

FUND INFORMATION**Symbol and CUSIP**

A shares	PSFRX	(92828R545)
C shares	PFSRX	(92828R537)
I shares	PSFIX	(92828R529)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

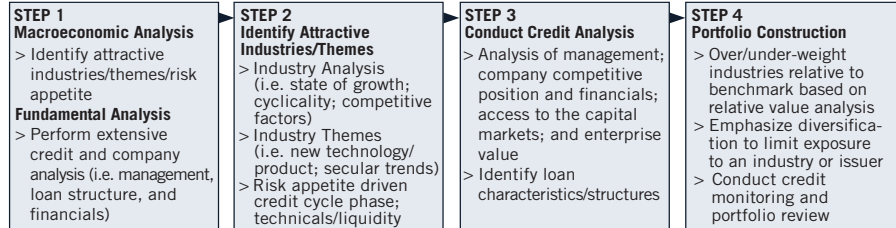
Newfleet Asset Management

AUM (\$ millions)	390.1
Number of Holdings	408
Dividends	Daily

INVESTMENT PROFESSIONALS

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2008

Kyle A. Jennings, CFA
Industry start date: 1991
Start date with Fund: 2008

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 01/31/2008
NAV	3.42	1.62	1.62	14.99	n/a	n/a	5.69
POP	0.58	-1.18	-1.18	13.92	n/a	n/a	4.94
Index	2.91	1.52	1.52	19.24	n/a	n/a	5.69

*QTD, YTD and 1 Year performance is not annualized.**Class A operating expenses are 1.20%.*

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 2.75%. 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.

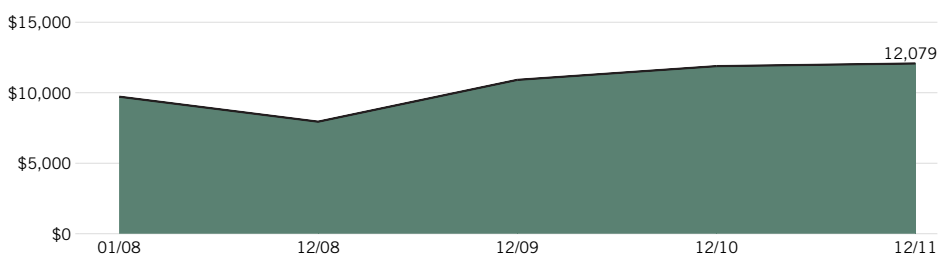
ANNUAL PERFORMANCE Class A at NAV in percent *Performance for period 1/31/08 - 12/31/08

	2002	2003	2004	2005	2006	2007	2008*	2009	2010	2011
Fund	n/a	n/a	n/a	n/a	n/a	n/a	-18.30	37.32	8.95	1.62
Index	n/a	n/a	n/a	n/a	n/a	n/a	-26.74	51.62	10.13	1.52

INVESTMENT OPPORTUNITY

The fund offers the potential for attractive total return and income by investing in higher quality, non-investment grade bank loans.

Using extensive credit and company analysis and monitoring, the portfolio managers look for those securities with strong income potential while maintaining an emphasis on managing risk.

Growth of \$10,000 Class A for the period ending 12/30/2011 *Actual initial investment \$9,725*

This chart assumes an initial investment of \$10,000 made on Jan 31, 2008 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 S&P/LSTA Leveraged Loan Index is a daily total return index that uses LSTA/LPC Mark-to-Market Pricing to calculate market value change. On a real-time basis, the Index tracks the current outstanding balance and spread over LIBOR for fully funded term loans. The facilities included in the Index represent a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers. The index is unmanaged and not available for direct investment.

Sector Allocations	% Fund
Consumer, Non-cyclical	24.04
Consumer, Cyclical	17.91
Communications	16.06
Technology	10.50
Industrial	9.31
Basic Materials	6.05
Financial	5.85
Energy	4.63
Cash	1.83
Utilities	1.74
Government	0.99
Asset Backed Securities	0.79
Diversified	0.29

Income Paid Monthly:	NAV at Month-End
October	\$ 0.036490 9.54
November	\$ 0.039052 9.44
December	\$ 0.041509 9.48

Ratings Distribution	% Fund
Aaa	1.88
Aa	0.23
A	0.00
Baa	3.03
Ba	50.12
B	37.11
Caa	2.55
Ca	0.01
C	0.00
D	0.00
Not Rated	5.07

Characteristics	Fund
Duration	1.73 years
SEC Yield	5.94%
SEC Yield - Gross	n/a
Standard Deviation	6.71

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:

The use of leverage, short selling, futures, options and/or derivatives may cause exposure to additional risks. Investing internationally 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 Fund may invest in illiquid loans which have a limited trading market and may not be readily sold at a favorable price.

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. The higher of the ratings between Moody, Standard & Poors and Fitch is used. If only two agencies have rated the security, then the higher of the two ratings is used. If only one agency has rated the security, the rating from that agency is used. If none of the agencies have rated the security then the security 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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