

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

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/2024

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class INST	9.90	9.90	12.79	6.74	10.65	n/a	9.36
Class A NAV	9.81	9.81	12.47	6.46	10.33	10.23	8.78
Class A POP	3.77	3.77	6.29	4.47	9.08	9.61	8.50
Index 1	8.52	8.52	15.41	6.77	10.76	n/a	9.89

ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class INST	2.84	-11.57	25.74	14.06	27.08	5.02	17.75	-7.65	12.03	n/a
Index	2.87	-6.10	18.60	19.34	22.11	5.63	23.13	-3.33	7.14	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 for performance data current to the most recent month end.

Class INST Shares have no sales charges and are not available to all investors. The fund class gross expense ratio is 1.14%. The net expense ratio is 1.12%, which reflects a contractual expense reimbursement in effect through 10/31/2024.

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%.

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 Russell 3000® Health Care Index features companies involved in medical services or healthcare in the Russell 3000 Index, which includes the largest 3,000 US companies as determined by total market capitalization. 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 12/22/2014, the same date as the inception of the Fund's Class INST Shares. Class A inception date: 2/5/2002.

SHARE CLASSES

SHARE CLASSES	Ticker	CUSIP
INST Shares	HLHIX	92837N618
A Shares	RAGHX	92837N667
C Shares	RCGHX	92837N659
P Shares	AAAEX	92837N626

FUND INFORMATION

Inception Date (Class INST)	12/22/14
AUM (\$ millions)	151.3
Number of Holdings	29
Dividends	Semi-Annually
Morningstar Category	Health
Index	Russell 3000® Health Care 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 (CLASS INST)

Time Period	# of Stars	# of Funds
Overall	★★★★	159
3 Year	★★★★	159
5 Year	★★★★	136
10 Year	Not Rated	n/a

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

CHARACTERISTICS	Fund	Index
Avg. Weighted Market Cap (bn)	187.80	232.26
Median Market Cap (bn)	57.44	1.02
Trailing P/E Ex-Negative Earnings	46.94	35.03
Price-to-Cash Flow	36.79	31.20
Price-to-Book Value	6.02	5.21
3-Year Earnings Growth Rate	2.98	-0.76
5-Year Earnings Growth Rate	10.62	7.16
Active Share	50.26	n/a

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-0.27	n/a
Beta	1.13	1.00
R ²	0.93	1.00
Sharpe Ratio	0.24	0.28
Standard Deviation	16.95	14.53

TOP TEN HOLDINGS	% Fund
Eli Lilly & Co	11.25
AbbVie Inc	5.04
UnitedHealth Group Inc	4.63
Cooper Cos Inc/The	4.59
Merck & Co Inc	4.48
IDEXX Laboratories Inc	4.26
Edwards Lifesciences Corp	4.15
West Pharmaceutical Services Inc	4.01
Vertex Pharmaceuticals Inc	3.77
Danaher Corp	3.76

Holdings and industry weightings are subject to change.

INDUSTRY ALLOCATION	% Equity	% Index
Pharmaceuticals	23.83	30.14
Life Sciences Tools and Services	20.77	11.14
Health Care Equipment	17.51	19.56
Biotechnology	14.78	19.47
Health Care Supplies	8.80	1.31
Managed Health Care	7.30	11.59
Health Care Distributors	3.70	0.72
Health Care Facilities	3.30	1.98
Health Care Services	0.00	3.22
Health Care Technology	0.00	0.80
Specialty Chemicals	0.00	0.03
Diversified Support Services	0.00	0.02
Other Speciality Retail	0.00	0.02

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:** 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.

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. © 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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