

FUND INFORMATION

Symbol and CUSIP

A shares	PHCHX	(92828R784)
B shares	PHCCX	(92828R776)
C shares	PGHCX	(92828R768)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Newfleet Asset Management

AUM (\$ millions)	92.6
Number of Holdings	147
Dividends	Monthly

INVESTMENT PROFESSIONALS

David L. Albrycht, CFA

Industry start date: 1985

Start date with Fund: 2011

Kyle A. Jennings, CFA

Industry start date: 1991

Start date with Fund: 2011

INVESTMENT PROCESS



ANNUALIZED PERFORMANCE

 Class A as of 12/30/2011 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 07/28/1980
NAV	6.04	3.12	3.12	15.04	3.45	4.94	7.53
POP	2.06	-0.75	-0.75	13.59	2.66	4.54	7.40
Index	6.48	4.96	4.96	24.19	7.74	8.96	n/a

QTD, YTD and 1 Year performance is not annualized.

Class A operating expenses are 1.16% and gross operating expenses are 1.36%.

Operating expenses reflect a voluntary expense reimbursement, which may be discontinued at any time.

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	-2.99	18.65	7.96	1.75	8.11	2.24	-23.91	31.15	12.58	3.12
Index	-0.24	28.78	11.14	2.76	10.76	2.26	-25.88	58.76	14.94	4.96

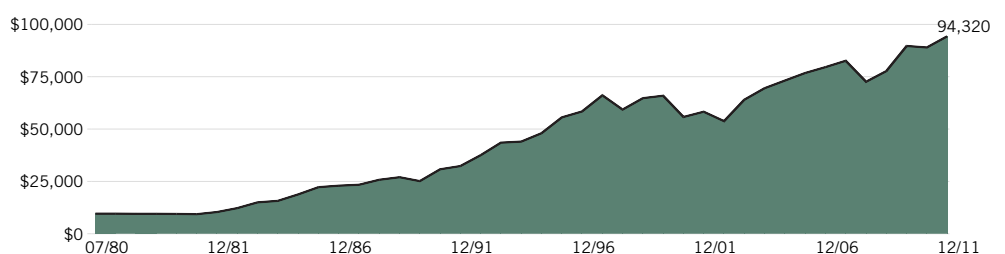
INVESTMENT OPPORTUNITY

The fund is appropriate for investors seeking diversification and the potential rewards associated with investing in high-yield, fixed income securities.

The subadviser uses an investment process that focuses on adding value through issue selection, sector/industry selection and opportunistic trading.

The fund will generally overweight sectors and industries with well-valued companies whose business profiles are viewed to be improving.

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 Jul 28, 1980 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. High-Yield 2% Issuer Capped Bond Index is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. The index is calculated on a total return basis. The index is unmanaged and not available for direct investment.

Sector Allocations	% Fund
Consumer Cyclical	22.75
Communications	19.29
Financial Institutions	13.53
Consumer Non-Cyclical	10.97
Technology	7.36
Energy	5.96
Basic Industry	5.30
Capital Goods	4.76
Utility	3.66
Other Industrial	2.11
Sovereign	1.89
Transportation	1.88
Agency	0.50
Cash	0.04

Income Paid Monthly:	NAV at Month-End
October	\$ 0.024000 4.04
November	\$ 0.023000 3.94
December	\$ 0.024000 4.01

Ratings Distribution	% Fund
Aaa	0.04
Aa	0.00
A	1.05
Baa	8.24
Ba	34.76
B	46.11
Caa	7.87
Ca	0.00
C	0.00
D	0.00
Not Rated	1.93

Characteristics	Fund
Duration	4.15 years
SEC Yield	6.98%
Standard Deviation	8.09

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.

All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. The SEC Yield would have been 6.80%.

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 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 internationally involves additional risks such as currency, political, accounting, economic and market risk.

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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