Virtus Real Estate Securities Fund

VIRTUS MUTUAL FUNDS

FUND INFORMATION

Symbol and CUSIP

A shares	PHRAX	(92828R586)
B shares	PHRBX	(92828R578)
C shares	PHRCX	(92828R560)
I shares	PHRIX	(92828R552)

Investment Adviser
Virtus Investment Advisers, Inc.

Investment Subadviser
Duff & Phelps Investment Management

AUM ($ millions)	1,113.3
Number of Holdings	35
Dividends	Quarterly

INVESTMENT PROFESSIONALS

Geoffrey P. Dybas, CFA
Industry start date: 1989
Start date with Fund: 1998

Frank J. Haggerty, Jr., CFA
Industry start date: 1996
Start date with Fund: 2007

INVESTMENT OPPORTUNITY

The fund utilizes a Growth at a Reasonable Price style with macroeconomic and fundamental security analysis to identify the most attractive investment candidates.

Provides exposure to the equity REITs market, which has historically had a lower correlation to traditional asset classes.

Management believes the value of a REIT extends beyond the value of the underlying real estate. Through fundamental research, the fund managers strive to uncover and exploit market inefficiencies.

The team has been employing this same philosophy, process and style for over a decade.

INVESTMENT PROCESS

Macro-Economic Analysis
Review regional economies, demand and supply relationships, demographics; all help determine sector target weighting (expressed relative to benchmark)
121 securities

1 →

Screening Process
Assemble target list by utilizing
a) market cap screen and
b) fundamental factors screens
a) 104 securities
b) 55-65 securities

2 → ← 3

Fundamental Research
Assess REITs based on management strength, property, financial and performance review, and target valuation relative to peer group
Target list: 55-65 securities

4 →

Portfolio Construction
Determine number of opportunities based on confidence in candidates
25-45 securities

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

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 03/01/1995
NAV	16.37	9.63	9.63	21.42	-1.18	11.60	11.90
POP	9.68	3.33	3.33	19.04	-2.34	10.94	11.51
Index	15.22	8.29	8.29	21.05	-1.42	10.20	10.77

QTD, YTD and 1 Year performance is not annualized.
Benchmark life performance is reported from 02/28/1995
Class A operating expenses are 1.48%.

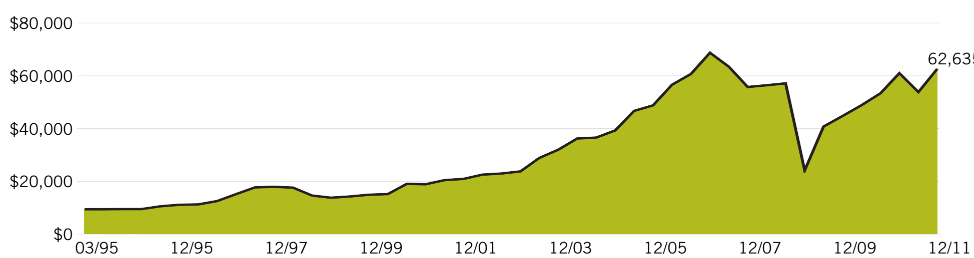
Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Net Asset Value (NAV) returns do not reflect the deduction of any sales charges. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge of 5.75%. A contingent deferred sales charge of 1% 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	11.36	37.45	33.16	14.43	36.27	-16.07	-37.26	28.01	27.54	9.63
Index	3.81	37.14	31.56	12.17	35.05	-15.69	-37.73	27.99	27.96	8.29

Growth of $10,000 Class A for the period ending 12/30/2011

Actual initial investment $9,425



This chart assumes an initial investment of $10,000 made on Mar 01, 1995 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 FTSE NAREIT Equity REITs Index is a free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts, which meet minimum size and liquidity criteria, that are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market System. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged and not available for direct investment.

Top Ten Holdings as of 11/30/2011

	% Fund
Simon Property Group Inc.	12.09
Public Storage	6.04
Ventas Inc.	6.02
Equity Residential	5.43
Boston Properties Inc.	4.72
Prologis Inc.	4.03
AvalonBay Communities Inc.	3.87
Host Hotels & Resorts Inc.	3.72
Vornado Realty Trust	3.63
Kilroy Realty Corp.	3.20

Sector Allocations as of 11/30/2011

	% Fund
Residential: Apartments	19.99
Retail: Regional Malls	18.13
Industrial/Office: Office	12.43
Health Care	12.00
Self Storage	9.81
Retail: Shopping Centers	6.66
Lodging/Resorts	5.50
Diversified	5.03
Industrial/Office: Industrial	4.02
Residential: Manufactured Homes	2.26
Industrial/Office: Mixed	2.23

Holdings and Sector weightings are subject to change.

Characteristics

	Fund
Average Weighted market Cap (bn)	$13.2
Median Market Cap (bn)	$4.8
Dividend Coverage	2.1x
Earnings Growth Rate 2012 est.	9.9
FFO Multiple (P/E Ratio) 2012 est.	17.1

Risk Statistics

Class A 3-Year

	Fund	Index
R^2	1.00	1.00
Beta	0.97	1.00
Standard Deviation	30.36	31.28

GLOSSARY

Dividend Coverage: calculated by dividing the company's earning income by the dividend pay-out rate for each stock held by the portfolio.

Earnings Growth Rate: the company's estimated future earnings for each stock held by the portfolio.

FFO Multiple (P/E) Ratio: calculated by dividing the current market price by the estimated earnings (portfolios From Operations) per share for each stock held by the portfolio.

R^2: A measurement of how closely a portfolio's performance correlates with the performance of a benchmark index.

Beta: A quantitative measure of the volatility of a given portfolio to the overall market. Higher beta suggests higher volatility.

Standard Deviation: measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

IMPORTANT RISK CONSIDERATIONS: Concentrating investments in REITs involves certain risks such as refinancing, property value changes and management skill. Investing in the securities of small and mid-sized companies involves greater risks and price volatility than larger, more established companies. A non-diversified portfolio may be more susceptible to any single economic, political or regulatory event affecting an issuer than is a diversified portfolio.

Investment Manager of the Fund

Subadviser, Duff & Phelps Investment Management Co., offers an investment product mix comprised of Global Utilities, Real Estate and Infrastructure portfolios. The product mix emanated from the in-depth fundamental research expertise in income-producing securities that the firm established in 1932.

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.