

**INVESTMENT OVERVIEW**

The Fund seeks attractive long-term competitive returns by investing in a portfolio of healthcare companies which strive to deliver innovative and cost-effective solutions. Stock selection and portfolio construction is driven by high-conviction growth, quality, valuation, and ESG risk criteria.

**KEY FEATURES**

**Rapid Growth Opportunity** — The Fund seeks to capitalize on the rapid growth in global healthcare spending due to the impact from COVID-19, coupled with an aging society — the world’s population over age 60 is expected to triple by 2050, necessitating the need for biopharma breakthroughs, smarter science and development, and technology-enabled care delivery

**High-Quality, High-Conviction Portfolio** — Searches for quality companies with solid balance sheets, consistent growth, and market dominant business models, resulting in a high-conviction portfolio of 40 to 50 healthcare companies, addressing themes such as innovative biotechnology and pharmacological treatments, cost-effective medical solutions, preventative healthcare, and healthy lifestyles

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

**FUND INFORMATION**

	Ticker	CUSIP
A Shares	RAGHX	92837N667
C Shares	RCGHX	92837N659
Institutional Shares	HLHIX	92837N618
P Shares	AAAEX	92837N626

Inception Date	02/05/02
AUM (\$ millions)	138.3
Number of Holdings	29
Dividends	Semi-Annually
Morningstar Category	Health
Lipper Category	Health/Biotechnology Funds
Index*	MSCI World Health Care Index (net)

**MORNINGSTAR RATINGS**

Time Period	# of Stars	# of Funds
Overall	★★★	157
3 Year	★★★	157
5 Year	★★★★★	132
10 Year	★★★	111

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

**INVESTMENT ADVISER**

Virtus Investment Advisers, Inc.

**INVESTMENT SUBADVISER**



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

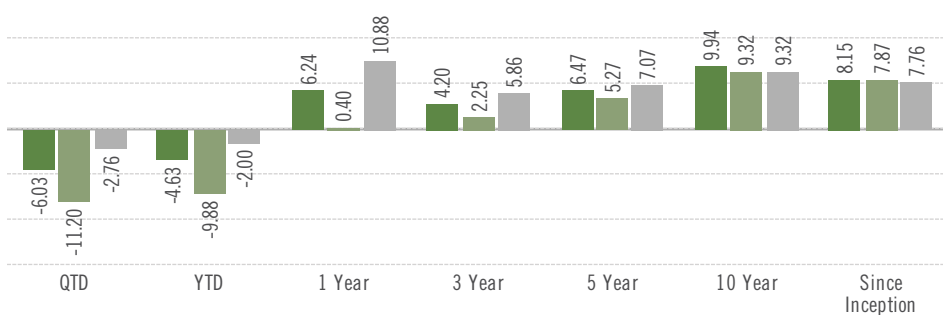
Kayne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

**PORTFOLIO MANAGERS**

**Chris Armbruster, CFA**  
Industry start date: 2004  
Start date as Fund Portfolio Manager: 2022

**Jon Christensen, CFA**  
Industry start date: 1995  
Start date as Fund Portfolio Manager: 2022

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

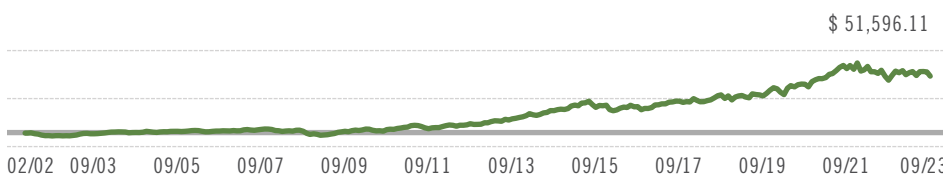
The fund class gross expense ratio is 1.39%.

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	-11.78	25.40	13.64	26.64	4.67	17.33	-7.99	11.65	25.18	34.23
Index	-5.41	19.80	13.52	23.24	2.51	19.80	-6.81	6.60	18.10	36.27

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 2/5/2002. As of 9/30/2023 the fund value would have been \$51,596.11. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 5.50%.

\* Effective October 27, 2023, this Fund's index is the Russell 3000® Health Care Index. Please visit [virtus.com](http://virtus.com) for current index data.

**CHARACTERISTICS**

	Fund	Index
Avg. Weighted Market Cap (bn)	137.35	178.27
Median Market Cap (bn)	42.00	18.86
Trailing P/E Ex-Negative Earnings	29.70	22.47
Price-to-Cash Flow	29.62	21.29
Price-to-Book Value	5.51	4.74
3-Year Earnings Growth Rate	15.55	11.59
5-Year Earnings Growth Rate	22.93	18.68
Active Share	59.96	n/a

**RISK STATISTICS  
(3 YEAR)**

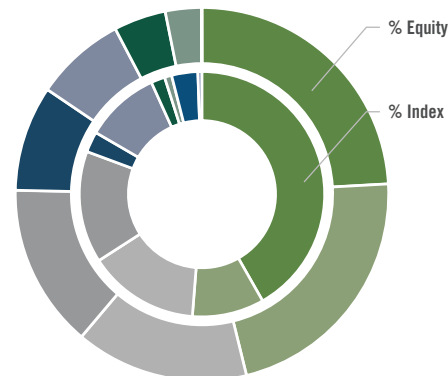
	Fund	Index
Alpha	-1.70	n/a
Beta	1.08	1.00
R <sup>2</sup>	0.92	1.00
Sharpe Ratio	0.15	0.28
Standard Deviation	16.44	14.53

**TOP TEN HOLDINGS**

	% Fund
Eli Lilly & Co	9.18
UnitedHealth Group Inc	5.04
West Pharmaceutical Services Inc	5.01
AbbVie Inc	4.87
Zoetis Inc	4.65
McKesson Corp	4.49
Danaher Corp	4.42
Cooper Cos Inc/The	4.26
Merck & Co Inc	4.14
IDEXX Laboratories Inc	4.07

Holdings and industry weightings are subject to change.

**INDUSTRY ALLOCATIONS**



	% Equity	% Index
Pharmaceuticals	24.12	41.77
Life Sciences Tools and Services	22.04	9.49
Biotechnology	15.01	14.64
Health Care Equipment	14.17	14.76
Health Care Supplies	9.13	2.72
Managed Health Care	7.85	9.87
Health Care Distributors	4.52	1.84
Health Care Facilities	3.16	0.93
Health Care Services	0.00	3.45
Health Care Technology	0.00	0.54

**IMPORTANT RISK CONSIDERATIONS**

**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. **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. **Focused Investments:** To the extent the portfolio focuses its investments on a limited number of issuers, sectors, industries or geographic regions, it may be subject to increased risk and volatility. **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. **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. **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. **R<sup>2</sup>:** 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 MSCI World Health Care Index (net) is designed to capture the large and mid-cap segments of developed markets. All securities in the index are classified in the Health Care sector as per the Global Industry Classification Standard. The index is calculated on a total return basis with net dividends reinvested.

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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