

INVESTMENT OVERVIEW

The Fund seeks to maximize total return through current income that is exempt from federal income taxes, combined with capital appreciation consistent with capital preservation, by investing in investment grade municipal securities. A dynamic, multifaceted investment process balances emphasis across four facets: duration management, yield curve positioning, sector rotation, and security selection.

KEY FEATURES

Tax-Exempt Income — Strives to generate income free from federal income taxes

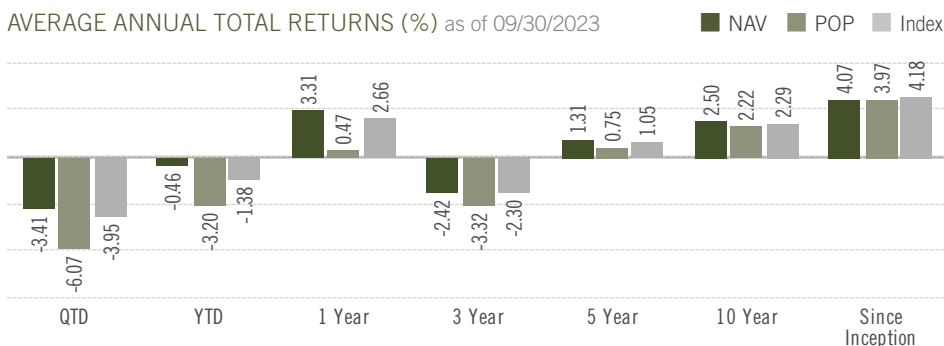
Attractive Total Return Potential — Market inefficiencies may create buying and selling opportunities that facilitate meaningful return potential

Extensive Fundamental Research — Bottom-up security selection evaluates factors such as fundamental credit analysis, security structural features, and potential price volatility

FUND INFORMATION

| | Ticker | CUSIP |
|----------------------|---|--------------|
| A Shares | SFLT | 92837F631 |
| I Shares | SCFT | 92837F623 |
| <hr/> | | |
| Inception Date | 01/18/94 | |
| AUM (\$ millions) | 45.5 | |
| Number of Holdings | 49 | |
| Dividends | Daily | |
| Morningstar Category | Muni National Long | |
| Lipper Category | General & Insured Municipal Debt Funds | |
| Index | Bloomberg Municipal Bond Index | |

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/2023



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. Class A shares have a maximum sales charge of 2.75%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid.

Benchmark life performance is reported from 01/31/94.

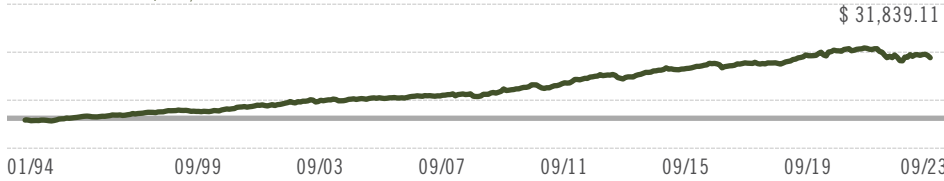
The fund class gross expense ratio is 1.01%. The net expense ratio is 0.73%, which reflects a contractual expense reimbursement in effect through 4/30/2024.

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.

ANNUAL PERFORMANCE (%)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------|-------|------|------|------|------|------|------|------|-------|-------|
| Fund | -8.69 | 0.35 | 6.85 | 7.67 | 0.44 | 5.39 | 0.53 | 3.06 | 10.60 | -1.85 |
| Index | -8.53 | 1.52 | 5.21 | 7.54 | 1.28 | 5.45 | 0.25 | 3.30 | 9.05 | -2.55 |

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 1/18/1994. As of 9/30/2023 the fund value would have been \$31,839.11. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 2.75%.

MORNINGSTAR RATINGS

| Time Period | # of Stars | # of Funds |
|-------------|------------|------------|
| Overall | ★★★ | 163 |
| 3 Year | ★★★ | 163 |
| 5 Year | ★★★ | 144 |
| 10 Year | ★★★ | 112 |

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

INVESTMENT ADVISER

Virtus Fund Advisers, LLC

INVESTMENT SUBADVISER



Seix Investment Advisors is an investment management boutique focused exclusively on managing fixed income securities since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs multi-dimensional approaches based on strict portfolio construction methodology, sell disciplines and trading strategies with prudent risk management as a cornerstone.

Seix Investment Advisors is a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser.

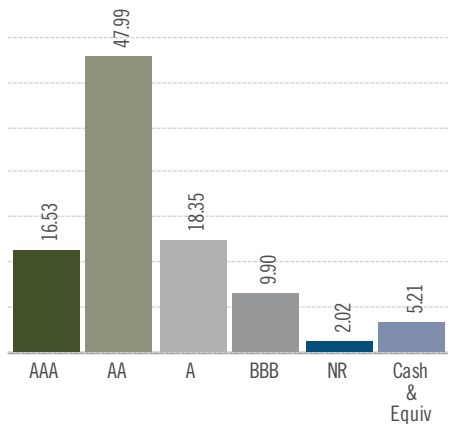
PORTFOLIO MANAGER

Dusty Self

Industry start date: 1992

Start date as Fund Portfolio Manager: 2018

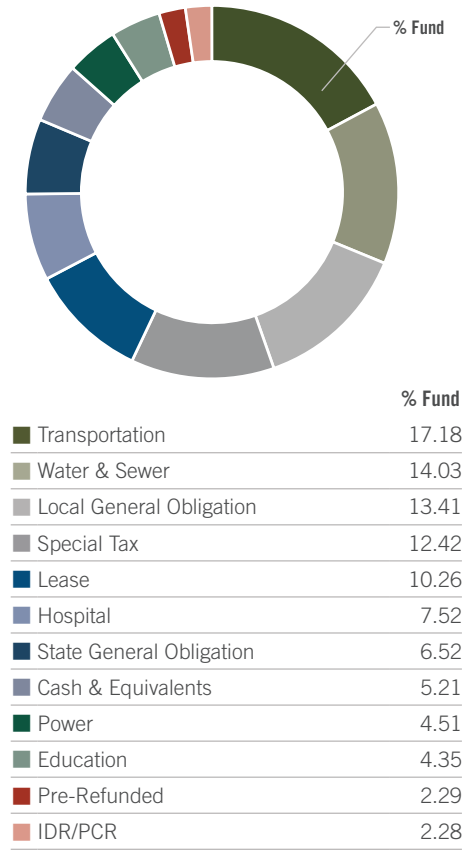
RATINGS DISTRIBUTION



TOP TEN HOLDINGS

| Holder | % Fund |
|--|--------|
| Pennsylvania Economic Development Financing Authority, 5.5000% 06/30/2040 | 6.85 |
| Energy Northwest, 5.0000% 07/01/2034 | 4.46 |
| County of DeKalb GA Water & Sewerage Revenue, 5.0000% 10/01/2043 | 4.16 |
| Georgetown Independent School District, 4.1250% 08/15/2047 | 3.94 |
| Permanent University Fund - University of Texas System, 3.7700% 07/01/2038 | 3.62 |
| Pennsylvania Economic Development Financing Authority, 4.0000% 05/15/2042 | 2.97 |
| City of Jacksonville FL, 5.0000% 10/01/2026 | 2.47 |
| Maryland Stadium Authority, 5.0000% 03/01/2036 | 2.37 |
| City of New York NY, 5.5000% 05/01/2044 | 2.34 |
| E-470 Public Highway Authority, 5.0000% 09/01/2036 | 2.33 |

SECTOR ALLOCATION



CHARACTERISTICS

| Characteristic | Fund |
|--|------|
| Effective Duration | 6.63 |
| Weighted Average Maturity | 8.14 |
| Modified Duration to Worst | 5.68 |
| 30-day SEC Yield ¹ | 3.40 |
| 30-day SEC Yield (unsubsidized) ² | 3.07 |

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

INCOME DISTRIBUTIONS

| Month | NAV at Month-End |
|----------------|------------------|
| July 2023 | \$0.022570 11.10 |
| August 2023 | \$0.025233 10.93 |
| September 2023 | \$0.025483 10.64 |

RISK STATISTICS (3 YEAR)

| | Fund | Index |
|--------------------|-------|-------|
| Alpha | -0.24 | n/a |
| Beta | 0.97 | 1.00 |
| R ² | 0.98 | 1.00 |
| Sharpe Ratio | -0.68 | -0.65 |
| Standard Deviation | 6.17 | 6.29 |

IMPORTANT RISK CONSIDERATIONS

Credit & Interest: Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Municipal Market:** Events negatively impacting a municipality, municipal security, or the municipal bond market in general, may cause the portfolio to decrease in value. **State & AMT Tax:** A portion of income may be subject to some state and/or local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax. **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

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. **Modified Duration to Worst:** A measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates, expressed as a number of years (assuming that a callable security pricing to a call date will be called/redeemed by the issuer on that date). **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **R²:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

INDEX DEFINITION

Index: The Bloomberg Municipal Bond Index is a market capitalization-weighted index that measures the long-term tax-exempt bond market. The index is calculated on a total return basis.

RATINGS DISTRIBUTION METHODOLOGY

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund. Standard & Poor's, Moody's, and Fitch ratings are used for all ratings-eligible securities. If all three agencies have rated the security, then the median rating based on numerical equivalents is used. If only two agencies have rated the security, then the lower of the two ratings is used. If only one agency has rated the security, the rating from that agency is used. If a rating is not available for a ratings-eligible security, the security is placed in the Not Rated Category. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C, and D are below-investment grade ratings.

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 effect of sales charges and loads.

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