

# CONSIDERING A SHORT DURATION STRATEGY? CONSIDER THIS.



## SPOTLIGHT ON: VIRTUS NEWFLEET MULTI-SECTOR SHORT TERM AND LOW DURATION CORE PLUS BOND FUNDS

A: NARAX / C1: PMSTX / I: PIMSX / R6: VMSSX

A: HIMZX / C: PCMZX / I: HIBIX / R6: VLDRX

Investors may be considering an increased allocation to short-term bonds due to their lower duration (interest rate risk). However, investors also interested in generating total return may want to consider a multi-sector credit strategy on the short end of the curve.

### Five Things to Consider in Selecting a Short-Term Bond Strategy

1

How experienced is the manager?

- As pioneers in full universe multi-sector investing, Newfleet Asset Management has been managing multi-sector short-term bond portfolios for over 25 years.
- Senior members of the team and essential aspects of the process have been in place for more than 25 years.

2

Why does a multi-sector approach make sense?

- A multi-sector approach may make sense for investors that want to outsource the complexity of asset allocation decisions across the world's credit sectors.
- Diversification among sectors can expand opportunities and help manage risk.
- Newfleet seeks to minimize credit and interest rate risk through active rotation among sectors and superior security selection within them.

3

Why Newfleet?

- Multi-sector investing has been the core of Newfleet's investment philosophy for more than a quarter century. Asset classes are not viewed in a vacuum; rather, Newfleet employs a fully integrated, dynamic multi-sector investment approach.
- Through extensive collaboration and information sharing, the team assesses relative value across the fixed income markets to set target weights for each sector, then portfolios are built through bottom-up, fundamental credit analysis.

4

How has the manager performed through various market cycles?

Since its inception in 1992, the Virtus Newfleet Multi-Sector Short Term Bond Fund has:

- posted positive returns in 27 of the last 31 calendar years
- delivered top quartile returns for trailing 1-, 10-, 15-, 20-years, and since inception

5

How has the manager performed on a risk-adjusted basis?

- For the 30-year period since inception (Class A: 7/6/92–6/30/24), the Multi-Sector Short Term Bond Fund has generated a top decile Sharpe Ratio among its Morningstar Short-Term Bond peers.

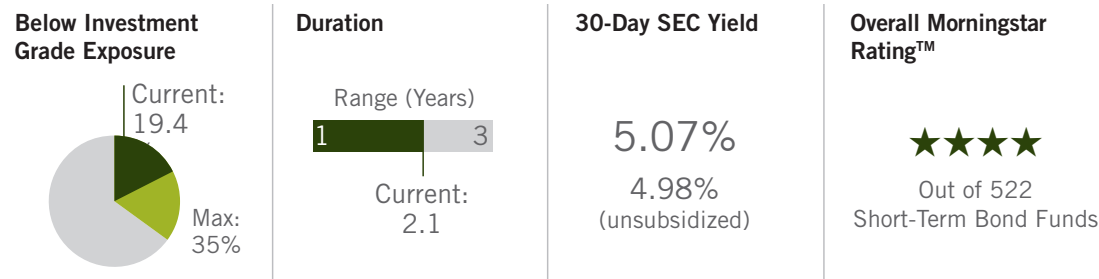
#### Past performance is not indicative of future results.

As of 6/30/24. **Yield Curve**—A line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. **Sharpe Ratio**—A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. It is calculated by taking the portfolio's annualized return, minus the annualized risk-free rate (typically the 30-Day T-Bill return), divided by the portfolio's annualized standard deviation. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return. NARAX ranked 2/28 for Sharpe Ratio in the Short-Term Bond Category since inception, as of 6/30/24.

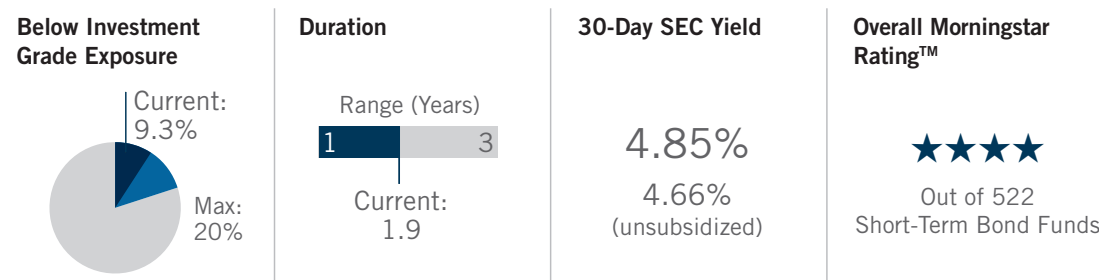
One Manager. Two Short-Term Offerings.

Newfleet subadvises two Virtus multi-sector short-term funds with similar duration:

- 1 For investors seeking to generate higher income and total return potential, the **Virtus Newfleet Multi-Sector Short Term Bond Fund (PIMSX)** typically has provided greater exposure to non-investment grade credit compared to its short-term peers.



- 2 Investors seeking a more conservative approach may consider the **Virtus Newfleet Low Duration Core Plus Bond Fund (HIBIX)**. The current portfolio management team assumed responsibility for this Fund in May 2012 and manages it using Newfleet's proven multi-sector investment process. This Fund has typically offered less exposure to non-investment grade holdings than PIMSX.

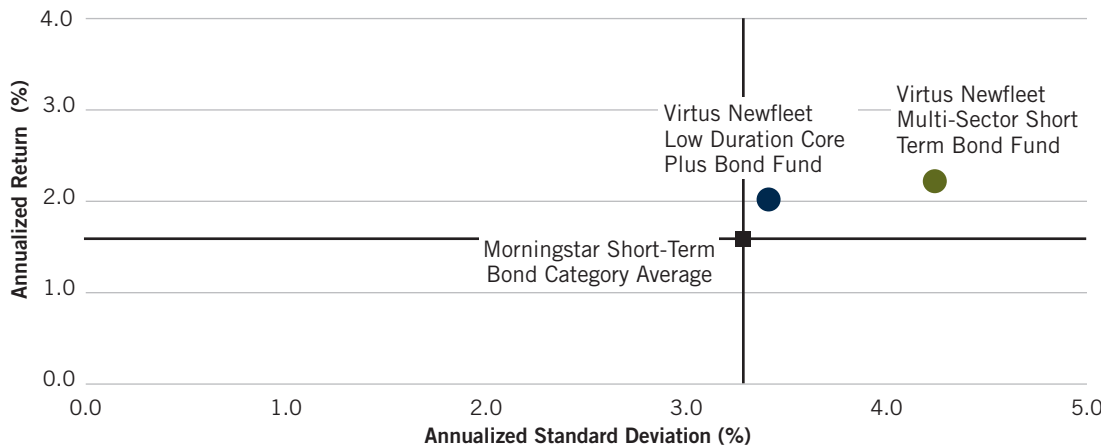


Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

**Both funds** have generated higher annualized returns than the Morningstar Short-Term Bond Category for the past 5 years, with slightly higher risk than the category average.

PEER COMPARISON, 5 YEARS<sup>1</sup>

1 Shares, as of 6/30/24



Past performance is not indicative of future results.

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. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Newfleet uses the higher rating. If a rating is not available, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are below-investment grade ratings.

<sup>1</sup>Source: Morningstar Direct.

Current duration as of 6/30/24. Duration represents the interest rate sensitivity of a fixed income fund. For example, if the funds' duration is five years, a 1% increase in interest rates would result in a 5% decline in the funds' price. Similarly, a 1% decline in interest rates would result in a 5% gain in the funds' price. 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.

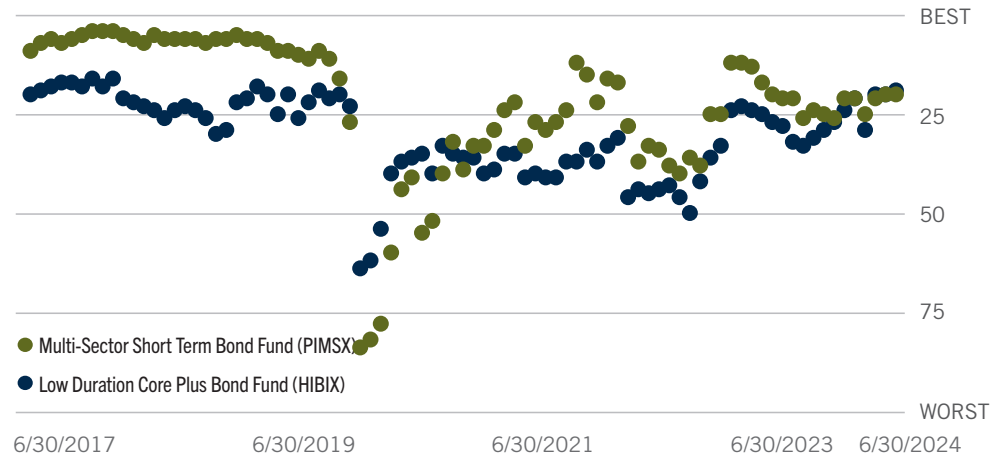
Morningstar Data: PIMSX—Overall: 4 star (522 Short-Term Bond funds); 3-Year: 4 star (522); 5-Year: 4 star (482); 10-Year: 4 star (354). HIBIX—Overall: 4 star (522 Short-Term Bond funds); 3-Year: 4 star (522); 5-Year: 4 star (482); 10-Year: 4 star (354).

## Historical Outperformance

For the past 10 years, the Virtus Newfleet Multi-Sector Short Term Bond and Low Duration Core Plus Bond Funds have ranked in the top half of the Morningstar peer group in 93% and 96% of rolling 3-year periods, respectively. The Funds have also consistently generated excess risk-adjusted returns and historically outperformed short-term peers.

### PERCENTILE RANKING, ROLLING 3-YEARS<sup>2</sup>

I Shares, 6/30/17–6/30/24

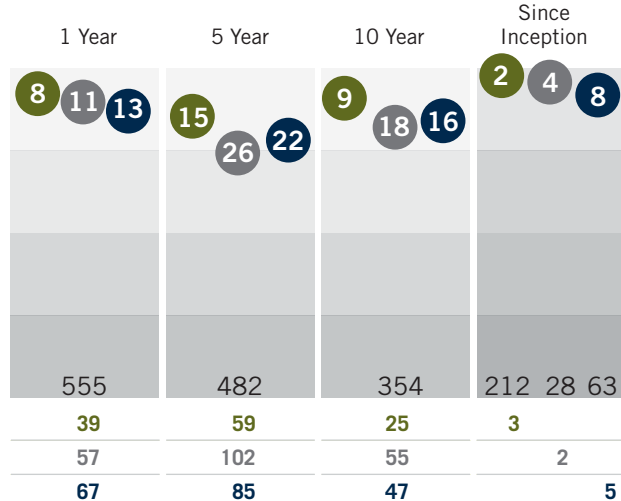


David Albrycht, President and Chief Investment Officer of Newfleet, has been the lead manager on Multi-Sector Short Term Bond since 1993. Mr. Albrycht and his team of multi-sector portfolio managers have been at the helm of Low Duration since May 2012.

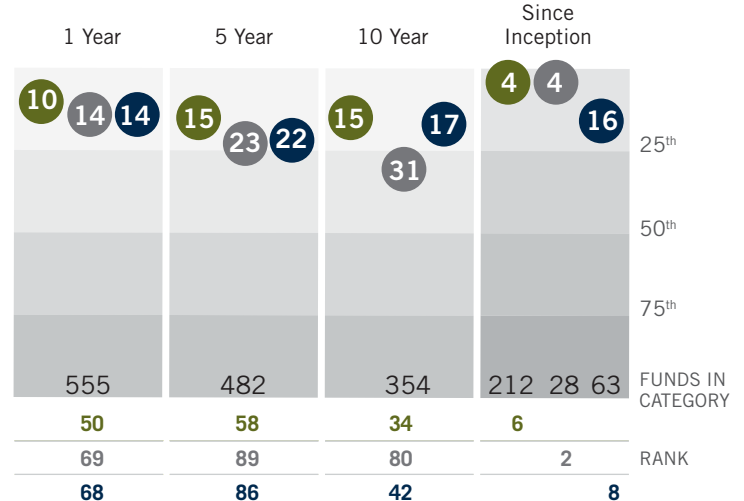
### MORNINGSTAR PERCENTILE RANKINGS<sup>3</sup>

Short-Term Bond Category, Based on Total Returns as of 6/30/24

#### RETURN



#### SHARPE RATIO



● PIMSX (Inception: 6/6/08) ● NARAX (Inception: 7/6/92) ● HIBIX (Inception: 2/23/96)



► Newfleet's multi-sector short-term strategies have the ability to protect from the negative impact of rising rates, while also seeking to identify the best relative value across sectors, in an effort to generate both income and capital appreciation. **Interested in learning more about Virtus Newfleet Multi-Sector Short Term or Low Duration Core Plus Bond Funds? Contact us at 800-243-4361 or visit [www.virtus.com](http://www.virtus.com).**

Past performance is not indicative of future results.

<sup>2</sup>Source: Morningstar Direct. Rolling 3-Year Peer Rankings chart illustrates performance rankings within the peer group, as measured on a rolling basis. Rolling periods begin 6/30/2014 using monthly data.

<sup>3</sup>Source: Morningstar Direct.

## Average Annual Total Returns As of 6/30/24

### Virtus Newfleet Multi-Sector Short Term Bond Fund

Returns (%)	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	
							6/6/08	7/6/92
PIMSX	1.29	2.74	7.42	1.36	2.23	2.30	3.91	
NARAX NAV	1.23	2.62	7.17	1.10	1.93	2.03		4.74
POP	-1.05	0.31	4.76	0.34	1.46	1.80		4.67
Index	1.13	2.02	6.12	1.00	1.90	2.02	2.72	

Since inception performance for the index reflects a start date of 6/6/2008, the same date as the inception of the Fund's Class I shares. Class A inception date: 7/6/1992.

### Virtus Newfleet Low Duration Core Plus Bond Fund

Returns (%)	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	
							2/23/96	
HIBIX	1.24	2.71	7.04	1.41	2.02	2.08	3.92	
Index	0.89	1.09	4.77	-0.17	1.06	1.45	n/a	

Performance data quoted represents past performance. Part 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.

**PIMSX: Class I Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 0.73%. The net expense ratio is 0.65%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

**NARAX: Class A shares have a maximum sales charge of 2.25%. A contingent deferred sales charge of 0.50% may be imposed on certain redemptions within 12 months on purchases on which a finder's fee has been paid.** The fund class gross expense ratio is 0.98%. The net expense ratio is 0.90%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

**HIBIX: Class I Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 0.69%. The net expense ratio is 0.50%, which reflects a contractual expense reimbursement in effect through 1/31/2025.

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.

**PIMSX/NARAX Index:** The **ICE BofA 1-3 Year A-BBB US Corporate Index** measures performance of U.S. corporate bond issues rated A through BBB, inclusive (based on an average of Moody's, S&P and Fitch), with a remaining term to final maturity less than 3 years. The index is calculated on a total return basis.

**HIBIX Index:** The **ICE BofA 1-5 Year US Corporate & Government Bond Index** tracks the performance of US dollar denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, U.S. agency, foreign government, supranational and corporate securities, with a remaining term to final maturity less than 5 years, calculated on a total return basis. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

**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 effects of sales charges and loads.

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**Strong ratings are not indicative of positive fund performance.**

### 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. **High Yield Fixed Income Securities (Junk Bonds):** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade securities. **Bank Loans:** Bank loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be less liquid and may trade infrequently on the secondary market. Bank loans settle on a delayed basis; thus, sale proceeds may not be available to meet redemptions for a substantial period of time after the sale of the loan. **Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **ABS/MBS:** Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the non-repayment of underlying collateral, including losses to the portfolio. **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. **Prospectus:** For additional information on risks, please see the fund's prospectus.

**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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