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

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.

The fund class gross expense ratio is 1.01%. The net expense ratio is 0.74%, which reflects a contractual expense reimbursement in effect through 4/30/2021. 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 0.73%. 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 (%)

GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 6/9/1992. As of 9/30/2019 the fund value would have been $37,157.17. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.
**RATINGS DISTRIBUTION**

<table>
<thead>
<tr>
<th>Rating</th>
<th>% Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>3.38</td>
</tr>
<tr>
<td>AA</td>
<td>2.42</td>
</tr>
<tr>
<td>A</td>
<td>1.68</td>
</tr>
<tr>
<td>BBB</td>
<td>0.48</td>
</tr>
</tbody>
</table>

**CHARACTERISTICS**

- **Effective Duration**: 4.97
- **Weighted Average Maturity**: 5.51
- **Modified Duration to Worst**: 4.77
- **30-day SEC Yield**: 0.79
- **30-day SEC Yield (unsubsidized)**: 0.55

**INDEX DEFINITION**

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 creditworthiness 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, they share 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, 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. Morningstar Rating is not a guarantee of future results. Ratings reflect the Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly performance (results due to market, timing, or成份 management). The risk measures are calculated for three time periods: one year, three years, and five years, and are weighted to reflect the importance of long-term measures. The weights are: 100% three-year rating for 36-59 months of total returns, 75% three-year rating/25% five-year rating for 60-89 months of total returns, and 50% three-year rating/25% five-year rating/20% three-year rating for 90 or more months of total returns. While the 10-year overall star ratings form 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.

**TOP TEN HOLDINGS**

- City of Atlanta GA Water & Wastewater Revenue, 5.0000% 11/01/2033: 4.14
- State of California, 5.0000% 04/01/2023: 3.80
- Energy Northwest, 5.0000% 07/01/2034: 2.98
- State of Ohio, 5.0000% 06/15/2032: 2.94
- City of Dallas TX Waterworks & Sewer System Revenue, 5.0000% 10/01/2031: 2.64
- Virginia Resources Authority, 5.0000% 10/01/2029: 2.63
- District of Columbia, 5.5000% 12/01/2030: 2.54
- Round Rock Independent School District, 5.0000% 08/01/2026: 2.43
- California Infrastructure & Economic Development Bank, 5.0000% 10/01/2035: 2.29
- New York City Transitional Finance Authority First Tax Secured Revenue, 5.0000% 02/01/2030: 2.19

**SECTOR ALLOCATIONS**

- Water & Sewer: 22.56
- Local General Obligation: 21.25
- State General Obligation: 18.68
- Special Tax: 11.54
- Transportation: 6.55
- Power: 5.16
- Pre-Refunded: 5.07
- Cash & Equivalents: 4.09
- Lease: 2.56
- Hospital: 2.02
- IDR/PCR: 0.62

**RISKS**

**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 lose value. State & AMT Tax: A portion of income may be subject to state and local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax.

**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.

- **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 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.

- **Risk Statistics (3 YEAR)***
  - **Alpha**: -0.43
  - **Beta**: 1.01
  - **R2**: 0.95
  - **Sharpe Ratio**: 0.25
  - **Standard Deviation**: 3.14

- **DISTRIBUTIONS (Month)**
  - **July 2019**: $0.015113
  - **August 2019**: $0.015266
  - **September 2019**: $0.012087

- **30-day SEC Yield**: 0.79

- **30-day SEC Yield (unsubsidized)**: 0.55

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Please consider carefully 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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