

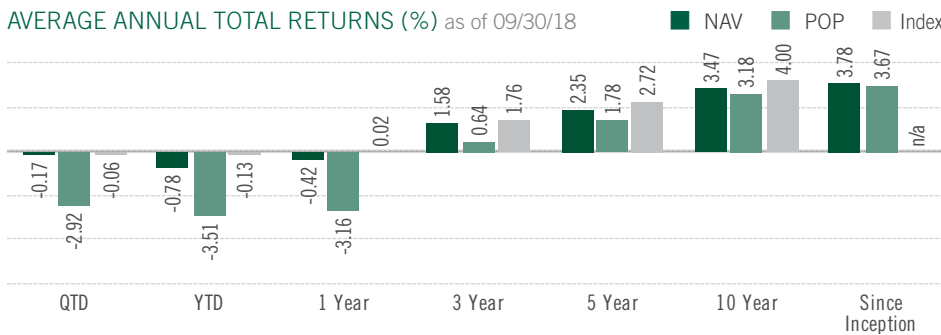
INVESTMENT OVERVIEW

The Fund seeks a high level of current interest income exempt from federal and state income taxes for Virginia residents by investing in investment grade municipal securities consistent with capital preservation. 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 and Virginia state 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

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/18



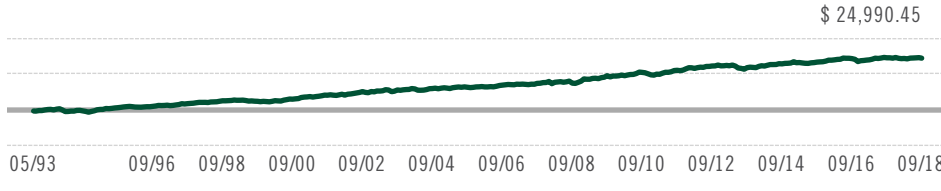
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost. Please visit [Virtus.com](http://Virtus.com) for performance data current to the most recent month-end.

The fund class gross expense ratio is 1.10%. The net expense ratio is 0.80%, which reflects a contractual expense reimbursement in effect through 7/31/2019. 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 0.79%. 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. Class A shares have a maximum sales charge of 2.75%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

ANNUAL PERFORMANCE (%)

|       | 2017 | 2016 | 2015 | 2014 | 2013  | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------|------|------|------|------|-------|------|------|------|------|------|
| Fund  | 3.86 | 0.48 | 2.33 | 5.99 | -2.25 | 3.98 | 8.57 | 1.74 | 8.09 | 2.10 |
| Index | 4.33 | 0.01 | 2.83 | 6.36 | -1.05 | 4.74 | 8.80 | 2.97 | 8.88 | 2.48 |

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 5/5/1993. As of 9/28/2018 the fund value would have been \$24,990.45. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.

FUND INFORMATION

|                      | Ticker  | CUSIP     |
|----------------------|---|-----------|
| A Shares             | CVIAX   | 92837F540 |
| I Shares             | CRVTX   | 92837F532 |
| Inception Date       | 05/05/93  |           |
| AUM (\$ millions)    | 31.2  |           |
| Number of Holdings   | 28  |           |
| Dividends            | Daily   |           |
| Morningstar Category | Muni Single State Intern                                |           |
| Lipper Category      | Other States Intermediate Muni Debt Fds                 |           |
| Index                | Bloomberg Barclays Municipal 1-15 Yr Blend (1-17) Index |           |

MORNINGSTAR RATINGS

| Time Period | # of Stars | # of Funds |
|-------------|------------|------------|
| Overall     | ★★★        | 138        |
| 3 Year      | ★★★        | 138        |
| 5 Year      | ★★★        | 137        |
| 10 Year     | ★★         | 115        |

Strong ratings are not indicative of positive fund performance.

INVESTMENT ADVISER

Virtus Fund Advisers, LLC

INVESTMENT SUBADVISER



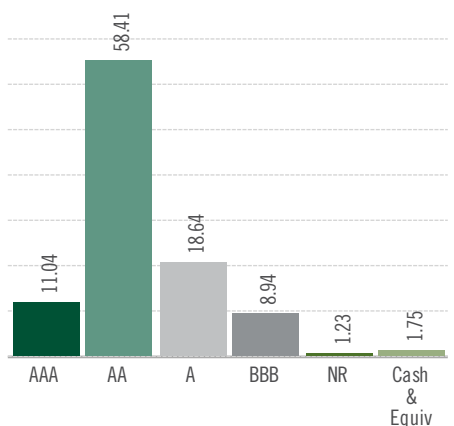
Seix Investment Advisors is an investment management boutique focused exclusively on managing fixed income securities since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs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

PORTFOLIO MANAGERS

**Dusty Self**  
Industry start date: 1992  
Start date with Fund: 2018

**Ronald H. Schwartz CFA**  
Industry start date: 1982  
Start date with Fund: 2018

**RATINGS DISTRIBUTION**



**CHARACTERISTICS**

| Characteristic             | Fund |
|----------------------------|------|
| Effective Duration         | 4.97 |
| Modified Duration to Worst | 4.24 |
| Weighted Average Maturity  | 4.91 |
| SEC Yield <sup>1</sup>     | 1.90 |

<sup>1</sup> SEC Yield (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. Performance figures represent a partial waiver/reimbursement of fees where applicable. Without the partial waiver/reimbursement of fees, performance figures would be lower and the SEC Yield would have been: 1.51%.

**TOP TEN HOLDINGS**

| Holder   | % Fund |
|--|--------|
| City of Norfolk VA Water Revenue, 5.2500% 11/01/2044                         | 6.36   |
| North Carolina Capital Facilities Finance Agency, 5.0000% 05/01/2032         | 5.91   |
| Virginia Commonwealth University Health System Authority, 5.0000% 07/01/2033 | 5.84   |
| Metropolitan Washington Airports Authority, 5.0000% 10/01/2026               | 5.51   |
| Virginia Small Business Financing Authority, 5.0000% 07/01/2034              | 5.06   |
| Virginia College Building Authority, 5.3750% 01/01/2021                      | 4.72   |
| Northern Virginia Transportation Authority, 5.0000% 06/01/2026               | 4.55   |
| Fairfax County Water Authority, 5.0000% 04/01/2027                           | 3.86   |
| Virginia Public School Authority, 5.0000% 08/01/2027                         | 3.78   |
| Private Colleges & Universities Authority, 5.0000% 04/01/2023                | 3.75   |

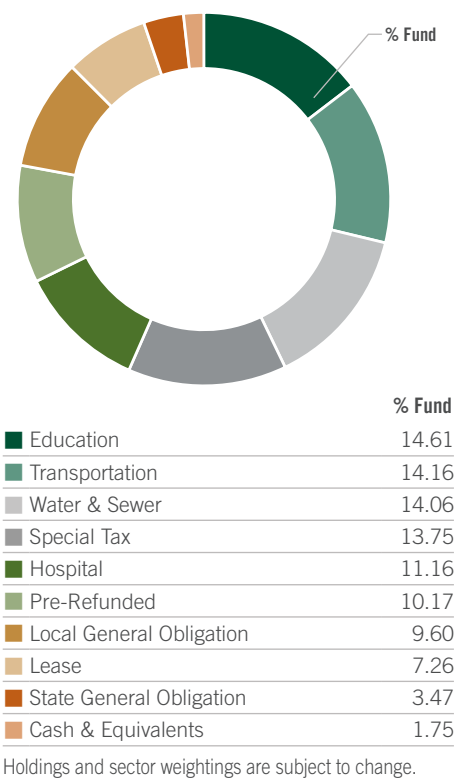
**DISTRIBUTIONS**

| Month          | NAV at Month-End |
|----------------|------------------|
| July 2018      | \$0.018258 9.29  |
| August 2018    | \$0.020097 9.29  |
| September 2018 | \$0.015805 9.22  |

**RISK STATISTICS (3 YEAR)**

|                    | Fund  | Index |
|--------------------|-------|-------|
| Alpha              | -0.07 | n/a   |
| Beta               | 0.88  | 1.00  |
| R <sup>2</sup>     | 0.95  | 1.00  |
| Sharpe Ratio       | 0.31  | 0.34  |
| Standard Deviation | 2.53  | 2.79  |

**SECTOR ALLOCATIONS**



**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. **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. **Geographic Concentration:** A fund that focuses its investments in a particular geographic location will be highly sensitive to financial, economic, political, and other developments affecting the fiscal stability of that location. **Municipal Market:** Events negatively impacting a municipal security, or the municipal bond market in general, may cause the fund to decrease in value. **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. **Modified Duration to Worst:** A measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change 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). **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 Barclays Municipal 1-15 Yr Blend (1-17) Index is a market capitalization-weighted index of investment grade tax-exempt bonds with maturities of 1-17 years. The index includes investment grade bonds, general obligations, revenue bonds, insured bonds, and

pre-refunded bonds. 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. 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. 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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