INVESTMENT OVERVIEW
The Fund seeks to maximize long-term total return through a combination of income and capital appreciation by investing in a diversified bond portfolio of corporate bonds, asset-backed securities, mortgage-backed securities, U.S. Treasuries, and U.S. government agency debentures. Seix’s bottom-up focused, top-down aware investment approach seeks to provide superior risk-adjusted returns over a full market cycle, as well as competitive absolute and relative returns over shorter horizons.

KEY FEATURES
Broad Fixed Income Exposure — Seeks to provide income, quality, diversification, and liquidity in order to serve as an anchor of a diversified portfolio
Prudent Risk Management — Strives to generate superior long-term risk-adjusted returns, which often entails risk reduction over the short term
Extensive Fundamental Research — Combines top-down and bottom-up analysis to exploit inefficiencies in multiple sectors of the global fixed income marketplace

INVESTMENT SUBADVISER
Seix Investment Advisors LLC is an investment management boutique focused exclusively on managing fixed income securities since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs multi-dimensional approaches based on strict portfolio construction methodology, sell disciplines and trading strategies with prudent risk management as a cornerstone.

PORTFOLIO MANAGERS
James F. Keegan
Industry start date: 1982
Start date as Fund Portfolio Manager: 2008
Perry Troisi
Industry start date: 1986
Start date as Fund Portfolio Manager: 2004
Michael Rieger
Industry start date: 1986
Start date as Fund Portfolio Manager: 2007
Carlos Catoya
Industry start date: 1987
Start date as Fund Portfolio Manager: 2015
Jonathan Yozzo
Industry start date: 1991
Start date as Fund Portfolio Manager: 2015
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 maturity. Foreign Investing: Investing in foreign securities subjects the fund to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. ABS/MBS: Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the non-repayment of underlying collateral, including losses to the fund. Market Volatility: Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness 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 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 put option. This measure assigns a probability to the fund’s holdings and sector weightings are subject to change.

Virtus Seix Core Bond Fund

as of 09/30/20

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. Standard & Poor’s, Moody’s, and Fitch ratings are used for all rating-eligible securities. If all three agencies have rated the security, then the median rating based on numerical equivalents is used. If only two agencies have rated the security, then the lower of the two ratings is used. If only one agency has rated the security, then the rating from that agency is used. If a rating is not available for a rating-eligible security, the security is placed in the Not Rated Category. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, and C 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 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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