## IMPORTANT RISK CONSIDERATIONS

<table>
<thead>
<tr>
<th>Risk Consideration</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Volatility</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Issuer Risk</strong></td>
<td>The portfolio will be affected by factors specific to the issuers of securities and other instruments in which the portfolio invests, including actual or perceived changes in the financial condition or business prospects of such issuers.</td>
</tr>
<tr>
<td><strong>High Yield Fixed Income Securities</strong></td>
<td>There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade securities.</td>
</tr>
<tr>
<td><strong>Equity Securities</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Unrated Fixed Income Securities</strong></td>
<td>If the quality of an unrated fixed income security is not accurately assessed, the portfolio may invest in a security with greater risk than intended.</td>
</tr>
<tr>
<td><strong>Debt Instruments</strong></td>
<td>Debt instruments are subject to greater levels of credit and liquidity risk, may be speculative and may decline in value due to changes in interest rates or an issuer's or counterparty's deterioration or default.</td>
</tr>
<tr>
<td><strong>Derivatives</strong></td>
<td>Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment.</td>
</tr>
<tr>
<td><strong>Convertible Securities</strong></td>
<td>A convertible security may be called for redemption at a time and price unfavorable to the portfolio.</td>
</tr>
<tr>
<td><strong>Prospectus</strong></td>
<td>For additional information on risks, please see the fund's prospectus.</td>
</tr>
</tbody>
</table>
Past performance is not indicative of future results.

1As of 9/30/21. 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. Analysis includes rated retail mutual funds only (funds with at least three years of history). Funds with A and I or Institutional shares use I or Institutional shares for Ratings otherwise, A share is used. Please see page 24 for additional Morningstar disclosure. Strong ratings are not indicative of positive performance. 2As of 10/1/2021. Virtus has an ownership interest in the firm.
At a Glance

- Founded in 1998
- A wholly owned subsidiary of Allianz SE
- AUM of €633 billion*
- 693 investment professionals across the globe
- Established expertise in equities, fixed-income, multi-asset, and alternative investments.

*AUM as of June 30, 2021. Source: Allianz Global Investors US LLC
ALLIANZGI INCOME AND GROWTH PLATFORM
ASSETS UNDER MANAGEMENT

ALLIANZ GLOBAL INVESTORS’ INCOME AND GROWTH TEAM STRATEGIES: $65.3 BILLION

*Stated assets under management may include both discretionary and non-discretionary assets and may therefore exceed composite assets. Grey bars are for illustrative purposes only. Data as of September 30, 2021. Source: Allianz Global Investors US LLC.
VIRTUS ALLIANZGI INCOME & GROWTH FUND

The fund aims to provide:
- High monthly income
- Long-term capital growth
- Asymmetric return profile

U.S. Convertible Bonds
Current Income, downside protection, principal growth, investment grade exposure

U.S. High Yield Bonds
High coupon, low volatility

U.S. Equities with Covered Calls
Dividend income, principal growth, option premium

Past performance is not indicative of future results.
This is for guidance only and not indicative of future allocation. Source: Allianz Global Investors US LLC
Convertibles and high yield bonds have delivered equity-like returns with less volatility than stocks.

Past performance is not indicative of future results.
The performance of the indexes are not indicative of the past or future performance of any Virtus product. Source: Allianz Global Investors US LLC using ICE Data Services; FactSet. January 1988 to September 2021. Indexes are defined on page 25.
Convertibles and high yield bonds have lower correlations to core fixed income

Data as of January 1988 to September 2021.
Source: Allianz Global Investors US LLC using Barclays; ICE Data Services; FactSet.
Chart covers longest historical time period for which data for each relevant index is available. Diversification does not guarantee a profit or protect against a loss. U.S. Large Stocks represent Russell 1000 Index; U.S. Small Stocks represent Russell 2000 Index; 10-Year Treasuries represent ICE BofA Current U.S. Treasury 10 Year Index; Non-U.S. Stocks represents MSCI EAFE Index; U.S. Gov't./Credit Bond represents Bloomberg U.S. Government Credit Bond Index. Indexes are defined on page 25.
Past performance is not a reliable indicator of future results.

This chart is not indicative of the past or future performance of any Virtus product. Note: Fixed income up and down quarters are based on quarterly performance of the BBG US Government Credit Bond Index. Data as of January 1988 to September 2021. Source: Allianz Global Investors US LLC using FactSet; ICE Data Services. Indexes are defined on page 25.
Since inception, the Fund has delivered positive returns over all rolling 36-month periods.

Past performance is not indicative of future results.
Virtus AllianzGI Income and Growth Fund A Share (AZNAX)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>February</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>March</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>April</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>May</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>June</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>July</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>August</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>September</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>October</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>November</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0825</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
<tr>
<td>December</td>
<td>0.4712*</td>
<td>0.0821</td>
<td>0.1136*</td>
<td>0.1125*</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0875</td>
<td>0.0775</td>
<td>0.0775</td>
<td>0.0700</td>
<td>0.0700</td>
<td>0.0700</td>
</tr>
</tbody>
</table>

Past performance is not indicative of future results.
As of September 30, 2021
*Aggregate of monthly and special distributions. Past distributions included ordinary income, net capital gains and/or return of capital (an investment in the fund). Because the distribution rate may include a return of capital, it should not be confused with yield or income. Source: Allianz Global Investors US LLC. Inception date: February 28, 2007.
Seven Sources of Income:

1. High yield bond coupons
2. Convertible bond coupons
3. Equity dividends
4. Gains from the equity sleeve
5. Gains from the convertible sleeve
6. Gains from the high yield sleeve
7. Covered call option premiums

Portfolio Construction:
- Static allocation
- Optimal investment opportunity
<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasoned investment management team</td>
<td>Consistent application of investment philosophy applied over multiple market cycles</td>
</tr>
<tr>
<td>Proven, bottom-up, fundamental process</td>
<td>Rigorous and in-depth financial analysis combined with direct access to top analysts and management teams</td>
</tr>
<tr>
<td>Developed, diverse universe</td>
<td>Robust investable universe comprised of high yield bonds, convertible securities, and equities</td>
</tr>
<tr>
<td>Attractive income solution and total return profile</td>
<td>Strategy focused on creating consistent cash flow and aiming to deliver upside participation and downside management</td>
</tr>
</tbody>
</table>
Allianz Global Investors’ highly credentialed investment team has extensive industry experience and utilizes the firm’s Global Research Platform

### Douglas G. Forsyth, CFA
Portfolio Management/Research/Trading
29 Years Industry Experience, 27 Years at AGI

<table>
<thead>
<tr>
<th>William (Brit) Stickney</th>
<th>Justin Kass, CFA</th>
<th>Michael Yee</th>
<th>David Oberto</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 Years Industry Experience</td>
<td>23 Years Industry Experience</td>
<td>27 Years Industry Experience</td>
<td>18 Years Industry Experience</td>
</tr>
<tr>
<td>22 Years at AGI</td>
<td>21 Years at AGI</td>
<td>26 Years at AGI</td>
<td>14 Years at AGI</td>
</tr>
</tbody>
</table>

### RESEARCH/TRADING

<table>
<thead>
<tr>
<th>Joanna Willars</th>
<th>Christopher Jackson</th>
<th>Ethan Turner, CFA</th>
<th>Matthew John</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Years Industry Experience</td>
<td>8 Years Industry Experience</td>
<td>16 Years Industry Experience</td>
<td>18 Years Industry Experience</td>
</tr>
<tr>
<td>15 Years at AGI</td>
<td>8 Years at AGI</td>
<td>9 Years at AGI</td>
<td>15 Years at AGI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nicole Larrabee Rodrigues</th>
<th>Paul Marcian, CFA</th>
<th>Kris Metzger</th>
<th>Peter Busk</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 Years Industry Experience</td>
<td>11 Years Industry Experience</td>
<td>11 Years Industry Experience</td>
<td>8 Years Industry Experience</td>
</tr>
<tr>
<td>20 Years at AGI</td>
<td>3 Years at AGI</td>
<td>4 Years at AGI</td>
<td>&lt;1 Years at AGI</td>
</tr>
</tbody>
</table>

### SENIOR PRODUCT SPECIALIST

<table>
<thead>
<tr>
<th>Michael Memory, CIPM</th>
<th>Chia-Ling Hsieh</th>
<th>Jayme DiRienzo</th>
<th>Anne Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Years Industry Experience</td>
<td>18 Years Industry Experience</td>
<td>13 Years Industry Experience</td>
<td>16 Years Industry Experience</td>
</tr>
<tr>
<td>21 Years at AGI</td>
<td>2 Years at AGI</td>
<td>9 Years at AGI</td>
<td>8 Years at AGI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Karen Chen, CFA</th>
<th>Corey Kilcourse, CIMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Years Industry Experience</td>
<td>16 Years Industry Experience</td>
</tr>
<tr>
<td>6 Years at AGI</td>
<td>16 Years at AGI</td>
</tr>
</tbody>
</table>

Douglas G. Forsyth, Justin Kass, Michael Yee, and David Oberto are the portfolio managers for the Fund.
CFA represents Chartered Financial Analyst. CIPM represents Certificate in Investment Performance Measurement. CIMA represents Certified Investment Management Analyst.
Investing in companies poised to benefit from positive fundamental change

The diagram and statements above reflect the typical investment process applied to the fund. At any given time other criteria may affect the investment process. The diagram and statements shown above are provided for illustrative purposes only.
U.S. EQUITY EARNINGS AND PERFORMANCE

Note: 12-month operating earnings per share, estimates are bottom up. Projections are based on assumptions with respect to future events. The actual future events may differ from the assumptions. As of September 30, 2021. Source: Allianz Global Investors US LLC using FactSet, S&P Dow Jones Indices.
## Covered Call Selling

**Tactically Using Options**

A covered call option strategy may cause the portfolio to forego any appreciation in the stock price above the option strike price. Also, the option strategy could cause the portfolio to recognize larger amounts of net short term capital gains, which are taxable at the higher ordinary income tax rates.

### Characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Other Common Approaches</th>
<th>Allianz Global Investors Income and Growth Team’s Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management style</td>
<td>Volatility/Catalyst driven</td>
<td>Long, Fundamental</td>
</tr>
<tr>
<td>Instruments</td>
<td>Puts, Calls, Combinations</td>
<td>Calls</td>
</tr>
<tr>
<td>Application</td>
<td>Passive</td>
<td>Active</td>
</tr>
<tr>
<td>Call away</td>
<td>Increased risk potential</td>
<td>Minimal assignment</td>
</tr>
<tr>
<td>Exchange</td>
<td>Over-the-Counter (OTC)</td>
<td>Listed</td>
</tr>
<tr>
<td>Type</td>
<td>Index</td>
<td>Stock specific</td>
</tr>
<tr>
<td>Notional</td>
<td>100% notional</td>
<td>70% notional</td>
</tr>
<tr>
<td>Maturity</td>
<td>Long Term - 3 month, LEAPs&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Front month</td>
</tr>
<tr>
<td>Moneyness</td>
<td>At-the-Money, In-the-Money (ATM, ITM)</td>
<td>Out-of-the-Money (OTM)</td>
</tr>
</tbody>
</table>

### Notes

<sup>1</sup> LEAP: Long-Term Equity Anticipation Securities

Enhancement of income potential

Opportunity to participate as equity rises

Reduction of volatility

---

<sup>1</sup> LEAP: Long-Term Equity Anticipation Securities

A covered call option strategy may cause the portfolio to forego any appreciation in the stock price above the option strike price. Also, the option strategy could cause the portfolio to recognize larger amounts of net short term capital gains, which are taxable at the higher ordinary income tax rates.
WHAT IS A CONVERTIBLE BOND?

Convertibles offer investors the advantages of both stocks and bonds

Hypothetical example—not representative of any specific convertible. Convertibles involve the risk factors of both stocks and bonds. They fluctuate in value with the price changes of the underlying stock. If interest rates on the bonds rise, the value of the corresponding convertible will fall. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the portfolio’s ability to achieve its investment objective. Source: Allianz Global Investors US LLC
Convertibles can provide an asymmetric risk/return with accelerating upside participation and decelerating downside risk.

Hypothetical example—not representative of any specific convertible. Convertibles involve the risk factors of both stocks and bonds. They fluctuate in value with the price changes of the underlying stock. If interest rates on the bonds rise, the value of the corresponding convertible will fall. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the portfolio’s ability to achieve its investment objective.
WHY INVEST IN CONVERTIBLE BONDS?

U.S. convertible bond market

- May provide investors with upside participation of equities
- May provide investors income and risk mitigation of bonds

<table>
<thead>
<tr>
<th></th>
<th>ICE BofA U.S. Convertible Index</th>
<th>S&amp;P 500® Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized return</td>
<td>10.40%</td>
<td>11.99%</td>
</tr>
<tr>
<td>Annualized volatility</td>
<td>11.24%</td>
<td>14.43%</td>
</tr>
</tbody>
</table>

Past performance is not indicative of future results.

Note: High Yield performance is measured using ICE BofA US High Yield Index. High yield spreads are equal to the option-adjusted spread of the ICE BofA US High Yield Index. Yield curve is 10-Year Treasury Bond less 3-Month Treasury Bill.

Past performance is not indicative of future results.
### TOP ISSUES/OPTION POSITIONS

**VIRTUS ALLIANZGI INCOME & GROWTH FUND**

<table>
<thead>
<tr>
<th>Issuer</th>
<th>% of Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Corporation</td>
<td>1.8</td>
</tr>
<tr>
<td>Alphabet Inc. Class A</td>
<td>1.7</td>
</tr>
<tr>
<td>Apple Inc.</td>
<td>1.6</td>
</tr>
<tr>
<td>Facebook, Inc. Class A</td>
<td>1.6</td>
</tr>
<tr>
<td>Amazon.com, Inc.</td>
<td>1.5</td>
</tr>
<tr>
<td>Tesla Inc.</td>
<td>1.0</td>
</tr>
<tr>
<td>Home Depot, Inc.</td>
<td>0.9</td>
</tr>
<tr>
<td>NVIDIA Corporation</td>
<td>0.8</td>
</tr>
<tr>
<td>Danaher Corporation 5 % Cum Conv Pfd Registered Shs 2020-15.05.23 Class B</td>
<td>0.8</td>
</tr>
<tr>
<td>Broadcom Inc 8.00 % Cum Conv Pfd Registered Shs 2019-30.09.22 Series A</td>
<td>0.7</td>
</tr>
</tbody>
</table>

As of September 30, 2021. Holdings are subject to change. Source: Virtus Performance and Analytics.
PERFORMANCE REVIEW
AS OF SEPTEMBER 30, 2021

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 charge 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 0.88%.

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.

Indexes: The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. 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.

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

The 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 60-72 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.

© 2021 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.
The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. Russell 1000 Index is an unmanaged index that consists of the 1,000 largest companies in the Russell 3000 Index and represents approximately 90% of the total market capitalization of the Russell 3000 Index. It is highly correlated with the S&P 500 Index. The 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. The MSCI EAFE® Index is a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. ICE BofA High Yield Master II Index is an unmanaged index consisting of U.S. dollar denominated bonds that are issued in countries having a BBB3 or higher debt rating with at least one year remaining till maturity. All bonds must have a credit rating below investment grade but not in default. The ICE BofA US Convertibles Index tracks the performance of publicly issued US dollar denominated convertible securities of U.S. companies. ICE BofA US Treasury Index tracks the performance of the direct sovereign debt of the U.S. Government. It includes all U.S. dollar-denominated U.S. Treasury Notes and Bonds having at least one year remaining to maturity and a minimum amount outstanding of $1 billion. Additional sub-indices are available that segment the Index by maturity. The Bloomberg U.S. Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the Bloomberg U.S. Aggregate Index. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. The CBOE Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors’ sentiments. The ICE BofA US High Yield Index tracks the performance of below investment grade U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market and includes issues with a credit rating of BBB or below. The index is calculated on a total return basis. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an index.

Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities is said to have no correlation, it is completely random.

A coupon or coupon payment is the annual interest rate paid on a bond, expressed as a percentage of the face value and paid from issue date until maturity. Coupons are usually referred to in terms of the coupon rate (the sum of coupons paid in a year divided by the face value of the bond in question).

Delta is the ratio that compares the change in the price of an asset to the corresponding change in the price of its derivative. For example, if a stock option has a delta value of 0.65, this means that if the underlying stock increases in price by $1 per share, the option on it will rise by $0.65 per share, all else being equal.

Default Rate is most commonly referred to as the percentage of loans that have been charged off after a prolonged period of missed payments. Defaulted loans are typically written off from an issuer’s financial statements and transferred to a collection agency. In some cases a default rate may also be a higher interest rate charged to a borrower after a specified number of missed payments occur.

Dividend Yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

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.

EPS Growth Rate is the company’s estimated future earnings for each stock held by the portfolio.

Price-to-Earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

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

Yield to Maturity (YTM) is the total return anticipated on a bond if the bond is held until it matures. YTM is considered a long-term bond yield but is expressed as an annual rate. In other words, it is the internal rate of return (IRR) of an investment in a bond if the investor holds the bond until maturity, with all payments made as scheduled and reinvested at the same rate.
Virtus (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors.

- We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach.

- We have the flexibility, agility, and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers.

- We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility.