INVESTMENT OVERVIEW
The Fund seeks current income and total return by investing primarily in high yield corporate bonds and other U.S. dollar denominated debt instruments of U.S. and non-U.S. issuers, with up to 100% of invested assets rated below investment grade. A sound, transparent, and repeatable process leverages competitive advantages and aims to capture upside potential while limiting downside risk.

KEY FEATURES
**Full Market High Yield** — Provides exposure to full high yield universe, including below investment grade and unrated debt securities

**Diversification** — High yield bonds may offer minimal correlation to investment grade fixed income sectors and only modest correlation to equities

**Risk Management** — Strict focus on bottom-up credit research, controls around portfolio construction, sell discipline, and trading strategy in an effort to mitigate downside exposure

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 0.90%. The net expense ratio is 0.68%, which reflects a contractual expense reimbursement in effect through 4/30/2021.

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 (%)

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<tbody>
<tr>
<td>Fund</td>
<td>12.12</td>
<td>-3.20</td>
<td>7.61</td>
<td>17.45</td>
<td>-6.19</td>
<td>1.67</td>
<td>7.29</td>
<td>17.00</td>
<td>0.99</td>
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<tr>
<td>Index</td>
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<td>-2.08</td>
<td>7.50</td>
<td>17.13</td>
<td>-4.47</td>
<td>2.45</td>
<td>7.44</td>
<td>15.81</td>
<td>4.98</td>
<td>15.12</td>
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GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 10/3/2001. As of 9/30/2020 the fund value would have been $38,323.20. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.
For additional information on risks, please see the fund's prospectus.

Potential risks include:

- Market Volatility: 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.
- Credit & Interest: A risk-adjusted measure that represents the percentage of a fund or security's movements that are not explained by changes in the market as a whole. Higher Standard Deviation suggests greater risk.
- Effective Duration: Measures variability of returns around the average return for an investment portfolio. Higher Standard Deviation suggests greater risk.
- Beta: A quantitative measure of the volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. Higher Standard Deviation suggests greater risk.

**RISK STATISTICS**

- **Alpha:** -1.10 
- **Beta:** 1.07 
- **R²:** 0.99 
- **Sharpe Ratio:** 0.16
- **Standard Deviation:** 9.66

**DISTRIBUTIONS**

- **Month:** July 2020, $0.028387; August 2020, $0.025655; September 2020, $0.026135
- **Index NAV at Month-End:** 6.14, 6.16, 6.08

**SECTOR ALLOCATIONS**

- **Transport/Auto/Aerospace/Defense:** 11.20
- **Agriculture/Forestry:** 0.00
- **Energy:** 9.07
- **Cable/Satellite:** 9.06
- **Retailers:** 7.10
- **Healthcare/Pharmaceuticals:** 6.69
- **Building/Construction:** 5.85
- **Telecommunications:** 5.07
- **Media/Entertainment:** 4.88
- **Technology:** 4.87
- **Rest/Food/Beverage/Supermarkets:** 3.07
- **Services/Environmental:** 2.53
- **Metals/Mining:** 1.91
- **Hotels/REITs:** 1.80
- **Consumer Products/Tobacco:** 1.78
- **Div Mfg/Other Ind:** 1.72
- **Cash:** 1.34
- **Utility:** 1.01
- **Paper/Packaging:** 0.27
- **Chemicals:** 0.19

**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 ratings-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, the rating from that agency is used. If a rating is not available for a ratings-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, 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 accounts, 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.

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