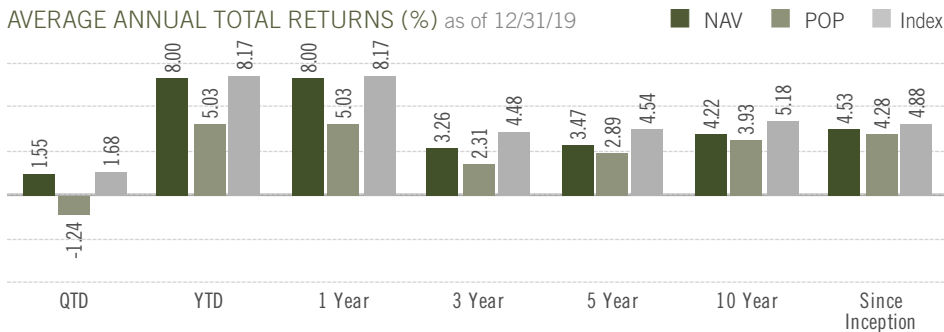


**INVESTMENT OVERVIEW**

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



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. Class A shares have a maximum sales charge of 2.75%. 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.

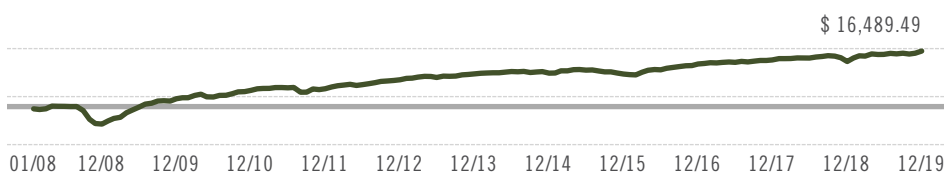
The fund class gross expense ratio is 1.12%. The net expense ratio is 1.11%, which reflects a contractual expense reimbursement in effect through 1/31/2021.

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
<b>Fund</b>	8.00	-1.19	3.17	8.53	-0.76	0.62	5.24	8.70	1.62	8.95
<b>Index</b>	8.17	1.14	4.25	9.88	-0.38	2.06	6.15	9.43	1.82	9.98

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 1/31/2008. As of 12/31/2019 the fund value would have been \$16,489.49. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	PSFRX	92828R545
C Shares	PFSRX	92828R537
I Shares	PSFIX	92828R529
R6 Shares	VRSFX	92828W254
Inception Date		01/31/08
AUM (\$ millions)		353.7
Number of Holdings		273
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	★★★	219
3 Year	★★	219
5 Year	★★★	195
10 Year	★★★	84

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.

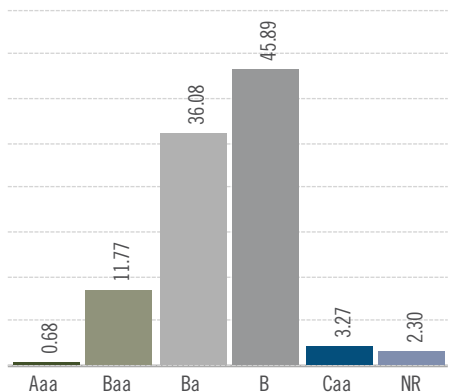
**PORTFOLIO MANAGER**

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

**RATINGS DISTRIBUTION**



**CHARACTERISTICS**

Characteristic	Fund
Effective Duration	0.34
Weighted Average Maturity	4.71
30-day SEC Yield <sup>1</sup>	4.03
30-day SEC Yield (unsubsidized) <sup>2</sup>	4.04

<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**

Security	% Fund
TransDigm Inc, 2018 New Tranche F Term Loan, 06/09/2023	1.64
Univision Communications Inc, 2017 Replacement Term Loan, 03/15/2024	1.36
Charter Communications Operating LLC, Term Loan B2, 02/01/2027	1.35
Level 3 Financing Inc, Tranche B 2027 Term Loans, 03/01/2027	1.32
INEOS US Finance LLC, 2024 Dollar Term Loan, 04/01/2024	1.21
Caesars Resort Collection LLC, Term B Loan, 12/23/2024	1.20
AZEK Co LLC/The, New Term Loan, 05/06/2024	1.16
Kronos Inc/MA, Incremental Term Loan (First Lien), 11/01/2023	1.06
Trans Union LLC, Term B-5 Loan, 11/16/2026	0.95
Dell International LLC, Refinancing Term B-1 Loan, 09/19/2025	0.93

**DISTRIBUTIONS**

Month	NAV at Month-End
October 2019	\$0.035834 9.02
November 2019	\$0.033895 9.04
December 2019	\$0.050468 9.13

**RISK STATISTICS (3 YEAR)**

	Fund	Index
Alpha	-1.61	n/a
Beta	1.16	1.00
R <sup>2</sup>	0.99	1.00
Sharpe Ratio	0.53	1.08
Standard Deviation	3.06	2.63

**SECTOR ALLOCATIONS**

Sector	% Fund
Healthcare	12.22
Service	8.96
Gaming/Leisure	8.25
Information Technology	6.15
Forest Prod/Containers	4.80
Housing	4.72
Manufacturing	4.70
Media/Telecom - Cable/Wireless Video	4.60
Media/Telecom - Telecommunications	4.13
Chemicals	4.04
Food/Tobacco	4.03
Media/Telecom - Broadcasting	3.99
Consumer Non-Durables	3.43
Financial	3.40
Utility	3.20
Aerospace	3.15
Energy	3.15
Transportation - Automotive	2.82
Media/Telecom - Diversified Media	2.61
Media/Telecom - Wireless Communications	1.93
Retail	1.92
Consumer Durables	1.22
Cash	0.68
Other	0.65
Food and Drug	0.64
Metals/Minerals	0.45
Transportation - Land Transportation	0.17

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. **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. **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. **Liquidity:** Certain securities may be difficult to sell at a time and price beneficial to the fund. **Leverage:** When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded. **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.

**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. Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.**

Mutual funds distributed by **VP Distributors, LLC**, member FINRA and subsidiary of Virtus Investment Partners, Inc.

**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 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 effect of sales charges and loads.

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