INVESTMENT OVERVIEW
The Fund seeks to achieve both capital appreciation and current income through a dynamic allocation to a portfolio of global stocks and bonds. Disciplined fundamental analysis is employed to construct a diversified portfolio allocated to U.S. equity (20%-51%), non-U.S. equity (6%-32.5%), and bonds (35%-60%), with no more than 65% and no less than 40% in equities, and up to 25% in cash.

KEY FEATURES
Tactically Balances Risk and Reward — Leverages diverse investment expertise from across Virtus to deliver a portfolio that opportunistically adjusts underlying allocations based on changing market conditions
Global Equity Exposure — Extensive fundamental research guides discrete, actively managed investment styles in the U.S. equity and international equity allocations
Multi-Sector Fixed Income Exposure — Employs a time-tested approach of active sector rotation, extensive credit research, and disciplined risk management

INVESTMENT SUBADVISER
KAR
Keayne Anderson Rudnick
A Virtus Investment Partner

PORTFOLIO MANAGERS
Douglas S. Foreman, CFA
Industry start date: 1986
Start date as Fund Portfolio Manager: 2016
Craig Thrasher, CFA
Industry start date: 2003
Start date as Fund Portfolio Manager: 2019
Hyung Kim
Industry start date: 2004
Start date as Fund Portfolio Manager: 2019
David L. Albrycht, CFA
Industry start date: 1985
Start date as Fund Portfolio Manager: 2011

Effective June 4, 2019, the international equity portion of the portfolio is managed by KAR. Performance generated prior to June 4 for the international equity portion is that of a prior subadvisor.
EQUITY CHARACTERISTICS | Fund | Index
---|---|---
Avg. Weighted Market Cap (bn) | 167.89 | 248.76
Median Market Cap (bn) | 9.61 | 1.23
Trailing P/E Ex-Negative Earnings | 29.98 | 22.33
Price-to-Cash Flow | 24.33 | 21.79
Price-to-Book Value | 5.42 | 5.58
3-Year EPS Growth Rate | 24.04 | 17.18
5-Year EPS Growth Rate | 24.82 | 14.24
Active Share | 86.23 | n/a

FIXED CHARACTERISTICS | Fund | Index
---|---|---
Effective Duration | 5.27 | |
Weighted Average Maturity | 7.30 | |

EQUITY ALLOCATIONS | % Equity | % Index
---|---|---
Consumer Discretionary | 23.40 | 13.94
Information Technology | 21.51 | 30.38
Communication Services | 17.06 | 9.71
Industrials | 13.91 | 12.48
Financials | 8.80 | 5.27
Health Care | 6.80 | 12.44
Consumer Staples | 5.40 | 5.40
Materials | 2.59 | 3.85
Energy | 0.55 | 0.96
Real Estate | 0.00 | 4.45
Utilities | 0.00 | 1.11

FIXED ALLOCATIONS | % Fixed
---|---
Corporate - High Quality | 38.28
Non-Agency Residential MBS | 19.50
Asset Backed Securities | 10.73
Treasury | 7.80
Corporate - High Yield | 6.18
Bank Loans | 5.29
Non-Agency Commercial MBS | 5.14
Taxable Municipal | 1.96
Yankee - High Quality | 1.87
Emerging Market - High Yield | 1.36
Cash | 0.65
Mortgage Backed Securities | 0.61
Municipals | 0.57
Non-US$ | 0.04
Equity | 0.01

ASSET ALLOCATIONS | % Invested Assets
---|---
Domestic Equity | 47.98
Domestic Fixed Income | 35.34
International Equity | 12.52
International Fixed Income | 4.16

RATINGS DISTRIBUTION | % Fund
---|---
Aaa | 29.65
Aa | 8.29
A | 13.06
Baa | 34.79
Ba | 7.59
B | 3.69
Caa | 0.31
Ca | 0.02
C | 0.02
D | 0.00
NR | 2.59

TOP TEN HOLDINGS | % Fund
---|---
Amazon.com Inc | 3.74
Facebook Inc | 2.76
Visa Inc | 2.52
Alibaba Group Holding Ltd | 2.51
United States Treasury Note/Bond, 3.0000% 08/15/2048 | 2.14
Paycom Software Inc | 1.91
Netflix Inc | 1.59
Zoetis Inc | 1.57
NIKE Inc | 1.49
Bank of America Corp | 1.47

Holdings and asset allocations are subject to change.

INDEX DEFINITION
Index: The Virtus Tactical Allocation Fund Linked Benchmark consists of 45% Russell 1000® Growth Index (a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies, calculated on a total return basis with dividends reinvested), 15% MSCI ACWI ex USA SMID Cap Index (a free float-adjusted market capitalization-weighted index that measures mid- and small-cap foreign market equity performance, calculated on a total return basis with net dividends reinvested), and 40% Bloomberg Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, 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. Performance of the Virtus Tactical Allocation Fund Linked Benchmark between 9/7/2016 and 6/30/2019 represents an allocation consisting of 45% Russell 1000® Growth Index, 15% MSCI EAFE® Index, and 40% Bloomberg Barclays U.S. Aggregate Bond Index. Prior to 9/7/2016, the allocation consisted of 50% S&P 500® Index and 50% Bloomberg Barclays U.S. Aggregate Bond Index.

RATINGS DISTRIBUTION METHODOLOGY
The ratings issued by Nationally Recognized Statistical Rating Organizations assess the creditworthiness of a corporation’s or government’s debt issues. The ratings apply to the fund’s holdings and not the fund itself. 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 security is not rated, the bond is placed in the NR 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.

GLOSSARY
Avg. Weighted Market Cap (bn): The total dollar market value of all of a company’s outstanding shares. Trailing P/E Ex-Negative Earnings: Per share stock price divided by the latest 12-months earnings per share. Price-to-Cash Flow: Per share stock price divided by the per-share operating cash flow. Price-to-Book Value: Ratio used to compare a stock’s market value to its book value. 3-Year EPS Growth Rate: Average of earnings per share growth for latest 3-year period. 5-Year EPS Growth Rate: Average of earnings per share growth for latest 5-year period. Active Share: A measure of the percentage of stock holdings in a manager’s portfolio that differ from the benchmark index. 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 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.

Not insured by FDIC/NCUA or any federal government agency. No bank guarantee. Not a deposit. May lose value.

Virtus Tactical Allocation Fund as of 09/30/19
19 Class I