

**INVESTMENT OVERVIEW**

The Fund seeks to generate attractive total return and income by primarily investing in senior-secured, non-investment grade bank loans. Newfleet applies a disciplined, time-tested investment process focused on managing risk and capturing valuation opportunities with strong income attributes.

**KEY FEATURES**

**Diversification** — Provides exposure to floating rate securities, which have historically offered relatively high income potential with low correlations to other fixed income segments

**A Potential Rising Rate Hedge** — Periodic coupon resets may help floating rate debt protect against interest rate risk and principal value fluctuations in rising interest rate periods

**Extensive Credit Research** — Top-down and bottom-up analysis evaluates relative industry attractiveness and individual security and company credit risk and investment potential

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	PSFRX	92828R545
C Shares	PFSRX	92828R537
I Shares	PSFIX	92828R529
R6 Shares	VRSFX	92828W254

Inception Date	11/03/16
AUM (\$ millions)	190.9
Number of Holdings	219
Dividends	Daily
Morningstar Category	Bank Loan
Lipper Category	Loan Participation Funds
Index	Credit Suisse Leveraged Loan Index

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★★★	232
3 Year	★★★★★	232
5 Year	★★★★★	221
10 Year	Not Rated	n/a

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

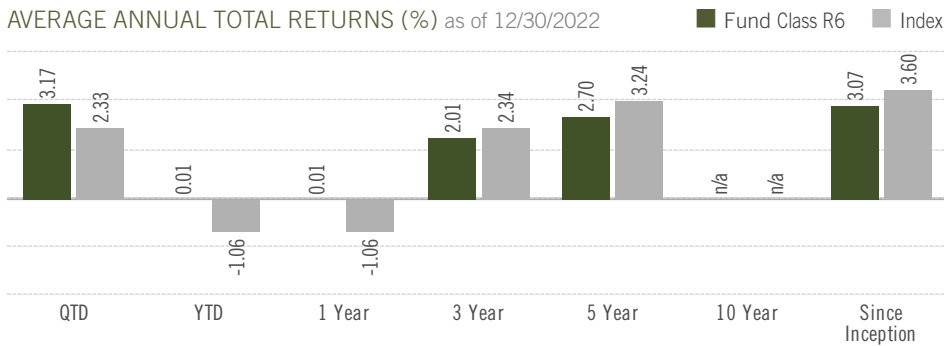
Newfleet Asset Management is a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser.

**PORTFOLIO MANAGERS**

**David L. Albrycht, CFA**  
 Industry start date: 1985  
 Start date as Fund Portfolio Manager: 2008

**Kyle A. Jennings, CFA**  
 Industry start date: 1992  
 Start date as Fund Portfolio Manager: 2008

**Francesco Ossino**  
 Industry start date: 1996  
 Start date as Fund Portfolio Manager: 2012



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](http://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](http://virtus.com) for details.

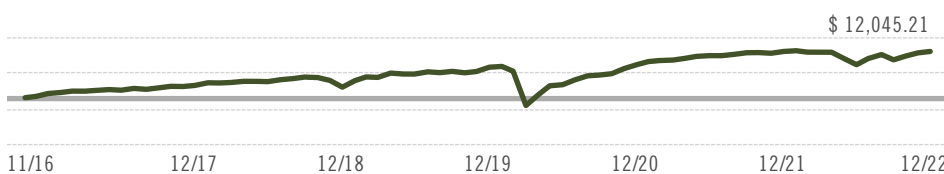
The fund class gross expense ratio is 0.78%. The net expense ratio is 0.65%, which reflects a contractual expense reimbursement in effect through 1/31/2024.

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 (%)**

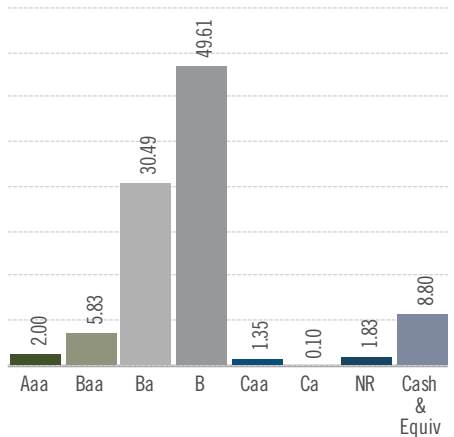
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	0.01	5.10	0.98	8.42	-0.70	3.49	n/a	n/a	n/a	n/a
Index	-1.06	5.40	2.78	8.17	1.14	4.25	n/a	n/a	n/a	n/a

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 11/3/2016. As of 12/30/2022 the fund value would have been \$12,045.21. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

**RATINGS DISTRIBUTION**



**CHARACTERISTICS**

Characteristic	Fund
Effective Duration	0.15
Weighted Average Maturity	3.04
30-day SEC Yield <sup>1</sup>	6.72
30-day SEC Yield (unsubsidized) <sup>2</sup>	6.57

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

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

**TOP TEN HOLDINGS**

Holder	% Fund
Ineos US Finance LLC 2027-II Dollar Term Loan, 11/08/2027	1.31
Brookfield WEC Holdings Inc Refinancing No 2 Term Loan, 08/01/2025	1.20
Transdigm Inc Tranche F Refinancing Term Loan, 12/09/2025	1.13
UKG Inc First Lien 2021-2 Incremental Term Loan, 05/04/2026	1.13
Playa Resorts Holding BV Initial Term Loan, 04/29/2024	1.13
Hyland Software Inc 2018 Refinancing Term Loan, 07/01/2024	1.04
Level 3 Financing Inc Tranche B 2027 Term Loans, 03/01/2027	1.02
Starfruit Finco BV Initial Dollar Term Loan, 10/01/2025	0.88
Go Daddy Operating Company, LLC Tranche B-5 Term Loan, 11/09/2029	0.83
Uber Technologies Inc 2021 Refinancing Term Loan, 02/25/2027	0.80

**SECTOR ALLOCATIONS**

Sector	% Fund
Information Technology	13.19
Healthcare	10.91
Service	9.00
Cash	8.80
Manufacturing	6.10
Gaming/Leisure	5.69
Chemicals	4.30
Financial	4.25
Aerospace	3.95
Food/Tobacco	3.89
Forest Prod/Containers	3.62
Media/Telecom - Diversified Media	3.30
Utility	2.87
Energy	2.80
Housing	2.77
Media/Telecom - Telecommunications	2.47
Transportation - Automotive	2.20
Retail	2.02
Other	2.00
Consumer Non-Durables	1.90
Media/Telecom - Cable/Wireless Video	1.45
Media/Telecom - Broadcasting	1.32
Consumer Durables	0.60
Metals/Minerals	0.59

Holdings and sector weightings are subject to change.

**INCOME DISTRIBUTIONS**

Month	NAV at Month-End
October 2022	\$0.043476
November 2022	\$0.047999
December 2022	\$0.054416

**RISK STATISTICS (3 YEAR)**

	Fund	Index
Alpha	-0.41	n/a
Beta	1.08	1.00
R <sup>2</sup>	0.99	1.00
Sharpe Ratio	0.14	0.19
Standard Deviation	9.49	8.76

**IMPORTANT RISK CONSIDERATIONS**

**Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. 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.  
**Bank Loans:** Bank loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be less liquid and may trade infrequently on the secondary market. Bank loans settle on a delayed basis; thus, sale proceeds may not be available to meet redemptions for a substantial period of time after the sale of the loan.  
**High Yield Fixed Income Securities:** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade securities.  
**Liquidity:** Certain instruments may be difficult or impossible to sell at a time and price beneficial to the portfolio.  
**Leverage:** When a portfolio is leveraged, the value of its securities may be more volatile and all other risks may be compounded.  
**Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war or military conflict (e.g., Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio's manager(s) to invest the portfolio's assets as intended.  
**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.  
**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.

**INDEX DEFINITION**

Index: The Credit Suisse Leveraged Loan Index is a market-weighted index that tracks the investable universe of the U.S. dollar denominated leveraged loans. 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, C, and D are below-investment grade ratings.

Morningstar Rating<sup>™</sup> 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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