

INVESTMENT OVERVIEW

The Series seeks to generate high current income and total return by investing primarily in intermediate-term debt securities utilizing a relative value, research-driven approach. The investment team seeks to strategically overweight undervalued sectors while applying strict risk controls.

KEY FEATURES

Diversification — Highly diversified, duration-neutral opportunistic bond portfolio, which allows for higher allocations to lower-rated and non-U.S. debt

Flexibility — Newfleet rotates across 14 major bond segments, including ex-U.S. (Yankees and corporate bonds, and non-U.S. dollar bonds in both developed and emerging markets), in order to benefit from opportunity and manage risk

Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

SHARE CLASSES

CUSIP

I Shares	92829L869
A Shares	92829L307

SERIES INFORMATION

Inception Date (Class I)	04/30/13
AUM (\$ millions)	96.0
Number of Holdings	609
Dividends	Semi-Annually
Morningstar Category	Multisector Bond
Index	Bloomberg U.S. Aggregate Bond Index

The Index shown represents the Series' performance index, which may differ from the Series' regulatory index included in its Prospectus.

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/2024

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	1.42	1.42	7.71	0.80	2.81	3.06	2.97
Class A	1.29	1.29	7.35	0.54	2.55	2.81	7.24
Index	-0.78	-0.78	1.70	-2.46	0.36	1.54	1.31

ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	8.93	-9.33	1.29	6.78	10.89	-2.51	7.00	9.58	-1.00	2.16
Index	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97

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.

Class I Shares: The fund class gross expense ratio is 0.70%. The net expense ratio is 0.69%, which reflects a contractual expense reimbursement in effect through 4/30/2024.

Class A Shares: The fund class gross expense ratio is 0.95%. The net expense ratio is 0.94%, which reflects a contractual expense reimbursement in effect through 4/30/2024.

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.

Index: The Bloomberg U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. 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.

Since inception performance for the index reflects a start date of 4/30/2013, the same date as the inception of the Series' Class I Shares. Class A inception date: 12/31/1982.

MORNINGSTAR RATINGS (CLASS I)

Time Period	# of Stars	# of Funds
Overall	★★★	315
3 Year	★★★	315
5 Year	★★★	265
10 Year	★★★	171

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

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



Newfleet Asset Management leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

Newfleet Asset Management is a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser.

PORTFOLIO MANAGER

David L. Albrycht, CFA

Industry start date: 1985

Start date as Series Portfolio Manager: 1991

RATINGS DISTRIBUTION	% Series
Aaa	24.38
Aa	7.61
A	14.01
Baa	25.42
Ba	10.53
B	13.04
Caa	2.84
Ca	0.09
C	0.17
NR	1.58
Cash & Equivalents	0.33

FIXED CHARACTERISTICS	Series
Effective Duration	3.99
Weighted Average Maturity	6.20
30-day SEC Yield	5.93
30-day SEC Yield (unsubsidized)	5.92

30-day SEC Yield is a standardized yield calculated according to a formula set by the SEC, and is subject to change.

30-day SEC Yield (unsubsidized) is the 30 day SEC yield without the effect of applicable expense waivers.

TOP TEN HOLDINGS	% Series
United States Treasury Note/Bond, 4.0000% 11/15/2052	1.62
Fannie Mae Pool, 6.0000%	1.00
Freddie Mac Pool, 6.0000%	0.98
United States Treasury Note/Bond, 4.7500% 11/15/2053	0.97
Towd Point Mortgage Trust 2018-6, 3.7500%	0.66
COLT 2022-5 Mortgage Loan Trust, 4.5500%	0.62
Saudi Government International Bond, 4.8750% 07/18/2033	0.55
United States Treasury Note/Bond, 4.2500% 02/15/2054	0.50
United States Treasury Note/Bond, 3.6250% 05/15/2053	0.50
Fannie Mae Pool, 4.5000%	0.45

INCOME DISTRIBUTIONS		
Month	NAV at Month-End	
June 2023	\$0.019941	8.44
December 2023	\$0.420311	8.46

RISK STATISTICS (3 YEAR)	Series	Index
Alpha	1.76	n/a
Beta	0.71	1.00
R ²	0.85	1.00
Sharpe Ratio	-0.35	-0.72
Standard Deviation	5.51	7.14

SECTOR ALLOCATIONS	% Series
Corporate - High Quality	24.55
Asset Backed Securities	17.00
Corporate - High Yield	13.15
Non-Agency Residential MBS	12.92
Bank Loans	11.67
Yankee - High Quality	4.37
Treasury	4.16
Emerging Market - High Yield	4.03
Non-Agency Commercial MBS	3.89
Mortgage Backed Securities	3.76
Cash	0.33
Non-USD	0.14
Equity	0.03

Holdings and sector weightings are subject to change.

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. **Bank Loans:** Bank loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be less liquid and may trade infrequently on the secondary market. Bank loans settle on a delayed basis; thus, sale proceeds may not be available to meet redemptions for a substantial period of time after the sale of the loan. **Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **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 non-repayment of underlying collateral, including losses to the portfolio. **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. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its 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. **R²:** 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

The investments for the Series are managed by the same portfolio manager(s) who manage one or more other funds that have similar names, investment objectives and investment styles as the Series. You should be aware that the Series is likely to differ from the other mutual funds in size, cash flow pattern and tax matters. Accordingly, the holdings and performance of the Series can be expected to vary from those of the other mutual funds.

Shares of the Funds are sold only through the currently effective prospectuses and are not available to the general public. Shares of the Funds may be purchased only by life insurance companies to be used with their separate accounts which fund variable annuity and variable life insurance policies or qualified retirement plans and are also available as an underlying investment fund for certain qualified retirement plans. The performance information for the Funds does not reflect fees and expenses of the insurance companies. If such fees and expenses were deducted, performance would be lower.

Please carefully consider the investment objectives, risks, charges, and expenses of the Virtus Variable Insurance Funds before investing. For this and other information about any Virtus Variable Insurance Fund, call 800-367-5877 or visit virtus.com for a prospectus and/or summary prospectus. Read it carefully before you invest or send money.

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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.

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. Ratings are provided by Standard & Poor's, Moody's, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Newfleet uses the higher rating. If a rating is not available, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are below-investment grade ratings.

MORNINGSTAR

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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