

INVESTMENT OVERVIEW

The Fund seeks to generate attractive total return from both current income and capital appreciation by investing primarily in short-duration debt securities across 14 global bond sectors. A disciplined, time-tested investment process and rigorous risk management approach aim to capitalize on opportunities across undervalued areas of the fixed income markets.

KEY FEATURES

Lower Duration — Highly diversified, one- to three-year average duration bond allocation, primarily focused on higher-quality, more liquid securities

Relative Value Focus — Utilizes relative value analysis across sectors and industries to evaluate yields, spreads, supply/demand dynamics, and sector fundamentals

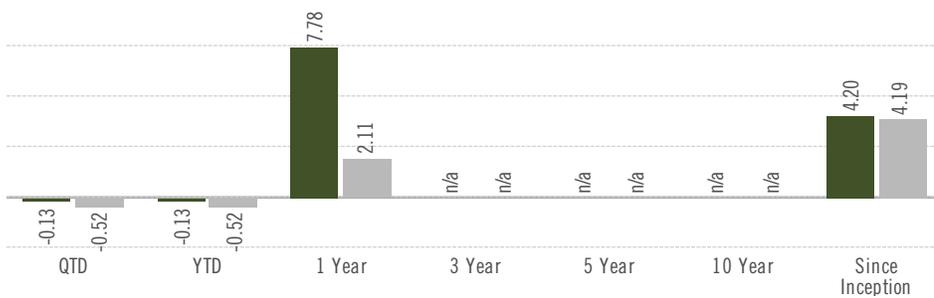
Extensive Fundamental Research — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

FUND INFORMATION

	Ticker	CUSIP
A Shares	HIMZX	92828W346
C Shares	PCMZX	92828W338
I Shares	HIBIX	92828W320
R6 Shares	VLDRX	92828W197

Inception Date	12/19/18
AUM (\$ millions)	652.7
Number of Holdings	633
Dividends	Daily
Morningstar Category	Short-Term Bond
Lipper Category	Short Investment Grade Debt Funds
Index	ICE BofA 1-5 Year Corporate & Government Bond Index

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/21



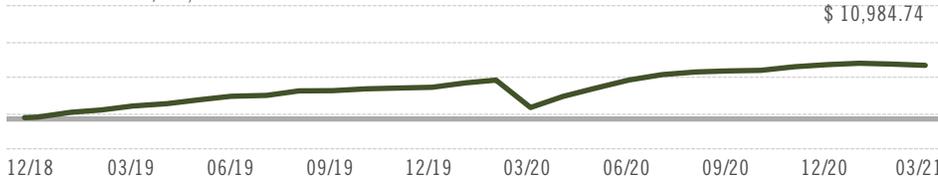
Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance 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.

The fund class gross expense ratio is 0.62%. The net expense ratio is 0.44%, which reflects a contractual expense reimbursement in effect through 2/1/2022. 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 0.43%. 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.

ANNUAL PERFORMANCE (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fund	4.03	5.61	n/a							
Index	4.65	5.08	n/a							

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 12/19/2018. As of 3/31/2021 the fund value would have been \$10,984.74. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

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.

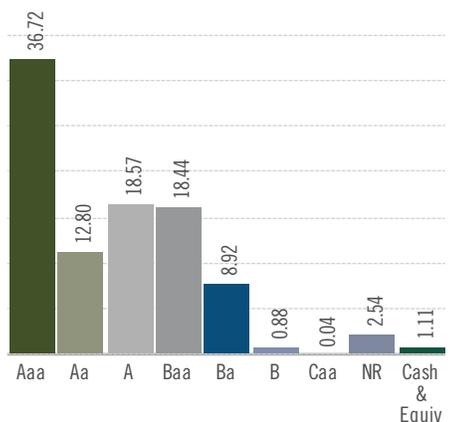
PORTFOLIO MANAGERS

David L. Albrycht, CFA
Industry start date: 1985
Start date as Fund Portfolio Manager: 2012

Benjamin Caron, CFA
Industry start date: 1997
Start date as Fund Portfolio Manager: 2012

Lisa M. Baribault
Industry start date: 2003
Start date as Fund Portfolio Manager: 2017

RATINGS DISTRIBUTION



CHARACTERISTICS

Characteristic	Fund
Effective Duration	1.87
Weighted Average Maturity	2.91
30-day SEC Yield ¹	1.67
30-day SEC Yield (unsubsidized) ²	1.52

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 applicable expense waivers.

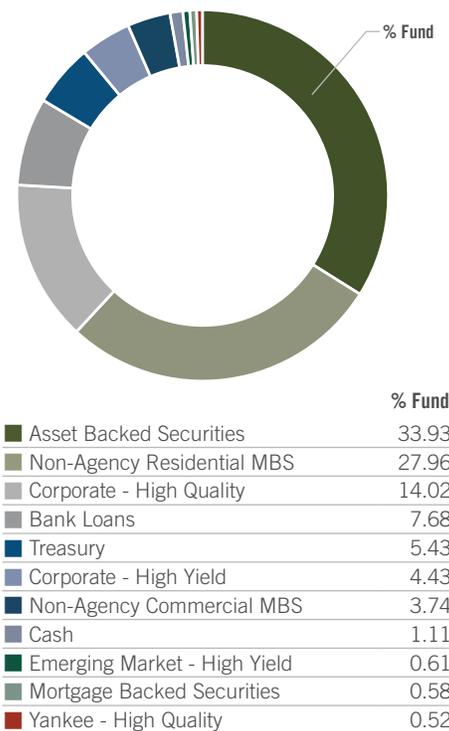
TOP TEN HOLDINGS

Security	% Fund
United States Treasury Note/Bond, 0.3750% 12/31/2025	2.92
United States Treasury Note/Bond, 1.7500% 06/15/2022	2.05
Metlife Securitization Trust 2019-1, 3.7500%	0.75
Starwood Mortgage Residential Trust 2020-2, 2.7180%	0.74
Verus Securitization Trust 2020-4, 1.5020%	0.62
Verus Securitization Trust 2019-INV2, 2.9130%	0.49
Goldman Sachs Group Inc/The, 1.9685% 10/28/2027	0.46
Arroyo Mortgage Trust 2019-2, 3.3470%	0.46
United States Treasury Note/Bond, 0.3750% 11/30/2025	0.45
CoreVest American Finance 2020-3 Trust, 1.3580% 08/01/2053	0.45

DISTRIBUTIONS

Month	NAV at Month-End
January 2021	\$0.015378 11.03
February 2021	\$0.015640 11.00
March 2021	\$0.015167 10.96

SECTOR ALLOCATIONS



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. **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. **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:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans are subject to credit and call risk, may be difficult to value, and have longer settlement times than other investments, which can make loans relatively illiquid at times. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's 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.

Please consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial professional, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing. Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

Mutual funds distributed by VP Distributors, LLC, member FINRA and subsidiary of Virtus Investment Partners, Inc.

