

INVESTMENT OVERVIEW

The Fund seeks to maximize total return, which consists of income on its investments and capital appreciation, by investing in a portfolio of emerging markets debt instruments.

KEY FEATURES

Rigorous Credit Analysis — Combined fundamental credit research and country macro analysis, with emphasis on valuations to construct a highly diversified portfolio

Pioneers in Risk Analytics — Proprietary platform enables continuous monitoring of portfolio risk exposures in reaction to changing market conditions

Depth of Experience in EMD — Stone Harbor's demonstrated ability in managing emerging markets debt is rooted in teamwork with a 30-year history, a disciplined research and investment process, and the experience to make what are believed to be sound investment judgments

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

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	11.11	14.82	14.82	-3.50	2.08	2.79	4.78
Class A NAV	11.11	14.65	14.65	n/a	n/a	n/a	3.68
Class A POP	6.95	10.35	10.35	n/a	n/a	n/a	1.40
Index	9.16	11.09	11.09	-3.56	1.67	3.22	5.10

ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	14.82	-19.71	-2.51	7.05	15.20	-8.49	11.56	14.13	-0.90	2.87
Index	11.09	-17.78	-1.80	5.26	15.04	-4.26	10.26	10.15	1.18	7.43

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 I shares have no sales charges and are not available to all investors. The fund class gross expense ratio is 0.82%. The net expense ratio is 0.74%, which reflects a contractual expense reimbursement in effect through 9/30/2024. This ratio reflects the direct and indirect expenses paid by the Fund.

The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.72%.

Class A shares have a maximum sales charge of 3.75%. 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. The fund class gross expense ratio is 1.11%. The net expense ratio is 1.02%, which reflects a contractual expense reimbursement in effect through 09/30/2024. This ratio reflects the direct and indirect expenses paid by the Fund. The net expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 1.00%.

Other share classes may 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.

Index: The J.P. Morgan EMBI Global Diversified Index (EMBI Global Diversified) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. The index limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts outstanding. The countries covered in the EMBI Global Diversified are identical to those covered by the EMBI Global. 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.

Since inception performance for the index reflects a start date of 8/16/2007, the same date as the inception of the Fund's Class I shares. Class A inception date: 4/11/2022.

SHARE CLASSES	Ticker	CUSIP
I Shares	SHMDX	92828Y557
A Shares	VSHCX	92828Y565

FUND INFORMATION

Inception Date (Class I)	08/16/07
AUM (\$ millions)	342.4
Number of Holdings	281
Dividends	Monthly
Morningstar Category	Emerging Markets Bond Index
	J.P. Morgan EMBI Global Diversified Index

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

MORNINGSTAR RATINGS (CASS I)

Time Period	# of Stars	# of Funds
Overall	★★★	226
3 Year	★★	226
5 Year	★★	213
10 Year	★★★	110

Morningstar Ratings (Cass I) are based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

INVESTMENT ADVISER

Virtus Alternative Investment Advisers, Inc.

INVESTMENT SUBADVISER



Stone Harbor is a global credit specialist with expertise in emerging and developed markets debt, with three decades of informed experience allocating risk in complex areas of the fixed income markets. We manage credit portfolios for clients globally.

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

PORTFOLIO MANAGERS

Peter J. Wilby, CFA

Industry start date: 1980

Start date as Fund Portfolio Manager: 2007

James E. Craigie, CFA

Industry start date: 1988

Start date as Fund Portfolio Manager: 2007

Stuart Sclater-Booth

Industry start date: 1992

Start date as Fund Portfolio Manager: 2017

Kumaran Damodaran, PhD

Industry start date: 2000

Start date as Fund Portfolio Manager: 2015

David A. Oliver, CFA

Industry start date: 1986

Start date as Fund Portfolio Manager: 2008

RATINGS DISTRIBUTION	% Fund
AAA	0.66
AA	5.77
A	8.76
BBB	26.37
BB	25.09
B	21.28
CCC & Below	8.69
Not Rated	3.38

CHARACTERISTICS	Fund
Effective Duration	6.61
Weighted Average Life	10.82
30-day SEC Yield	6.88
30-day SEC Yield (unsubsidized)	6.77
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.	

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	1.34	n/a
Beta	1.19	1.00
R ²	0.98	1.00
Sharpe Ratio	-0.45	-0.54
Standard Deviation	12.90	10.70

IMPORTANT RISK CONSIDERATIONS

Emerging Markets Investing: Emerging markets securities may be more volatile, or more greatly affected by negative conditions, than those of their counterparts in more established foreign markets. Such securities may also be subject to Sanctions Risk. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **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. **Counterparty:** There is risk that a party upon whom the portfolio relies to complete a transaction will default. **Currency Rate:** Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares. **Derivatives:** Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or attempt to increase returns. Investments in derivatives may result in increased volatility and the portfolio may incur a loss greater than its principal investment. **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. **Diversification:** There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio, or that diversification among different asset classes reduces risk. **Liquidity:** Certain instruments may be difficult or impossible to sell at a time and price beneficial to the portfolio, which could impact the ability to meet redemption requests upon demand. **Income:** Income received from the portfolio may vary widely over the short- and long-term and/or be less than anticipated if the proceeds from maturing securities in the portfolio are reinvested in lower-yielding 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

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 Life:** The length of time to repayment of principal on a security whereby the time to each principal payment is weighted by the proportional size of the corresponding payment. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a

TOP FIVE COUNTRIES (%)

	Sovereign-Hard		Sovereign-Local		Corporate-Hard		Corporate-Local		Total	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Mexico	4.02	5.12	0.26	0.00	4.38	0.00	0.00	0.00	8.66	5.12
Turkey	4.43	4.65	0.00	0.00	0.32	0.00	0.00	0.00	4.75	4.65
Saudi Arabia	4.51	4.81	0.00	0.00	0.05	0.00	0.00	0.00	4.55	4.81
Indonesia	3.62	4.91	0.19	0.00	0.72	0.00	0.00	0.00	4.54	4.91
Colombia	3.09	2.99	0.12	0.00	0.85	0.00	0.00	0.00	4.06	2.99

Weightings are subject to change.

Weightings may not add up to 100% as a result of the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or for risk management purposes.

REGIONAL ALLOCATION	% Fund
Latin America	36.40
Middle East	21.33
Europe	15.13
Africa	14.58
Asia	11.92
Net Cash	0.65

SECTOR ALLOCATION	% Fund
Sovereign Hard Currency	83.43
Corporate Hard Currency	14.06
Sovereign Local Currency	1.86
Net Cash	0.65

INCOME DISTRIBUTIONS

Month	NAV at Month-End	
October 2023	\$0.040206	6.62
November 2023	\$0.046546	6.98
December 2023	\$0.106100	7.22

Allocations are subject to change.

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.

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. Ratings are provided by Standard & Poor's, Moody's, and Fitch. In determining the average credit quality of a security, Stone Harbor uses the following hierarchy: S&P; if S&P is unavailable, Moody's; if Moody's is unavailable, Fitch. If no rating is available, Stone Harbor applies its internal rating methodology to assign a rating. A security that has not been assigned a credit rating through Stone Harbor's methodology is listed as 'not rated'. Ratings have been converted to the equivalent S&P rating category. Cash and currency forwards generally are assigned the AAA rating. 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

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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