

VIRTUS NEWFLEET SHORT DURATION HIGH INCOME FUND

December 31, 2023

IMPORTANT RISK CONSIDERATIONS



Debt Instruments

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.

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.

Market Volatility

The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Issuer Risk

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.

Interest Rate

The values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced for securities with longer maturities.

Credit Risk

If the issuer of a debt instrument fails to pay interest or principal in a timely manner, or negative perceptions exist in the market of the issuer's ability to make such payments, the price of the security may decline.

Prospectus

For additional information on risks, please see the fund's prospectus.

VIRTUS INVESTMENT PARTNERS

MULTI-ASSET MANAGER



KEY FACTS

\$172.3

Billion in
AUM

38

Funds Rated
4 or 5 Stars¹

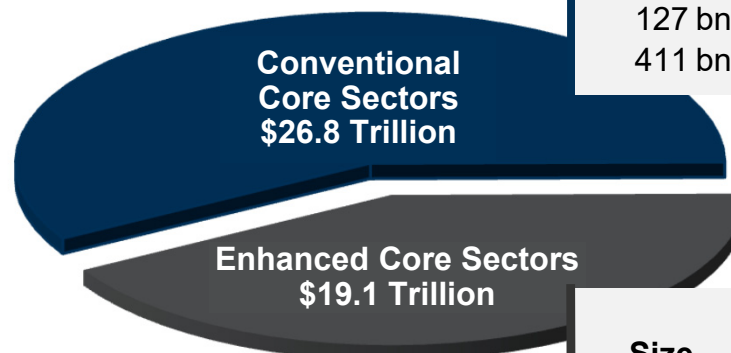


Past performance is not indicative of future results.

As of 12/31/23. ¹Based on institutional-class or I shares. Please see page 18 for additional Morningstar disclosure. Strong ratings are not indicative of positive fund performance. ²Newfleet Asset Management, Seix Investment Advisors, and Stone Harbor Investment Partners are divisions of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser. Virtus has a majority or minority interest in the managers shown, with exception of Voya Investment Management.

Defining Characteristics

- Overweight undervalued sectors
- Broad sector diversification
- Quality orientation
- Focus on liquidity
- Proven sell discipline
- Duration neutral approach



Size	Bloomberg Capital Aggregate Bond Index (Core)
\$11.1 tn	U.S. Government Securities
7.1 tn	Agency Mortgage-Backed Securities
6.6 tn	Investment Grade Corporate Bonds
1.0 tn	Investment Grade Yankee Bonds
435 bn	Commercial Mortgage-Backed
127 bn	Asset-Backed Securities
411 bn	Taxable Municipals

Size	Extended Bond Universe (Enhanced Core)
\$1.6 tn	Municipals
1.3 tn	High Yield Bonds
597 bn	Residential Mortgage-Backed
12.0 tn	Non-U.S. Dollar
1.9 tn	Emerging Markets Bonds
270 bn	Convertibles
1.3 tn	U.S. High Yield Loans
128 bn	Preferred Stock

As of 12/31/2023.

Source: Bloomberg, Merrill Lynch, JP Morgan, Pitchbook LCD USD. Holdings subject to change.
Applies to Multi-Sector strategies.

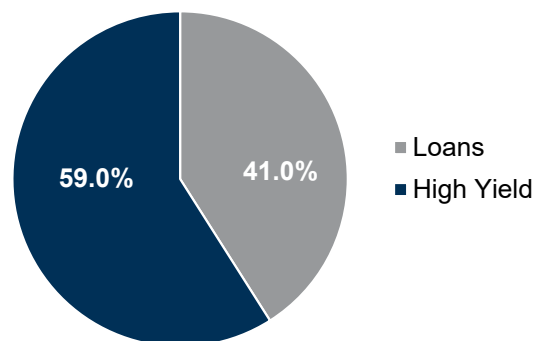
Our Platform

- Experienced senior leadership in all aspects of the leveraged finance markets
- Analyst team and trader participate in both loans and high yield, resulting in wider, better-informed view of markets
- Full technology and operation support including a proprietary research database
- \$3.0 billion leveraged finance assets under management
- \$1.2 billion loan assets under management
- \$1.8 billion high yield assets under management

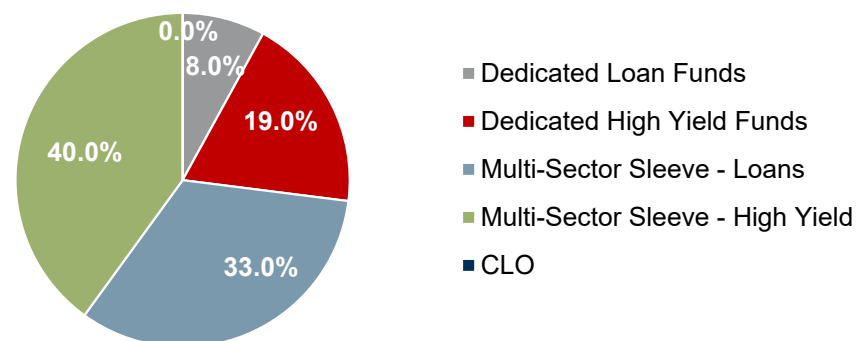
Our Philosophy

- Proven, repeatable investment process centered around loss avoidance
- Core fundamental credit analysis
- Market value oriented, active portfolio management
- Leverage the knowledge base of the firm to make better informed decisions

BY ASSET CLASS



BY BUSINESS LINE



Newfleet has been investing in the High Yield market since 1992 and the Bank Loan market since 2003 across all portfolio types including Mutual Funds, ETFs, CLOs and institutional sub-advisory mandates.

As of December 31, 2023.

Loan assets under management include dedicated loan portfolios which comprise the Floating Rate Composite as well as loans managed within multi-sector portfolios.

HY assets under management include dedicated HY portfolios which comprise the HY Composite as well as HY managed within multi-sector portfolios.

VIRTUS NEWFLEET SHORT DURATION HIGH INCOME FUND



- Fixed income solution that seeks to provide attractive yield with
 - Low exposure to risk-free rates
 - Less volatility than broader high yield market
- Strategy
 - Fundamental and relative value analysis to identify what we believe to be the best securities to create a diversified portfolio of high yield bonds
 - Benchmark agnostic
 - Target duration is 1.5 – 2.5 years vs high yield index at over 4 years
 - CCC basket of 10% vs high yield index at over 10%
 - Leveraged loans used to enhance risk-return profile of the portfolio
- Dedicated team with a strong track record
- Leveraged finance team currently manages \$3.0 billion* in leveraged finance assets
 - \$1.2 billion in high yield loans
 - \$1.8 billion in high yield

*Data as of December 31, 2023.

INTEREST RATE RISK, CREDIT RISK, AND LIQUIDITY RISK

Three main risks cause a bond to move up or down in price

How the Virtus Newfleet Short Duration High Income Fund addresses these risks:

Interest Rate Risk

- Target duration 1.5 – 2.5 years
- Negative correlation to 10-year U.S. Treasury

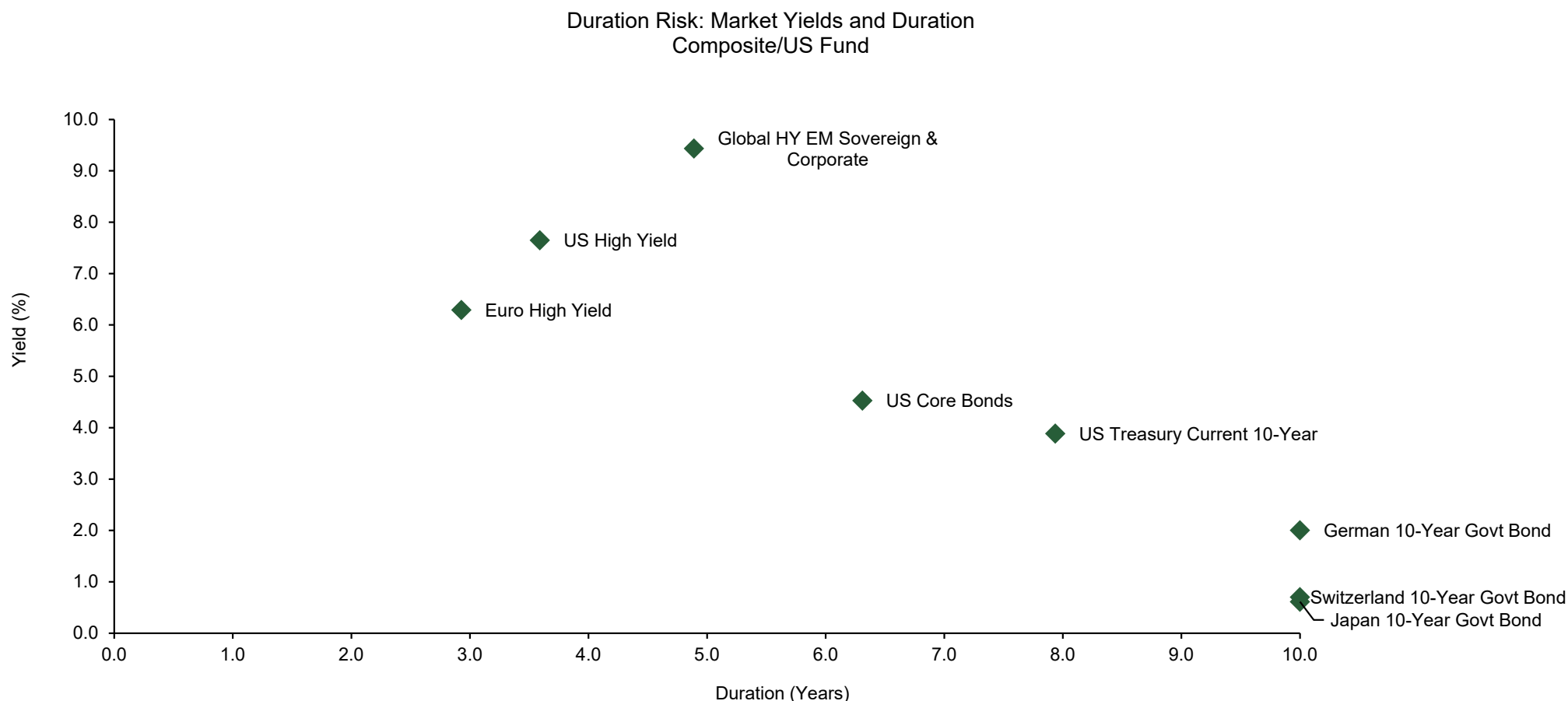
Credit Risk

- Credit risk modeling
- Benchmark indifferent approach

Liquidity Risk

- U.S. issuer bias over global
 - Preference for larger seasoned issues
-

Market yields and duration



Past performance is not indicative of future results.

As of December 31, 2023.

Source: Virtus Performance & Analytics; FactSet; ICE Data Services; Bloomberg. Virtus Short Duration High Income Fund; U.S High Yield represented by ICE BofA US High Yield Master II Index; Euro High Yield represented by ICE BofA Euro High Yield Index; 10-Yr U.S Treasury represented by ICE BofA US Treasury Current 10 Year Index; U.S Core Bonds represented by Bloomberg US Aggregate Bond Index; Global HY EM Sovereign & Corporate represented by ICE BofA Global High Yield Corporate & Sovereign Index. The German 10-Year Government Bond matures April 2032, Japan 10-Year Government Bond matures March 2030, and Switzerland 10-Year Government Bond matures May 2032.

CHIEF INVESTMENT OFFICER

David Albrycht, CFA
39 Years Industry / 39 Years Firm

MULTI-SECTOR CREDIT PORTFOLIO MANAGERS

Average Investment Experience: 32 Years | Average Tenure: 27 Years

Benjamin Caron, CFA 26/20 Years	Stephen Hooker, CFA 30/25 Years	Christine Ouellette 26/23 Years	Lisa Baribault 21/12 Years	David Torchia 39/33 Years [†]	David Scott* 40/29 Years [†]	Roger Lavan, CFA* 38/33 Years [†]
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SECTOR MANAGERS

Average Investment Experience: 30 Years | Average Tenure: 24 Years

INVESTMENT GRADE	SECURITIZED	MUNICIPALS	DEVELOPED MARKETS	BANK LOANS	HIGH YIELD	EMERGING MARKETS ¹
David Torchia 39/33 Years [†]	Nicodemus Rinaldi* 31/29 Years	Dusty Lee Self** 31/32 Years	David Scott* 40/29 Years [†]	Francesco Ossino 28/11 Years	Eric Hess, CFA 17/13 Years	Peter Lannigan, CFA 34/16 Years
Ryan Jungk, CFA 14/12 Years	Andrew Szabo, CFA* 37/34 Years		Simon Lau, CFA* 17/9 Years [†]	Kyle Jennings, CFA 31/25 Years	Matt Kearns, CFA 26/26 Years [†]	Daniel Senecal, CFA 33/27 Years
	Roger Lavan, CFA* 38/33 Years [†]					

CHIEF ECONOMIST

Seamus Smyth, Ph.D.***
17/4 Years

*Indicates a trading responsibility

**Municipal Sector Manager is part of the Seix Investment Advisors division of Virtus Fixed Income Advisers, LLC. Years with firm are their respective years with Seix Investment Advisors.

***Chief Economist is part of Virtus Shared Services.

[†] Includes years of service prior to 1/1/2023 when the Stone Harbor and Newfleet teams combined.

NEWFLEET INVESTMENT TEAM

(CONTINUED)



RESEARCH ANALYSTS & TRADING

Average Investment Experience: 22 Years | Average Tenure: 16 Years

CORPORATE CREDIT

Kyle Jennings, CFA Head of Credit Research 31/25 Years	Eric Hess, CFA 17/13 Years	Ryan Jungk, CFA 14/12 Years	Ryan Albrycht* 13/13 Years	William Eastwood, CFA* 28/19 Years	Ben Parker 23/3 Years†
Christopher Kissane, CFA 14/11 Years	Justin Audet 16/11 Years	Jason Abercrombie 11/11 Years	John Catarius 14/13 Years	Matt Kearns, CFA 26/26 Years†	Paul Chan 30/21 Years†
Michael Turello 27/18 Years†	Gerald Culmone* 35/28 Years†	Thomas Szaro* 27/13 Years†	Teresa Fox 26/26 Years†	Hunter Schwarz 20/20 Years†	Dan Berkery, CFA 32/13 Years†

SECURITIZED

EMERGING MARKETS

MUNICIPALS

Zachary Szyndlar, CFA* 11/9 Years	Cecelia Gerber 26/22 Years	Phillip Hooks, CFA** 18/15 Years
Jeffery Albrycht* 8/8 Years	Charles Anthony* 18/10 Years	Angela Kukoda** 34/6 Years
Angela Sheen, CFA 36/32 Years†		

PORTFOLIO SUPPORT

James Sena Chief Compliance Officer 26/9 Years	Mike Sollicito, FRM Chief Operating Officer 26/16 Years	Katie Richter Portfolio Assistant 11/11 Years	Investment Operations § 15 professionals	Quantitative Risk Modeling § 10 professionals
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*Indicates trading responsibility.

**Municipal Sector Manager and Analysts are part of the Seix Investment Advisors division of Virtus Fixed Income Advisers, LLC. Years with firm are their respective years with Seix Investment Advisors.

§ Affiliated with Virtus Investment Partners.

† Includes years of service prior to 1/1/2023 when the Stone Harbor and Newfleet teams combined.

Risk-adjusted outperformance can be achieved through credit selection, diversification, and income orientation, which may more than offset the risk asymmetry exhibited in the fixed income markets over time.

The portfolio managers attempt to limit downside risk through two complementary approaches.

RIGOROUS CORE CREDIT ANALYSIS

Investment opportunities are carefully screened using a fundamental approach that emphasizes quantitative and qualitative credit analysis

Assess relative value across issuers and within capital structures

Identify securities with highest return relative to risk

ACTIVE PORTFOLIO MANAGEMENT

Broad diversification by industry and limits on individual company exposure are key tenants of the investment philosophy

Regular investment team dialogue to explore profitable trading opportunities and discover potentially deteriorating credits

Focus on securities and liquid loans

DEFENSIVE INVESTMENT PHILOSOPHY

- Proven, repeatable investment process focuses on top-down and bottom-up analysis
- Emphasis is on loss avoidance
- Strategy is accomplished through fundamental credit analysis and active portfolio management anchored in portfolio diversification

CREDIT INVESTMENT PROCESS

APPROACH TO MARKET



Leveraged Credit Universe



- Over 1,500 Issuers and approximately 2,500 issues in the Bloomberg U.S. Corporate High Yield Bond Index and Bloomberg U.S. High Yield Loan Index
- 11 Major Industry Groups
- 47 Sub-industry groups

Initial Screen



- Each industry within universe monitored by experienced analysts
- Market return expectations drive return hurdles
- Liquidity requirements – generally seek issue size greater than \$250mm

Relative Value



- Analyst team scours assigned sectors to understand relative value within sectors
- Analysts maintain Relative Value spreadsheets
- Excess Return Reports

Focus work on most actionable investment ideas

CREDIT RESEARCH PROCESS

FUNDAMENTAL CREDIT RESEARCH

Industry Analysis



- Understand industry life cycle
- Supply/Demand drivers
- Regulatory environment
- Nature of competition
- Porter's five forces

Business Analysis



- Supplier/Customer Concentration
- Pricing and volume trends
- Product diversification
- Track record through last business cycle
- Understand COGS – fixed vs variable costs, ability to pass-through costs
- Quality and stability of cash flow

Balance Sheet



- Quantitative Factors – Debt/EBITDA/Interest Coverage
- Liquidity
- Cash flow characteristics – FCF/Debt >5%

Focus on Determining Company Worth



- Management operating skill and experience with leverage
- Earnings expectations
- Enterprise Value

Capital Structure Analysis



- Asset coverage provides margin of safety – generally 2.0x loans and 1.5x bonds
- Relative value within the capital structure
- Covenant analysis – are they undervalued or overvalued

Look for companies with a competitive advantage, sustainable capital structure, stable cash flow, and bias to deleverage

CREDIT INVESTMENT PROCESS

DOCUMENTATION

CFAR

- In-house developed platform
- Serves as a sortable central repository for all credit research
- Document credit research and provides for analyst accountability

CFAR - [FILGRO]

File Reports Maintenance Import Help

List of Obligors: FILGRO

Corp Ticker: **FILGRO** Obligor: **Filtration Group** Equity Ticker: Exchange:

Assigned Analyst: Ryan Jungk Barclays Industry: Corporate - Industrial - Capital Goods - Diversified Manuf. MNPI Status: Public Coverage Class: Fullserv MNPI Status Date: 11/18/2013 5:14 PM

Financial Model: View/Edit Link

N:\MultiSector\Credit Research\Filtration Group\Spreadsheet Short.xlsx

Last Modified: 11/12/2021 4:44 PM

Outlook

Confirmed: 4/7/2022 11:59 AM jungk

Fundamental Trend: Stable

Rating Migration Risk: Stable

Strategic Risk: Market

Issuer on Watch List: ☐ Yes ☒ No

ESG Ratings

Overall: 4 - Substantially Positive

Environmental: 4 - Substantially Positive

Social: 3 - Neutral

Governance: 3 - Neutral

Security Id	Security Name	Coupon	Maturity	Payment Rank	PreRefunded Type	Moody Rating	S&P Rating	Internal Rating	Expected Performance	Exposure Bias	Expected Volatility	Green Bond	Position
BL3754035	FILTRATION GROUP CORP	4.000	10/21/20...	1L Gld Sr. Secd		B3	B					<input type="checkbox"/>	10,945,000
BL2659615	FILTRATION GROUP CORP	3.209	3/29/2025	1L Gld Sr. Secd		B3	B		Outperform	Overweight		<input type="checkbox"/>	5,691,742
BL1159005	FILTRATION GROUP INC	8.250	11/21/20...	2L Secd		Caa1	B-	B3				<input type="checkbox"/>	0
BL1159021	FILTRATION GROUP INC	4.250	11/21/20...	1L Sr. Secd		B2	B	B1				<input type="checkbox"/>	0
BL1724394	FILTRATION GROUP INC	4.549	11/21/20...	1L Gld Sr. Secd		B2	B					<input type="checkbox"/>	0
BL2277541	FILTRATION GROUP INC	4.289	11/21/20...	1L Gld Sr. Secd		NR	NR					<input type="checkbox"/>	0
BL2454124	FILTRATION GROUP CORP	5.017	11/21/20...	1L Gld Sr. Secd		NR	NR					<input type="checkbox"/>	0

Research

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Date	Published	Title
10/14/2021 4:34 PM	<input checked="" type="checkbox"/>	FILGRO - Filtration Group - BUY Incremental TL
10/13/2020 2:22 PM	<input checked="" type="checkbox"/>	FILGRO - Filtration Group - BUY TL
5/6/2020 11:32 AM	<input checked="" type="checkbox"/>	Filtration Group Q1 2020 Earnings - Revenues worse, margins better ...
3/24/2020 12:12 PM	<input checked="" type="checkbox"/>	Filtration Group Q4 2019 Earnings - Soft - Covid impact discussed
11/7/2019 5:49 AM	<input checked="" type="checkbox"/>	Filtration Group Q3 2019 Earnings - Soft - Thesis unchanged
8/1/2019 2:14 PM	<input checked="" type="checkbox"/>	Filtration Group Q2 2019 Earnings - Flat all around
5/7/2019 10:30 AM	<input checked="" type="checkbox"/>	Filtration Group Q1 2019 Earnings - Weak top line, strong margins
3/22/2019 9:45 PM	<input checked="" type="checkbox"/>	Filtration Group Q4 Earnings - Sale of unrestricted sub is negative, b...
11/13/2018 7:42 AM	<input checked="" type="checkbox"/>	Filtration Group - Q3 2018 Earnings - On track - no change in thesis
8/23/2018 10:32 AM	<input checked="" type="checkbox"/>	Filtration Group Q2 2018 Earnings - Excellent, double digit organic gr...
7/2/2018 4:58 PM	<input checked="" type="checkbox"/>	Filtration Group Q1 2018 Earnings - Watch margins going forward
11/2/2017 3:53 PM	<input checked="" type="checkbox"/>	Filtration Group Q3 2017 Earnings - Potential DFR add
8/10/2017 4:16 PM	<input checked="" type="checkbox"/>	Filtration Group Q2 2017 Earnings
5/2/2017 2:59 PM	<input checked="" type="checkbox"/>	Filtration Group Q1 2017 Earnings
3/28/2017 8:15 AM	<input checked="" type="checkbox"/>	Filtration Group Q4 2016 Earnings
10/18/2016 5:59 PM	<input checked="" type="checkbox"/>	Filtration Group Q3 2016 Earnings
10/13/2016 10:59 AM	<input checked="" type="checkbox"/>	Filtration Group Q2 2016 Earnings
7/6/2016 2:51 PM	<input checked="" type="checkbox"/>	Filtration Group Q1 2016 Earnings

Data Keys: Obligor Id: FILGRO Firm Id: NWFLT BBq Key:

Record Status: **Read-Only** Refresh Edit

Documents

View Import Delete

Name	Type	Modified On
Filtration Group Deal Sheet Oct 2021.xlsx	Deal Sheet	10/14/2021
Filtration Group Deal Sheet Oct 2020.xlsx	Deal Sheet	10/13/2020
Filtration Group Deal Sheet March 2018.xlsx	Deal Sheet	3/21/2018
Filtration Group June 2017 Deal Sheet.xlsx	Deal Sheet	6/19/2017
Filtration Group Oct 2016 Deal Sheet.xlsx	Deal Sheet	10/20/2016
Filtration Group July 2015 Deal Sheet.xlsx	Deal Sheet	8/31/2015
Filtration Group May 2015 Deal Sheet.xlsx	Deal Sheet	7/9/2015
Filtration Group Deal Sheet November 2013...	Deal Sheet	11/14/2013

Commentary

Add View Comment By/Date: jungk 11/12/2021 4:52 PM

Comment

Q3 2021 Earnings - Excellent - Hold

Filtration Group numbers were strong. Organic revenue growth of 11% (21% reported) with EBITDA expansion of 30%. Not much color beyond life sciences growing 17% organically while industrial end markets grew 6%. No evidence of margin pressures, up 140bps on gross.

See recent deal for more information. Core hold for us.

Description	Bid Px	Ask Px	Bid Yield	Ask Yield
FILGRO Lx550 50 10/21/2028	100	100.25	4.00%	3.99%

Q2 2021 Earnings - Good

Filtration Group numbers look fine. Organic revenue growth of 21% (comp was -13%, so yoy is +5%). Slight margin degradation with EBITDA growth of 27% (lagged reported revenue growth of 30%). Growth is broad-based with industrial up more on the easier comp. Life Sciences sales up 16% organically with industrial sales up 28%.

EBITDA margin comp was against the quarterly record on my spreadsheet as they took an axe to SGA expenses last year and had record gross margins as well despite the decline in sales (mix - more consumables). This is still a very strong margin outcome relative to historical margins (21.5% vs historical average of 18%).

Good business that they run with super aggressive leverage (6x net). After hearing the sponsor talk about themselves in the Madison IAQ deal, I am less convinced this is something that they'll sell. Sounds like a long term model and they liked using the Filtration Group experience to sell us on another idea.

I consider this to be a core hold and find myself benchmarking other deals against this. This feels very safe long term.

Description	Bid Px	Ask Px	Bid Yield	Ask Yield
FILGRO Lx300 0 3/29/2025	98.75	99.125	3.49%	3.38%

Save Undo Close

PROD WFSQLRP01\SQL01 CFAR v1.6.1.0

CREDIT INVESTMENT PROCESS

DOCUMENTATION

Research Documentation

- Standardized credit research reports
- Standardized spreadsheet models
- Input or linked to CFAR

Credit Meeting

- Analysts are responsible for presenting investment ideas
- Investment thesis is debated
- Evaluation of investment appropriateness

Diversified Portfolio

- Disciplined portfolio construction
- Conviction-weighted allocations
- Portfolio monitoring and attribution analysis

New Issue Report		Analyst: Ryan Jung		Updated: 2/10/22		Comm & Date: 2/17/22		MMI Status: Public	
Issuer: Safe Fleet		Ticker: SAFFLE		Recommendation: Credit Trend:		Overweight		Neutral	
New Issue from GS		Borrower: Safe Fleet Holdings LLC		CFR: 83		Moody's B+		S&P B+	
5095MM 1L Term Loan		Guarantor: On credit Sub		2L: Caa2		COC		S&P	
Pricing: 5+375		Sponsor: Oak Hill		LGD: 3		98: 3		Stable	
3M CSA: 10, 15, 2.5				CDO: 3		Stable		Stable	
Floor: 50				Moody's Industry: Capital Equipment					
OID: \$99.50				S&P Industry: Industrial Equipment					
Maturity: 7-years		<- Springs 90 days in old + 2L							
3Y Yield: 6.10%									
Amortization: 1%									
ESF Sweep: 50% with step down TBID									
Prepayments: Standard									
Incremental: Will follow up									
MFN: 75bps + 6 mos									
Call Protection: 1015 - 6 mos									
Security: 3									
Collateral: Loan									
Description: Springing 1L NL at 7.5x when 35% drawn									
Co Payments: 3P AC IPO									
Capex / Structure									
Tranche									
Amount		Size		Coupon		Floor		Price	
Yield		Maturity		Call Protect.		Call Exptat.		Amort.	
Admin Agent		Covenant Type		Notes					
Cash on R/S		55							
Revolver		0							
1L Term Loan		59.5		5+375		50		\$99.50	
Total 1L Debt		59.5		6.10%		Feb-29		1015	
2L Term Loan		16.5		1+675		10.0		\$100.00	
Total Secured Debt		76.0		7.75%		Feb-26		Expired	
Total Debt		76.0							
Original Contribution		34.7		Enterprise Value: 1,052		10.3x			
Total Capitalization		1,107		Net Debt: 705		6.5x			
				Equity Cash flow: 347		3.4x			
Transaction Data									
Safe Fleet is refinancing its 1L Term Loan (2025) and Revolver (2023) after its sale to Madison Safety was scrapped following a DOJ inquiry. Recall that Madison Safety agreed to acquire Safe Fleet for \$1.53 billion, or 15x LTM EBITDA. No breakup fee will be paid. Oak Hill is the sponsor. They are four years into the investment after acquiring it from the Sterling Group for \$9.47 million, or 11x EBITDA, in 2018.									
Financial Results									
Revenue		FY 2016		FY 2017		FY 2018		FY 2019	
YoY Growth		FY 2020		FY 2021		FY 2022		FY 2023	
QIM EBITDA		FY 2024		FY 2025		FY 2026		FY 2027	
EBITDA Margin		EBITDA Growth		EBITDA Margin		EBITDA Growth		EBITDA Margin	
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Create rigorous and repeatable investment process



Issue specific meetings seek to provide early detection of potentially deteriorating credits or profitable trading opportunities

Firm



- Investment Oversight Committee
- Chief Compliance Officers
- Business Continuity and Disaster Recovery Plans
- Risk Management Committee

Portfolio



- Portfolio managers participate in formal multi-sector daily/monthly review meetings
- Formal industry review process
- Proprietary credit research platform
- Dedicated loan operations team
- Technology: Bloomberg AIM trading platform, Wall Street Office (WSO), and WSO Compliance Module
- Well-defined sell discipline
- CIO oversight

Security Selection



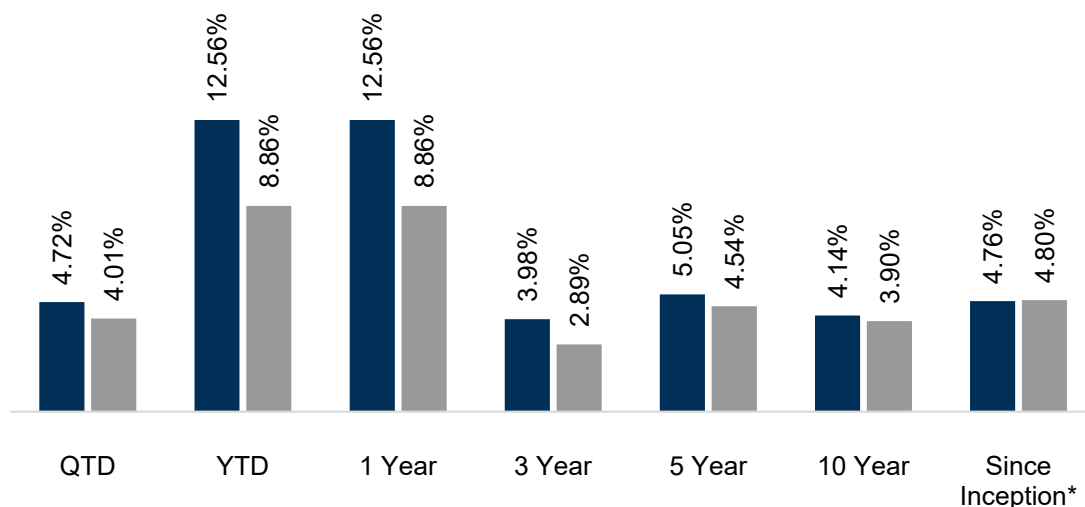
- Leveraged finance leadership team has an average of 24 years of investment experience
- Repeatable rigorous fundamental credit selection process
- Ongoing credit monitoring
- Daily credit meeting

PERFORMANCE REVIEW

AS OF DECEMBER 31, 2023



■ ASHIX ■ ICE BofA 1-3Y BB US Cash Pay High Yield Index



*Inception: Class I: 10/3/11.

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 0.78%. The net expense ratio is 0.60%, which reflects a contractual expense reimbursement in effect through 2/1/2025.

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.

Index: The **ICE BofA 1-3 Year BB US Cash Pay High Yield Index** is a subset of the ICE BofA US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. The ICE BofA US Cash Pay High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic 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™

I Share

High Yield
Bond
Category

Time Period	# of Stars	# of Funds
Overall	★★★★★	618
3 Year	★★★★★	618
5 Year	★★★★★	586
10 Year	★★★★★	432

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 60-119 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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TOP 10 INDUSTRY EXPOSURES



TOP 10 INDUSTRIES

Name	% of Fund
Consumer Cyclical	14.9
Energy	13.9
Communications	13.1
Consumer Non-Cyclical	12.2
Finance Companies	10.3
Technology	9.5
Capital Goods	7.1
Basic Industry	4.0
Insurance	3.4
Electric	3.2
TOTAL	94.3

Characteristics	Virtus Newfleet Short Duration High Income Fund
30-Day SEC Yield	7.64%
30-Day SEC Yield (unsubsidized)	7.47%
Effective Duration	1.62
Weighted Average Maturity	2.61
Number of Issues	140
Ratings Distribution	
	% Fund
Ba and above	56.40%
B	34.94%
Caa and lower	4.76%
Not Rated	0.36%
Cash and Equivalents	3.53%

- Corporate with focus on U.S. domestic market
- Well-diversified portfolio by security type, industry, issuer and rating
- No derivatives
- No emerging market debt or non-dollar debt

Data as of 12/31/2023.

30-day SEC Yield is a standardized yield calculated according to a formula set by the SEC and is subject to change. 30-day SEC Yield (unsubsidized) is the 30-day SEC yield without the effect of applicable expense waivers.

The **Bloomberg U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. The **Bloomberg Global Aggregate Index** provides a broad-based measure of the global investment grade fixed-rate debt markets. The **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the investable universe of the U.S. dollar denominated leveraged loans. The **ICE BofA 1-3 Year BB US Cash Pay High Yield Index** is a subset of the ICE BofA US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. The ICE BofA US Cash Pay High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market. The **ICE BofA 1-3 Year US Corporate & Government Index** tracks the performance of U.S. 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. ICE BofA 1-3 Year U.S. Corporate & Government Index is a subset of ICE BofA U.S. Corporate & Government Index including all securities with a remaining term to final maturity less than 3 years. The **ICE BofA Current 5-Year US Treasury Index** is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month. **ICE BofA Current 10-Year US Treasury Index** is a one-security index comprised of the most recently issued 10-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 10-year note must be auctioned on or before the third business day before the last business day of the month. The **ICE BofA Euro High Yield Index** tracks the performance of EUR denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch) and at least 18 months to final maturity at the time of issuance. In addition, qualifying securities must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. The **ICE BofA Global High Yield Corporate & Sovereign Index** tracks the performance of the below investment grade global debt markets denominated in the major developed market currencies. Qualifying high yield corporate securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must also have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of USD 250 million, EUR 250 million (euro equivalent for legacy currency securities), GBP 100 million, or CAD 100 million. Eurodollar bonds (USD bonds not issued in the US domestic market) and 144a securities (both with and without registration rights) qualify for inclusion in the Index. The **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 Treasury Bill 3 Month Index** measures performance of the three-month Treasury bill, based on monthly average auction rates. The **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 **ICE BofA US Treasury 1-3 Year Bond Index** is part of a series of indices intended to assess the U.S. Treasury market. The index is market value weighted and is designed to measure the performance of USD-denominated, fixed rate securities with minimum term to maturity greater than one year and less than or equal to three years. The **J.P. Morgan Emerging Markets Bond Index Global Core Index** tracks liquid, US dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi sovereign entities. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies.

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.

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.

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.



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- 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.

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