

**Short-Term Bond**

Overall Morningstar Rating™ Based on risk adjusted returns as of 03/31/2017. Rating out of 444 Funds.

**Fund Information****Symbol and CUSIP**

A shares	HIMZX	(92828W346)
C shares	PCMZX	(92828W338)
I shares	HIBIX	(92828W320)

**Investment Adviser**

Virtus Investment Advisers, Inc.

**Investment Subadviser**

Newfleet Asset Management, LLC

<b>AUM (\$ millions)</b>	365.6
<b>Number of Holdings</b>	590
<b>Dividends</b>	Daily

**Investment Professionals**

David L. Albrycht, CFA  
Industry start date: 1985  
Start date with Fund: 2012

Benjamin Caron, CFA  
Industry start date: 1997  
Start date with Fund: 2012

Lisa M. Baribault  
Industry start date: 2003  
Start date with Fund: 2017

**INVESTMENT OPPORTUNITY**

The fund focuses on primarily higher quality, more liquid securities across 14 fixed income sectors by applying a time-tested approach of active sector rotation, extensive credit research and disciplined risk management to capitalize on opportunities across undervalued areas of the fixed income markets.

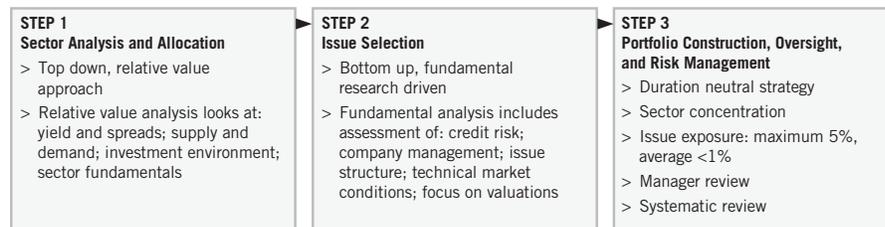
The fund invests at least 80% of its assets in fixed income debt obligations of various types of issuers. The fund's average duration will range from one to three years.

The fund seeks to earn a high level of total return, including a competitive level of current income, while limiting fluctuations in net asset value due to changes in interest rates.

SEC Yield	1.71%
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**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 1.34%.

Effective May 8, 2017 this fund changed its name from the Virtus Low Duration Income Fund.

**Investment Process****Average Annual Total Returns** Class A as of 03/31/2017 in percent

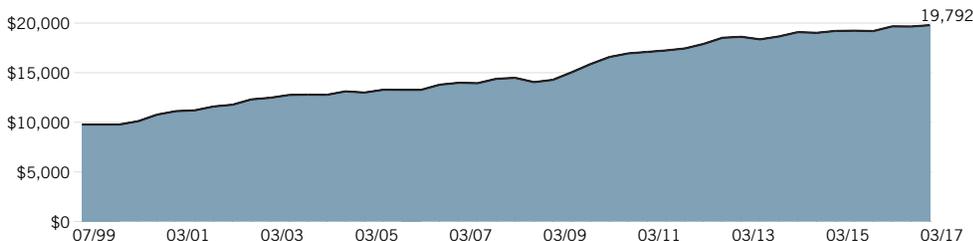
	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 07/21/1999
NAV	0.67	0.67	2.09	1.57	2.21	3.53	4.06
POP	-1.59	-1.59	-0.21	0.80	1.74	3.30	3.93
Index	0.59	0.59	0.24	1.95	1.84	3.74	4.56

The fund class gross expense ratio is 1.10%. The net expense ratio is 0.75%, which reflects a contractual expense reimbursement in effect through 4/30/2018.

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 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.

**Annual Performance** Class A at NAV in percent

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund	4.33	-2.41	13.00	6.77	2.99	6.14	0.76	1.94	0.89	2.42
Index	7.39	5.08	5.24	5.89	5.80	3.89	-0.86	3.13	1.07	2.08

**Growth of \$10,000** Class A for the period ending 03/31/2017 Actual initial investment \$9,775

This chart assumes an initial investment of \$10,000 made on Jul 21, 1999 for Class A shares including any applicable sales charges. Performance assumes reinvestment of dividends and capital gain distributions.

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 Low Duration Income Fund Linked Benchmark consists of the BofA Merrill Lynch 1-5 Year US Corporate & Government Bond Index which tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US 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 index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Low Duration Income Linked Benchmark prior to 2/1/2017 is that of the Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index.

Sector Allocations	% Fund
Asset Backed Securities	25.79
Corporate - High Quality	18.10
Non-Agency Residential MBS	14.84
Non-Agency Commercial MBS	11.69
Treasury	8.60
Mortgage Backed Securities	7.49
Bank Loans	6.76
Corporate - High Yield	4.61
Cash	1.27
Yankee - High Quality	0.80
Taxable Municipals	0.05

Ratings Distribution	% Fund
Aaa	41.72
Aa	12.64
A	18.64
Baa	16.65
Ba	6.94
B	0.59
Caa	0.10
Ca	0.00
C	0.00
D	0.00
Not Rated	2.72

## 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.

**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 repayment of underlying collateral. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk.

**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. **Prospectus:** For additional information on risks, please see the fund's prospectus.

## 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.

Income Paid Monthly:	NAV at Month-End
January	\$ 0.016570
February	\$ 0.017927
March	\$ 0.017818

## Characteristics

Characteristics	Fund
Duration	2.35 years
Standard Deviation	1.16

## 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.

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.

**Morningstar** For the 3-, 5- and 10-year periods, respectively, the Fund was rated 4, 4 and 5 stars among 444, 359 and 257 funds in the Short-Term Bond category for the time period ending 03/31/2017.

**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.

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