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 (%):
- QTD: 0.60
- YTD: 0.70
- 1 Year: 2.53
- 3 Year: 3.27
- 5 Year: 3.55
- 10 Year: 1.76
- Since Inception: 2.23

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 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 for details.

Benchmark life performance is reported from 03/31/05.
The fund class gross expense ratio is 1.12%. The net expense ratio is 0.39%, which reflects a contractual expense reimbursement in effect through 4/30/2022. 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 0.37%.

ANNUAL PERFORMANCE (%):
- 2019: Fund: 3.71, Index: 3.66
- 2018: Fund: 1.37, Index: 1.77
- 2017: Fund: 1.25, Index: 1.61
- 2016: Fund: 0.09, Index: 0.07
- 2015: Fund: 0.40, Index: 1.21
- 2014: Fund: 1.05, Index: 1.31
- 2013: Fund: 0.71, Index: 1.15
- 2012: Fund: 3.09, Index: 1.73
- 2011: Fund: 9.69, Index: 3.45
- 2010: Fund: 0.99, Index: 1.87

GROWTH OF $10,000: $23,773.17

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
Ronald H. Schwartz CFA
Industry start date: 1982
Start date as Fund Portfolio Manager: 2011

Dusty Self
Industry start date: 1992
Start date as Fund Portfolio Manager: 2011
Standard Deviation: 1.76
Sharpe Ratio: 0.46

**Top Ten Holdings**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Index</th>
<th>% Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Island Power Authority, 5.0000%</td>
<td>5.51</td>
<td></td>
</tr>
<tr>
<td>New York City Transitional Finance Authority Future Tax Secured Revenue, 5.0000%</td>
<td>4.86</td>
<td></td>
</tr>
<tr>
<td>City of Charlotte NC Water &amp; Sewer System Revenue, 0.1100%</td>
<td>4.71</td>
<td></td>
</tr>
<tr>
<td>North Texas Tollway Authority, 5.0000%</td>
<td>4.63</td>
<td></td>
</tr>
<tr>
<td>Virginia Public Building Authority, 5.0000%</td>
<td>4.12</td>
<td></td>
</tr>
<tr>
<td>County of Wake NC, 5.0000%</td>
<td>4.08</td>
<td></td>
</tr>
<tr>
<td>Greater Orlando Aviation Authority, 5.0000%</td>
<td>4.02</td>
<td></td>
</tr>
<tr>
<td>Ysleta Independent School District, 5.0000%</td>
<td>3.97</td>
<td></td>
</tr>
<tr>
<td>Energy Northwest, 5.0000%</td>
<td>3.96</td>
<td></td>
</tr>
<tr>
<td>Southern California Public Power Authority, 5.0000%</td>
<td>3.88</td>
<td></td>
</tr>
</tbody>
</table>

**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 assigned 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. 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, 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 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 deviations 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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