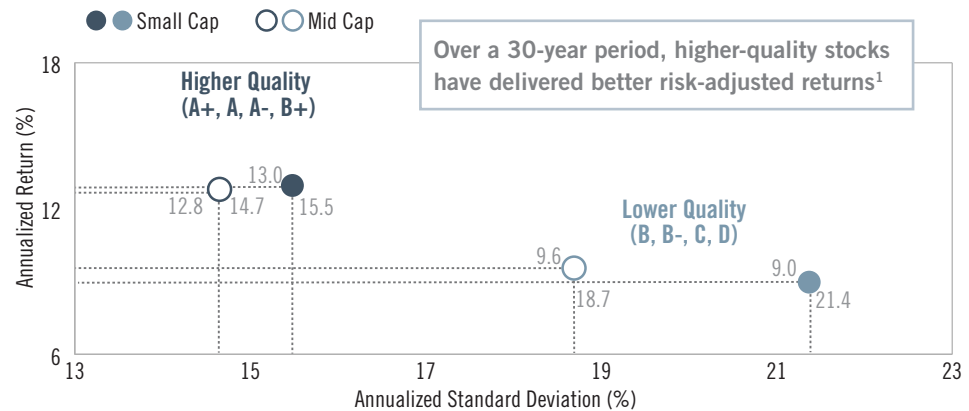


Owning equities for the long term is harder than often recognized. Choosing high-quality stocks may be a powerful solution.

Quality's Long-term Importance

Quality businesses have an unmistakable profile: durable earnings growth, high return on capital, strong balance sheets and cash flows, and management acumen at maintaining a competitive advantage. Of course these attributes—which are different than value or growth—sound attractive, but do they make a difference? Yes.

OUTPERFORMANCE BY HIGHER-QUALITY STOCKS: JULY 1990–JUNE 2020



Past performance is not indicative of future results.
Stocks in the Russell 2000® and Russell Midcap® Indexes. Source: FactSet.

When Culture Drives the Solution

Owning quality is much easier said than done. Kayne Anderson Rudnick (KAR) has been committed to this goal since 1984. The firm's origins lie with John Anderson, entrepreneur and billionaire, who joined like-minded partners to focus on growing and preserving their own wealth responsibly by undertaking an unambiguous commitment to owning quality business, a trait that continues to underpin the firm's domestic and international equity portfolios. Together, they built an investment culture centered on owning businesses, not stocks.

A Concentrated Commitment to Quality

Distinction only comes from deviating from the crowd. KAR's exacting research generates concentrated portfolios that feature very high active share. KAR tends to own holdings for years, which has resulted in lower turnover.

	Active Share	Holdings	5-Year Average Turnover Range
VIRTUS KAR SMALL-CAP CORE FUND	0.99	28	20-30%
VIRTUS KAR SMALL-CAP VALUE FUND	0.99	30	20-30%
VIRTUS KAR SMALL-CAP GROWTH FUND	0.98	29	20-30%
VIRTUS KAR MID-CAP CORE FUND	0.96	30	25-35%

Past performance is not indicative of future results.
Active share and holdings as of 6/30/2020. Source: Morningstar Direct. Number of holdings is subject to change.

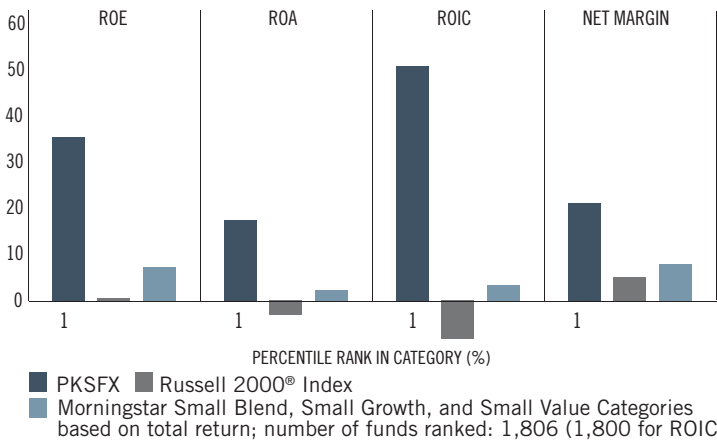
¹Asness, Clifford S. and Frazzini, Andrea and Pedersen, Lasse Heje, "Quality Minus Junk" (June 5, 2017). Available at SSRN: <http://ssrn.com/abstract=2312432>. Higher quality is defined as stocks with S&P Stock Rankings of B+ or above. Lower quality is defined as stocks with S&P Stock Rankings of B or below. **Active Share:** A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

Walking the Walk

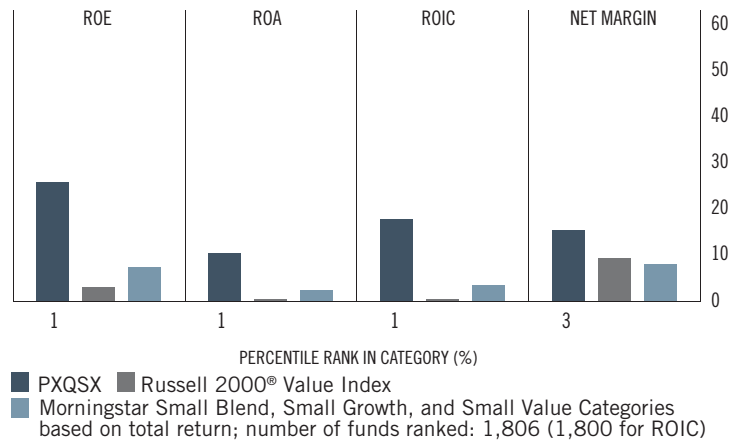
We can powerfully show a portfolio's quality features by focusing on ratios such as return on equity and invested capital, return on assets, and net margins. These measures reflect a company's commitment to running an efficient, profitable enterprise.

No one claims they want to own low-quality companies. The facts don't lie: KAR's portfolios have historically generated compelling quality statistics.

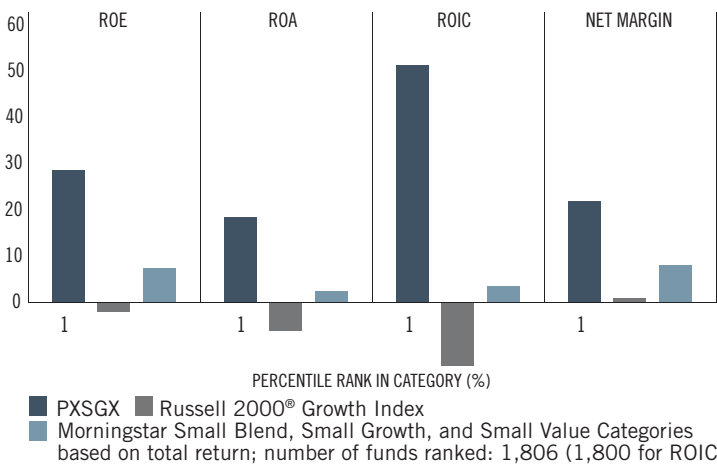
VIRTUS KAR SMALL-CAP CORE FUND (I: PKSFX)



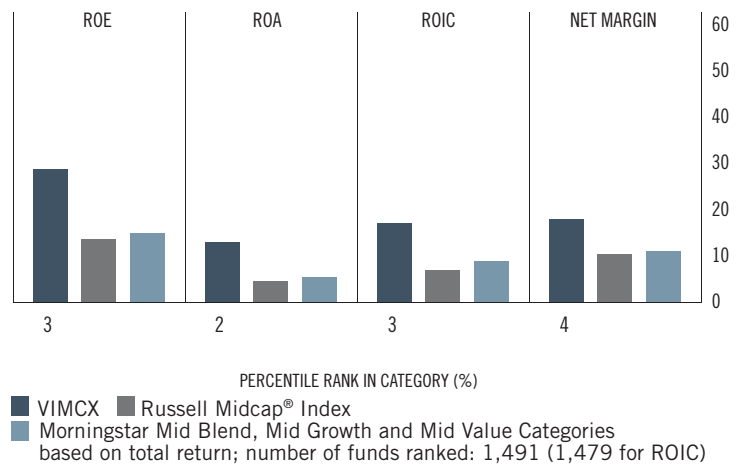
VIRTUS KAR SMALL-CAP VALUE FUND (I: PXQSX)



VIRTUS KAR SMALL-CAP GROWTH FUND (I: PXSGX)



VIRTUS KAR MID-CAP CORE FUND (I: VIMCX)



As of 6/30/2020. Source: Morningstar Direct.

ROE (Return on Equity): The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **ROA (Return on Assets):** An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. **ROIC (Return on Invested Capital):** A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns. **Net Margin:** The ratio of net profits to revenues for a company or business segment that shows how much of each dollar earned by the company is translated into profits.

The **Morningstar Percentile Ranking** compares a Fund's Morningstar risk and return scores with all the Funds in the same Category, where 1% = Best and 100% = Worst. Rankings shown are for the I share. Rankings for other share classes may vary.

Morningstar: Morningstar % Rank are based on the total return percentile rank within each Morningstar Category and does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of the funds as they were at the time of the calculation.

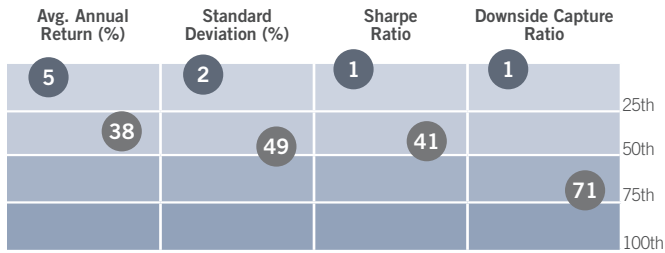
Percentile ranks within categories are most useful in those groups that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two specialty-utility funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample).

Sound Execution: Attractive Gains, Lower Risk

Virtus KAR Small-Cap Core Fund (PKSFX)

MORNINGSTAR PERCENTILE RANKINGS

Small-Cap Fund Universe Consisting of Small Blend, Small Growth, and Small Value Categories, 10 Years, Based on Total Returns as of 6/30/2020



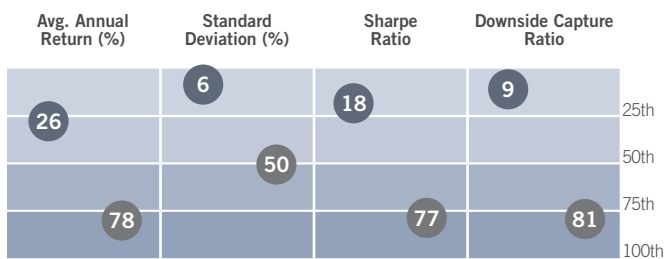
● PKSFX ● Russell 2000® Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	274	22	42
Standard Deviation	10	18	6
Sharpe Ratio	253	5	4
Downside Capture Ratio	39	6	7
Funds in Categories	1,732	1,377	998

Virtus KAR Small-Cap Value Fund (PXQSX)

MORNINGSTAR PERCENTILE RANKINGS

Small-Cap Fund Universe Consisting of Small Blend, Small Growth, and Small Value Categories, 10 Years, Based on Total Returns as of 6/30/2020



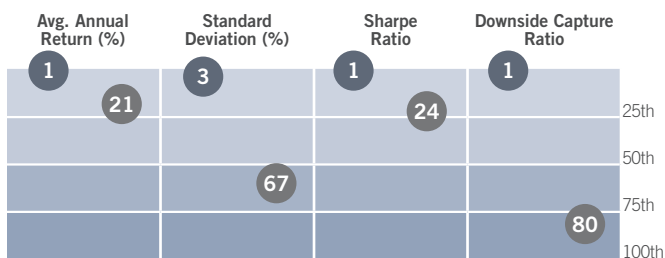
● PXQSX ● Russell 2000® Value Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	203	252	287
Standard Deviation	89	58	61
Sharpe Ratio	193	183	194
Downside Capture Ratio	143	100	81
Funds in Categories	1,732	1,377	998

Virtus KAR Small-Cap Growth Fund (PXSGX)

MORNINGSTAR PERCENTILE RANKINGS

Small-Cap Fund Universe Consisting of Small Blend, Small Growth, and Small Value Categories, 10 Years, Based on Total Returns as of 6/30/2020



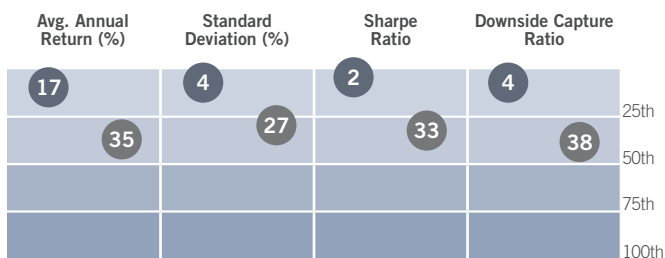
● PXSGX ● Russell 2000® Growth Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	43	1	1
Standard Deviation	119	83	34
Sharpe Ratio	41	1	1
Downside Capture Ratio	18	4	4
Funds in Categories	1,732	1,377	998

Virtus KAR Mid-Cap Core Fund (VIMCX)

MORNINGSTAR PERCENTILE RANKINGS

Mid-Cap Fund Universe Consisting of Mid Blend, Mid Growth, and Mid Value Categories, 10 Years, Based on Total Returns as of 6/30/2020



● VIMCX ● Russell Midcap® Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	386	185	163
Standard Deviation	39	24	14
Sharpe Ratio	376	92	19
Downside Capture Ratio	215	68	21
Funds in Categories	1,434	1,144	844

Past performance is not indicative of future results.

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

Sharpe Ratio: A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return. **Downside Capture Ratio:** A measure of a manager's ability to retain capital as the market declines. A value below 100 indicates that a manager was able to outperform in down markets.

Morningstar: Morningstar % Rank are based on the total return percentile rank within each Morningstar Category and does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of the funds as they were at the time of the calculation.

Percentile ranks within categories are most useful in those groups that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two specialty-utility funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample).

KAR has achieved attractive risk-adjusted returns in a number of its offerings.

KAR

Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

To learn more about Kayne Anderson Rudnick's relentless focus on high-quality businesses, contact us at 800-243-4361 or visit virtus.com

Average Annual Total Returns (%) Class I as of 6/30/2020

Virtus KAR Small-Cap Core Fund (PKSFX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 10/18/1996	MID-CAP GROWTH CATEGORY				
								OVERALL	3 YEAR	5 YEAR	10 YEAR	
NAV	18.42	-3.23	6.21	16.74	15.66	15.94	10.40	★★★★★	★★★★	★★★★★	★★★★★	
Index ¹	25.42	-12.98	-6.63	2.01	4.29	10.50	7.61	# OF FUNDS	558	558	500	381

The fund class gross expense ratio is 1.02%.

Effective July 31, 2018, this Fund is closed to new investors. Please see the prospectus for exceptions.

Virtus KAR Small-Cap Value Fund (PXQSX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 6/28/2006	SMALL GROWTH CATEGORY				
								OVERALL	3 YEAR	5 YEAR	10 YEAR	
NAV	28.47	0.10	9.30	5.46	8.66	11.97	8.29	★★★	★★★	★★★★	★★★	
Index ²	18.91	-23.50	-17.48	-4.35	1.26	7.82	4.67	# OF FUNDS	577	577	508	377

The fund class gross expense ratio is 1.01%.

Virtus KAR Small-Cap Growth Fund (PXSGX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 6/28/2006	SMALL GROWTH CATEGORY				
								OVERALL	3 YEAR	5 YEAR	10 YEAR	
NAV	34.45	11.23	18.09	26.09	22.63	20.96	13.31	★★★★★	★★★★★	★★★★★	★★★★★	
Index ³	30.58	-3.06	3.48	7.86	6.86	12.92	8.86	# OF FUNDS	577	577	508	377

The fund class gross expense ratio is 1.11%.

Effective September 28, 2018, this Fund is closed to new investors. Please see the prospectus for exceptions.

Virtus KAR Mid-Cap Core Fund (VIMCX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 6/22/2009	MID-CAP GROWTH CATEGORY				
								OVERALL	3 YEAR	5 YEAR	10 YEAR	
NAV	21.63	-0.50	8.02	12.45	11.10	14.30	14.42	★★★★	★★★	★★★★	★★★★	
Index ⁴	24.61	-9.13	-2.24	5.79	6.76	12.35	13.84	# OF FUNDS	558	558	500	381

The fund class gross expense ratio is 1.11%. The net expense ratio is 0.95%, which reflects a contractual expense reimbursement in effect through 1/31/2021.

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

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.

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.

IMPORTANT RISK CONSIDERATIONS

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Limited Number of Investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, 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.

¹The **Russell 2000® Index** is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

²The **Russell 2000® Value Index** is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

³The **Russell 2000® Growth Index** is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

⁴The **Russell Midcap® Index** is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies.

The indexes are calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

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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