

## FUND INFORMATION

### Symbol and CUSIP

A shares	PHBLX	(92828N403)
B shares	PBCBX	(92828N502)
C shares	PSBCX	(92828N601)

### Investment Adviser

Virtus Investment Advisers, Inc.

### Investment Subadviser

Newfleet Asset Management  
Euclid Advisors LLC

<b>AUM (\$ millions)</b>	578.8
<b>Number of Holdings</b>	252
<b>Dividends</b>	Quarterly

## INVESTMENT PROFESSIONALS

Carlton Neel

Industry start date: 1990  
Start date with Fund: 2009

David Dickerson

Industry start date: 1993  
Start date with Fund: 2009

Robert Bishop, CFA

Industry start date: 1982  
Start date with Fund: 2009

Kaushik Saha

Industry start date: 1992  
Start date with Fund: 2009

## INVESTMENT PROCESS

### Equity Portfolio Construction

**STEP 1** – Utilize a proprietary quantitative process to rank companies based on value and growth criteria  
**STEP 2** – Perform a risk/return analysis  
**STEP 3** – Identify attractive securities for inclusion in the portfolio  
– Overweight undervalued securities and sectors

### Fixed Income Portfolio Construction

**STEP 1 – Interest Rate Risk Management** – Identify potential macro-economic opportunities and risks that may impact portfolio  
– Assess relative value opportunities within fixed income sectors  
**STEP 2 – Conduct Intensive Research** – Identify attractive securities for inclusion in portfolio  
**STEP 3 – Portfolio Construction** – Overweight undervalued securities and sectors  
– Target duration around benchmark  
– Manage portfolio risk

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

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 12/31/1975
NAV	8.25	1.48	1.48	11.87	1.91	3.52	10.31
POP	2.03	-4.36	-4.36	9.68	0.71	2.91	10.13
Index	7.54	4.69	4.69	11.60	2.84	4.40	10.15

QTD, YTD and 1 Year performance is not annualized.

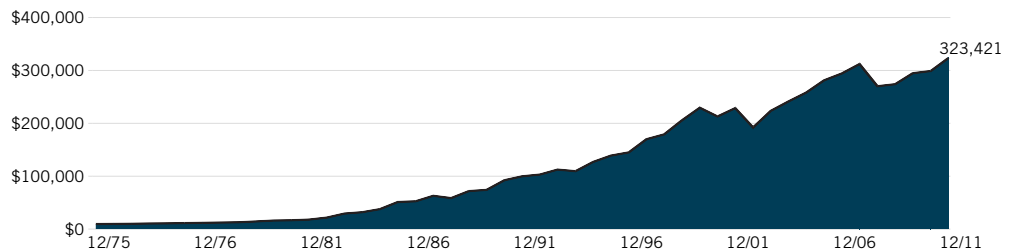
Class A operating expenses are 1.15%.

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	-11.56	18.60	7.17	1.48	12.73	5.88	-25.84	23.38	11.82	1.48
Index	-9.82	18.49	8.29	4.01	11.11	6.22	-22.06	18.40	12.13	4.69

## 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 Dec 31, 1975 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](http://Virtus.com) for performance data current to the most recent month-end.

Index: The composite index consists of 60% S&P 500® Index and 40% Barclays Capital U.S. Aggregate Bond Index. 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 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.

## INVESTMENT OPPORTUNITY

Invested in approximately 60% equity and 40% fixed income, this portfolio may be suitable for investors who want income and growth from one fund.

Top-down and econometric sector analysis as well as industry level and fundamental security analysis are utilized to identify securities for the equity portion that the portfolio managers believe offer superior return opportunity.

The fixed income manager employs a value oriented approach seeking to capitalize on individual issues and sectors, interest rate and trading opportunities that appear to offer the best value.

Top Ten Holdings	% Fund
United States Treasury Note/bond, 1.38% 11/30/2018	3.28
Apple Inc.	2.34
U.S. Treasury Note, 1% 08/31/2016	2.24
United States Treasury Note/bond, 0.25% 11/30/2013	1.98
U.S. Treasury Bond, 3.5% 02/15/2039	1.60
Amazon.com Inc.	1.54
United States Treasury Note/bond, 2.00% 11/15/2021	1.51
FNMA, 6%	1.38
McDonald's Corp.	1.33
E.I. DuPont de Nemours & Co.	1.33

Characteristics	Fund
Average Weighted market Cap (bn)	\$64.6
Median Market Cap (bn)	\$35.4
Trailing P/E	15.60x
Price-to-Cash Flow	11.96
Price-to-Book Value	2.73
3-Year EPS Growth Rate	8.40

Risk Statistics	Fund	Index
<b>Class A 3-Year</b>		
R <sup>2</sup>	0.92	1.00
Beta	1.17	1.00
Standard Deviation	13.69	11.28

### 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. Investing in the securities of small and mid-sized companies involves greater risks and price volatility than larger, more established companies. Investing in municipal bonds involves market risk and credit risk.

### GLOSSARY

**R:** 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.

**Trailing P/E:** Per-share stock price divided by the latest 12-months Earnings per Share.

**Price/Cash Flow:** Per-share stock price divided by the per-share operating cash flow.

**Price/Book:** Per-share stock price divided by the latest 12-month per-share Book Value.

**3-Year EPS Growth Rate:** Average of earnings per share growth for latest 3-year period. The 3-Year EPS Growth Rate is not

Sector Allocations	% Equity	Sector Allocations	% Fixed
Energy	17.56	U S Treasury	26.08
Information Technology	14.49	Corporate - High Quality	24.25
Industrials	14.19	Mortgage-Backed Securities	20.77
Materials	13.70	Corporate - High Yield	18.42
Consumer Discretionary	12.95	Non-Agency Commercial MBS	8.45
Financials	11.16	Non-Corporate - High Quality	0.96
Health Care	9.79	Municipal	0.59
Consumer Staples	4.06	Agency Debentures	0.46
Telecommunication Services	2.11	Asset Backed Securities	0.01

Holdings and Sector weightings are subject to change.

## Investment Manager of the Fund

Euclid Advisors utilizes a multi-strategy process to capitalize on market opportunities. Econometric analysis provides the framework for security selection that is influenced by macro forces, quantitative factors, and bottom-up fundamental research. Newfleet Core Plus Fixed Income Strategies employ a value oriented approach, focused on fundamental financial research with the aim of enhancing returns and managing risk.

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