INVESTMENT OVERVIEW
The Fund seeks to maximize total return by investing primarily in short- to medium-term investment grade fixed income securities, including corporate bonds, asset-backed securities, mortgage-backed securities, U.S. Treasuries, and U.S. government agency debentures. Seix’s bottom-up focused, top-down aware investment approach seeks to provide superior risk-adjusted returns over a full market cycle, as well as competitive absolute and relative returns over shorter horizons.

KEY FEATURES
Broad Fixed Income Exposure — Emphasizes income, quality, diversification, and liquidity in order to serve as an anchor of a diversified portfolio
Prudent Risk Management — Strives to generate superior long-term risk-adjusted returns, which often entails risk reduction over the short term
Extensive Fundamental Research — Combines macroeconomic and fundamental analysis to exploit inefficiencies in multiple sectors of the global fixed income marketplace

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.

Benchmark life performance is reported from 03/31/93. The fund class gross expense ratio is 1.68%. The net expense ratio is 0.80%, which reflects a contractual expense reimbursement in effect through 4/30/2020.

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 2.25%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 12 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 3/22/1993. As of 9/30/2019 the fund value would have been $22,230.73. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.25%.
**RATINGS DISTRIBUTION**

<table>
<thead>
<tr>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>Cash &amp; Equiv</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>1.29</td>
<td>7.08</td>
<td>23.5</td>
<td>2.3</td>
</tr>
</tbody>
</table>

**CHARACTERISTICS**

- **Effective Duration:** 1.86
- **Weighted Average Maturity:** 1.94
- **30-day SEC Yield:** 0.99
- **30-day SEC Yield (unsubsidized):** 0.03

1. 30-day SEC Yield is a standardized yield calculated according to a formula set by the SEC, and is subject to change.
2. 30-day SEC Yield (unsubsidized) is the 30 day SEC yield without the effect of any applicable expense waivers.

**TOP TEN HOLDINGS**

- **United States Treasury Note/Bond, 1.1250% 07/31/2021**: 24.09
- **United States Treasury Note/Bond, 1.8750% 01/31/2022**: 22.13
- **United States Treasury Note/Bond, 1.7500% 05/31/2022**: 17.37
- **United States Treasury Note/Bond, 1.2500% 03/31/2021**: 11.22
- **Fannie Mae Pool, 1.6800%**: 2.89
- **Daimler Finance North America LLC, 3.0000% 02/22/2021**: 2.50
- **United States Treasury Note/Bond, 1.3750% 10/31/2020**: 1.80
- **Dominion Energy Inc, 2.5790% 07/01/2020**: 1.74
- **Walmart Inc, 2.8500% 06/23/2020**: 1.68
- **United States Treasury Note/Bond, 2.0000% 10/31/2022**: 1.68

**DISTRIBUTIONS**

- **Month:**
  - July 2019: $0.014859
  - August 2019: $0.014589
  - September 2019: $0.012222
- **NAV at Month-End:**
  - 9.94
  - 10.00
  - 9.97

**RISK STATISTICS (3 YEAR)**

- **Alpha:** -0.66
- **Beta:** 1.01
- **R²:** 0.96
- **Sharpe Ratio:** -0.37
- **Standard Deviation:** 1.00

**SECTORALLOCATIONS**

- **U.S. Treasury:** 78.47
- **Corporate:** 12.65
- **Mortgage Backed:** 4.49
- **Cash & Equivalents:** 2.33
- **Asset Backed:** 2.06

Holdings and sector weightings are subject to change.

**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. ABS/MBS: Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral.

- **Prospectus:** For additional information on risks, please see the fund’s prospectus.

**GLOSSARY**

- **Prospectus:** A legal document that contains information about a fund, including its investment objectives, strategies, risks, fees, and expenses.
- **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 grades, BB, B, CCC, CC, 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.

**INDEX DEFINITION**

- **Index:** The Bloomberg Barclays 1-3 Yr U.S. Government/Credit Bond Index measures U.S. investment grade government and corporate debt securities with an average maturity of 1 to 3 years. 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.

Please carefully consider 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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