

SIX REASONS TO CHOOSE HIGH YIELD

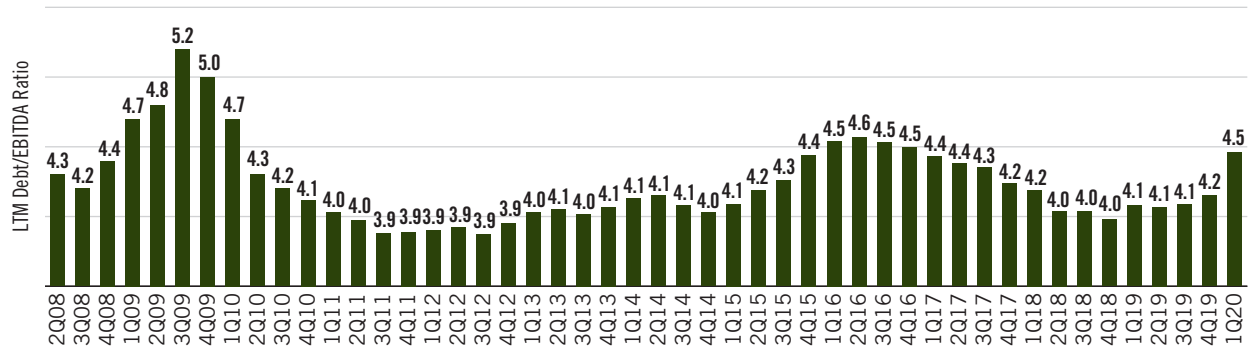


We believe the high yield market continues to offer a compelling opportunity to investors. High yield fundamentals have shown remarkable resilience. Leverage ratios remain stable. Interest coverage remains more than sufficient, and while high yield bond default rates are expected to pick up from historical lows, they are largely concentrated in energy. Further, the sharp rise in fallen angels through 6/30/20 spells considerable potential opportunities for nimble managers that can spot relative values and manage risk.

Of course, there are no assurances how long our positive outlook for high yield will last. So investors are reminded that high yield bonds are below investment grade. Risks still include: call risk, credit risk, and market volatility risk, particularly in vulnerable sectors like energy, retail, and wireline telecom. As we are currently experiencing the most severe economic downturn since the Great Depression, we believe that protecting the downside with higher quality issues is essential.

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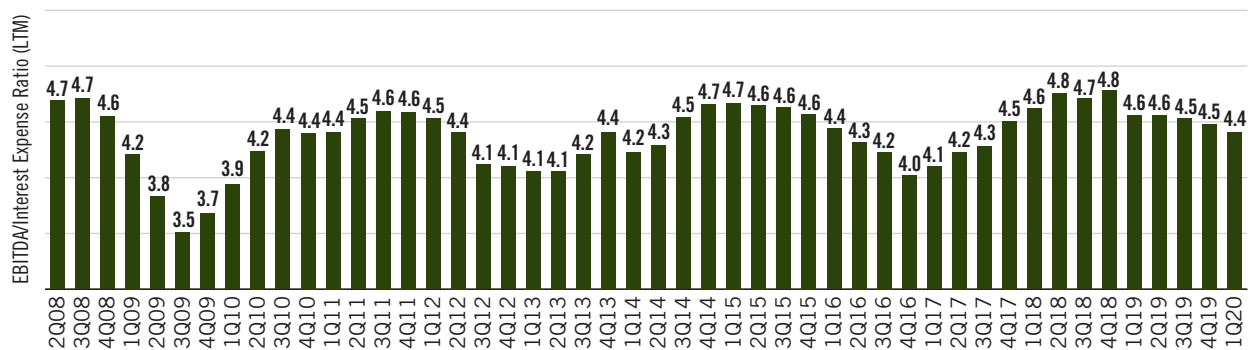
BELOW INVESTMENT GRADE LEVERAGE RATIOS REMAIN STABLE (4/1/08–3/31/20)



Source: JPMorgan

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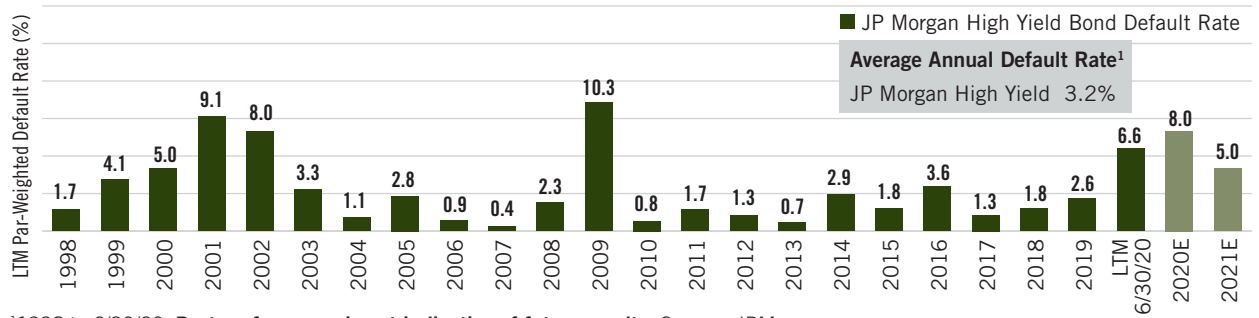
BELOW INVESTMENT GRADE INTEREST COVERAGE REMAINS MORE THAN SUFFICIENT (4/1/08–3/31/20)



Source: JPMorgan

3

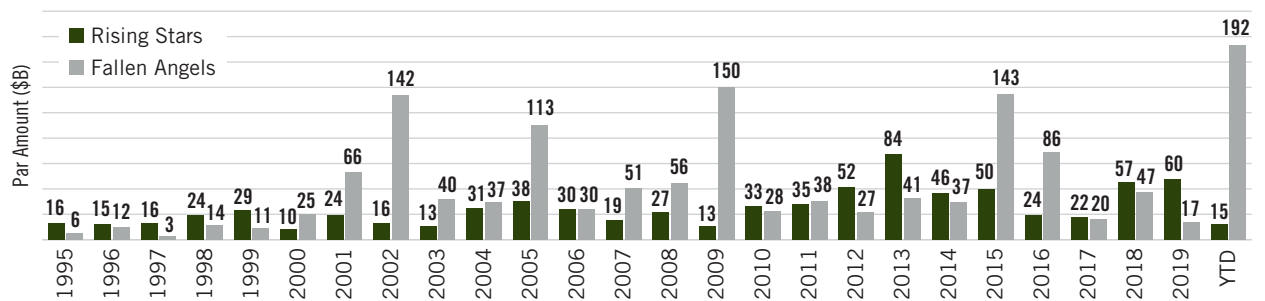
WHILE HIGH YIELD BOND DEFAULT RATES ARE EXPECTED TO PICK UP FROM HISTORICAL LOWS, THEY ARE LARGELY CONCENTRATED IN ENERGY



¹1998 to 6/30/20. Past performance is not indicative of future results. Source: JPMorgan

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FALLEN ANGELS HAVE FAR SURPASSED RISING STARS; THEREIN LIES POTENTIAL OPPORTUNITY



As of 6/30/20. Source: JPMorgan

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HIGH YIELD HISTORICALLY HAS DELIVERED COMPETITIVE RETURNS PER UNIT OF RISK AND...

High Yield Bonds vs. Equity Markets (7/1/83-6/30/20)

	Annualized Return	Standard Deviation	Return Per Unit of Risk	Rolling 3-Year Periods		
				Best	Worst	% Negative
High Yield Bonds	8.58%	8.37%	1.0	26.4%	-7.6%	5%
Large Cap Equity	10.84%	14.94%	0.7	33.3%	-16.1%	14%
Small Cap Equity	8.52%	19.34%	0.4	32.0%	-17.8%	11%

Past performance is not indicative of future results. The High Yield, Large Cap Equity & Small Cap Equity Markets are represented by the Bloomberg Barclays High Yield Credit Index, S&P 500® Index & the Russell 2000® Index, respectively. Returns were calculated using monthly data and begin with the inception of the Bloomberg Barclays High Yield Credit Index on 7/1/83. Source: Standard & Poor's, Russell, Bloomberg Barclays, Bloomberg

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...A HISTORICALLY LOW CORRELATION TO INVESTMENT GRADE AND GOVERNMENT SECURITIES

Total Return Correlations (7/1/83 – 6/30/20)

Index	Bloomberg Barclays High Yield	Bloomberg Barclays Corporate	Bloomberg Barclays Aggregate	Bloomberg Barclays Treasury	Bloomberg Barclays Gov't.	S&P 500®	Russell 2000®
Bloomberg Barclays High Yield	1.000						
Bloomberg Barclays U.S. Corporate	0.554	1.000					
Bloomberg Barclays Aggregate	0.284	0.890	1.000				
Bloomberg Barclays Treasury	0.026	0.722	0.939	1.000			
Bloomberg Barclays Government	0.046	0.735	0.949	0.999	1.000		
S&P 500®	0.604	0.310	0.138	-0.040	-0.027	1.000	
Russell 2000®	0.629	0.218	0.016	-0.154	-0.144	0.838	1.000

Past performance is not indicative of future results. Source: Standard & Poor's, FTSE Russell, Bloomberg Barclays



To learn more about credit as an equity substitute and Virtus' suite of high yield solutions, please contact us at 1-800-243-4361 or visit virtus.com

VIRTUS SEIX HIGH YIELD FUND

Class A: HYPSX Class I: SAMHX Class R: HYLSX Class R6: HYIZX

VIRTUS SEIX HIGH INCOME FUND

Class A: SAHIX Class I: STHTX Class R: STHIX Class R6: STHZX

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A **rising star** is a bond that has been upgraded either to investment grade or to a higher rating within the speculative spectrum.

A **fallen angel** is a bond that was previously investment grade (> BBB- / Baa3) but has since been reduced to speculative grade (< BB+ / Ba1).

The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures fixed rate non-investment grade debt securities of U.S. corporations, calculated on a total return basis.

The **Bloomberg Barclays U.S. Corporate Investment Grade Bond Index** measures performance of investment grade corporate bond funds. The index is calculated on a total return basis.

The **Bloomberg Barclays U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. The index is calculated on a total return basis.

The **Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index** measures U.S. investment grade government and corporate debt securities with an average maturity of four to five years. The index is calculated on a total return basis.

Bloomberg Barclays U.S. Government Bond Index is comprised of the US Treasury and US Agency Indices. The index includes US dollar denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

The **Russell 2000® Index** is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

IMPORTANT RISK CONSIDERATIONS

Fundamental Risk of Investing: There can be no assurance that the fund will achieve its investment objectives. An investment in the shares of the fund is subject to the risk of loss of principal; shares may decrease in value. **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. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended. **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 representative, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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