

Virtus Mutual Funds

Class B Shares Closing to New Purchases



Frequently Asked Questions

Why is Virtus closing Class B Shares of its Funds?

Industry trends have evidenced a significant and sustained decrease in the sale of Class B Shares. Many mutual fund families have opted to close Class B Share sales to new and existing investors and Virtus is among those firms.

What is the effective date?

December 1, 2009.

How are existing Class B shareholders impacted?

Class B Shares of the Virtus Mutual Funds will no longer be available for purchase by new or existing shareholders, except by existing shareholders through Qualifying Transactions (as defined below).

Shareholders who own Class B Shares as of December 1, 2009 may continue to hold such shares until they convert to Class A Shares under the established conversion schedule, as described in each Fund's prospectus. All other Class B Share characteristics, including but not limited to 12b-1 plan fees, contingent deferred sales charges, shareholder service fees, and conversion features, will remain unchanged.

On and after December 1, 2009, Virtus Mutual Funds will only offer Class B Shares to existing shareholders through the following types of Qualifying Transactions:

1. Dividends and/or capital gain distributions may continue to be reinvested in Class B Shares.
2. Shareholders may exchange their Class B Shares of a Virtus Mutual Fund for Class B Shares of other Virtus Mutual Funds, as permitted by existing exchange privileges.

Do I have to take action?

No. Unless you are investing through a systematic investment program into Class B Shares, your Class B Shares will convert to Class A Shares on their established conversion schedule.

What happens if I try to purchase Class B Shares on or after December 1, 2009?

Any initial or additional purchase requests for a Fund's Class B Shares received on or after December 1, 2009 will be rejected (other than through a Qualifying Transaction).

What about dividends and capital gains on Class B Shares?

Dividends and capital gains that are reinvested will continue to accrue to the account and will convert to Class A Shares according to the established conversion schedule. Please contact Virtus Mutual Fund Services at 1-800-243-1574 for account-specific inquiries.

Are exchange privileges still available?

Yes. Exchanges are considered a Qualifying Transaction. Shareholders may exchange their Class B Shares of a Virtus Mutual Fund for Class B Shares of other Virtus Mutual Funds, as permitted by existing exchange privileges.

What about systematic investment programs?

Class B shareholders with systematic investment plans involving investments in Class B Shares will no longer be able to make automatic investments into Class B Shares after the Closing Date. Shareholders who do not want their automatic investments to be discontinued must provide alternative investment instructions prior to November 30, 2009. Such investment instructions may include investments into another class of the same Fund or another class of a different Fund. Please contact your financial advisor or Virtus Mutual Fund Services at 1-800-243-1574 for more information.

Is this a taxable event?

The redemption of your Class B Shares prior to their established conversion schedule may trigger a taxable event. Please consult your tax advisor prior to taking action.

What about Class B Shares held in an IRA or 401(k) account?

Class B Shares of the Virtus Mutual Funds will no longer be available for purchase by new or existing shareholders, except by existing shareholders through Qualifying Transactions (as defined in the question *How are existing Class B shareholders impacted?*). Please contact Virtus Mutual Fund Services at 1-800-243-1574 or your financial advisor with questions.

What if I still want to purchase Class B Shares of a Virtus Mutual Fund?

No new accounts or subsequent purchases into Class B Shares will be accepted on or after December 1, 2009.

On and after December 1, 2009, shareholders who own Class B Shares of a Fund may purchase Class A Shares or Class C Shares of the same Fund without regard to the normal initial investment minimum for such shares. Such purchases will be subject to any applicable sales charges. For purposes of determining any applicable sales load, the value of an investor's account will be deemed to include the value of all applicable shares in eligible accounts, including a Class B Share account. For additional information see "What arrangement is best for you?" in each Fund's prospectus. You should also consult with your financial advisor about Class A and C Shares of the Funds.

Who do I contact with additional questions?

Please contact Virtus Mutual Fund Services at 1-800-243-1574.

Please carefully consider a Fund's investment objectives, risks, charges and expenses before investing. For this and other information about any Virtus mutual fund, call 1-800-243-4361 or visit Virtus.com for a prospectus. Read it carefully before you invest or send money.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

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