

## INVESTMENT OVERVIEW

The Fund seeks to generate attractive risk-adjusted long-term returns by investing in the stocks of U.S. small-mid capitalization value companies with durable competitive advantages, excellent management, lower financial risk, and strong growth trajectories. A disciplined investment process is employed to identify businesses that are differentiated by above-average returns on capital and trading at attractive valuations.

## KEY FEATURES

**High-Quality Businesses** — Searches for quality small-mid capitalization value companies with solid balance sheets, consistent growth, profitability, and market dominant business models

**Lower Volatility Approach** — Extensive fundamental research favors companies with less business risk, as defined by lower earnings variability, consistent and profitable growth, high returns on capital, strong free cash flow, and a low organic need for external financing, all of which can help to protect profits in difficult markets

**High-Conviction Portfolio** — Focused on the portfolio team's 25-35 strongest investment opportunities, with a long-term, low-turnover approach to realize full stock value potential

## SHARE CLASSES

	Ticker	CUSIP
I Shares	VKSFX	92836N742
A Shares	VKSDX	92836N767
C Shares	VKSEX	92836N759
R6 Shares	VKSGX	92836N734

## FUND INFORMATION

Inception Date (Class I)	08/03/21
AUM (\$ millions)	6.5
Number of Holdings	30
Dividends	Semi-Annually
Morningstar Category	Mid-Cap Blend
Index	Russell 2500™ Value Index

The Index shown represents the Fund's performance index, which may differ from the Fund's regulatory index included in its Prospectus.

## AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/31/2023

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	12.42	16.95	16.95	n/a	n/a	n/a	-1.39
Class A NAV	12.31	16.70	16.70	n/a	n/a	n/a	-1.63
Class A POP	6.13	10.29	10.29	n/a	n/a	n/a	-3.91
Class R6	12.46	17.11	17.11	n/a	n/a	n/a	-1.30
Index	13.76	15.98	15.98	n/a	n/a	n/a	2.62

## ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	16.95	-20.43	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Index	15.98	-13.08	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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](https://virtus.com) for performance data current to the most recent month end.

**Class I Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 2.06%. The net expense ratio is 0.92%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

**Class A Shares have a maximum sales charge of 5.50%. A contingent deferred sales charge of 1% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid.** The fund class gross expense ratio is 2.19%. The net expense ratio is 1.17%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

**Class R6 Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 1.92%. The net expense ratio is 0.82%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

**Other share classes may have sales charges. See [virtus.com](https://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.

Index: The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 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.

Since inception performance for the index reflects a start date of 8/3/2021, the same date as the inception of the Fund's Class I, Class A, and Class R6 Shares.

## INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

## INVESTMENT SUBADVISER



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

Kayne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

## PORTFOLIO MANAGERS

**Julie Kutasov**

Industry start date: 2001

Start date as Fund Portfolio Manager: 2021

**Craig Stone**

Industry start date: 1989

Start date as Fund Portfolio Manager: 2021

## CHARACTERISTICS

	Fund	Index
Avg. Weighted Market Cap (bn)	9.77	7.12
Median Market Cap (bn)	7.94	1.35
Trailing P/E Ex-Negative Earnings	24.49	13.47
Price-to-Cash Flow	20.06	11.56
Price-to-Book Value	4.30	2.39
3-Year Earnings Growth Rate	9.61	16.09
5-Year Earnings Growth Rate	15.02	12.89
Active Share	97.64	n/a

## TOP TEN HOLDINGS

	% Fund
W R Berkley Corp	4.53
RBC Bearings Inc	4.48
Lennox International Inc	4.44
Broadridge Financial Solutions Inc	4.42
TransUnion	3.98
Graco Inc	3.96
Landstar System Inc	3.95
Gentex Corp	3.72
Jack Henry & Associates Inc	3.65
Dolby Laboratories Inc	3.59

Holdings and sector weightings are subject to change.

## SECTOR ALLOCATIONS

	% Equity	% Index
Industrials	37.92	19.84
Financials	22.37	20.89
Information Technology	10.41	8.16
Consumer Discretionary	10.36	12.57
Consumer Staples	9.18	2.86
Materials	5.06	6.47
Health Care	2.67	7.43
Real Estate	2.04	10.26
Energy	0.00	5.27
Utilities	0.00	3.38
Communication Services	0.00	2.88

## 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, medium, or large-sized companies may enhance that risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of 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. **Prospectus:** For additional information on risks, please see the fund's prospectus.

## GLOSSARY

**Avg. Weighted Market Cap (bn):** The sum of each security's weight within the fund (or index) multiplied by the security's market capitalization. **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:** A ratio used to compare a stock's market value to its book value. **3-Year Earnings Growth Rate:** Average of earnings per share growth for latest 3-year period. **5-Year Earnings 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.

Morningstar Category Classifications © 2024 Morningstar, Inc. All rights reserved.

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](https://virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.

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