

INVESTMENT OVERVIEW

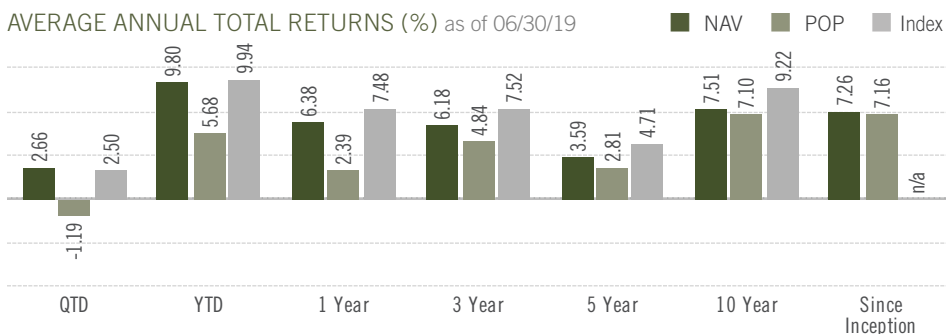
The Fund seeks to generate both high current income and capital growth by investing in high-yield fixed income securities, selected according to a series of issue-specific, sector, and opportunistic factors. A disciplined, time-tested investment process, coupled with opportunistic trading, strives to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



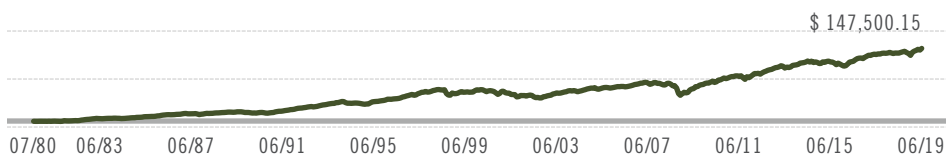
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.

The fund class gross expense ratio is 1.35%. The net expense ratio is 1.01%, which reflects a contractual expense reimbursement in effect through 1/31/2020. 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 1.00%. 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 (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fund	-3.14	6.13	13.04	-2.74	2.14	6.21	16.19	3.12	12.58	31.15
Index	-2.08	7.50	17.13	-4.43	2.46	7.44	15.78	4.96	14.94	58.76

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 7/28/1980. As of 6/28/2019 the fund value would have been \$147,500.15. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 3.75%.

FUND INFORMATION

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

Inception Date	07/28/80
AUM (\$ millions)	60.4
Number of Holdings	340
Dividends	Daily
Morningstar Category	High Yield Bond
Lipper Category	High Yield Funds
Index	Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★	610
3 Year	★★★	610
5 Year	★★★	524
10 Year	★★	337

Strong ratings are not indicative of positive fund performance. The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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 MANAGERS

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

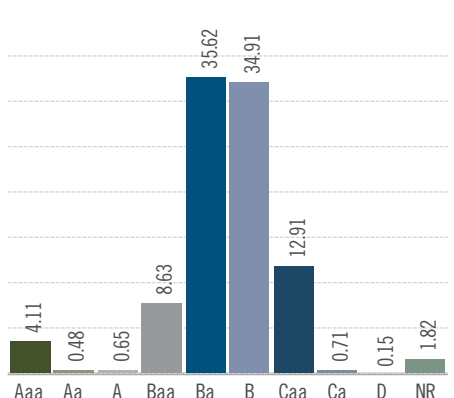
Kyle A. Jennings, CFA
Industry start date: 1992
Start date as Fund Portfolio Manager: 2011

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

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

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

RATINGS DISTRIBUTION



CHARACTERISTICS

	Fund
Effective Duration	3.07
Weighted Average Maturity	4.40
30-day SEC Yield ¹	5.61
30-day SEC Yield (unsubsidized) ²	5.24

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
United States Treasury Bill, 0.0000% 10/24/2019	1.65
BBCMS 2018-TALL Mortgage Trust, 3.1163%	1.07
Clear Channel Worldwide Holdings Inc, 9.2500% 02/15/2024	0.98
Vistra Operations Co LLC, 5.6250% 02/15/2027	0.79
First Data Corp, 5.7500% 01/15/2024	0.77
Sprint Corp, 7.8750% 09/15/2023	0.70
Avantor Inc, 9.0000% 10/01/2025	0.70
Navistar International Corp, 6.6250% 11/01/2025	0.68
Springleaf Finance Corp, 6.8750% 03/15/2025	0.67
Bausch Health Cos Inc, 5.5000% 11/01/2025	0.60

DISTRIBUTIONS

Month		NAV at Month-End
April 2019	\$0.018397	4.10
May 2019	\$0.021040	4.04
June 2019	\$0.017694	4.11

RISK STATISTICS (3 YEAR)

	Fund	Index
Alpha	-1.26	n/a
Beta	1.00	1.00
R ²	0.97	1.00
Sharpe Ratio	1.10	1.43
Standard Deviation	4.37	4.31

SECTOR ALLOCATIONS

	% Fund
Consumer Cyclical	18.23
Consumer Non-Cyclical	16.63
Financial Institutions	13.00
Communications	11.57
Energy	9.49
Capital Goods	9.07
Basic Industry	5.87
Technology	4.51
Utility	3.29
Treasury	1.65
Cash	1.39
CMBS	1.08
ABS	0.95
Transportation	0.95
Sovereign	0.72
Agency	0.68
Other Industrial	0.62
RMBS	0.30

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. **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. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **Industry/Sector Concentration:** A fund 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 fund. **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 Barclays 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. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

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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. 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 effect of sales charges and loads.

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