfleet Credit Opportunities Fund R6	2.34
United States Treasury Note/Bond, 1.88% 02/28/2022	0.93
Fannie Mae Pool, 4.00%	0.70
Fannie Mae Pool, 4.00%	0.69
Petrobras Global Finance BV, 7.38% 01/17/2027	0.65
Turkey Government International Bond, 4.88% 10/09/2026	0.62
Wells Fargo & Co, 5.90% 08/15/2027	0.61
Petroleos Mexicanos, 6.88% 08/04/2026	0.60
Bank of America Corp, 4.20% 08/26/2024	0.54
Republic of South Africa Government International Bond, 4.30% 10/12/2028	0.53

**DISTRIBUTIONS**

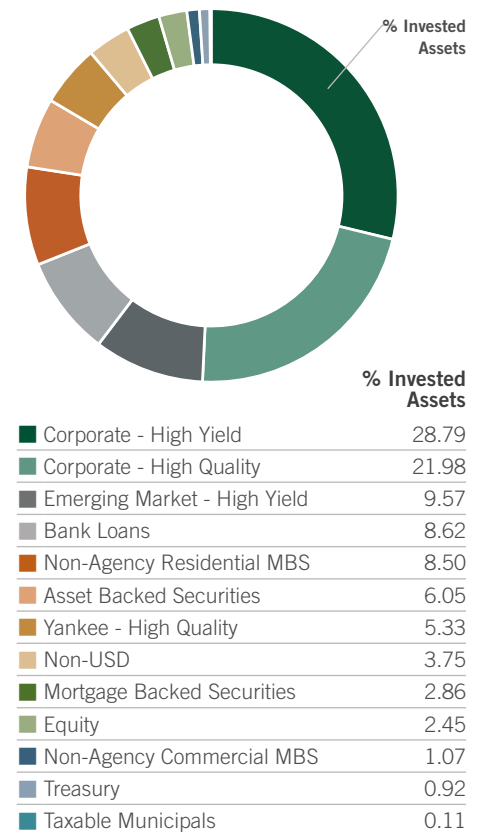
Month		NAV at Month-End
October	\$0.035971	10.42
November	\$0.037239	10.37
December	\$0.038248	10.39

**RISK STATISTICS (3 YEAR)**

	Fund	Index
Alpha	3.71	n/a
Beta	0.50	1.00
R <sup>2</sup>	0.12	1.00
Sharpe Ratio	1.15	0.67
Standard Deviation	4.07	2.78

Holdings and sector weightings are subject to change.

**SECTOR ALLOCATIONS**



**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**

**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. **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. **R<sup>2</sup>:** 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. **Weighted Average Effective 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 METHODOLOGY**

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government 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.

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 effects of sales charges and loads.

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Fund classification categories developed by Lipper, a Thomson Reuters Company.

Please carefully consider a Fund's investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus mutual fund, contact your financial representative, call 1-800-243-4361, or visit [virtus.com](http://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.

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