

INVESTMENT OVERVIEW

The Fund seeks to generate both high current income and capital growth by investing in high-yield fixed income securities, selected according to a series of issue-specific, sector, and opportunistic factors. A disciplined, time-tested investment process, coupled with opportunistic trading, strives to take advantage of mispricings, market dislocations, and other special situations.

KEY FEATURES

Diversification — Exposure to the expanded diversification and potential investment rewards of high-yield fixed income securities

Active Management — Emphasizes sectors and industries with well-valued companies whose business profiles are viewed to be improving

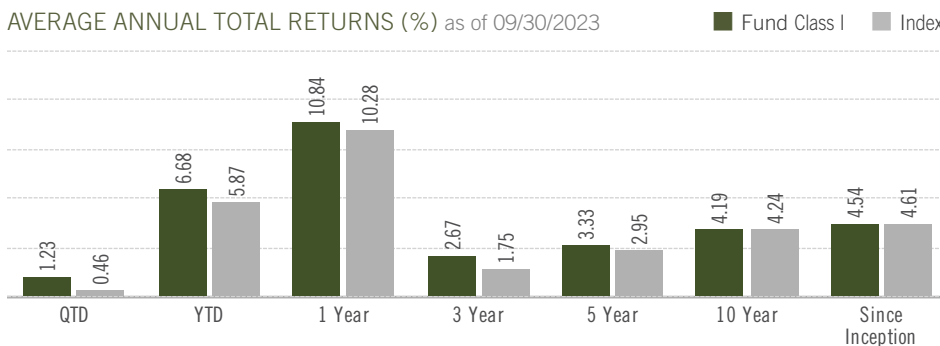
Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, business viability, financial strength, and loan structure

FUND INFORMATION

	Ticker	CUSIP
A Shares	PHCHX	92828R784
C Shares	PGHCX	92828R768
I Shares	PHCIX	92828W767
R6 Shares	VRHYX	92828W262

Inception Date	08/08/12
AUM (\$ millions)	45.7
Number of Holdings	184
Dividends	Daily
Morningstar Category	High Yield Bond
Lipper Category	High Yield Funds
Index	Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/2023



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. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See virtus.com for details.

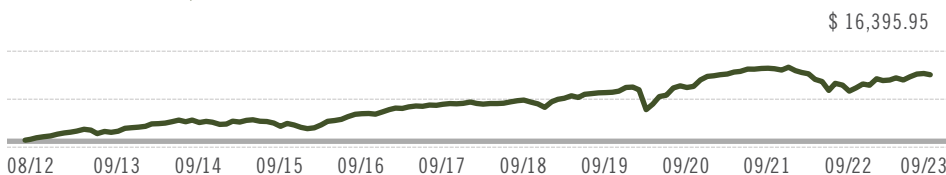
The fund class gross expense ratio is 1.08%. The net expense ratio is 0.75%, which reflects a contractual expense reimbursement in effect through 1/31/2024.

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	-10.28	5.53	7.13	14.72	-2.88	6.64	13.31	-2.50	2.39	6.47
Index	-11.18	5.26	7.05	14.32	-2.08	7.50	17.13	-4.43	2.46	7.44

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 8/8/2012. As of 9/30/2023 the fund value would have been \$16,395.95. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★★	629
3 Year	★★★★	629
5 Year	★★★★	586
10 Year	★★★★	424

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

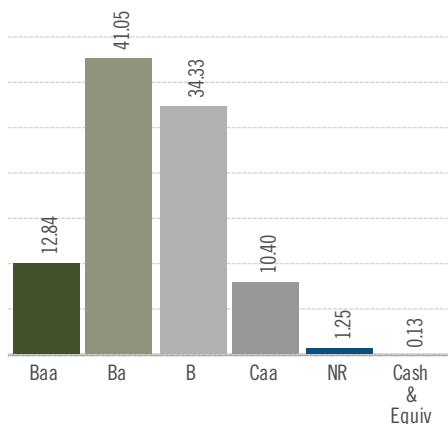
David L. Albrycht, CFA
 Industry start date: 1985
 Start date as Fund Portfolio Manager: 2011

Eric Hess, CFA
 Industry start date: 2006
 Start date as Fund Portfolio Manager: 2019

Matthew Kearns, CFA
 Industry start date: 1997
 Start date as Fund Portfolio Manager: 2023

William Eastwood, CFA
 Industry start date: 1995
 Start date as Fund Portfolio Manager: 2019

RATINGS DISTRIBUTION



CHARACTERISTICS

	Fund
Effective Duration	3.43
Weighted Average Maturity	5.00
30-day SEC Yield ¹	8.71
30-day SEC Yield (unsubsidized) ²	8.16

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

	% Fund
CCO Holdings LLC / CCO Holdings Capital Corp, 4.7500% 03/01/2030	1.86
Acrisure LLC / Acrisure Finance Inc, 7.0000% 11/15/2025	1.43
Medline Borrower LP, 5.2500% 10/01/2029	1.21
Midcap Financial Issuer Trust, 6.5000% 05/01/2028	1.13
Viasat Inc, 5.6250% 09/15/2025	1.08
Energy Transfer LP, 6.5000% 11/15/2171	0.99
Occidental Petroleum Corp, 6.1250% 01/01/2031	0.99
Regal Rexnord Corp, 6.3000% 02/15/2030	0.98
Ford Motor Co, 3.2500% 02/12/2032	0.98
FMG Resources August 2006 Pty Ltd, 5.8750% 04/15/2030	0.97

SECTOR ALLOCATION

	% Fund
Energy	18.80
Consumer Cyclical	16.67
Consumer Non-Cyclical	14.01
Capital Goods	11.26
Communications	9.71
Financial Institutions	9.57
Basic Industry	7.45
Technology	6.51
Utility	2.64
Transportation	1.46
Agency	0.96
Other Industrial	0.83
Cash	0.13

Holdings and sector weightings are subject to change.

INCOME DISTRIBUTIONS

Month		NAV at Month-End
July 2023	\$0.020244	3.72
August 2023	\$0.022415	3.71
September 2023	\$0.022769	3.66

RISK STATISTICS (3 YEAR)

	Fund	Index
Alpha	0.88	n/a
Beta	0.89	1.00
R ²	0.95	1.00
Sharpe Ratio	0.12	0.00
Standard Deviation	7.18	7.90

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.

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. **Industry/Sector Concentration:** A portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **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. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its 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. **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 U.S. High-Yield 2% Issuer Capped Bond Index is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. The index is calculated on a total return basis.

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™ 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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