

BOND FUNDS FOR ALL SEASONS



With a 23-year history of multi-sector management, Newfleet offers a range of core bond portfolios with proven track records and veteran leadership that are designed to tackle the challenges of today's bond market.



Lower for Longer

SCENARIO

Global rates remain at their currently low levels for the foreseeable future. The U.S. economy maintains its slow growth path while global markets avoid sudden and significant disruptions.

IDEA

Virtus Multi-Sector Short Term Bond Fund (PIMSX)

- Though shorter in duration than a typical “core” bond fund, the Fund’s active rotation strategy means broad diversification.
- The Fund maintains significant exposure to below investment grade assets, which can perform well in a calm, predictable market.
- Disciplined in its exposure to interest rate moves, the Fund seeks a moderately high level of current income.
- The Fund maintains a max limit of 35% to below investment grade bonds and no more than 35% in non-U.S. issuers.

As of 12/30/16:

Duration: 2.58 years
SEC Yield: 3.18% (3.17% gross)
Below Investment Grade Allocation: 25.7%



Out of 445 Short-Term Bond Funds



Rising Rates

SCENARIO

Domestic rates rise as a result of strong growth and stability in the global economy. Rates move up in a **gradual** and expected manner.

IDEA

Virtus Multi-Sector Intermediate Bond Fund (VMFIX)

- May benefit from intermediate duration. As rates remain low, this style of portfolio has the potential to pick up greater income and total return.
- Experienced team has successfully navigated through prior rising rate environments.
- By holding a widely diversified portfolio, the Fund seeks to mitigate risk. Limits on exposure to below-investment-grade bonds (65%) and non-U.S. issuers (50%) maintain a profile suited for a core fixed income holding.

As of 12/30/16:

Duration: 4.27 years
SEC Yield: 4.80% (4.79% gross)
Below Investment Grade Allocation: 48.0%



Out of 213 Multisector Bond Funds



Credit Crunch

SCENARIO

An unexpected and broad shock to the fixed income markets. This may include an impact to liquidity, as well as an uptick in defaults.

IDEA

Virtus Low Duration Income Fund (HIBIX)

- Newfleet’s most conservative multi-sector offering.
- Significant exposure to credits rated single-A and above provide a higher quality anchor.
- Maximum exposure of 35% to non-U.S. issuers may limit impact of market shocks.
- While not immune to credit shocks, the Fund has the potential to hold up in a challenging environment.

As of 12/30/16:

Duration: 2.60 years
SEC Yield: 1.99% (1.62% gross)
Below Investment Grade Allocation: 6.6%



Out of 445 Short-Term Bond Funds

Average Annual Total Returns Class I as of 12/30/16 in percent

	1 Year	5 Year	10 Year	Life of Fund	Inception Date
	NAV	NAV	NAV	NAV	
VMFIX ¹	10.54	5.36	n/a	6.57	10/1/09
PIMSX ²	5.22	3.64	n/a	5.13	6/6/08
HIBIX ³	2.58	2.65	3.86	4.51	2/23/96

¹The fund class gross expense ratio is 0.86%. The net expense ratio is 0.75%, which reflects a contractual expense reimbursement in effect through 1/31/2018. 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 0.74%.

²The fund class gross expense ratio is 0.72%.

³The fund class gross expense ratio is 0.87%. The net expense ratio is 0.50%, which reflects a contractual expense reimbursement in effect through 4/30/2017.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Class I shares have no sales charge and therefore their returns do not reflect the deduction of a sales charge, which if applied, **would reduce the performance quoted**. Fees and expenses vary among share classes and other share classes do carry sales charges. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required and may not be available to all investors. For Fund Performance on other share classes, please visit www.virtus.com.

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.

MORNINGSTAR DATA

VMFIX—Overall: 4 star (213 Multisector Bond funds); 3-Year: 4 star (213); 5-Year: 4 star (175); 10-Year: N/A. **PIMSX**—Overall: 5 star (445 Short-Term Bond funds); 3-Year: 5 star (445); 5-Year: 5 star (357); 10-Year: N/A. **HIBIX**—Overall: 5 star (445 Short-Term Bond funds); 3-Year: 5 star (445); 5-Year: 5 star (357); 10-Year: 5 star (252).

The 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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Strong ratings are not indicative of positive fund performance.

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. **SEC Yield** represents the net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund’s public offering share price at the end of the 30-day period. Gross SEC Yield represents the yield if there were no expense reimbursements.

IMPORTANT RISK CONSIDERATIONS

Virtus 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 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 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.

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

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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