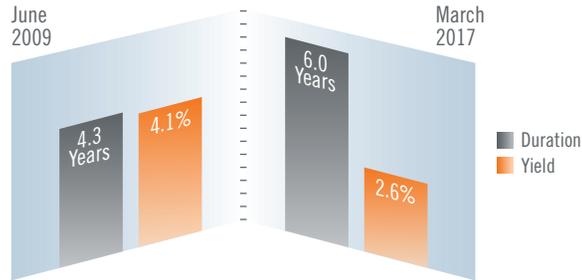


BUILDING YOUR NEW CORE BOND PORTFOLIO

The Old Core Has Grown Riskier



From the end of the financial crisis to today, the “core” Bloomberg Barclays U.S. Aggregate Bond Index has seen both its interest rate risk rise and its return potential fall.

While fixed income is typically considered a more conservative asset class than equities, that doesn’t mean it’s risk-free. Quite the contrary, bonds are subject to a series of risks including interest rates, credit, inflation, currency, and liquidity. Indeed, the risk profile of the traditional “core” bond investment has deteriorated in recent years (see the chart at left), prompting the question: Where do we go from here?

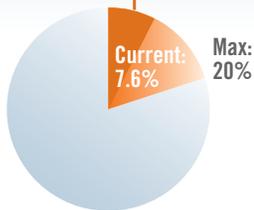
“New Core” bond investing strives to embrace and profit from this shifting risk terrain. It recognizes that the 30-year bull run in bonds, powered by a secular decline in interest rates, has waned. A deft approach to credit will be the primary return driver in this new era.

The Newfleet Suite of New Core offerings combine meticulous, risk-sensitive credit analysis with an active multi-sector rotation approach, successfully honed over 24 years. Investors can choose their preferred duration target and then let Newfleet flexibly rotate across the best bond sectors globally.

Virtus Newfleet Low Duration Income Fund

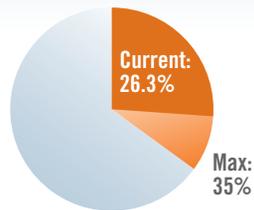
A Shares:
HIMZX
Duration
Range: 1–3 Years
Current: 2.4
Inception
7/21/1999

BELOW INVESTMENT GRADE ALLOCATION



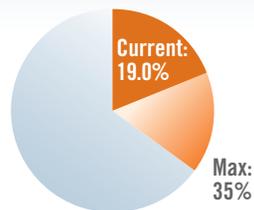
Virtus Newfleet Multi-Sector Short Term Bond Fund

A Shares:
NARAX
Duration
Range: 1–3 Years
Current: 2.7
Inception
7/6/1992



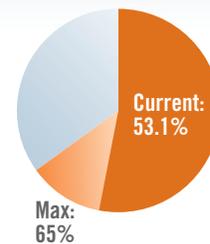
Virtus Newfleet Bond Fund

A Shares:
SAVAX
Duration
Range: 3–6 Years
Current: 5.6
Inception
7/1/1998



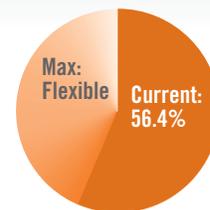
Virtus Newfleet Multi-Sector Intermediate Bond Fund

A Shares:
NAMFX
Duration
Range: 3–7 Years
Current: 4.4
Inception
12/15/1989



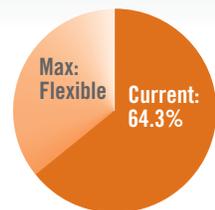
Virtus Newfleet Multi-Sector Unconstrained Bond ETF

NFLT
Duration
Range: Flexible
Current: 4.0
Inception
8/10/2015



Virtus Newfleet Dynamic Credit ETF

BLHY
Duration
Range: Flexible
Current: 1.7
Inception
12/5/2016



←← LOWER ALLOCATION

BELOW INVESTMENT GRADE

HIGHER ALLOCATION →→

←←

UNCONSTRAINED

→→

Effective May 8, 2017 all of the Funds shown, excluding ETFs, changed their names.

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. Yield shown is **yield-to-maturity (YTM)**, the rate of return anticipated on a bond if held until the end of its lifetime. YTM is considered a long-term bond yield expressed as an annual rate.

IMPORTANT RISK CONSIDERATIONS

Virtus Newfleet Low Duration Income Fund—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.

Virtus Newfleet Multi-Sector Short Term Bond Fund—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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, 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. **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. **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.

Virtus Newfleet Bond Fund—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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, 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 repayment of underlying collateral. **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.

Virtus Newfleet Multi-Sector Intermediate Bond Fund—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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, 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. **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. **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.

Virtus Newfleet Multi-Sector Unconstrained Bond ETF— Exchange Traded Funds: The value of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. The costs of owning the ETF may exceed the cost of investing directly in the underlying securities. **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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **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. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment.

Virtus Newfleet Dynamic Credit ETF—Exchange Traded Funds: The value of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. The costs of owning the ETF may exceed the cost of investing directly in the underlying securities. **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. **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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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.

Tax Liability: Noncompliant conduct by a municipal bond issuer, or adverse interpretations, could cause interest from a security to become taxable, subjecting shareholders to increased tax liability. **Market Price/NAV:** At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the fund's NAV, which may increase the investor's risk of loss.

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

Please carefully consider the investment objectives, risks, charges, and expenses of a Fund or ETF before investing. For this and other information about any Virtus mutual fund or ETF, 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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