

FUND INFORMATION

Symbol and CUSIP

A shares	NAMFX	(92828R677)
B shares	NBMFX	(92828R669)
C shares	NCMFX	(92828R651)
I shares	VMFIX	(92828R289)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management

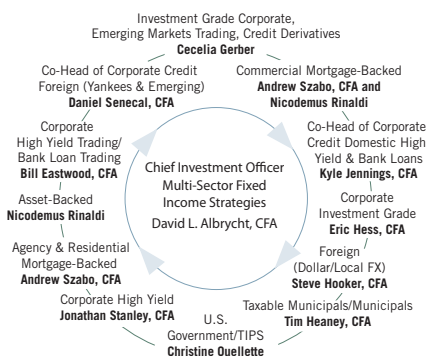
AUM (\$ millions)	271.8
Number of Holdings	542
Dividends	Daily

INVESTMENT PROFESSIONALS

David L. Albrycht, CFA

Industry start date: 1985

Start date with Fund: 1994



INVESTMENT OPPORTUNITY

The fund seeks to generate high current income and total return by applying extensive credit research and a time-tested approach to capitalize on opportunities across undervalued sectors of the bond market.

The portfolio seeks diversification among 14 sectors in order to potentially increase return and manage risk.

A team of investment professionals provides significant research depth across all bond market sectors.

INVESTMENT PROCESS

STEP 1

Sector Analysis and Allocation

- > Top down, relative value approach
- > Relative value analysis looks at: yield and spreads; supply and demand; investment environment; sector fundamentals

STEP 2

Issue Selection

- > Bottom up, fundamental research driven
- > Fundamental analysis includes assessment of: credit risk; company management; issue structure; technical market conditions; focus on valuations

STEP 3

Portfolio Construction, Oversight, and Risk Management

- > Duration neutral strategy
- > Sector concentration
- > Issue exposure: maximum 5%, average <1%
- > Manager review
- > Systematic review

ANNUALIZED PERFORMANCE Class A as of 12/30/2011 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 12/15/1989
NAV	3.79	3.19	3.19	18.49	5.80	7.11	7.71
POP	-0.10	-0.68	-0.68	16.99	4.99	6.70	7.52
Index	1.12	7.84	7.84	6.77	6.50	5.78	7.02

QTD, YTD and 1 Year performance is not annualized.

Benchmark life performance is reported from 12/29/1989

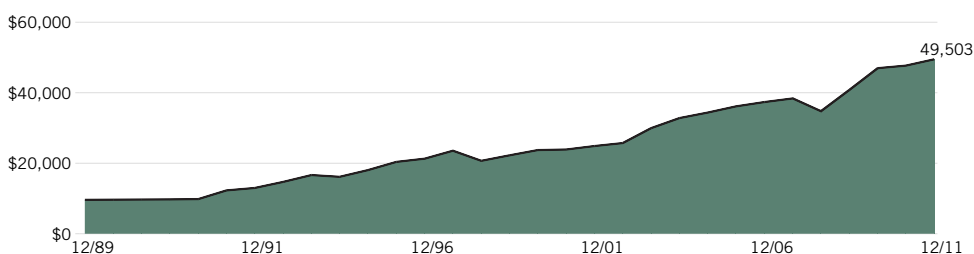
Class A operating expenses are 1.16%.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Net Asset Value (NAV) returns do not reflect the deduction of any sales charges. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge of 3.75%. A contingent deferred sales charge of 0.50% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid.

ANNUAL PERFORMANCE Class A at NAV in percent

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	8.13	17.93	7.63	1.19	7.97	2.62	-22.35	42.35	13.24	3.19
Index	10.26	4.10	4.34	2.43	4.33	6.97	5.24	5.93	6.54	7.84

Growth of \$10,000 Class A for the period ending 12/30/2011 Actual initial investment \$9,625



This chart assumes an initial investment of \$10,000 made on Dec 15, 1989 for Class A shares including any applicable sales charges. Performance assumes reinvestment of dividends and capital gain distributions.

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.

Index: The Barclays Capital 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 index is unmanaged and not available for direct investment.

Sector Allocations	% Fund
Corporate - High Yield	32.24
Corporate - High Quality	17.26
Bank Loans	14.73
Non-Agency Commercial MBS	11.05
Non-USD	6.85
Emerging Market - High Yield	5.99
Yankee - High Quality	4.49
Non-Agency Residential MBS	2.05
Treasury	1.90
Asset Backed Securities	1.84
Municipals	0.64
Cash	0.49
Taxable Municipals	0.32
Equity	0.09
Mortgage Backed Securities	0.06

Income Paid Monthly:	NAV at Month-End
October	\$ 0.052337 10.59
November	\$ 0.055853 10.37
December	\$ 0.059375 10.46

Ratings Distribution	% Fund
Aaa	15.10
Aa	3.25
A	8.25
Baa	21.66
Ba	21.25
B	24.42
Caa	3.22
Ca	0.18
C	0.00
D	0.00
Not Rated	2.66

Characteristics	Fund
Duration	3.19 years
SEC Yield	5.83%
Standard Deviation	7.82

GLOSSARY

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 (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period.

Standard Deviation (3 year) measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk.

IMPORTANT RISK CONSIDERATIONS:

Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic and market risk. Investing in high yield bonds may subject the portfolio to greater credit and market risks. As interest rates rise, existing bond prices fall and can cause the value of an investment in the portfolio to decline. Changes in interest rates will affect the value of longer-term fixed income securities more than shorter-term securities. The principal on mortgage- or asset-backed securities may normally be prepaid at any time, which will reduce the yield and market value of these securities.

RATINGS DISTRIBUTION METHODOLOGY:

The higher of the ratings between Moody's, Standard & Poors and Fitch is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond the bond is placed in the Not Rated category.

Investment Manager of the Fund

Newfleet Multi-Sector Fixed Income Strategies leverage the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction, avoiding interest rate bets and remaining duration neutral to each strategy's stated benchmark.

About Virtus Investment Partners Virtus (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors.

Please carefully consider the investment objectives, risks, charges, and expenses of the Fund 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.

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