INVESTMENT OVERVIEW
The Fund seeks to provide a high level of current interest income exempt from federal income taxes consistent with the preservation of capital by primarily investing in a diversified portfolio of municipal bonds with varying maturities. Issuers are selected based on sector and geographic opportunity presented by regions experiencing economic stability.

KEY FEATURES
- **Tax-Exempt Income** — Strives to generate income free from federal income taxes
- **High-Quality Focus** — Emphasis on higher-rated tax-exempt municipal bonds, gauging each security by issue type, credit quality, and bond structure, with a focus on essential service issuers
- **Extensive Research** — Macroeconomic and market trends provide context for fundamental credit research to identify the most attractive bond potential, with sector exposures set by relative valuations

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 0.99%. The net expense ratio is 0.85%, which reflects a contractual expense reimbursement in effect through 1/31/2020.

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 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. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

ANNUAL PERFORMANCE (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>0.55</td>
<td>4.42</td>
<td>-0.41</td>
<td>2.39</td>
<td>7.94</td>
<td>-3.48</td>
<td>7.45</td>
<td>10.98</td>
<td>2.23</td>
<td>17.96</td>
</tr>
<tr>
<td>Index</td>
<td>1.36</td>
<td>4.53</td>
<td>0.24</td>
<td>3.07</td>
<td>7.46</td>
<td>-1.54</td>
<td>6.25</td>
<td>10.70</td>
<td>2.38</td>
<td>12.91</td>
</tr>
</tbody>
</table>

GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 1/30/2001. As of 9/30/2019 the fund value would have been $21,939.35. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.
Measures variability of returns

Standard Deviation: 1.05
Sharpe Ratio: n/a

4/30/2012 is that of the Bloomberg Barclays Municipal Bond Index. Available for direct investment. Performance of the Virtus Tax-Exempt Bond Linked Benchmark prior to 6/30/2020 is that of the ICE BofAML 1-22 Year US Municipal Securities Index, a subset of the ICE BofAML US Municipal Securities Index including all securities with a remaining term to final maturity less than 22 years, 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. Performance of the Virtus Tax-Exempt Bond Linked Benchmark prior to 6/30/2012 is that of the Bloomberg Barclays Municipal Bond Index.

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, and A 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 deviations 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.

© 2019 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Lipper Category Classifications © 2019 Lipper. All rights reserved.

Please 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 for a prospectus or summary prospectus. Read it carefully before investing. Not insured by FDIC/NCSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.