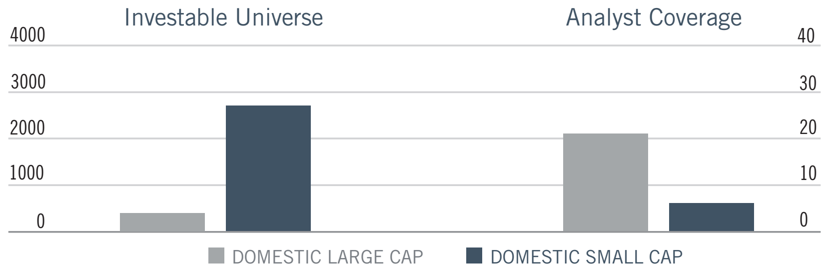
THE QUIET POWER OF QUALITY: SMALL-CAP INVESTING WITH KAR

Since 1984, Kayne Anderson Rudnick (KAR) has been committed to investing in high-quality companies, with a strong history of results in the small-cap space—*a testament to the quiet power of quality over time.*

Why Small Caps?

The domestic small-cap universe is an under-researched, inefficient market with nearly ten times as many stocks as the U.S. large-cap market. Yet, this far larger equity segment receives significantly less coverage from industry analysts. This disparity creates an opportunity for experienced active managers, like KAR, to generate alpha.

INEFFICIENCY CREATES OPPORTUNITY



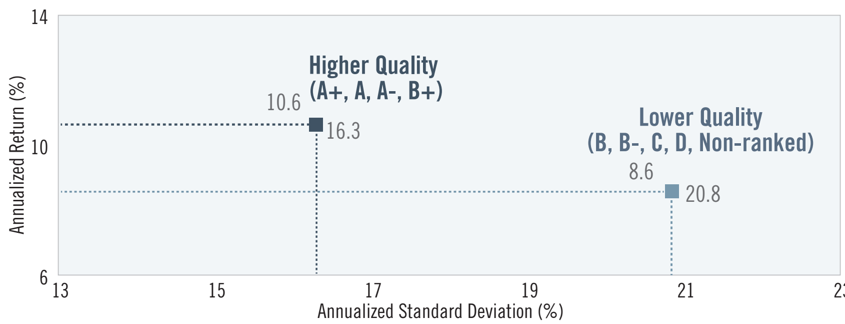
As of 06/30/24. Data is obtained from Zephyr StyleADVISOR and FactSet Research Systems and is assumed to be reliable. Investable universe is number of companies. Analyst coverage is average number of analysts covering individual stocks.

Why Quality?

Quality businesses, as defined by KAR, have an unmistakable profile: durable earnings growth, high return on capital, strong balance sheets and cash flows, and management acumen at maintaining a competitive advantage. Over 30 years, higher-quality small-cap stocks have delivered better risk-adjusted returns. These attributes can have a remarkable impact on a portfolio over time.

HIGHER-QUALITY SMALL-CAP STOCKS: HIGHER RETURNS WITH LESS VOLATILITY

Stocks in the Russell 2000® Index, June 1994–June 2024



Past performance is not indicative of future results. Higher quality = Russell 2000® companies with S&P Quality Rankings of B+ or above. Lower quality = Russell 2000 companies with S&P Quality Rankings of B or below, plus non-ranked Russell 2000 companies. Sources: S&P Global, FactSet, and FTSE Russell.

Virtus KAR Small-Cap Funds: High-Conviction, Low-Turnover Portfolios

KAR's exacting research produces concentrated core, value, and growth small-cap portfolios with very high active share. KAR small-cap portfolios have also tended to have lower turnover—a natural benefit of KAR's quality focus. These are typically companies that make sense to own for a long time.

	Active Share	Holdings	5-Year Average Turnover Range
VIRTUS KAR SMALL-CAP CORE FUND*	98	28	20-30%
VIRTUS KAR SMALL-CAP VALUE FUND	99	31	20-30%
VIRTUS KAR SMALL-CAP GROWTH FUND*	97	29	20-30%

Past performance is not indicative of future results.
Active share and holdings as of 06/30/24. Source: Morningstar Direct. Number of holdings is subject to change.

Active Share: A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

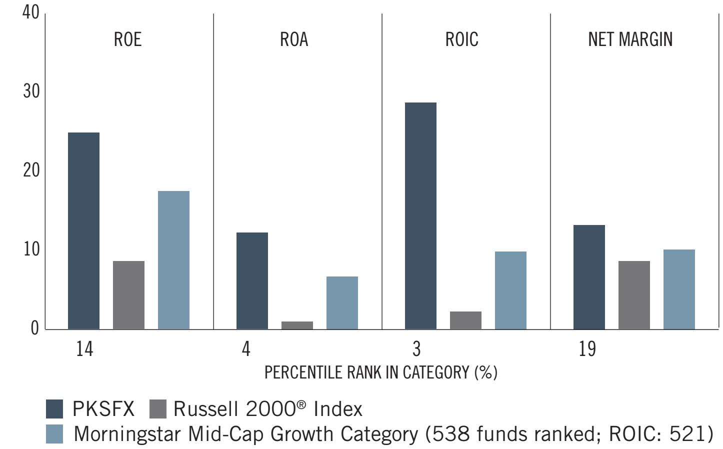
*Virtus KAR Small-Cap Core Fund (effective July 31, 2018) and Virtus KAR Small-Cap Growth Fund (effective September 28, 2018) are closed to new investors, but remain open to Defined Contribution and Defined Benefit plans. Please see the prospectus for these and other exceptions.

Small-Cap Portfolios with Strong Quality Characteristics

KAR believes that compelling risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices. In KAR's view, measures such as return on equity (ROE), return on invested capital (ROIC), return on assets (ROA), and net margins reflect a company's commitment to running an efficient, profitable enterprise.

The facts don't lie: KAR's small-cap portfolios have historically generated compelling quality statistics.

Virtus KAR Small-Cap Core Fund (PKSFX)

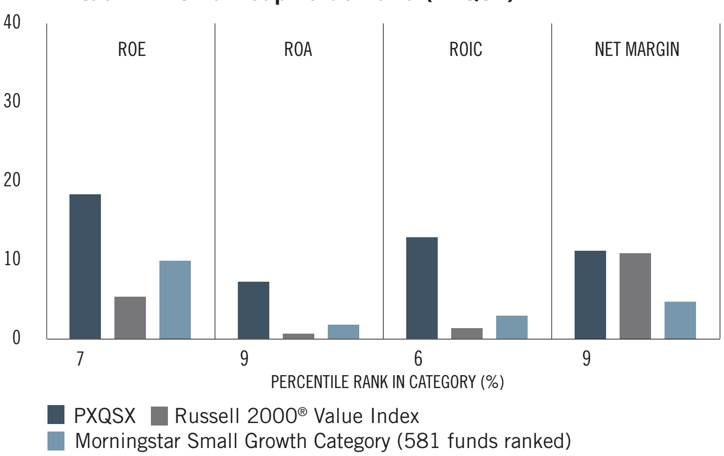


How KAR Defines Quality

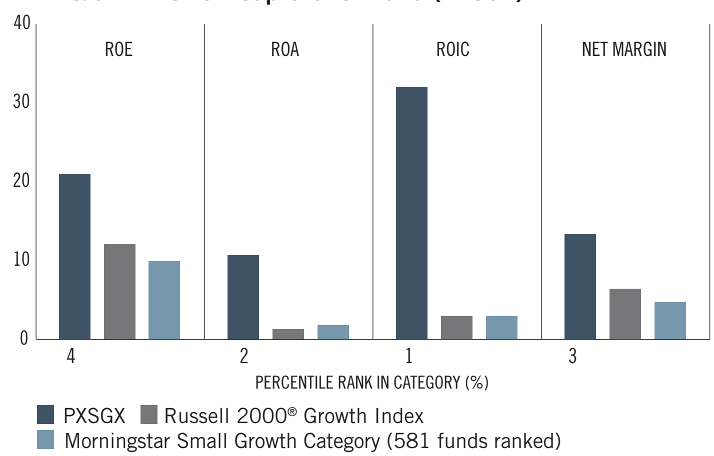
Companies must meet key criteria to qualify for KAR ownership:

- little or no debt
- high free cash flows
- durable and predictable earnings growth
- a competitive advantage that enables pricing power and helps develop and protect market share

Virtus KAR Small-Cap Value Fund (PXQSX)



Virtus KAR Small-Cap Growth Fund (PXSGX)



Past performance is not indicative of future results. Trailing 12 months, as of 3/31/24, the most recent quarter for which these data are available.
Source: Morningstar Direct. Morningstar ranking based on total return.

ROE (Return on Equity): The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **ROA (Return on Assets):** An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. **ROIC (Return on Invested Capital):** A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns. **Net Margin:** The ratio of net profits to revenues for a company or business segment that shows how much of each dollar earned by the company is translated into profits.

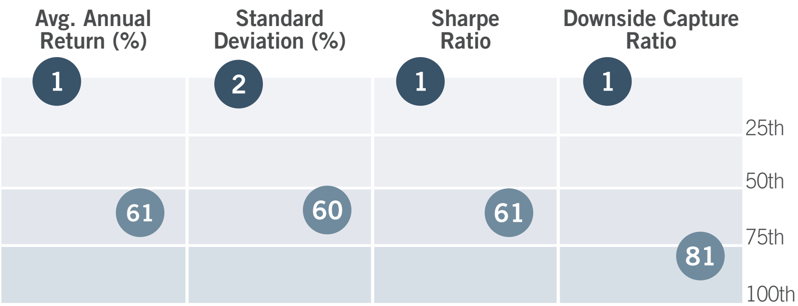
See page 4 for Morningstar disclosure.

The Potential for Growth with a Smoother Ride

Virtus KAR Small-Cap Funds are high-conviction portfolios with a history of demonstrated results. Each has provided exposure to small-cap companies with strong free cash flows, low debt levels, and attractive earnings growth. A quality focus may help shield investors from the potential risks associated with "buying the market."

MORNINGSTAR PERCENTILE RANKINGS
Small-Cap Fund Universe Consisting of Small Blend, Small Growth, and Small Value Categories, 10 Years, Based on Total Returns as of 06/30/24

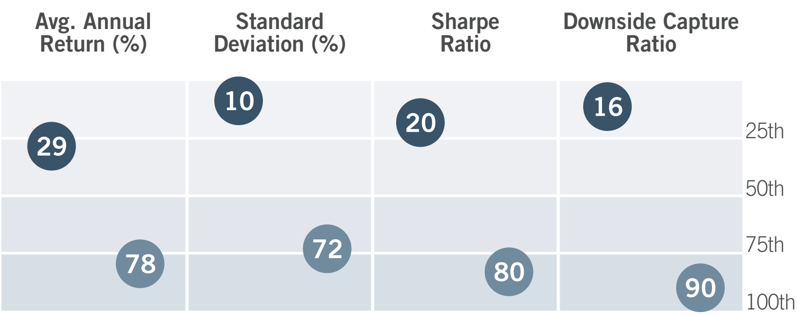
Virtus KAR Small-Cap Core Fund (PKSFX)



● PKSFX ● Russell 2000® Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	150	46	2
Standard Deviation	210	9	11
Sharpe Ratio	122	9	1
Downside Capture Ratio	89	3	4
Funds in Categories	1,662	1,490	1,126

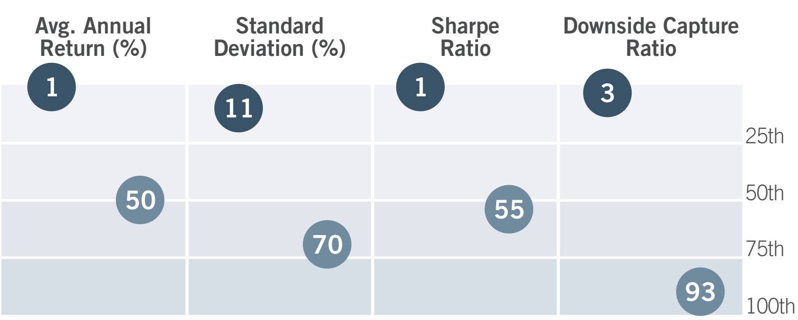
Virtus KAR Small-Cap Value Fund (PXQSX)



● PSQSX ● Russell 2000® Value Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	1,037	691	320
Standard Deviation	608	111	101
Sharpe Ratio	1,023	545	215
Downside Capture Ratio	665	369	190
Funds in Categories	1,662	1,490	1,126

Virtus KAR Small-Cap Growth Fund (PXSGX)



● PXSGX ● Russell 2000® Growth Index

Ranking Relative to Peers	1 Year	5 Year	10 Year
Avg. Annual Return	1,566	1,329	5
Standard Deviation	582	119	113
Sharpe Ratio	1,570	1,281	1
Downside Capture Ratio	1,072	464	29
Funds in Categories	1,662	1,490	1,126

Past performance is not indicative of future results.

KAR
Kayne Anderson Rudnick
A VIRTUS INVESTMENT PARTNER

To learn more about Kayne Anderson Rudnick's approach to high-quality small-cap investing, call 800-243-4361 or visit virtus.com

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk. **Sharpe Ratio:** A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return. **Downside Capture Ratio:** A measure of a manager's ability to retain capital as the market declines. A value below 100 indicates that a manager was able to outperform in down markets.

See page 4 for Morningstar disclosure.

Average Annual Total Returns (%) Class I as of 06/30/24

Virtus KAR Small-Cap Core Fund (PKSFX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 10/18/96
NAV	-4.91	2.71	16.68	9.21	13.94	15.10	11.19
Index[1]	-3.28	1.73	10.06	-2.58	6.94	7.00	8.04

The fund class gross expense ratio is 1.00%.

Morningstar Rating Information

MID-CAP GROWTH CATEGORY	OVERALL	3 YEAR	5 YEAR	10 YEAR
	★★★★★	★★★★★	★★★★★	★★★★★
# OF FUNDS	510	510	473	380

Virtus KAR Small-Cap Value Fund (PXQSX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 06/28/06
NAV	-6.02	-2.34	8.86	-3.06	8.04	8.09	8.17
Index[2]	-3.64	-0.85	10.90	-0.53	7.07	6.23	6.73

The fund class gross expense ratio is 0.99%.

Morningstar Rating Information

SMALL GROWTH CATEGORY	OVERALL	3 YEAR	5 YEAR	10 YEAR
	★★★	★★★	★★★★	★★★
# OF FUNDS	550	550	519	399

Virtus KAR Small-Cap Growth Fund (PXSGX)

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEP 06/28/06
NAV	-7.11	-3.52	2.64	-6.13	5.16	13.28	10.73
Index[3]	-2.92	4.44	9.14	-4.86	6.17	7.39	8.42

The fund class gross expense ratio is 1.09%.

Morningstar Rating Information

SMALL GROWTH CATEGORY	OVERALL	3 YEAR	5 YEAR	10 YEAR
	★★★★	★★	★★★	★★★★★
# OF FUNDS	550	550	519	399

Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive fund performance.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit virtus.com for performance data current to the most recent month end. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See virtus.com for details.

Average annual total return is the annual compound return for the indicated period and reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns.

IMPORTANT RISK CONSIDERATIONS

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, medium, or large-sized companies may enhance that risk. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended. **Prospectus:** For additional information on risks, please see the fund's prospectus.

[1] 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.

[2] The **Russell 2000® Value Index** is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

[3] The **Russell 2000® Growth Index** is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies.

The indexes are 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.

The **Morningstar Percentile Ranking** compares a Fund's Morningstar risk and return scores with all the Funds in the same Category, where 1% = Best and 100% = Worst. Rankings shown are for the I share. Rankings for other share classes may vary.

Morningstar: Morningstar % Rank are based on the total return percentile rank within each Morningstar Category and does not account for a fund's sales charge (if applicable). Rankings will not be provided for periods less than one year. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of the funds as they were at the time of the calculation.

Percentile ranks within categories are most useful in those groups that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two specialty-utility funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample).

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. Ratings do not take into account the effects of sales charges and loads.

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 professional, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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