INVESTMENT OVERVIEW
The Fund seeks to maximize total return through current income that is exempt from federal income taxes, combined with capital appreciation consistent with capital preservation, by investing in investment grade municipal securities. A dynamic, multifaceted investment process balances emphasis across four facets: duration management, yield curve positioning, sector rotation, and security selection.

KEY FEATURES
Tax-Exempt Income — Strives to generate income free from federal income taxes
Attractive Total Return Potential — Market inefficiencies may create buying and selling opportunities that facilitate meaningful return potential
Extensive Fundamental Research — Bottom-up security selection evaluates factors such as fundamental credit analysis, security structural features, and potential price volatility

FUND INFORMATION
<table>
<thead>
<tr>
<th>Ticker</th>
<th>CUSIP</th>
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<tbody>
<tr>
<td>A Shares</td>
<td>SFLTX 92837F631</td>
</tr>
<tr>
<td>I Shares</td>
<td>SCFTX 92837F623</td>
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INCEPTION DATE 01/18/94
AUM ($ millions) 54.0
Number of Holdings 37
Dividends Daily
Morningstar Category Muni National Long
Lipper Category General & Insured Municipal Debt Funds
Index Bloomberg Barclays Municipal Bond Index

MORNINGSTAR RATINGS
<table>
<thead>
<tr>
<th>Time Period</th>
<th># of Stars</th>
<th># of Funds</th>
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<tr>
<td>Overall</td>
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<td>10 Year</td>
<td>★★★</td>
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Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive future performance.

INVESTMENT ADVISER
Virtus Fund Advisers, LLC

INVESTMENT SUBADVISER
Seix Investment Advisors LLC*

Seix Investment Advisors 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
Ronald H. Schwartz CFA
Industry start date: 1982
Start date as Fund Portfolio Manager: 1994

Dusty Self
Industry start date: 1992
Start date as Fund Portfolio Manager: 2018

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/19

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.

Benchmark life performance is reported from 01/31/94. The fund class gross expense ratio is 0.96%. The net expense ratio is 0.76%, which reflects a contractual expense reimbursement in effect through 4/30/2020. 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 0.75%.

GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 1/18/1994. As of 9/30/2019 the fund value would have been $32,542.10. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.
Basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and that measures the long-term tax-exempt bond market. 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.

### 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. **Municipal Market:** Events negatively impacting a municipal security, or the municipal bond market in general, may cause the fund to decrease in value. State & AMT Tax: A portion of income may be subject to some state and/or local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax. **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 expected cash flows of any bond with an embedded option such as call or prepayment option. **Weighted Average Maturity:** The length of time that 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. **Modified Duration to Worst:** It measures the price sensitivity of a bond to changes in interest rates, expressed as a number of years (assuming that a callable security pricing to a call date will be called/redeemed by the issuer on that date). **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’s 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 Municipal Bond Index is a market capitalization-weighted index that measures the long-term tax-exempt bond market. 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 carefully 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.

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