

CONSIDERING A SHORT DURATION STRATEGY? CONSIDER THIS.



SPOTLIGHT ON: VIRTUS NEWFLEET MULTI-SECTOR SHORT TERM BOND AND LOW DURATION FUNDS

A: NARAX / C1: PMSTX / I: PIMSX / R6: VMSSX

A: HIMZX / C: PCMZX / I: HIBIX

In the face of rising interest rates, investors may be considering an increased allocation to short-term bonds due to their lower duration (interest rate risk). However, investors also interested in generating total return may want to consider a multi-sector credit strategy on the short end of the curve.

Five Things to Consider in Selecting a Short-Term Bond Strategy

1

How experienced is the manager?

- As pioneers in full universe multi-sector investing, Newfleet Asset Management has been managing multi-sector short-term bond portfolios for over 25 years.
- Senior members of the team and essential aspects of the process have been in place for more than 25 years.

2

Why does a multi-sector approach make sense?

- A multi-sector approach may make sense for investors that want to outsource the complexity of asset allocation decisions across the world's credit sectors.
- Diversification among sectors can expand opportunities and help manage risk.
- Newfleet seeks to minimize credit and interest rate risk through active rotation among sectors and superior security selection within them.

3

Why Newfleet?

- Multi-sector investing has been the core of Newfleet's investment philosophy for more than a quarter century. Asset classes are not viewed in a vacuum; rather, Newfleet employs a fully integrated, dynamic multi-sector investment approach.
- Through extensive collaboration and information sharing, the team assesses relative value across the fixed income markets to set target weights for each sector, then portfolios are built through bottom-up, fundamental credit analysis.

4

How has the manager performed through various market cycles?

- Since its inception in 1992, the Virtus Newfleet Multi-Sector Short Term Bond Fund has:
- posted positive returns in 22 of the last 25 calendar years
 - delivered top quartile returns for trailing 3-, 5-, 10-, 15-, 20-years, and since inception
 - consistently achieved top quartile Morningstar rankings in 98% of rolling 3-year periods over the past 10 years

5

How has the manager performed on a risk-adjusted basis?

- For the 26-year period since inception (Class A: 7/6/92 – 12/31/18), the Multi-Sector Short Term Bond Fund has generated a top decile Sharpe Ratio among its Morningstar Short-Term Bond peers.

Past performance is not indicative of future results.

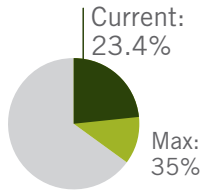
As of 3/31/19. **Yield Curve**—A line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. **Sharpe Ratio**—A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. It is calculated by taking the portfolio's annualized return, minus the annualized risk-free rate (typically the 30-Day T-Bill return), divided by the portfolio's annualized standard deviation. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return. NARAX ranked 2/28 for Sharpe Ratio in the Short-Term Bond Category as of 3/31/19.

One Manager. Two Short-Term Offerings.

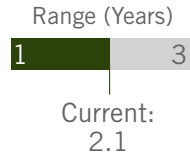
Newfleet subadvises two Virtus multi-sector short-term funds with similar duration:

- For investors seeking to generate higher income and total return potential, the **Virtus Newfleet Multi-Sector Short Term Bond Fund (PIMSX)** typically has provided greater exposure to non-investment grade credit compared to its short-term peers.

Below Investment Grade Exposure



Duration



SEC Yield

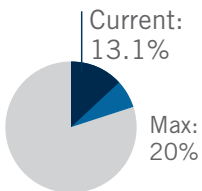
3.36%
3.35%
(unsubsidized)

Overall Morningstar Rating™

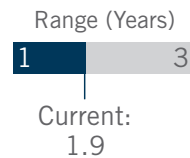
★★★★★
Out of 476
Short-Term Bond Funds

- Investors seeking a more conservative approach may consider the **Virtus Newfleet Low Duration Income Fund (HIBIX)**. The current portfolio management team assumed responsibility for this Fund in May 2012 and manages it using Newfleet's proven multi-sector investment process. This Fund has typically offered less exposure to non-investment grade holdings than PIMSX.

Below Investment Grade Exposure



Duration



SEC Yield

3.01%
2.83%
(unsubsidized)

Overall Morningstar Rating™

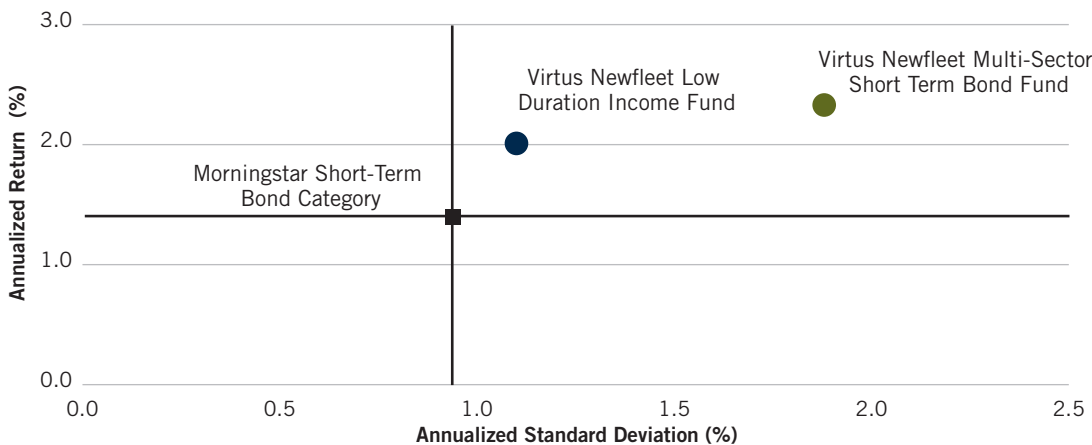
★★★★★
Out of 476
Short-Term Bond Funds

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

Both funds have generated higher annualized returns than the Morningstar Short-Term Bond Category for the past 5 years, with slightly higher levels of risk.

PEER COMPARISON, 5 YEARS¹

1 Shares, as of 3/31/19



Past performance is not indicative of future results.

¹Source: Morningstar Direct.

Current duration as of 3/31/19. Duration represents the interest rate sensitivity of a fixed income fund. For example, if a funds' duration is five years, a 1% increase in interest rates would result in a 5% decline in the funds' price. Similarly, a 1% decline in interest rates would result in a 5% gain in the funds' price. SEC Yield represents the net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the funds' public offering share price at the end of the 30-day period. All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. Gross SEC Yield represents the yield if there were no expense reimbursements.

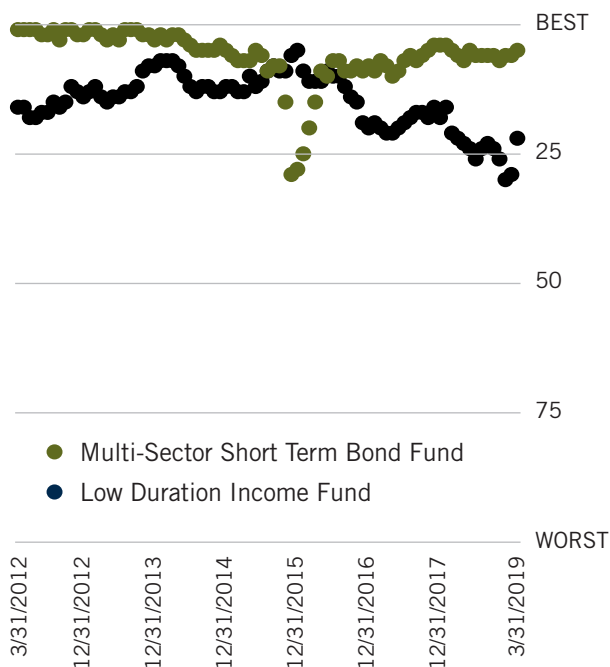
Morningstar Data: PIMSX—Overall: 5 star (476 Short-Term Bond funds); 3-Year: 5 star (476); 5-Year: 5 star (415); 10-Year: 5 star (266). HIBIX—Overall: 5 star (476 Short-Term Bond funds); 3-Year: 4 star (476); 5-Year: 4 star (415); 10-Year: 5 star (266).

Historical Outperformance

For the past 10 years, the Virtus Newfleet Multi-Sector Short Term Bond and Low Duration Funds have ranked in the top quartile of the Morningstar peer group in 98% and 95% of rolling 3-year periods, respectively. The Funds have also consistently generated excess risk-adjusted returns and historically outperformed short-term peers.

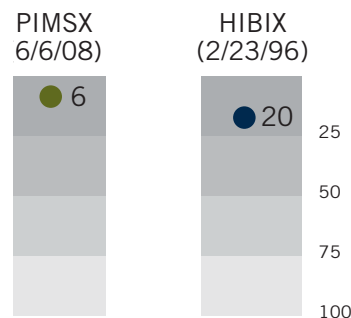
PERCENTILE RANKING, ROLLING 3-YEARS²

1 Share, 3/31/12–3/31/19



PERCENTILE RANKING, SHARPE RATIO³

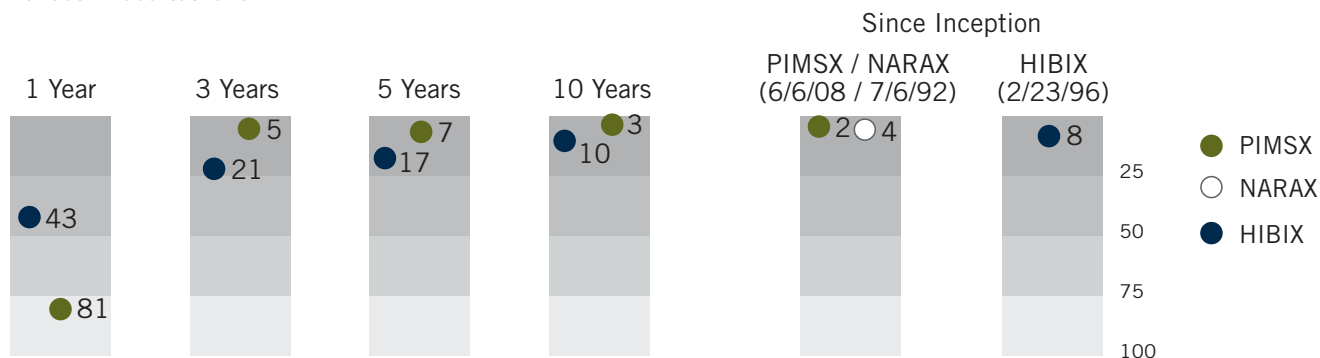
Since Inception, as of 3/31/19



David Albrycht, President and Chief Investment Officer of Newfleet, has been the lead manager on Multi-Sector Short Term Bond since 1993. Mr. Albrycht and his team of multi-sector portfolio managers have been at the helm of Low Duration since May 2012.

PERCENTILE RANKING, RETURNS⁴

Periods Ended 3/31/19



► Newfleet’s multi-sector short-term strategies have the ability to protect from the negative impact of rising rates, while also seeking to identify the best relative value across sectors, in an effort to generate both income and capital appreciation. **Interested in learning more about Virtus Newfleet Multi-Sector Short Term Bond or Low Duration Funds? Contact us at 1-800-243-4361 or visit www.virtus.com.**

Past performance is not indicative of future results.

²Source: Morningstar Direct. Rolling 3-Year Peer Rankings chart illustrates performance rankings within the peer group, as measured on a rolling basis. Rolling periods begin 3/31/09 using monthly data.

³PIMSX ranked 10/254. HIBIX ranked 13/74.

⁴PIMSX ranked 408/531 (1 Year), 20/476 (3 Year), 23/415 (5 Year), 6/266 (10 Year), and 3/254 (Since Inception). NARAX ranked 2/28 (Since Inception). HIBIX ranked 210/531 (1 Year), 105/476 (3 Year), 55/415 (5 Year), 28/266 (10 Year), and 6/74 (Since Inception). Ranking in Morningstar Short-Term Bond Category based on total returns as of 3/31/19.

For more information, contact us at 1-800-243-4361 or visit www.virtus.com.

Average Annual Total Returns Class I as of 3/31/19

Virtus Newfleet Multi-Sector Short Term Bond Fund (PIMSX)							Inception Date: 6/6/08
Returns (%)	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fund	2.80	2.80	2.57	3.46	2.33	6.13	4.63
Index	1.91	1.91	3.94	2.28	1.95	3.85	3.02

Virtus Newfleet Low Duration Income Fund (HIBIX)							Inception Date: 2/23/96
Returns (%)	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fund	2.07	2.07	3.16	2.32	2.02	4.00	4.30
Index	1.64	1.64	3.57	1.33	1.92	3.05	4.52

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.

PIMSX: The fund class gross expense ratio is 0.72% and reflects the direct and indirect expenses paid by the Fund. The gross expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.71%.

HIBIX: The fund class gross expense ratio is 0.68%. The net expense ratio is 0.50%, which reflects a contractual expense reimbursement in effect through 1/31/2020.

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 I shares have no sales charges or distribution or service fees, therefore their returns do not reflect these expenses. Fees and expenses vary, and other share classes are subject to sales charges and fees. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required as described in the prospectus and may not be available to all investors. For fund performance on other share classes, please visit www.virtus.com.

PIMSX Index: The ICE BofAML 1-3 Year A-BBB US Corporate Index measures performance of U.S. corporate bond issues rated A1 through BBB3, inclusive (based on an average of Moody's, S&P and Fitch), with a remaining term to final maturity less than 3 years. The index is calculated on a total return basis.

HIBIX Index: The Low Duration Income Fund Linked Benchmark consists of the ICE BofAML 1-5 Year US Corporate & Government Bond Index which tracks the performance of US dollar denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, U.S. agency, foreign government, supranational and corporate securities, with a remaining term to final maturity less than 5 years, calculated on a total return basis. Performance of the Low Duration Income Fund Linked Benchmark prior to 2/1/2017 is that of the Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

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 effects of sales charges and loads.

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Strong ratings are not indicative of positive fund performance.

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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **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. **Bank Loans:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value, and have longer settlement times than other investments, which can make loans relatively illiquid at times. **Prospectus:** For additional information on risks, please see the fund's prospectus.

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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