

**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

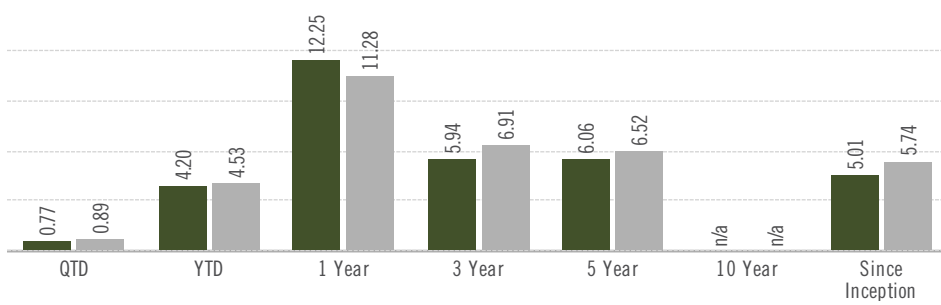
**Diversification** — High yield bonds may offer minimal correlation to investment grade fixed income sectors and only modest correlation to equities

**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

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	SAHIX	92837F748
I Shares	STHTX	92837F722
R6 Shares	STHZX	92837F714
Inception Date	08/01/14	
AUM (\$ millions)	220.5	
Number of Holdings	255	
Dividends	Daily	
Morningstar Category	High Yield Bond	
Lipper Category	High Yield Funds	
Index	Bloomberg U.S. Corporate High Yield Bond Index	

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/2021



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](http://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](http://virtus.com) for details.

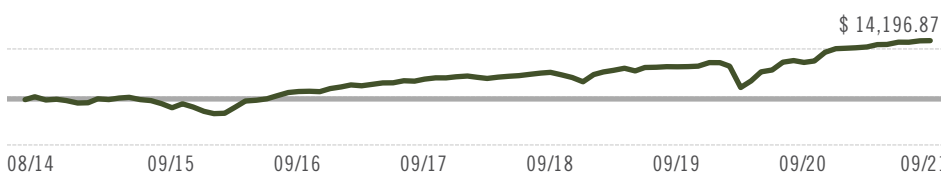
The fund class gross expense ratio is 0.77%. The net expense ratio is 0.59%, which reflects a contractual expense reimbursement in effect through 4/30/2022.

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 (%)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fund	7.85	12.08	-3.05	7.78	17.64	-6.06	n/a	n/a	n/a	n/a
Index	7.11	14.32	-2.08	7.50	17.13	-4.47	n/a	n/a	n/a	n/a

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 8/1/2014. As of 9/30/2021 the fund value would have been \$14,196.87. 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	★★★★★	630
3 Year	★★★	630
5 Year	★★★★★	552
10 Year	Not Rated	n/a

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**



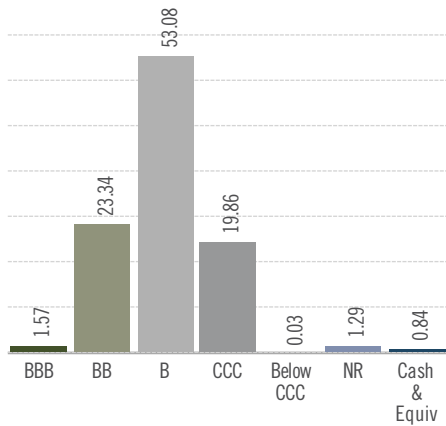
Seix Investment Advisors is an investment management boutique focused exclusively on managing fixed income securities since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs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

**PORTFOLIO MANAGERS**

**Michael Kirkpatrick**  
Industry start date: 1991  
Start date as Fund Portfolio Manager: 2011

**James FitzPatrick, CFA**  
Industry start date: 1996  
Start date as Fund Portfolio Manager: 2013

**RATINGS DISTRIBUTION**



**% Fund**

**TOP TEN HOLDINGS**

Company	% Fund
Altice France Holding SA, 10.5000% 05/15/2027	1.73
Cimpres PLC, 7.0000% 06/15/2026	1.29
LD Holdings Group LLC, 6.1250% 04/01/2028	1.20
New Residential Investment Corp, 6.2500% 10/15/2025	1.11
Nationstar Mortgage Holdings Inc, 6.0000% 01/15/2027	1.09
Mileage Plus Holdings LLC, Initial Term Loan, 06/21/2027	1.06
QVC Inc, 5.4500% 08/15/2034	1.05
iHeartCommunications Inc, 8.3750% 05/01/2027	1.04
Marriott Ownership Resorts Inc, 4.7500% 01/15/2028	1.02
Alliance Data Systems Corp, 7.0000% 01/15/2026	1.02

**% Fund**

**SECTOR ALLOCATIONS**

Sector	% Fund
Energy	17.80
Financial Institutions	14.02
Media/Entertainment	7.25
Cable/Satellite	6.46
Building/Construction	6.20
Transport/Auto/Aerospace/Defense	5.69
Gaming/Leisure	5.44
Retailers	5.28
Healthcare/Pharmaceuticals	5.11
Telecommunications	4.95
Technology	4.85
Hotels/REITs	3.58
Consumer Products/Tobacco	2.87
Services/Environmental	2.50
Div Mfg/Other Ind	2.22
Rest/Food/Beverage/Supermkts	2.10
Metals/Mining	1.16
Paper/Packaging	0.92
Cash	0.84
Utility	0.64
Chemicals	0.11

Holdings and sector weightings are subject to change.

**CHARACTERISTICS**

Characteristic	Fund
Effective Duration	3.85
Weighted Average Maturity	7.00
30-day SEC Yield <sup>1</sup>	4.16
30-day SEC Yield (unsubsidized) <sup>2</sup>	4.00

<sup>1</sup> 30-day SEC Yield is a standardized yield calculated according to a formula set by the SEC, and is subject to change.

<sup>2</sup> 30-day SEC Yield (unsubsidized) is the 30 day SEC yield without the effect of applicable expense waivers.

**DISTRIBUTIONS**

Month	NAV at Month-End
July 2021	\$0.027757 6.48
August 2021	\$0.026237 6.50
September 2021	\$0.026120 6.48

**RISK STATISTICS**

(3 YEAR)	Fund	Index
Alpha	-1.31	n/a
Beta	1.08	1.00
R <sup>2</sup>	0.99	1.00
Sharpe Ratio	0.48	0.63
Standard Deviation	9.97	9.20

**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. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **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 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. **R<sup>2</sup>:** 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. Corporate High Yield Bond Index measures fixed rate non-investment grade debt securities of U.S. corporations, 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 consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial professional, call 800-243-4361, or visit [virtus.com](http://virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

Mutual funds distributed by VP Distributors, LLC, member FINRA and subsidiary of Virtus Investment Partners, Inc.

**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 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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