

Virtus Intermediate Government Bond Fund

FUND INFORMATION

Symbol and CUSIP

A shares HIGZX (92828T822)
I shares HIGIX (92828T814)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Harris Investment Management

AUM (\$ millions) 35.6
Number of Holdings 59
Dividends Daily

INVESTMENT PROFESSIONALS

Maureen R. Svagera, CFA
Industry start date: 1979
Start date with Fund: 1997

Carol H. Lyons
Industry start date: 1982
Start date with Fund: 2006

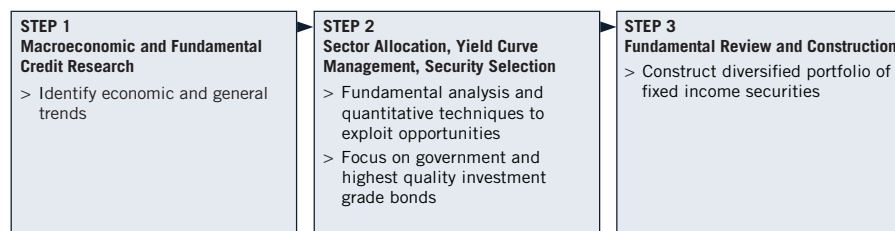
Daniela Mardarovici
Industry start date: 2001
Start date with Fund: 2011

INVESTMENT OPPORTUNITY

The fund invests primarily in intermediate-term government bonds seeking to provide investors an attractive total return and income.

The fund focuses on macroeconomic analysis, interest rate dynamics and structural review to identify attractive investment opportunities and construct a diversified portfolio of fixed income securities.

INVESTMENT PROCESS



ANNUALIZED PERFORMANCE Class A as of 09/30/2011 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 02/11/1999
NAV	3.75	5.61	3.65	5.52	5.46	4.70	5.27
POP	-0.14	1.65	-0.24	4.18	4.66	4.30	4.95
Index	3.19	5.36	3.72	5.38	5.91	4.80	5.34

QTD, YTD and 1 Year performance is not annualized.

Class A operating expenses are 0.90% and gross operating expenses are 1.13%.

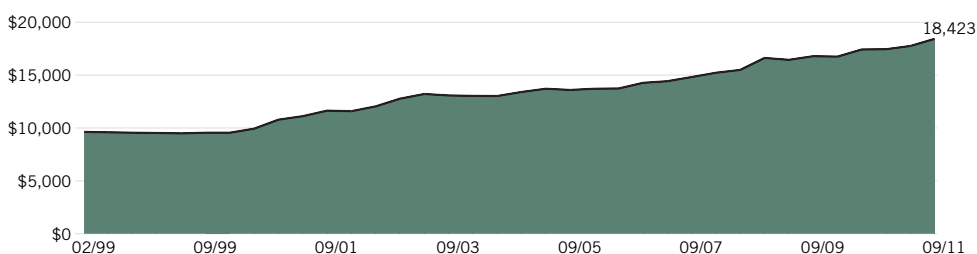
Operating expenses reflect a voluntary expense reimbursement, which may be discontinued at any time.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fund	7.47	10.12	2.15	2.79	2.23	4.11	6.72	9.20	0.74	4.13
Index	8.42	9.64	2.29	2.33	1.68	3.84	8.47	10.43	-0.32	4.98

Growth of \$10,000 Class A for the period ending 09/30/2011 Actual initial investment \$9,625



This chart assumes an initial investment of \$10,000 made on Feb 11, 1999 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. Intermediate Government Bond Index measures intermediate-term bonds issued by the U.S. Treasury, government agencies, and quasi-federal corporations with maturities ranging from 1 to 9.99 years. The index is calculated on a total return basis. The index is unmanaged and not available for direct investment.

Sector Allocations	% Fund
Treasuries	37.35
Agency Debentures	29.20
Commercial MBS	15.58
Residential Mortgage Backed Securities	14.71
Cash	2.28
Asset Backed Securities	0.88

Ratings Distribution	% Fund
AAA	97.70
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
CCC	0.00
Below CCC	0.00
Cash	2.30
Not Rated	0.00

Characteristics	Fund
Duration	4.59 years
SEC Yield	1.40%
Standard Deviation	3.69

Income Paid Monthly:	NAV at Month-End
July	\$ 0.050773 17.64
August	\$ 0.046695 17.89
September	\$ 0.056136 17.97

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 1.15%.

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:

The guarantee on U.S. government securities applies only to the underlying securities of the portfolio, and not to the value of the portfolio's shares. 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.

RATINGS DISTRIBUTION METHODOLOGY:

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government debt issues. The ratings apply to the Fund's holdings and not to the fund itself. Standard & Poors, Moody's and Fitch ratings are used. If all three agencies have rated the security, then the middle of the three ratings is used. If only two agencies have rated the security, then the lower of the two ratings is used. If only one agency has rated the security, the rating from that agency is used. This Fund does not invest in securities that have not been rated by one of the three major agencies; therefore there will be no percentage of holdings in the Not Rated category.

Investment Manager of the Fund

The subadviser, Harris Investment Management, Inc. manages money according to a long-standing tradition that combines discipline, focus, knowledge and state-of-the-art informational resources. The Harris organization's money management roots date back to 1882, four years before the Dow Jones Industrial Average was established.

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.

We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach

We have the flexibility, agility and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers

We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility

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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