

**INVESTMENT OVERVIEW**

The Fund seeks high 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 assets invested in securities 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**

**Higher Quality High Yield** — Emphasizes BB- and B-rated corporate bonds; seeks to invest in what are believed to be the healthiest and most undervalued credits in the non-investment grade space, identified through extensive bottom-up fundamental credit research

**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	HYPX	92837F698
I Shares	SAMHX	92837F672
R6 Shares	HYIZX	92837F664
Inception Date		12/29/00
AUM (\$ millions)		301.6
Number of Holdings		202
Dividends		Daily
Morningstar Category		High Yield Bond
Lipper Category		High Yield Funds
Index		ICE BofA US High Yield BB-B Constrained Index

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★★	630
3 Year	★★★★	630
5 Year	★★★★	576
10 Year	★★★★	390

Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

**INVESTMENT ADVISER**  
 Virtus Fund Advisers, LLC

**INVESTMENT SUBADVISER**



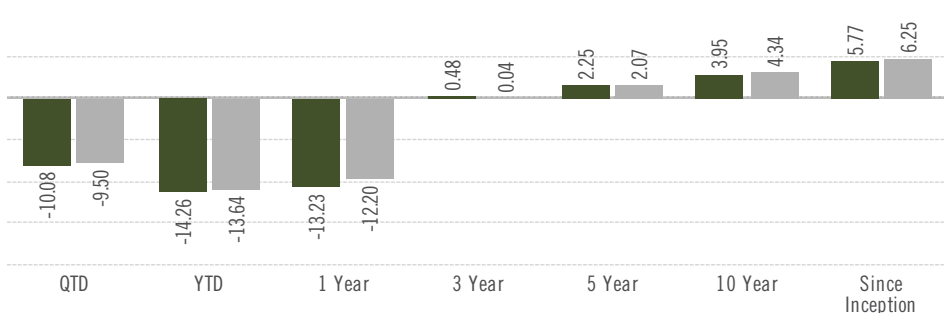
Seix Investment Advisors is an investment management boutique focused exclusively on managing fixed income securities since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs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

**PORTFOLIO MANAGERS**

**Michael Kirkpatrick**  
 Industry start date: 1991  
 Start date as Fund Portfolio Manager: 2007

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

AVERAGE ANNUAL TOTAL RETURNS (%) as of 06/30/2022



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.

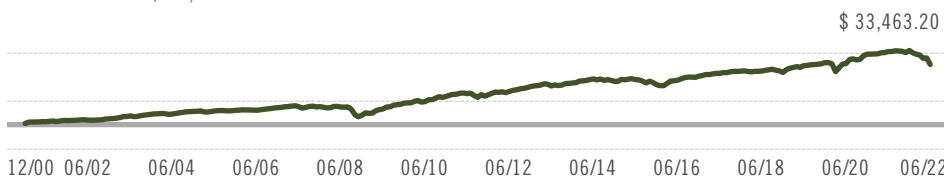
The fund class gross expense ratio is 0.73%. The net expense ratio is 0.64%, which reflects a contractual expense reimbursement in effect through 4/30/2023.

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 (%)**

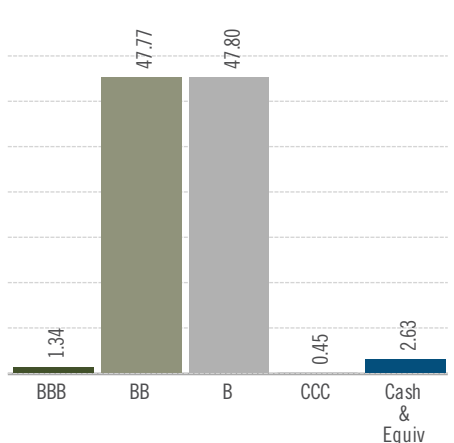
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fund	3.88	9.93	12.91	-1.70	6.99	13.30	-4.91	2.40	5.84	15.25
Index	4.60	6.28	15.10	-2.04	6.98	14.72	-2.79	3.49	6.31	14.58

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 12/29/2000. As of 6/30/2022 the fund value would have been \$33,463.20. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

**RATINGS DISTRIBUTION**



% Fund

**TOP TEN HOLDINGS**

TOP TEN HOLDINGS	% Fund
New Fortress Energy Inc, 6.7500% 09/15/2025	1.58
Station Casinos LLC, 4.5000% 02/15/2028	1.37
United Wholesale Mortgage LLC, 5.5000% 04/15/2029	1.19
Magnolia Oil & Gas Operating LLC / Magnolia Oil & Gas Finance Corp, 6.0000% 08/01/2026	1.14
CSC Holdings LLC, 6.5000% 02/01/2029	1.13
TEGNA Inc, 4.6250% 03/15/2028	1.11
ZoomInfo Technologies LLC/ZoomInfo Finance Corp, 3.8750% 02/01/2029	1.09
Cable One Inc, 4.0000% 11/15/2030	1.07
Schweitzer-Mauduit International Inc, 6.8750% 10/01/2026	1.05
Brookfield Property REIT Inc / BPR Cumulus LLC / BPR Nimbus LLC / GGSI Sellco LL, 5.7500% 05/15/2026	1.04

% Fund

**SECTOR ALLOCATIONS**

SECTOR ALLOCATIONS	% Fund
Energy	16.47
Bank/Finance/Insurance	9.96
Cable & Satellite TV	9.37
Dept Stores/Spec Retail	7.10
Gaming/Leisure/Entertainment	7.10
Building/Home	5.89
Healthcare	5.68
Broadcasting/Diversified Media/Publishing	5.22
Environmental/Services	5.13
Technology	5.13
Hotels/Lodging/REITs	4.39
Supermarkets/Restaurants/Food/Drug	3.93
Automotive/Airlines/Shipping/Rail	3.49
Cash	2.63
Capital Goods/Aerospace	2.52
Containers/Paper	2.04
Telecom	1.93
Utilities	1.35
Steel/Metals	0.38
Chemicals	0.31

% Fund

**CHARACTERISTICS**

CHARACTERISTICS	Fund
Effective Duration	4.50
Weighted Average Maturity	6.45
30-day SEC Yield <sup>1</sup>	7.69
30-day SEC Yield (unsubsidized) <sup>2</sup>	7.55

<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.

**INCOME DISTRIBUTIONS**

INCOME DISTRIBUTIONS	NAV at Month-End
April 2022	\$0.033284 7.96
May 2022	\$0.033075 7.95
June 2022	\$0.033752 7.35

**RISK STATISTICS**

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	0.41	n/a
Beta	0.97	1.00
R <sup>2</sup>	0.98	1.00
Sharpe Ratio	-0.01	-0.06
Standard Deviation	9.36	9.57

**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; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio's 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 ICE BofA US High Yield BB-B Constrained Index measures performance of BB/B U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and is restricted to a maximum of 2% per issuer. 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.

**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. 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 average rating based on numerical equivalents is used. If only two agencies have rated the security, then the average 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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