Virtus Credit Opportunities Fund

VIRTUS INVESTMENT PARTNERS

Fund Information

Symbol and CUSIP

A shares	VCOAX	(92835M760)
C shares	VCOCX	(92835M752)
I shares	VCOIX	(92835M745)
R shares	VRCOX	(92835M737)

Investment Adviser
Virtus Alternative Investment Advisers, Inc.

Investment Subadviser
Newfleet Asset Management, LLC

AUM ($ millions)	98.2
Number of Holdings	81
Dividends	Quarterly

Investment Professionals

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2015

Timothy Dias, CFA, CAIA
Industry start date: 2004
Start date with Fund: 2017

Patrick D. Fleming
Industry start date: 2015
Start date with Fund: 2017

Eric Hess, CFA
Industry start date: 2006
Start date with Fund: 2017

INVESTMENT OPPORTUNITY

The fund seeks to generate long-term total return from a combination of capital appreciation and interest by seeking the best opportunities in distressed, stressed, and performing credit.

SEC Yield	3.02%

SEC Yield (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period.
All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. The SEC Yield would have been 2.81%.

Investment Process

STEP 1 – Security Selection

> Identify and analyze the most attractive stressed and distressed opportunities in high-yield bonds, bank loans, convertible bonds, and preferreds

> Employ fundamental research to determine the intrinsic value of the underlying business and identify the fulcrum security

> Evaluate and select the security with the best risk/reward in the capital structure

STEP 2 – Portfolio Construction

> Build a concentrated portfolio of high-conviction event-driven credits

> Typically 60-120 holdings, including:

- Performing bonds and loans
- Stressed debt
- Distressed debt
- Re-org equity and special situations

STEP 3 – Risk Management

> Daily portfolio monitoring of:

- Change in company and security outlook
- Absolute and relative security valuations

> Derivatives may be used to hedge sector and issuer exposure

Average Annual Total Returns Class A as of 12/30/2016 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 06/05/2015
NAV	1.73	6.33	6.33	n/a	n/a	n/a	2.52
POP	-2.08	2.34	2.34	n/a	n/a	n/a	0.06
Index	2.00	13.45	13.45	n/a	n/a	n/a	5.11

Benchmark since inception performance is reported from 6/30/2015

The fund class gross expense ratio is 1.71%. The net expense ratio is 1.45%, which reflects a contractual expense reimbursement in effect through 3/1/2017. 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 1.35%.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Net Asset Value (NAV) returns do not reflect the deduction of any sales charges. POP (Public Offering Price) performance reflects the deduction of the 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.

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.

Index: The composite index consists of 50% Bloomberg Barclays U.S. High-Yield Bond Index (an index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations, calculated on a total return basis) and 50% Credit Suisse Leveraged Loan Index (an index designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market, calculated on a total return basis). The composite index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

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Data presented as of 12/30/2016

Sector Allocations	% Fund
Corporate - High Yield	44.44
Bank Loans	27.56
Cash	20.84
Non-Agency Commercial MBS	2.97
Equity	1.39
Non-Agency Residential MBS	1.39
Emerging Market - High Yield	1.09
Corporate - High Quality	0.32

Characteristics	Fund
Duration	2.09 years
Standard Deviation	n/a

GLOSSARY

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

Standard Deviation (3 year) measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk.

Ratings Distribution	% Fund
Aaa	22.76
Aa	0.00
A	1.47
Baa	3.96
Ba	15.32
B	28.36
Caa	5.73
Ca	1.65
C	0.00
D	2.38
Not Rated	18.37

RATINGS DISTRIBUTION METHODOLOGY: The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government debt issues. The ratings apply to the fund's holdings and not the fund itself. The higher of the ratings between Moody's, Standard & Poor's and Fitch is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond 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.

IMPORTANT RISK CONSIDERATIONS:

Credit & Interest: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Bank Loans:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value and have longer settlement times than other investments, which can make loans relatively illiquid at times. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment. **Non-Diversified:** The fund is non-diversified and may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the fund's assets. **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 or medium-sized companies may enhance that risk. **Prospectus:** For additional information on risks, please see the fund's prospectus.

Weightings are subject to change.

Investment Manager of the Fund

Newfleet leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

Please carefully consider a Fund's investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus mutual fund, contact your financial representative, call 1-800-243-4361, or visit Virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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