



Annual
Report

Virtus Multi-Sector Short Term Bond Fund

TRUST NAME:
VIRTUS
OPPORTUNITIES
TRUST

September 30, 2009



No Bank Guarantee

Not FDIC Insured

May Lose Value

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Virtus Multi-Sector Short Term Bond Fund

(“Multi-Sector Short Term Bond Fund”)

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PROXY VOTING PROCEDURES (FORM N-PX)

The adviser and subadviser vote proxies relating to portfolio securities in accordance with procedures that have been approved by the Trust’s Board of Trustees. You may obtain a description of these procedures, along with information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, 2009, free of charge, by calling toll-free 1-800-243-1574. This information is also available through the Securities and Exchange Commission’s website at <http://www.sec.gov>.

FORM N-Q INFORMATION

The Trust files a complete schedule of portfolio holdings for the Fund with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC’s website at <http://www.sec.gov>. Form N-Q may be reviewed and copied at the SEC’s Public Reference Room. Information on the operation of the SEC’s Public Reference Room can be obtained by calling toll-free 1-800-SEC-0330.

This report is not authorized for distribution to prospective investors in the Virtus Multi-Sector Short Term Bond Fund unless preceded or accompanied by an effective prospectus which includes information concerning the sales charge, each Fund’s record and other pertinent information.

MESSAGE TO SHAREHOLDERS

Dear Fellow Shareholders of Virtus Mutual Funds:



Investors who were calmed by the positive news from the financial markets in the second quarter of 2009 may have had a reason to regain some of their enthusiasm during the third quarter. There were numerous signs pointing to an end to the recession: gross domestic product grew by an annualized 3.5 percent, matching its average growth rate of the last 80 years; a measure of stability appeared in the housing market; consumer confidence inched up; and better-than-expected profits and rosier outlooks were reported by many corporations.

The capital markets continued their recovery during the quarter, with most major stock market indices up by double digits for the quarter. The S&P 500® Index was up 15.6 percent in the quarter and in late September was at its highest level in nearly a year. The Dow Jones Industrial AverageSM increased 15.8 percent in the third quarter, and as of September 30 had improved by 13.5 percent for the year. These figures are even more encouraging when compared with market lows in early March and the double-digit losses both indices recorded during the first quarter of the year. Bonds also participated in the third-quarter rally, with the Barclays Capital U.S. Aggregate Bond Index ahead by 3.74 percent and the Barclays Capital U.S. Municipal Bond Index up 7.12 percent.

Although the Federal Open Market Committee acknowledged that “economic activity has picked up following its severe downturn,” these recent gains should not unleash any 1990s-style market “exuberance.” The strength and timing of a full recovery is yet to be realized. Unemployment rates that probably have not peaked remain a drag on consumer spending, and with an expected slowdown of the government’s monetary and fiscal stimulus, some economists speculate that the growth from the second and third quarter may not be sustainable into next year.

These factors suggest this is an important time to rely on the experience of your personal financial adviser and the investment professionals who manage your assets in the Virtus Mutual Funds. We encourage you to carefully consider the commentary of our investment professionals on the following pages and meet with your adviser to review your portfolio and, when appropriate, adjust it to fit your current investment objectives and your tolerance for risk.

Our wide range of equity, fixed income, and alternative investments allow you to allocate your assets and design a portfolio tailored to your individual needs. Information about your investments is always available on our website, www.virtus.com, and from our customer service staff at 1-800-243-1574. While there are no guarantees in the world of investing, I can assure you that we will do our very best to meet your expectations.

On behalf of the entire team at Virtus Investment Partners, I thank you for entrusting your financial assets to us.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Aylward". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

George R. Aylward
President, Virtus Mutual Funds

November 1, 2009

Whenever you have questions about your account or require additional information, please visit us at www.virtus.com or call our shareowner services group, toll free, at 1-800-243-1574.

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than performance shown above.

KEY INVESTMENT TERMS AND FOOTNOTE LEGEND

KEY INVESTMENT TERMS

Bank of America Merrill Lynch 1–2.99 Year Medium Quality Corporate Bonds Index

The Bank of America Merrill Lynch 1–2.99 Year Medium Quality Corporate Bonds Index measures performance of U.S. investment grade corporate bond issues rated “BBB” and “A” by Standard & Poor’s/Moody’s with maturities between one and three years. The index is calculated on a total return basis.

Barclays Capital U.S. Aggregate Bond Index

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.

Federal Reserve (the “Fed”)

The central bank of the United States, responsible for controlling the money supply, interest rates and credit with the goal of keeping the U.S. economy and currency stable. Governed by a seven-member board, the system includes 12 regional Federal Reserve Banks, 25 branches and all national and state banks that are part of the system.

PIK (Payment-in-Kind Security)

A bond which pays some or all interest in the form of additional bonds, or preferred stock which pays dividends in the form of additional preferred stock.

PPIP (Public-Private Investment Program)

A plan designed to value and remove troubled assets from the balance sheet of troubled financial institutions in the U.S. Public-Private Investment Program consists mainly of two parts: a Legacy Loans Program and a Legacy Securities Program. The Legacy Loans Program uses FDIC guaranteed debt along

with private equity to purchase troubled loans from banks. On the other hand, the Legacy Securities Program is designed to use funds from the Federal Reserve, Treasury and private investors to reignite the market for legacy securities. Legacy securities include certain mortgage-backed securities, asset-backed securities and other securitized assets that the government deems to be eligible for the program.

REIT (Real Estate Investment Trust)

A publicly traded company that owns, develops and operates income-producing real estate such as apartments, office buildings, hotels, shopping centers and other commercial properties.

TALF (Term Asset-Backed Securities Loan Facility)

The TALF is intended to assist the credit markets in accommodating the credit needs of consumers and small businesses by facilitating the issuance of asset-backed securities (ABS) and improving the market conditions for ABS more generally.

When-Issued and Delayed Delivery Transactions

Securities purchased on a when-issued or forward commitment basis are also known as delayed delivery transactions. Delayed delivery transactions involve a commitment by a Fund to purchase or sell a security at a future date, ordinarily up to 90 days later. When-issued or forward commitments enable a Fund to lock in what is believed to be an attractive price or yield on a particular security for a period of time, regardless of future changes in interest rates.

KEY INVESTMENT TERMS AND FOOTNOTE LEGEND (Continued)

FOOTNOTE LEGEND

- ⁽¹⁾ Federal Income Tax Information: For tax information at September 30, 2009, see Note 9 Federal Income Tax Information in the Notes to Financial Statements.
- ⁽²⁾ Amounts are less than \$500 (not reported in thousands).
- ⁽³⁾ Variable or step coupon security; interest rate shown reflects the rate currently in effect.
- ⁽⁴⁾ Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2009, these securities amounted to a value of \$290,881 or 15.1% of net assets.
- ⁽⁵⁾ Regulation S security. Security is offered and sold outside of the United States; therefore, it is exempt from registration with the SEC under rules 903 and 904 of the Securities Act of 1933.
- ⁽⁶⁾ Illiquid security.
- ⁽⁷⁾ Illiquid and restricted security. For acquisition information, see Note 6 "Illiquid and Restricted Securities" in the Notes to Financial Statements.
- ⁽⁸⁾ Security in default.

The indexes are unmanaged and not available for direct investment; therefore, their performance does not reflect the expenses associated with active management of an actual portfolio.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND

Disclosure of Fund Expenses (Unaudited)

For the six-month period of April 1, 2009 to September 30, 2009

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Virtus Multi-Sector Short Term Bond Fund (the "Fund") you may incur two types of costs: (1) transaction costs, including sales charges on purchases of Class A shares and contingent deferred sales charges on Class B and Class T shares; and (2) ongoing costs, including investment advisory fees; distribution and service fees; and other expenses. Class C shares are sold without a sales charge. Class I shares are sold without a sales charge and do not incur distribution and service fees. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period. The following Expense Table illustrates your fund's costs in two ways.

Actual Expenses

The first section of the accompanying table provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes

The second section of the accompanying table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not your Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Fund and other funds. To do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the accompanying table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges or contingent deferred sales charges. Therefore, the second section of the accompanying table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if those transactional costs were included, your costs would have been higher. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
Disclosure of Fund Expenses (Unaudited) (Continued)
For the six-month period of April 1, 2009 to September 30, 2009

Expense Table

	Beginning Account Value April 1, 2009	Ending Account Value September 30, 2009	Annualized Expense Ratio	Expenses Paid During Period*
Multi-Sector Short Term Bond Fund				
Actual				
Class A	\$1,000.00	\$1,213.00	1.09%	\$ 6.05
Class B	1,000.00	1,208.00	1.59	8.80
Class C	1,000.00	1,209.30	1.34	7.42
Class T	1,000.00	1,206.90	1.84	10.18
Class I	1,000.00	1,214.50	1.05	5.83
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.54	1.09	5.53
Class B	1,000.00	1,017.00	1.59	8.07
Class C	1,000.00	1,018.27	1.34	6.80
Class T	1,000.00	1,015.73	1.84	9.34
Class I	1,000.00	1,019.74	1.05	5.33

* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days (183) expenses were accrued in the most recent fiscal half-year, then divided by 365 days to reflect the one-half year period.

The Fund may invest in other funds, and the annualized expense ratios noted above do not reflect fees and expenses associated with the underlying funds. If such fees and expenses were included, the expenses would have been higher.

You can find more information about the Fund's expenses in the Financial Statements section that follows. For additional information on operating expenses and other shareholder costs, refer to the prospectus.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND

Ticker Symbols:
Class A: NARAX
Class B: PBARX
Class C: PSTCX
Class T: PMSTX
Class I: PIMSX

■ **Multi-Sector Short Term Bond Fund (the “Fund”)** is diversified and has an investment objective to seek to provide high current income while attempting to limit changes in the fund’s net asset value per share caused by interest rate changes. *There is no guarantee that the Fund will achieve its objective.*

■ For the fiscal year ended September 30, 2009, the Fund’s Class A shares at NAV returned 14.91%; Class B shares returned 14.41%; Class C shares returned 14.75%; Class T shares returned 14.21%; and Class I shares returned 15.20%. For the same period, the Barclays Capital U.S. Aggregate Bond Index, a broad-based fixed income index, returned 10.56%; and the Bank of America Merrill Lynch 1–2.99 Year Medium Quality Corporate Bonds Index, the Fund’s style-specific index appropriate for comparison, returned 13.10%.

All performance figures assume reinvestment of distributions and exclude the effect of sales charges. Past Performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

How did the bond markets perform during the Fund’s fiscal year?

■ The broad U.S. fixed income market, as represented by the Barclays Capital U.S. Aggregate Bond Index returned 10.56% for the fiscal year ended September 30, 2009.

■ In the first 3 meetings of the fiscal year (one of which was an unscheduled inter-meeting) the Federal Reserve (the “Fed”) cut the federal funds rate 1.75% from 2.00% to 0.25%. The Fed indicated that the additional rate cuts were necessary in response to the intensification of the financial crisis that increased the downside risk to growth and that inflationary pressures had started to moderate. In the remaining meetings during the fiscal year the Fed left rates unchanged citing concerns of downside risks to growth and near term economic weakness. However, the Fed cited in the last three meetings that the rate of economic contraction had slowed.

■ Since the beginning of the fiscal year the yield curve has steepened, with rates declining across the curve but more pronounced at the front end of the curve.

■ The credit markets during the fiscal year ending September 30, 2009 can be broken down into two distinct sub-sections; the 4th quarter of 2008 and the first three quarters of 2009. The credit markets during the 4th quarter of 2008 were extraordinarily volatile. This was primarily due to fear surrounding the subprime mortgage market and its resulting contagion. During 2008 and even more in the 4th quarter, the economy showed significant signs of weakening with unemployment on the rise, a deteriorating housing market, and unprecedented stress to the financial system, resulting in a severe lack of liquidity and uncertainty in the market. Despite the numerous efforts of the Fed to inject liquidity into the system these fears caused a very significant flight to quality which resulted in dramatic spread widening in all sectors of the bond market. So significant was this flight to quality, that it caused treasuries to outperform all spread sectors during this time period.

■ During the first three quarters of 2009 the economy continued to show signs of weakening with rising unemployment, a deteriorating housing market, and declining retail sales and consumer confidence. While still at recessionary levels, the pace of the economic decline has slowed and in the 3rd quarter began to show signs of stabilizing with a modest improvement in the economic statistics. While economic conditions remain weak the improvement during the 3rd quarter coupled with better than expected 2nd quarter earnings gave market participants evidence that we may have turned the corner and will start seeing positive growth by the end of 2009. The implementation of numerous government programs announced during the first quarter such as PPIP, TALF, expanded quantitative easing via the Federal Reserve Bank’s purchase of up to \$1.75 trillion long dated U.S. Treasuries, agency debt, and

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND (Continued)

agency Mortgage-backed Securities, coupled with the FASB decision to alter rules regarding mark to market accounting continue to help improve sentiment in all fixed income markets and inject liquidity into the system. The flight to quality over the past 18 months has reversed with U.S. Treasuries being outperformed by nearly all spread sectors during this period.

What factors affected the Fund's performance during its fiscal year?

- The significant outperformance of fixed income spread sectors relative to U.S. Treasuries and agency debentures was the key driver of the funds' strong performance for the fiscal year. The Fund benefited from its overweight to spread product and lack of exposure to U.S. Treasuries and agency debentures; two factors that hurt performance in fiscal year ending September 30, 2008.
- Among fixed income sectors, the fund's overweight to bank loans, corporate high yield, non-U.S. Dollar bonds, commercial mortgage-backed securities, and corporate high quality were all significant positive contributors to performance for the fiscal year.
- The fund's allocation to non-agency residential mortgage-backed securities detracted the most from performance during the fiscal year. The underperformance took place during the 4th quarter of 2008; this sector has performed well so far in 2009.

As interest rates rise, existing bond prices fall and can cause the value of an investment in the Fund 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 high yield bonds, which may be subject to greater credit and market risks. Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic and market risk.

Asset Allocations

The following table presents the portfolio holdings within certain sectors as a percentage of total investments as of September 30, 2009.

Corporate Bonds	41%
Mortgage-Backed Securities	20
Foreign Government Securities	17
Loan Agreements	12
Asset-Backed Securities	6
U.S. Government Securities	2
Other (includes short-term investments)	<u>2</u>
Total	<u><u>100%</u></u>

Average Annual Total Returns¹ for periods ended 9/30/09

	1 Year	5 Years	10 Years	Inception to 9/30/09	Inception Date
Class A Shares at NAV²	14.91%	4.10%	5.63%	—	—
Class A Shares at POP^{3,4}	12.33	3.63	5.39	—	—
Class B Shares at NAV²	14.41	3.55	5.10	—	—
Class B Shares with CDSC⁴	12.91	3.55	5.10	—	—
Class C Shares at NAV²	14.75	3.81	5.43	—	—
Class T Shares at NAV²	14.21	3.30	—	3.45%	6/2/03
Class T Shares with CDSC⁴	14.21	3.30	—	3.45	6/2/03
Class I Shares at NAV	15.20	—	—	6.99	6/6/08
Barclays Capital U.S. Aggregate Bond Index	10.56	5.13	6.30	Note 5	Note 5
Bank of America Merrill Lynch 1–2.99 Year Medium Quality Corporate Bonds Index	13.10	4.23	5.23	Note 6	Note 6
Fund Expense Ratios⁷: A Shares 1.08%; B Shares 1.58%; C Shares 1.33%; T Shares 1.83%; I Shares 0.83%.					

All returns represent past performance which is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The above table and graph below do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not include the effect of any sales charge.

³ "POP" (Public Offering Price) total returns include the effect of the maximum front-end 2.25% sales charge.

⁴ CDSC (contingent deferred sales charge) is applied to redemptions of certain classes of shares that do not have a sales charge applied at the time of purchase. CDSC charges for Class B shares decline from 2% to 0% over a three year period. CDSC charges for certain redemptions of Class A shares and all redemptions of Class T shares are 1% within the first year and 0% thereafter.

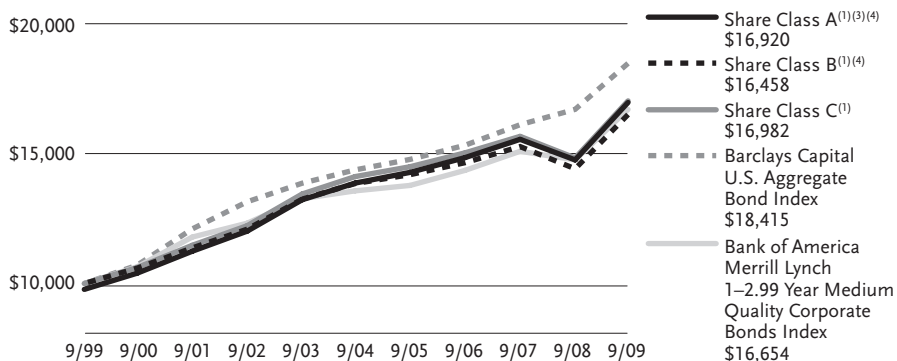
⁵ Index performance is 4.60% for Class T (since 6/2/03) and 7.20% for Class I (since 6/6/08).

⁶ Index performance is 3.87% for Class T (since 6/2/03) and 5.08% for Class I (since 6/6/08).

⁷ Per prospectus effective 1/31/09.

Growth of \$10,000 for periods ended 9/30

This chart assumes an initial investment of \$10,000 made on September 30, 1999, for Class A, Class B and Class C shares including any applicable sales charges or fees. Performance assumes reinvestment of dividends and capital gain distributions.



For information regarding the indexes and certain investment terms, see the Key Investment Terms and Footnote Legend on page 3.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
U.S. GOVERNMENT SECURITIES—1.6%					
U.S. Treasury Note					
2.875%, 6/30/10	\$ 1,000	\$ 1,019			
1.750%, 8/15/12	29,000	29,299			
TOTAL U.S. GOVERNMENT SECURITIES		30,318			
(Identified Cost \$30,164)					
MUNICIPAL BONDS—0.4%					
Connecticut—0.1%					
Mashantucket Western					
Pequot Tribe Taxable					
Series A, 144A					
(NATL-RE Insured)					
6.910%, 9/1/12 ⁽⁴⁾	2,515	1,907			
New York—0.1%					
State Dormitory Authority 04-B					
3.350%, 12/15/09	1,610	1,618			
South Dakota—0.0%					
Educational Enhancement					
Funding Corp. Taxable					
Series 02-A					
6.720%, 6/1/25	112	96			
Virginia—0.2%					
Tobacco Settlement Financing					
Corp. Taxable Series 07-A1					
6.706%, 6/1/46	4,850	3,464			
TOTAL MUNICIPAL BONDS		7,085			
(Identified Cost \$8,748)					
FOREIGN GOVERNMENT SECURITIES—17.0%					
Bolivarian Republic of Venezuela					
RegS 5.375%, 8/7/10 ⁽⁵⁾	5,172	5,030			
10.750%, 9/19/13	4,920	4,895			
8.500%, 10/8/14	6,470	5,791			
RegS 5.750%, 2/26/16 ⁽⁶⁾	13,110	9,701			
RegS 7.000%, 12/1/18 ⁽⁵⁾	3,230	2,301			
Commonwealth of Australia					
Series 121,					
5.250%, 8/15/10	47,455 ^{AUD}	42,335			
Commonwealth of Canada					
2.750%, 12/1/10	50,751	48,554 ^{CAD}			
Commonwealth of New Zealand					
Zealand Series 1111,					
6.000%, 11/15/11	35,535 ^{NZD}	26,597			
Federal Republic of Germany					
Series 147,					
2.500%, 10/8/10	15,840	23,592 ^{EUR}			
Federative Republic of Brazil					
7.875%, 3/7/15	\$ 1,000	1,179			
12.500%, 1/5/16	30,264	18,962 ^{BRL}			
12.500%, 1/5/22	8,000	5,012 ^{BRL}			
Kingdom of Norway					
6.000%, 5/16/11	130,100	23,669 ^{NOK}			
5.000%, 5/15/15	41,119	7,565 ^{NOK}			
Kingdom of Sweden					
Series 1048,					
4.000%, 12/1/09	53,835	7,768 ^{SEK}			
Series 1045,					
5.250%, 3/15/11	28,200	4,300 ^{SEK}			
Republic of Argentina					
PIK Interest Capitalization					
8.280%, 12/31/33	42,395	28,829			
Series GDP					
0.000%, 12/15/35 ⁽³⁾	44,890	3,210			
Republic of Colombia					
12.000%, 10/22/15	14,935,000	9,211 ^{COP}			
Republic of Costa Rica 144A					
6.548%, 3/20/14 ⁽⁴⁾	4,000	4,300			
Republic of Indonesia					
Series FR-23,					
11.000%, 12/15/12	80,600,000	8,883 ^{IDR}			
Series FR-30,					
10.750%, 5/15/16	40,550,000	4,505 ^{IDR}			
Republic of Korea					
Series 1112,					
4.750%, 12/10/11	9,050,000	7,738 ^{KRW}			
Republic of Poland					
Series 0414,					
5.750%, 4/25/14	23,825	8,306 ^{PLZ}			
6.375%, 7/15/19	2,075	2,331			
Republic of South Africa					
6.875%, 5/27/19	660	736			
Republic of Trinidad and Tobago					
RegS					
9.875%, 10/1/09 ⁽⁶⁾	2,300	2,300			
Republic of Turkey					
0.000%, 2/2/11	13,000	7,861 ^{TRY}			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Russian Federation			Agency—continued		
RegS 8.250%, 3/31/10 ⁽⁵⁾	\$ 135	\$ 139	5.500%, 12/1/38	\$ 4,515	\$ 4,729
RegS 7.500%, 3/31/30 ⁽³⁾⁽⁵⁾	1,880	2,033	4.500%, 2/1/39	6,886	6,985
			4.500%, 3/1/39	6,721	6,817
			4.500%, 7/1/39	11,979	12,150
			4.500%, 8/1/39	3,983	4,040
			4.500%, 8/1/39	1,996	2,025
TOTAL FOREIGN GOVERNMENT SECURITIES			GNMA		
(Identified Cost \$302,914)		327,633	6.500%, 7/15/31	43	47
			6.500%, 8/15/31	122	132
			6.500%, 11/15/31	88	95
			6.500%, 2/15/32	27	30
			6.500%, 4/15/32	124	133
			6.500%, 4/15/32	131	141
					<u>112,550</u>
MORTGAGE-BACKED SECURITIES—20.1%			Non-Agency—14.3%		
Agency—5.8%			American Tower Trust		
FHLMC			07-1A, C 144A		
6.000%, 8/1/34	1,537	1,633	5.615%, 4/15/37 ⁽⁴⁾	3,685	3,575
FNMA			Banc of America Commercial		
5.500%, 1/1/17	561	600	Mortgage, Inc. 05-6, AM		
6.000%, 5/1/17	160	172	5.351%, 9/10/47 ⁽³⁾	1,593	1,363
5.500%, 8/1/17	117	125	Bear Stearns Commercial		
4.500%, 4/1/18	1,206	1,274	Mortgage Securities		
5.000%, 10/1/19	2,115	2,241	06-PW12, A4		
5.500%, 2/1/20	787	837	5.903%, 9/11/38 ⁽³⁾	7,450	7,233
5.500%, 3/1/20	835	889	06-PW14, A4		
5.500%, 3/1/20	291	309	5.201%, 12/11/38	1,500	1,391
5.500%, 3/1/20	860	915	05-PW10, A4		
5.500%, 3/1/20	1,808	1,923	5.405%, 12/11/40 ⁽³⁾	11,300	11,107
5.500%, 4/1/20	1,332	1,417	07-PW18, A4		
5.000%, 6/1/20	3,599	3,805	5.700%, 6/11/50	4,635	4,103
6.000%, 12/1/32	247	263	Citigroup-Deutsche Bank		
5.500%, 2/1/33	568	598	Commercial Mortgage Trust		
5.500%, 5/1/34	2,402	2,524	05-CD1, A4		
6.000%, 8/1/34	1,298	1,382	5.399%, 7/15/44 ⁽³⁾	5,000	4,931
6.000%, 8/1/34	1,657	1,763	05-CD1, AM		
6.000%, 10/1/34	1,182	1,256	5.399%, 7/15/44 ⁽³⁾	6,410	5,447
6.000%, 10/1/34	2,032	2,159	07-CD4, A4		
5.500%, 11/1/34	2,776	2,917	5.322%, 12/11/49	6,465	5,405
5.500%, 11/1/34	1,892	1,988	Countrywide Home Loan		
6.000%, 11/1/34	2,221	2,360	Mortgage Pass-Through Trust		
5.500%, 12/1/34	1,304	1,370	02-34, B2		
5.500%, 1/1/35	2,893	3,040	5.750%, 1/25/33 ⁽⁶⁾	1,333	1,004
6.000%, 1/1/37	3,281	3,472	02-36, B2		
6.000%, 1/1/37	1,942	2,054	6.000%, 1/25/33 ⁽⁶⁾	1,355	1,035
5.500%, 7/1/37	20	21			
6.000%, 7/1/37	1,010	1,068			
6.000%, 12/1/37	4,911	5,192			
5.500%, 3/1/38	5,449	5,708			
6.000%, 4/1/38	3,454	3,651			
5.000%, 5/1/38	4,432	4,585			
5.500%, 6/1/38	2,066	2,165			
5.500%, 9/1/38	3,130	3,278			
5.000%, 11/1/38	6,063	6,272			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Non-Agency—continued			Non-Agency—continued		
Credit Suisse First Boston			IndyMac Index Mortgage		
Mortgage Securities Corp.			Loan Trust		
02-CKS4, B			07-AR2, B1		
5.333%, 11/15/36	\$ 5,000	\$ 4,930	5.773%, 6/25/37 ⁽³⁾	\$ 4,732	\$ 170
04-C5, A3			JPMorgan Chase Commercial		
4.499%, 11/15/37	1,270	1,223	Mortgage Securities Corp.		
Credit-Based Asset			05-LDP5, AM	1,752	1,502
Servicing & Securitization LLC			06-LDP7, A4		
05-CB6, A3			6.065%, 4/15/45 ⁽³⁾	1,350	1,256
5.120%, 7/25/35 ⁽³⁾	2,521	2,086	06-LDP9, A3		
Crown Castle Towers LLC			5.336%, 5/15/47	7,450	6,384
05-1A, AFX 144A			07-LD12, A4		
4.643%, 6/15/35 ⁽⁴⁾	8,000	8,000	5.882%, 2/15/51 ⁽³⁾	8,029	6,822
05-1A, B 144A			JPMorgan Mortgage Trust		
4.878%, 6/15/35 ⁽⁴⁾	6,510	6,510	06-A1, B1		
06-1A, C 144A			5.340%, 2/25/36 ⁽³⁾	7,645	729
5.470%, 11/15/36 ⁽⁴⁾	5,000	4,975	Lehman Brothers – UBS		
First Plus Home Loan			Commercial Mortgage Trust		
Trust 97-3, M2			06-C3, AM		
7.520%, 11/10/23	25	23	5.712%, 3/15/39 ⁽³⁾	945	708
GE Capital Commercial			07-C2, A2		
Mortgage Corp.			5.303%, 2/15/40	4,527	4,479
03-C1, C			07-C2, A3		
4.975%, 1/10/38 ⁽³⁾	4,332	4,119	5.430%, 2/15/40	2,705	2,195
04-C3, A4			05-C3, AM		
5.189%, 7/10/39 ⁽³⁾	3,500	3,551	4.794%, 7/15/40	7,460	6,338
GMAC Commercial Mortgage			07-C6, A2		
Securities, Inc.			5.845%, 7/15/40	11,125	11,123
04-C2, A3			07-C7, A3		
5.134%, 8/10/38	1,200	1,222	5.866%, 9/15/45 ⁽³⁾	8,800	7,766
04-C3, A4			Merrill Lynch Mortgage		
4.547%, 12/10/41	4,820	4,801	Investors, Inc. 06-3, 2A1		
Greenwich Capital Commercial			6.081%, 10/25/36 ⁽³⁾	4,029	3,460
Funding Corp. 04-GG1, A7			Merrill Lynch Mortgage Trust		
5.317%, 6/10/36 ⁽³⁾	7,950	8,044	06-C1, AM		
GS Mortgage Securities			5.840%, 5/12/39 ⁽³⁾	7,205	5,445
Corp. II			04-KEY2, A3		
07-EOP, G 144A			4.615%, 8/12/39	4,000	3,844
0.796%, 3/6/20 ⁽³⁾⁽⁴⁾	5,840	4,511	Merrill Lynch-Countrywide		
07-EOP, H 144A			Commercial Mortgage		
0.894%, 3/6/20 ⁽³⁾⁽⁴⁾	1,850	1,417	Trust 06-4, A3		
07-GG10, A4			5.172%, 12/12/49 ⁽³⁾	9,500	8,002
5.999%, 8/10/45 ⁽³⁾	10,550	8,719	Morgan Stanley Capital I		
GSR Mortgage Loan Trust			06-IQ12, A4		
05-5F, 2A2			5.332%, 12/15/43	8,000	7,162
5.500%, 6/25/35	8,830	8,810	07-IQ14, A4		
05-AR6, 3A1			5.692%, 4/15/49 ⁽³⁾	9,720	7,950
4.558%, 9/25/35 ⁽³⁾	4,569	4,062			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Non-Agency—continued				Non-Agency—continued	
Morgan Stanley Mortgage Loan Trust 05-5AR, 4A1				Wells Fargo Mortgage-Backed Securities Trust	
5.505%, 9/25/35 ⁽³⁾	\$ 1,933	\$ 1,291		04-R, 2A1	
PNC Mortgage Acceptance Corp. 00-C2, A2				3.003%, 9/25/34 ⁽³⁾	\$ 3,366
7.300%, 10/12/33	192	198		04-EE, 2A3	
Prudential Securities Secured Financing Corp.				3.299%, 12/25/34 ⁽³⁾	1,672
99-NRF1, F 144A				06-AR2, B1	
6.074%, 11/1/31 ⁽⁴⁾	5,000	4,973		5.034%, 3/25/36 ⁽³⁾	13,907
Residential Funding Mortgage Securities I, Inc.				06-AR10, 5A3	
06-S4, A2				5.592%, 7/25/36 ⁽³⁾	12,521
6.000%, 4/25/36	5,485	4,662			<u>9,239</u>
SBA Commercial Mortgage Backed Securities Trust					275,287
06-1A, A 144A				TOTAL MORTGAGE-BACKED SECURITIES	
5.314%, 11/15/36 ⁽⁴⁾	7,450	7,413		(Identified Cost \$406,999)	387,837
06-1A, B 144A					
5.451%, 11/15/36 ⁽⁴⁾	2,875	2,846		ASSET-BACKED SECURITIES—6.3%	
Timberstar Trust 06-1A, A 144A				American General Mortgage	
5.668%, 10/15/36 ⁽⁴⁾	2,240	2,038		Loan Trust 06-1, A2 144A	
Wachovia Bank Commercial Mortgage Trust				5.750%, 12/25/35 ⁽³⁾⁽⁴⁾	4,914
04-C12, A2				Avis Budget Rental Car Funding	
5.001%, 7/15/41	10,030	10,184		AESOP LLC 09-2A, A 144A	
07-C30, A5				5.680%, 2/20/14 ⁽⁴⁾	9,825
5.342%, 12/15/43	6,935	5,277		Banc of America Securities	
05-C22, AM				Auto Trust 06-G1, B	
5.489%, 12/15/44 ⁽³⁾	720	613		5.340%, 2/18/11	4,855
07-C33, A4				Bay View Auto Trust 05-LJ1, A4	
6.100%, 2/15/51 ⁽³⁾	8,940	7,361		4.090%, 5/25/12	1,338
Wachovia Mortgage Loan Trust LLC 06-A, B1				Bayview Financial Acquisition Trust 06-B, 1A2	
5.331%, 5/20/36 ⁽³⁾	3,421	305		5.800%, 4/28/36 ⁽³⁾	3,871
Washington Mutual Mortgage Pass-Through Certificates				Bombardier Capital Mortgage Securitization Corp. 99-A, A3	
06-AR16, 1A1				5.980%, 1/15/18 ⁽³⁾	2,677
5.565%, 12/25/36 ⁽³⁾	5,720	4,033		Bosphorus Financial Services Ltd. 144A	
00-1, M3				2.240%, 2/15/12 ⁽³⁾⁽⁴⁾	1,250
2.496%, 1/25/40 ⁽³⁾	85	30		Capital Auto Receivables Asset Trust 06-1, D 144A	
				7.160%, 1/15/13 ⁽⁴⁾	2,000
				Carmax Auto Owner Trust	
				07-2, B	
				5.370%, 3/15/13	10,025
				Chase Funding Mortgage Loan Asset-Backed Certificates 04-1, 1A4	
				4.111%, 8/25/30	2,078
					1,949

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Citicorp Residential Mortgage Securities, Inc. 07-2, A4 6.538%, 6/25/37 ⁽³⁾	\$ 5,000	\$ 4,121	Renaissance Home Equity Loan Trust 05-3, AF4 5.140%, 11/25/35 ⁽³⁾	\$ 5,380	\$ 3,973
Conseco Finance Securitizations Corp. 01-3, A4 6.910%, 5/1/33 ⁽³⁾	11,071	9,404	Residential Funding Mortgage Securities II, Inc. 04-HI3, A5 5.480%, 6/25/34 ⁽³⁾	6,432	4,312
Daimler Chrysler Auto Trust 08-B, A4A 5.320%, 11/10/14	9,620	10,038	06-HI2, A3 5.790%, 2/25/36	1,510	969
Dunkin Securitization 06-1, M1 144A 8.285%, 6/20/31 ⁽⁴⁾	6,345	5,205	07-HI1, A2 5.640%, 3/25/37	10,000	8,541
FMAC Loan Receivables Trust 98-CA, A2 144A 6.660%, 9/15/20 ⁽⁴⁾	1,624	1,486	07-HSA3, AI2 5.890%, 6/25/37 ⁽³⁾	3,059	2,781
GMAC Mortgage Corp. Loan Trust 05-HE2, A3 4.622%, 11/25/35 ⁽³⁾	155	151	Vanderbuilt Acquisition Loan Trust 02-1, A3 5.700%, 9/7/23 ⁽³⁾	23	23
06-HE2, A3 6.320%, 5/25/36 ⁽³⁾	11,335	5,829	Wachovia Auto Loan Owner Trust 06-2A, E 144A 7.050%, 5/20/14 ⁽⁴⁾	5,000	4,344
GreenTree Financial Corp. 08-MH1, A1 144A 7.000%, 4/25/38 ⁽³⁾⁽⁴⁾	3,722	3,787	TOTAL ASSET-BACKED SECURITIES (Identified Cost \$139,497)		122,277
Harley-Davidson Motorcycle Trust 06-3, B 5.430%, 11/15/14	1,340	1,347	CORPORATE BONDS—41.1%		
07-2, C 5.410%, 8/15/15	11,000	9,383	Consumer Discretionary—3.3%		
Home Equity Asset Trust 144A Net Interest Margin 06-7, A 6.000%, 2/25/37 ⁽⁴⁾	2,119	— ⁽²⁾	Ameristar Casinos, Inc. 144A 9.250%, 6/1/14 ⁽⁴⁾	350	365
Hyundai Auto Receivables Trust 06-A, D 5.520%, 11/15/12	433	436	AutoZone, Inc. 5.750%, 1/15/15	4,420	4,706
IndyMac Manufactured Housing Contract 98-1, A3 6.370%, 9/25/28	2,010	1,383	Best Buy Co., Inc. 6.750%, 7/15/13	2,055	2,201
Long Grove Collateral Loan Obligation Ltd. PIK Interest Capitalization 04-1A, C 144A 2.793%, 5/25/16 ⁽³⁾⁽⁴⁾⁽⁷⁾	1,626	222	Brunswick Corp. 11.750%, 8/15/13	5,419	5,649
04-1A, D 144A 7.411%, 5/25/16 ⁽³⁾⁽⁴⁾⁽⁷⁾	519	36	COX Communications, Inc. 4.625%, 6/1/13	5,620	5,838
Merrill Auto Trust Securitization 07-1, B 5.790%, 12/15/13	3,476	3,381	Daimler Finance North America LLC 6.500%, 11/15/13	3,390	3,652
			DigitalGlobe, Inc. 144A 10.500%, 5/1/14 ⁽⁴⁾	700	745
			DIRECTV Holdings LLC/ DIRECTV Financing Co., Inc. 6.375%, 6/15/15	6,740	6,858
			Ford Motor Credit Co. LLC 8.000%, 6/1/14	4,865	4,680

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Consumer Discretionary—continued			Consumer Staples—continued		
Harrah's Operating Co., Inc. 144A			Cargill, Inc. 144A		
11.250%, 6/1/17 ⁽⁴⁾	\$ 2,260	\$ 2,294	5.600%, 9/15/12 ⁽⁴⁾	\$ 4,845	\$ 5,199
Horton (D.R.), Inc.			Georgia-Pacific LLC 144A		
4.875%, 1/15/10	2,500	2,503	7.125%, 1/15/17 ⁽⁴⁾	3,525	3,463
Hyatt Hotels Corp. 144A			Kroger Co. (The)		
5.750%, 8/15/15 ⁽⁴⁾	900	918	8.050%, 2/1/10	1,860	1,901
International Game Technology			Tyson Foods, Inc.		
7.500%, 6/15/19	1,115	1,236	10.500%, 3/1/14	940	1,069
Landry's Restaurants, Inc.			Yankee Acquisition Corp.		
14.000%, 8/15/11	3,115	3,142	Series B,		
MGM MIRAGE 144A			8.500%, 2/15/15	7,915	<u>7,480</u>
10.375%, 5/15/14 ⁽⁴⁾	160	172			<u>24,160</u>
Mobile Mini, Inc.					
6.875%, 5/1/15	540	495	Energy—5.8%		
QVC, Inc. 144A			Anadarko Petroleum Corp.		
7.500%, 10/1/19 ⁽⁴⁾	2,710	2,727	8.700%, 3/15/19	3,550	4,245
Scientific Games Corp. 144A			Buckeye Partners LP		
7.875%, 6/15/16 ⁽⁴⁾	810	804	6.050%, 1/15/18	854	893
Scientific Games International, Inc. 144A			Canadian Natural Resources Ltd.		
9.250%, 6/15/19 ⁽⁴⁾	1,570	1,641	4.900%, 12/1/14	2,916	3,062
Seminole Hard Rock Entertainment, Inc./Seminole Hard Rock International LLC 144A			Cenovus Energy, Inc. 144A		
2.799%, 3/15/14 ⁽³⁾⁽⁴⁾	767	621	4.500%, 9/15/14 ⁽⁴⁾	1,968	2,011
Seneca Gaming Corp. Series B			Denbury Resources, Inc.		
7.250%, 5/1/12	131	122	7.500%, 12/15/15	4,952	4,940
Staples, Inc.			Gaz Capital SA 144A		
9.750%, 1/15/14	905	1,087	7.343%, 4/11/13 ⁽⁴⁾	2,000	2,123
Starwood Hotels & Resort Worldwide, Inc.			Gazprom International SA 144A		
6.250%, 2/15/13	2,815	2,787	7.201%, 2/1/20 ⁽⁴⁾	2,089	2,152
Time Warner Cable, Inc.			Gazprom OAO (Gaz Capital SA)		
6.200%, 7/1/13	2,915	3,176	144A 6.212%, 11/22/16 ⁽⁴⁾	10,405	9,989
Time Warner, Inc.			144A 6.510%, 3/7/22 ⁽⁴⁾	3,235	2,964
6.875%, 5/1/12	1,500	1,651	Halliburton Co.		
Videotron Ltee			5.500%, 10/15/10	1,225	1,278
6.375%, 12/15/15	3,500	<u>3,360</u>	Helix Energy Solutions Group, Inc. 144A		
		<u>63,430</u>	9.500%, 1/15/16 ⁽⁴⁾	692	695
			KazMunaiGaz Finance Sub BV 144A		
			8.375%, 7/2/13 ⁽⁴⁾	3,900	4,153
			Kinder Morgan Energy Partners LP		
			6.850%, 2/15/20	2,545	2,780
			Knight, Inc.		
			6.500%, 9/1/12	3,545	3,660
Consumer Staples—1.3%					
Altria Group, Inc.					
8.500%, 11/10/13	2,775	3,219			
BAT International Finance plc 144A					
9.500%, 11/15/18 ⁽⁴⁾	1,410	1,829			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Energy—continued			Financials—16.7%		
Korea National Oil Corp. 144A			Aflac, Inc.		
5.375%, 7/30/14 ⁽⁴⁾	\$ 4,345	\$ 4,457	8.500%, 5/15/19	\$ 1,059	\$ 1,262
NAK Naftogaz Ukrainy			Alfa Invest Ltd. 144A		
(Standard Bank London			9.250%, 6/24/13 ⁽⁴⁾	4,940	4,854
Holdings plc)			Allstate Corp.		
8.125%, 9/30/09 ⁽⁸⁾	2,900	2,537	6.125%, 5/15/37 ⁽³⁾	4,730	3,831
Noble Energy, Inc.			American Express Credit Corp.		
8.250%, 3/1/19	3,675	4,436	5.875%, 5/2/13	4,805	5,095
Pacific Energy Partners LP/			Series C,		
Pacific Energy Finance Corp.			7.300%, 8/20/13	2,600	2,883
7.125%, 6/15/14	2,900	3,003	5.125%, 8/25/14	840	869
Pemex Project Funding Master			American Honda Finance		
Trust 144A			Corp. 144A		
1.599%, 6/15/10 ⁽³⁾⁽⁴⁾	1,500	1,492	6.700%, 10/1/13 ⁽⁴⁾	4,850	5,283
Petro-Canada			Assurant, Inc.		
6.050%, 5/15/18	1,200	1,257	5.625%, 2/15/14	4,060	4,178
PetroHawk Energy Corp. 144A			Atlantic Finance Ltd. 144A		
10.500%, 8/1/14 ⁽⁴⁾	3,885	4,196	8.750%, 5/27/14 ⁽⁴⁾	4,800	5,131
Pride International, Inc.			Avalonbay Communities, Inc.		
8.500%, 6/15/19	4,065	4,471	5.700%, 3/15/17	2,950	3,013
Seacor Holdings, Inc.			Bank of America Corp.		
7.375%, 10/1/19	2,200	2,210	7.400%, 1/15/11	3,815	4,006
Smith International, Inc.			4.750%, 8/15/13	3,000	3,040
9.750%, 3/15/19	2,755	3,399	5.420%, 3/15/17	3,700	3,535
Swift Energy Co.			Barclays Bank plc		
7.625%, 7/15/11	4,875	4,875	5.200%, 7/10/14	4,110	4,341
Tesoro Corp.			6.750%, 5/22/19	4,130	4,619
6.250%, 11/1/12	4,340	4,275	Bear Stearns Cos., Inc. LLC (The)		
Transcontinental Gas Pipe			7.250%, 2/1/18	4,365	4,985
Line Corp. Series B			Berkley (WR) Corp.		
7.000%, 8/15/11	3,865	4,182	5.125%, 9/30/10	2,000	2,014
Weatherford International Ltd.			Brandywine Operating		
9.625%, 3/1/19	4,110	5,145	Partnership LP		
Western Refining, Inc.			7.500%, 5/15/15	4,305	4,307
144A			Chubb Corp.		
10.750%, 6/15/14 ⁽³⁾⁽⁴⁾	3,285	3,137	6.375%, 3/29/67 ⁽³⁾	4,730	4,257
144A			CIT Group, Inc.		
11.250%, 6/15/17 ⁽⁴⁾	2,465	2,342	4.750%, 12/15/10	4,295	2,967
Williams Cos., Inc. (The)			Citigroup, Inc.		
7.125%, 9/1/11	2,500	2,652	5.000%, 9/15/14	3,200	3,045
XTO Energy, Inc.			4.875%, 5/7/15	15,710	14,673
5.900%, 8/1/12	1,980	2,138	CME Group, Inc.		
5.750%, 12/15/13	5,910	6,384	5.400%, 8/1/13	2,450	2,648
		111,533	Colonial Realty LP		
			4.800%, 4/1/11	1,442	1,400
			Corporacion Andina de		
			Fomento		
			5.200%, 5/21/13	1,000	1,040

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Financials—continued			Financials—continued		
Credit Suisse New York			KeyBank NA		
5.000%, 5/15/13	\$ 4,335	\$ 4,588	5.700%, 8/15/12	\$ 1,800	\$ 1,772
Deutsche Bank Financial LLC			7.413%, 5/6/15	1,000	1,002
5.375%, 3/2/15	2,933	2,981	4.950%, 9/15/15	1,295	1,185
ERAC USA Finance Co. 144A			KeyCorp		
5.800%, 10/15/12 ⁽⁴⁾	805	835	6.500%, 5/14/13	2,925	2,994
Export-Import Bank of Korea			Kimco Realty Corp.		
8.125%, 1/21/14	1,480	1,695	4.820%, 8/15/11	1,945	1,965
5.875%, 1/14/15	4,625	4,876	Kookmin Bank 144A		
Fideicomiso Petacalco Trust			7.250%, 5/14/14 ⁽⁴⁾	5,700	6,291
144A 10.160%, 12/23/09 ⁽⁴⁾	724	721	Korea Development Bank		
Fifth Third Bancorp			5.300%, 1/17/13	1,113	1,156
6.250%, 5/1/13	1,770	1,826	Lincoln National Corp.		
First Tennessee Bank N.A.			8.750%, 7/1/19	2,340	2,706
0.590%, 2/14/11 ⁽³⁾	4,575	4,232	MassMutual Global		
4.625%, 5/15/13	2,220	1,917	Funding II 144A		
Ford Motor Credit Co. LLC			3.500%, 3/15/10 ⁽⁴⁾	1,750	1,761
9.875%, 8/10/11	3,480	3,531	Merrill Lynch & Co., Inc.		
3.260%, 1/13/12 ⁽³⁾	2,000	1,802	6.150%, 4/25/13	3,925	4,153
7.500%, 8/1/12	800	769	MetLife, Inc.		
8.700%, 10/1/14	735	721	6.750%, 6/1/16	910	1,016
GMAC, Inc.			Metropolitan Life Global		
144A 6.875%, 9/15/11 ⁽⁴⁾	2,662	2,542	Funding I 144A		
144A 6.750%, 12/1/14 ⁽⁴⁾	552	475	5.125%, 6/10/14 ⁽⁴⁾	1,160	1,212
Goldman Sachs Group, Inc. (The)			Morgan Stanley		
5.350%, 1/15/16	3,225	3,331	6.000%, 5/13/14	1,970	2,097
5.950%, 1/18/18	2,759	2,862	144A 10.090%, 5/3/17 ⁽⁴⁾	10,525 ^{BRL}	5,347
7.500%, 2/15/19	2,451	2,803	National Australia Bank Ltd.		
HBOs plc 144A			144A 5.350%, 6/12/13 ⁽⁴⁾	9,715	10,359
6.750%, 5/21/18 ⁽⁴⁾	685	611	Nationwide Health		
Hertz Corp. (The)			Properties, Inc.		
8.875%, 1/1/14	2,595	2,634	6.250%, 2/1/13	4,825	4,887
Host Hotels & Resorts LP			Northern Trust Corp.		
144A 9.000%, 5/15/17 ⁽⁴⁾	875	932	5.500%, 8/15/13	2,775	3,042
ICICI Bank Ltd. 144A			Nuveen Investment, Inc.		
5.750%, 11/16/10 ⁽⁴⁾	4,775	4,864	144A 10.500%, 11/15/15 ⁽⁴⁾	800	696
International Lease Finance Corp.			OJSC AK Transneft		
4.750%, 1/13/12	1,120	950	(TransCapitalInvest Ltd.)		
5.300%, 5/1/12	5,375	4,518	144A 5.670%, 3/5/14 ⁽⁴⁾	5,715	5,561
Invesco Ltd.			Petroplus Finance Ltd.		
4.500%, 12/15/09	2,750	2,759	144A 6.750%, 5/1/14 ⁽⁴⁾	2,715	2,555
JPMorgan Chase & Co.			Piper Jaffray Equipment Trust		
5.750%, 1/2/13	4,945	5,278	Securities 144A		
6.300%, 4/23/19	3,550	3,876	6.000%, 9/10/11 ⁽⁴⁾	6,370	6,083
Series 1,			PNC Funding Corp.		
7.900%, 4/29/49 ⁽³⁾	3,360	3,226	5.400%, 6/10/14	4,708	5,058
Kazkommerts International			5.625%, 2/1/17	3,130	3,080
BV RegS			Principal Financial Group, Inc.		
8.000%, 11/3/15 ⁽⁵⁾	1,000	820	7.875%, 5/15/14	2,595	2,868

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Financials—continued			Health Care—continued		
Principal Life Global			Express Scripts, Inc.		
Funding I 144A			6.250%, 6/15/14	\$ 1,775	\$ 1,951
4.400%, 10/1/10 ⁽⁴⁾	\$ 1,500	\$ 1,516	Fisher Scientific International, Inc.		
Prologis			6.750%, 8/15/14	985	1,020
7.625%, 8/15/14	5,275	5,391	6.125%, 7/1/15	2,125	2,207
6.625%, 5/15/18	1,110	1,025	HCA, Inc.		
Prudential Financial, Inc.			9.125%, 11/15/14	1,739	1,800
4.750%, 9/17/15	4,770	4,736	Medco Health Solutions, Inc.		
Russian Agricultural Bank OJSC			7.250%, 8/15/13	1,000	1,119
(RSHB Capital SA)			Select Medical Corp.		
144A 9.000%, 6/11/14 ⁽⁴⁾	780	855	7.625%, 2/1/15	2,820	2,654
144A 6.299%, 5/15/17 ⁽⁴⁾	2,905	2,774	U.S. Oncology, Inc. 144A		
Simon Property Group LP			9.125%, 8/15/17 ⁽⁴⁾	1,263	1,336
4.600%, 6/15/10	3,825	3,863	Valeant Pharmaceuticals		
5.600%, 9/1/11	2,775	2,889	International 144A		
SLM Corp.			8.375%, 6/15/16 ⁽⁴⁾	417	425
0.000%, 2/1/10 ⁽³⁾	8,000	7,771			<u>15,580</u>
Textron Financial Corp.					
5.125%, 11/1/10	3,865	3,867	Industrials—2.6%		
TNK-BP Finance SA			American Airlines, Inc.		
RegS 6.125%, 3/20/12 ⁽⁵⁾	4,210	4,231	99-1, 7.024%, 10/15/09	2,925	2,918
144A 7.500%, 3/13/13 ⁽⁴⁾	1,750	1,774	01-1, 6.977%, 5/23/21	8,373	6,699
Trustreet Properties, Inc.			Continental Airlines, Inc. 98-1A,		
7.500%, 4/1/15	1,215	1,296	6.648%, 3/15/19	2,106	1,980
UNUM Group			Delta Air Lines, Inc. 00-A1,		
7.125%, 9/30/16	1,130	1,143	7.379%, 11/18/11	5,824	5,736
Wachovia Bank NA			Esco Corp. 144A		
5.000%, 8/15/15	2,600	2,507	8.625%, 12/15/13 ⁽⁴⁾	1,725	1,699
Wachovia Corp.			General Cable Corp.		
5.300%, 10/15/11	4,870	5,160	2.972%, 4/1/15 ⁽³⁾	3,375	2,978
WEA Finance LLC/			Hutchison Whamboa		
WT Finance Australia 144A			International Ltd. 144A		
5.750%, 9/2/15 ⁽⁴⁾	5,425	5,460	4.625%, 9/11/15 ⁽⁴⁾	3,900	3,871
Wells Fargo & Co.			Ingersoll-Rand Global		
4.375%, 1/31/13	800	826	Holdings Co. Ltd.		
Westpac Banking Corp.			9.500%, 4/15/14	1,410	1,666
4.200%, 2/27/15	4,920	5,001	L-3 Communications Corp.		
Woori Bank 144A			7.625%, 6/15/12	4,020	4,085
7.000%, 2/2/15 ⁽⁴⁾	4,000	4,313	Series B,		
XL Capital Ltd.			6.375%, 10/15/15	925	939
5.250%, 9/15/14	4,335	4,255	Owens Corning, Inc.		
Zions Bancorporation			6.500%, 12/1/16	3,150	3,078
7.750%, 9/23/14	1,880	1,683	Smiths Group plc 144A		
		<u>321,433</u>	7.200%, 5/15/19 ⁽⁴⁾	1,700	1,846
			Steelcase, Inc.		
Health Care—0.8%			6.500%, 8/15/11	2,825	2,832
CareFusion Corp. 144A			Toledo Edison Co. (The)		
5.125%, 8/1/14 ⁽⁴⁾	2,940	3,068	7.250%, 5/1/20	1,360	1,602

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Telecommunication Services—continued			Utilities—1.6%		
Cincinnati Bell, Inc.			Allegheny Energy Supply Co. LLC 144A		
8.250%, 10/15/17	\$ 1,760	\$ 1,735	8.250%, 4/15/12 ⁽⁴⁾	\$ 1,860	\$ 2,049
Cricket Communications, Inc. 144A			AmeriGas Partners LP		
7.750%, 5/15/16 ⁽⁴⁾	965	984	7.250%, 5/20/15	860	843
Deutsche Telekom International Finance BV			Enel Finance International S.A. 144A		
8.500%, 6/15/10	1,000	1,048	3.875%, 10/7/14 ⁽⁴⁾	2,000	1,995
Embarq Corp.			FPL Group Capital, Inc.		
6.738%, 6/1/13	2,385	2,586	5.350%, 6/15/13	1,000	1,078
Nextel Communications, Inc. Series E			Israel Electric Corp. Ltd. 144A		
6.875%, 10/31/13	5,590	5,213	7.250%, 1/15/19 ⁽⁴⁾	2,285	2,436
Series D			Korea Electric Power Corp. 144A		
7.375%, 8/1/15	2,095	1,891	5.500%, 7/21/14 ⁽⁴⁾	3,420	3,578
OJSC Vimpel Communications (VIP Finance Ireland Ltd.) 144A			Korea Gas Corp. 144A		
8.375%, 4/30/13 ⁽⁴⁾	1,400	1,463	6.000%, 7/15/14 ⁽⁴⁾	2,000	2,108
Qwest Capital Funding, Inc.			Majapahit Holding BV 144A		
7.250%, 2/15/11	4,000	4,020	7.250%, 6/28/17 ⁽⁴⁾	1,550	1,589
Qwest Corp.			Midwest Generation LLC Series B		
7.875%, 9/1/11	5,220	5,383	8.560%, 1/2/16	1,594	1,618
Rogers Communications, Inc.			NiSource Finance Corp.		
8.000%, 12/15/12	700	723	7.875%, 11/15/10	3,440	3,619
Telecom Italia Capital SA			Northeast Utilities		
6.175%, 6/18/14	4,900	5,315	5.650%, 6/1/13	3,950	4,078
Verizon Wireless Capital LLC			ONEOK Partners LP		
144A 3.750%, 5/20/11 ⁽⁴⁾	4,850	5,004	5.900%, 4/1/12	980	1,032
144A 5.550%, 2/1/14 ⁽⁴⁾	4,090	4,420	PSE&G Energy Holdings Co.		
Virgin Media Finance plc Series 1,			8.500%, 6/15/11	2,250	2,394
9.500%, 8/15/16	2,575	2,723	Sempra Energy		
Wind Acquisition Finance SA 144A			6.500%, 6/1/16	1,760	1,945
11.750%, 7/15/17 ⁽⁴⁾	2,450	2,774	Texas Competitive Electric Holdings Co. LLC		
Windstream Corp. 144A			Series A		
7.875%, 11/1/17 ⁽⁴⁾	3,620	3,620	10.250%, 11/1/15	1,390	1,008
		<u>53,007</u>			<u>31,370</u>
			TOTAL CORPORATE BONDS		
			(Identified Cost \$756,311)		791,948

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Consumer Staples—0.1%			Health Care—continued		
Wrigley (WM) Jr. Co. Tranche B, 6.500%, 10/6/14	\$ 2,823	\$ 2,877	Select Medical Corp. Tranche B-1, 4.874%, 8/22/14	\$ 1,497	\$ 1,463
					<u>13,948</u>
Energy—0.3%			Industrials—0.7%		
ATP Oil & Gas Corp. Tranche B-2, 8.500%, 1/15/11	1,135	1,047	Harland Clarke Holdings Corp. Tranche B, 3.042%, 6/30/14	5,728	4,829
Tranche B-1, 8.500%, 7/15/14	4,306	3,972	Reynolds & Reynolds Co. (The) Tranche 5.785%, 10/24/13	450	354
Western Refining, Inc. Tranche 8.250%, 5/30/14	1,305	<u>1,295</u>	ServiceMaster Co. (The) Tranche T-1-DD, 2.790%, 7/24/14	746	668
		<u>6,314</u>	Tranche B, 2.880%, 7/24/14	7,492	<u>6,711</u>
					<u>12,562</u>
Financials—0.4%			Information Technology—1.4%		
Hertz Corp. Tranche B, 2.063%, 12/21/12	2,392	2,270	Avaya, Inc. Tranche B, 0.000%, 10/26/14	4,740	3,840
Letter of Credit 2.359%, 12/21/12	479	454	CommScope, Inc. Tranche B, 3.409%, 12/27/14	2,168	2,126
Pinnacle Foods Finance LLC/ Pinnacle Food Finance Corp. Tranche B, 3.031%, 4/2/14	2,449	2,306	Dresser, Inc. Tranche B, 3.104%, 5/4/14	2,405	2,263
Vanguard Health Holdings Co., II LLC Tranche 2.535%, 9/23/11	2,249	<u>2,204</u>	PIK Loan 6.064%, 5/4/15	3,605	3,148
		<u>7,234</u>	First Data Corp. Tranche B-2, 3.058%, 9/24/14	490	423
			Tranche B-3, 3.058%, 9/24/14	6,864	5,911
			Tranche B-1, 3.058%, 9/24/14	1,970	1,701
			Freescal Semiconductor, Inc. Tranche 2.064%, 12/1/13	3,966	3,188
			Reynolds & Reynolds Co. (The) Tranche F-L 2.394%, 10/24/12	5,588	4,927
					<u>27,527</u>
Health Care—0.7%					
HCA, Inc. Tranche A-1, 2.348%, 11/17/12	1,644	1,543			
Tranche B-1, 2.848%, 11/17/13	2,151	2,036			
Health Management Associates, Inc. Tranche B, 2.348%, 2/28/14	1,146	1,079			
HealthSouth Corp. Tranche 2.568%, 3/10/13	3,623	3,495			
Psychiatric Solutions, Inc. Tranche A, 2.057%, 7/1/12	4,485	4,332			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Materials—2.1%				Telecommunication Services—continued	
Anchor Glass Container Corp. Tranche B, 6.750%, 6/20/14	\$ 4,112	\$ 4,095		MetroPCS Wireless, Inc. Tranche B, 2.656%, 11/3/13	\$ 2,273 \$ 2,181
Ashland, Inc. Tranche B, 7.650%, 5/13/14	2,321	2,378		nTelos, Inc. Tranche 5.750%, 8/7/15	5,324 5,356
Berry Plastics Group, Inc. Tranche C, 2.309%, 4/3/15	8,721	7,748		Time Warner Telecom Holdings, Inc. Tranche B, 2.123%, 1/7/13	3,320 <u>3,214</u>
Boise Paper Holdings LLC Tranche B, 5.750%, 2/22/14	4,133	4,212			<u>19,296</u>
Tranche 9.250%, 2/22/15	4,305	4,294		Utilities—0.9%	
Building Materials Corp. of America Tranche B, 6.094%, 9/15/14	4,750	4,188		Calpine Corp. Tranche 3.475%, 3/29/14	4,079 3,747
Huntsman International LLC Tranche B, 2.085%, 4/21/14	2,464	2,280		NRG Energy, Inc. Tranche B, 2.131%, 2/1/13	7,107 6,750
Ineos Holdings Ltd. Tranche B-2, 7.501%, 12/16/13	1,357	1,144		Letter of Credit 2.348%, 2/1/13	2,863 2,719
Tranche C-2, 8.001%, 12/16/14	1,357	1,148		Texas Competitive Electric Holdings Co. LLC Tranche B-2, 3.793%, 10/10/14	2,256 1,802
JohnsonDiversey, Inc. Tranche DD, 3.184%, 12/16/10	53	52		Tranche B-3, 3.793%, 10/10/14	4,005 <u>3,200</u>
Tranche B, 2.750%, 12/16/11	1,296	1,271			<u>18,218</u>
Nalco Co. Tranche B, 6.500%, 5/13/16	1,622	1,652		TOTAL LOAN AGREEMENTS (Identified Cost \$229,066)	234,344
Solutia, Inc. Tranche 7.250%, 2/28/14	5,248	5,334			
		<u>39,796</u>		SHARES	
Telecommunication Services—1.0%				PREFERRED STOCK—0.0%	
Level 3 Communications, Inc. Tranche A, 2.756%, 3/13/14	8,362	7,436		Financials—0.0%	
Tranche B, 11.500%, 3/13/14	1,044	1,109		Preferred Blocker, Inc. (GMAC) Pfd. 144A 7.000% ⁽⁴⁾	702 <u>408</u>
				TOTAL PREFERRED STOCK (Identified Cost \$221)	408
				TOTAL LONG-TERM INVESTMENTS—98.7% (Identified Cost \$1,875,060)	1,903,021

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

(\$ reported in thousands)

	SHARES	VALUE
SHORT-TERM INVESTMENTS—1.1%		
Money Market Mutual Funds—1.1%		
State Street Institutional Liquid Reserves Fund – Institutional Shares (seven-day effective yield 0.260%)	21,199,149	\$ 21,199
TOTAL SHORT-TERM INVESTMENTS (Identified Cost \$21,199)		21,199
TOTAL INVESTMENTS—99.8% (Identified Cost \$1,896,259)		1,924,220⁽¹⁾
Other Assets and Liabilities—0.2%		3,853
NET ASSETS—100.0%		\$1,928,073

Abbreviations:

FHLMC	Federal Home Loan Mortgage Corporation (“Freddie Mac”)
FNMA	Federal National Mortgage Association (“Fannie Mae”)
GDP	Gross Domestic Product
GNMA	Government National Mortgage Association (“Ginnie Mae”)
NATL	National Public Finance Guarantee Corp.
NATL-RE	National Public Finance Corp. formerly Municipal Bond Insurance Association
PIK	Payment-in-Kind Security

Foreign Currencies:

AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
COP	Colombian Peso
EUR	Euro
IDR	Indonesian Rupiah
KRW	Korean Won
NOK	Norwegian Krone
NZD	New Zealand Dollar
PLZ	Polish Zloty
SEK	Swedish Krona
TRY	Turkish Lira

Country Weightings as of September 30, 2009†

United States	73%
Australia	3
Canada	3
Argentina	2
Russia	2
South Korea	2
Norway	1
Other	14
Total	100%

† % of total investments as of September 30, 2009.

Refer to Key Investment Terms and Footnote Legend on page 3.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2009

The following table provides a summary of inputs used to value the Fund's net assets as of September 30, 2009 (see Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at September 30, 2009	Level 1 – Quoted Prices	Level 2 – Significant Observable Inputs	Level 3 – Significant Unobservable Inputs
Investment in Securities:				
Debt Securities:				
U.S. Government Securities	\$ 30,318	\$ —	\$ 30,318	\$ —
Municipal Securities	7,085	—	7,085	—
Foreign Government Securities	327,633	—	327,633	—
Mortgage-Backed Securities	387,837	—	376,855	10,982
Asset-Backed Securities	122,277	—	106,365	15,912
Corporate Debt	1,027,463	—	1,017,508	9,955
Equity Securities:				
Preferred Stocks	408	408	—	—
Short-Term Investments	21,199	21,199	—	—
Total Investments	<u>\$1,924,220</u>	<u>\$21,607</u>	<u>\$1,865,764</u>	<u>\$36,849</u>

The following is a reconciliation of assets of the Fund for Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Total	Mortgage-Backed Securities	Asset-Backed Securities	Corporate Debt
Investment in Securities:				
Balance as of September 30, 2008:	\$ 47,713	\$ 18,557	\$11,462	\$17,694
Accrued discounts/premiums	906	300	289	317
Realized gain (loss) ⁽¹⁾	(24,276)	(21,599)	(2,778)	101
Change in unrealized appreciation (depreciation) ⁽¹⁾	17,141	13,423	3,132	586
Net purchases (sales)	(16,630)	(5,520)	(4,683)	(6,427)
Transfers in and/or out of level 3 ⁽²⁾	11,995	5,821	8,490	(2,316)
Balance as of September 30, 2009	<u>\$ 36,849</u>	<u>\$ 10,982</u>	<u>\$15,912</u>	<u>\$ 9,955</u>

⁽¹⁾ Disclosed in the Statement of Operations under Net realized and unrealized gain (loss) on investments.

⁽²⁾ "Transfers in and/or out" represent the ending value as of September 30, 2009, for any investment security where a change in the pricing level occurred from the beginning to the end of the period.

Certain level 3 security valuations have been determined based on availability of only a single broker source, which may or may not be a principal market maker. Other level 3 securities are without an active market or market participants and therefore are internally fair valued. These internally fair valued securities derive their valuation based on the review of inputs such as, but not limited to, similar securities, liquidity factors, capital structure, and credit analysis.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
Statement of Assets and Liabilities
September 30, 2009

(Amounts reported in thousands except shares and per share amounts)

Assets

Investment securities at value ⁽¹⁾	\$ 1,924,220
Receivables	
Investment securities sold	2,264
Fund shares sold	17,508
Dividends and interest	22,283
Prepaid expenses	124
Total assets	1,966,399

Liabilities

Cash overdraft	1,728
Payables	
Fund shares repurchased	7,782
Investment securities purchased	26,757
Investment advisory fee	801
Distribution and service fees	560
Administration fee	117
Transfer agent fees and expenses	346
Trustees' fee and expenses	24
Professional fee	42
Other accrued expenses	169
Total liabilities	38,326

Net Assets

\$ 1,928,073

Net Assets Consist of:

Capital paid in on shares of beneficial interest	\$ 2,034,051
Accumulated undistributed net investment income (loss)	1,004
Accumulated undistributed net realized income (loss)	(134,672)
Net unrealized appreciation (depreciation)	27,690
Net Assets	<u>\$ 1,928,073</u>

Class A

Net asset value per share (net assets/shares outstanding)	\$4.54
Maximum offering price per share \$4.54/(1-2.25%)	\$4.64
Shares of beneficial interest outstanding, no par value, unlimited authorization	316,147,234
Net Assets	\$ 1,433,927

Class B

Net asset value (net assets/shares outstanding) and offering price per share	\$4.52
Shares of beneficial interest outstanding, no par value, unlimited authorization	2,823,968
Net Assets	\$ 12,753

Class C

Net asset value (net assets/shares outstanding) and offering price per share	\$4.58
Shares of beneficial interest outstanding, no par value, unlimited authorization	52,733,361
Net Assets	\$ 241,339

Class T

Net asset value (net assets/shares outstanding) and offering price per share	\$4.57
Shares of beneficial interest outstanding, no par value, unlimited authorization	48,044,571
Net Assets	\$ 219,501

Class I

Net asset value (net assets/shares outstanding) and offering price per share	\$4.54
Shares of beneficial interest outstanding, no par value, unlimited authorization	4,524,334
Net Assets	\$ 20,553

⁽¹⁾ Investment in securities at cost

\$ 1,896,259

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
Statement of Operations
Year Ended September 30, 2009

(Reported in thousands)

Investment Income

Interest	\$ 103,990
Dividends	155
Foreign taxes withheld	<u>(112)</u>
Total investment income	<u>104,033</u>

Expenses

Investment advisory fees	7,897
Service fees, Class A	2,913
Distribution and service fees, Class B	95
Distribution and service fees, Class C	777
Distribution and service fees, Class T	1,454
Administration fees	1,251
Transfer agent fee and expenses	2,602
Custodian fees	192
Printing fees and expenses	220
Professional fees	59
Registration fees	133
Trustees' fee and expenses	146
Miscellaneous expenses	<u>302</u>
Total expenses	<u>18,041</u>

Net investment income (loss) **85,992**

Net Realized and Unrealized Gain (Loss) on Investments

Net realized gain (loss) on investments	(100,607)
Net realized gain (loss) on foreign currency transactions	1,068
Net change in unrealized appreciation (depreciation) on investments	218,211
Net change in unrealized appreciation (depreciation) on foreign currency translations	<u>(402)</u>

Net gain (loss) on investments **118,270**

Net increase (decrease) in net assets resulting from operations **\$ 204,262**

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
Statement of Changes in Net Assets

(Reported in thousands)

	<u>Year Ended</u> <u>September 30, 2009</u>	<u>Year Ended</u> <u>September 30, 2008</u>
From Operations		
Net investment income (loss)	\$ 85,992	\$ 99,148
Net realized gain (loss)	(99,539)	(19,066)
Net change in unrealized appreciation (depreciation)	217,809	(174,134)
	<hr/>	<hr/>
Increase (decrease) in net assets resulting from operations	204,262	(94,052)
	<hr/>	<hr/>
From Distributions to Shareholders		
Net investment income, Class A	(73,817)	(85,143)
Net investment income, Class B	(754)	(1,010)
Net investment income, Class C	(9,218)	(9,300)
Net investment income, Class T	(7,849)	(7,637)
Net investment income, Class I	(55)	(2)
	<hr/>	<hr/>
Decrease in net assets from distributions to shareholders	(91,693)	(103,092)
	<hr/>	<hr/>
From Share Transactions:		
Sale of shares		
Class A (141,615 and 129,159 shares, respectively)	580,327	589,875
Class B (508 and 780 shares, respectively)	2,073	3,555
Class C (25,625 and 11,320 shares, respectively)	109,150	51,784
Class T (25,531 and 10,502 shares, respectively)	106,114	48,131
Class I (4,545 and 22 shares, respectively)	20,355	100
Reinvestment of distributions		
Class A (14,292 and 15,751 shares, respectively)	57,416	71,290
Class B (130 and 155 shares, respectively)	518	699
Class C (1,671 and 1,573 shares, respectively)	6,812	7,168
Class T (871 and 1,042 shares, respectively)	3,566	4,789
Class I (8 and 1 shares, respectively)	32	2
Shares repurchased		
Class A (167,066 and 123,302 shares, respectively)	(662,579)	(559,008)
Class B (1,612 and 1,729 shares, respectively)	(6,391)	(7,857)
Class C (12,692 and 12,640 shares, respectively)	(51,062)	(57,956)
Class T (11,685 and 11,130 shares, respectively)	(46,913)	(50,716)
Class I (51 and 0 shares, respectively)	(202)	—
	<hr/>	<hr/>
Increase (decrease) in net assets from share transactions	119,216	101,856
	<hr/>	<hr/>
Capital Contributions		
Fair Funds settlement ⁽¹⁾	2	—
	<hr/>	<hr/>
Net increase (decrease) in net assets	231,787	(95,288)
	<hr/>	<hr/>
Net Assets		
Beginning of period	1,696,286	1,791,574
	<hr/>	<hr/>
End of period	<u>\$1,928,073</u>	<u>\$1,696,286</u>
	<hr/>	<hr/>
Accumulated undistributed net investment income (loss) at end of period ..	\$ 1,004	\$ 5,170

⁽¹⁾ The Fund was a recipient of a portion of a distribution from a Fair Fund established by the United States Securities and Exchange Commission. The proceeds received were part of the Millennium Partners, L.P. and Bear Stearns & Co., Inc. settlements.

See Notes to Financial Statements

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VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
Financial Highlights
Selected Per Share Data and Ratios For a Share Outstanding
Throughout Each Period

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Return of Capital
Class A							
10/1/08 to 9/30/09	\$4.21	0.24 ⁽²⁾	0.35	0.59	(0.26)	—	—
10/1/07 to 9/30/08	4.70	0.25 ⁽²⁾	(0.48)	(0.23)	(0.26)	—	—
11/1/06 to 9/30/07	4.74	0.21 ⁽²⁾	(0.03)	0.18	(0.22)	—	—
11/1/05 to 10/31/06	4.70	0.22 ⁽²⁾	0.03	0.25	(0.21)	—	—
11/1/04 to 10/31/05	4.83	0.20 ⁽²⁾	(0.12)	0.08	(0.19)	— ⁽⁵⁾	(0.02)
11/1/03 to 10/31/04	4.78	0.21	0.06	0.27	(0.22)	—	—
Class B							
10/1/08 to 9/30/09	\$4.19	0.22 ⁽²⁾	0.35	0.57	(0.24)	—	—
10/1/07 to 9/30/08	4.68	0.23 ⁽²⁾	(0.48)	(0.25)	(0.24)	—	—
11/1/06 to 9/30/07	4.72	0.19 ⁽²⁾	(0.03)	0.16	(0.20)	—	—
11/1/05 to 10/31/06	4.68	0.20 ⁽²⁾	0.02	0.22	(0.18)	—	—
11/1/04 to 10/31/05	4.82	0.18 ⁽²⁾	(0.14)	0.04	(0.16)	— ⁽⁵⁾	(0.02)
11/1/03 to 10/31/04	4.77	0.19	0.05	0.24	(0.19)	—	—
Class C							
10/1/08 to 9/30/09	\$4.24	0.23 ⁽²⁾	0.36	0.59	(0.25)	—	—
10/1/07 to 9/30/08	4.73	0.24 ⁽²⁾	(0.48)	(0.24)	(0.25)	—	—
11/1/06 to 9/30/07	4.77	0.20 ⁽²⁾	(0.03)	0.17	(0.21)	—	—
11/1/05 to 10/31/06	4.73	0.21 ⁽²⁾	0.02	0.23	(0.19)	—	—
11/1/04 to 10/31/05	4.87	0.19 ⁽²⁾	(0.13)	0.06	(0.18)	— ⁽⁵⁾	(0.02)
11/1/03 to 10/31/04	4.81	0.21	0.05	0.26	(0.20)	—	—
Class T							
10/1/08 to 9/30/09	\$4.23	0.21 ⁽²⁾	0.36	0.57	(0.23)	—	—
10/1/07 to 9/30/08	4.72	0.22 ⁽²⁾	(0.48)	(0.26)	(0.23)	—	—
11/1/06 to 9/30/07	4.76	0.18 ⁽²⁾	(0.03)	0.15	(0.19)	—	—
11/1/05 to 10/31/06	4.73	0.19 ⁽²⁾	0.01	0.20	(0.17)	—	—
11/1/04 to 10/31/05	4.86	0.17 ⁽²⁾	(0.13)	0.04	(0.15)	— ⁽⁵⁾	(0.02)
11/1/03 to 10/31/04	4.80	0.18	0.06	0.24	(0.18)	—	—
Class I							
10/1/08 to 9/30/09	\$4.21	0.28 ⁽²⁾	0.32	0.60	(0.27)	—	—
6/6/08 ⁽⁶⁾ to 9/30/08	4.53	0.08 ⁽²⁾	(0.31)	(0.23)	(0.09)	—	—

⁽¹⁾ Sales charges, where applicable, are not reflected in the total return calculation.

⁽²⁾ Computed using average shares outstanding.

⁽³⁾ Annualized.

⁽⁴⁾ Not annualized.

⁽⁵⁾ Amount is less than \$0.005.

⁽⁶⁾ Inception date.

Total Distributions	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽¹⁾	Net Assets, End of Period (in thousands)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate
(0.26)	0.33	\$4.54	14.91%	\$1,433,927	1.12%	5.93%	88%
(0.26)	(0.49)	4.21	(5.07)	1,377,371	1.08	5.54	83
(0.22)	(0.04)	4.70	3.84 ⁽⁴⁾	1,435,415	1.11 ⁽³⁾	4.93 ⁽³⁾	57 ⁽⁴⁾
(0.21)	0.04	4.74	5.37	1,062,479	1.04	4.75	93
(0.21)	(0.13)	4.70	1.64	819,283	1.02	4.24	83
(0.22)	0.05	4.83	5.69	372,463	1.03	4.17	95
(0.24)	0.33	\$4.52	14.41%	\$ 12,753	1.62%	5.47%	88%
(0.24)	(0.49)	4.19	(5.57)	15,919	1.57	5.03	83
(0.20)	(0.04)	4.68	3.38 ⁽⁴⁾	21,487	1.61 ⁽³⁾	4.40 ⁽³⁾	57 ⁽⁴⁾
(0.18)	0.04	4.72	4.64	27,845	1.54	4.24	93
(0.18)	(0.14)	4.68	1.12	33,003	1.51	3.72	83
(0.19)	0.05	4.82	5.16	33,325	1.52	3.68	95
(0.25)	0.34	\$4.58	14.75%	\$ 241,339	1.36%	5.63%	88%
(0.25)	(0.49)	4.24	(5.28)	161,770	1.33	5.28	83
(0.21)	(0.04)	4.73	3.57 ⁽⁴⁾	179,222	1.36 ⁽³⁾	4.66 ⁽³⁾	57 ⁽⁴⁾
(0.19)	0.04	4.77	5.07	205,385	1.28	4.48	93
(0.20)	(0.14)	4.73	1.15	295,926	1.26	3.98	83
(0.20)	0.06	4.87	5.59	238,854	1.27	3.92	95
(0.23)	0.34	\$4.57	14.21%	\$ 219,501	1.86%	5.11%	88%
(0.23)	(0.49)	4.23	(5.78)	141,131	1.83	4.79	83
(0.19)	(0.04)	4.72	3.11 ⁽⁴⁾	155,450	1.86 ⁽³⁾	4.17 ⁽³⁾	57 ⁽⁴⁾
(0.17)	0.03	4.76	4.34	153,395	1.79	3.98	93
(0.17)	(0.13)	4.73	0.84	195,830	1.76	3.48	83
(0.18)	0.06	4.86	5.05	120,145	1.78	3.40	95
(0.27)	0.33	\$4.54	15.20%	\$ 20,553	1.03%	6.47%	88%
(0.09)	(0.32)	4.21	(5.11) ⁽⁴⁾	95	0.89 ⁽³⁾	5.85 ⁽³⁾	83 ⁽⁴⁾

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

1. Organization

Virtus Opportunities Trust, (the "Trust"), is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company.

As of the date of this report, 18 funds are offered for sale, of which the Virtus Multi-Sector Short Term Bond Fund (the "Fund") is reported in this annual report. The Fund's investment objective is outlined in the Fund Summary Page.

The Fund offers Class A shares, Class B shares, Class C shares, Class T shares and Class I shares.

Class A shares are sold with a front-end sales charge of up to 2.25%. Generally, Class A shares are not subject to any charges by the Fund when redeemed; however, a 1% contingent deferred sales charge ("CDSC") may be imposed on certain redemptions made within one year following purchases on which a finder's fee has been paid. The one year period begins on the last day of the month preceding the month the purchase was made. Class B shares are sold with a contingent deferred sales charge which declines from 2% to zero depending on the period of time the shares are held (see Note 11). Class C shares are sold without a sales charge. Class T shares of the Fund are sold with a 1% contingent deferred sales charge, if applicable, if redeemed within one year of purchase. Class I shares are sold without a sales charge.

Each class of shares has identical voting, dividend, liquidation and other rights and the same terms and conditions, except that each class bears different distribution and/or service expenses and has exclusive voting rights with respect to its distribution plan. Class I shares bear no distribution and/or service expenses. Income and other expenses and realized and unrealized gains and losses of the Fund are borne pro rata by the holders of each class of shares.

2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates and those differences could be significant.

A. Security valuation:

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded, or if no closing price is available, at the last bid price.

Debt securities are valued on the basis of broker quotations or valuations provided by a pricing service, which utilizes information with respect to recent sales, market transactions in comparable securities, quotations from dealers, and various relationships between securities in determining value. Due to continued volatility in the current market, valuations developed through pricing techniques may materially vary from the actual amounts realized upon sale of the securities.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

As required, some securities and assets may be valued at fair value as determined in good faith by or under the direction of the Trustees.

Certain foreign common stocks may be fair valued in cases where closing prices are not readily available or are deemed not reflective of readily available market prices. For example, significant events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that foreign markets close (where the security is principally traded) and the time that the Fund calculates its net asset value (generally, the close of the NYSE) that may impact the value of securities traded in these foreign markets. In these cases, information from an external vendor may be utilized to adjust closing market prices of certain foreign common stocks to reflect their fair value. Because the frequency of significant events is not predictable, fair valuation of certain foreign common stocks may occur on a frequent basis.

Investments in underlying funds are valued at each fund's closing net asset value determined as of the close of business of the New York Stock Exchange (generally 4:00 p.m. Eastern time).

Short-term investments having a remaining maturity of 60 days or less are valued at amortized cost, which approximates market.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – prices determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – prices determined using significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

A summary of the inputs used to value the Fund's net assets by each major security type is disclosed at the end of the Schedule of Investments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

B. Security transactions and related income:

Security transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date, or in the case of certain foreign securities, as soon as the Fund is notified. Interest income is recorded on the accrual basis. The Fund amortizes premiums and accretes discounts using the effective interest method. Realized gains and losses are determined on the identified cost basis.

C. Income taxes:

The Fund is treated as a separate taxable entity. It is the policy of the Fund to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes or excise taxes has been made.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon current interpretations of the tax rules and regulations that exist in the markets in which it invests.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

Accounting for Uncertainty in Income Taxes sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has analyzed each Fund's tax positions and has concluded that no provision for income tax is required in any Fund's financial statements. The Fund is unaware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. Each of the Funds' federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

D. Distributions to shareholders:

Distributions are recorded by the Fund on the ex-dividend date. Income distributions are recorded daily. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences may include the treatment of non-taxable dividends, market premium and discount, non-deductible expenses, expiring capital loss carryovers, foreign currency gain or loss, gain or loss on futures contracts, partnerships, operating losses and losses deferred due to wash sales. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

E. Expenses:

Expenses incurred by the Trust with respect to more than one fund are allocated in proportion to the net assets of each fund, except where allocation of direct expense to each Fund or an alternative allocation method can be more appropriately made.

F. Foreign currency translation:

Foreign securities and other assets and liabilities are valued using the foreign currency exchange rate effective at the end of the reporting period. Cost of investments is translated at the currency exchange rate effective at the trade date. The gain or loss resulting from a change in currency exchange rates between the trade and settlement date of a portfolio transaction is treated as a gain or loss on foreign currency. Likewise, the gain or loss resulting from a change in currency exchange rates between the date income is accrued and the date it is paid is treated as a gain or loss on foreign currency. The Trust does not isolate that portion of the results of operations arising from changes in exchange rates or from fluctuations which arise due to changes in the market prices of securities.

G. Derivative financial instruments:

Disclosures on derivative instruments and hedging activities are intended to improve financial reporting for derivative instruments by enhanced disclosure that enables the investors to understand how and why a fund uses derivatives, how derivatives are accounted for, and how derivative instruments affect a fund's results of operations and financial position. Summarized below are the specific types of derivative instruments used by the Fund.

Forward Currency Contracts: A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, which may be any number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are traded directly between currency traders and their customers. The contract is marked-to-market daily and the change in market value is recorded by each Fund as an unrealized gain or loss in the Statement of Operations.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

When the contract is closed or offset with the same counterparty, the Fund records a realized gain or loss equal to the change in the value of the contract when it was opened and the value at the time it was closed or offset. This is presented in the Statement of Operations as net realized gain (loss) from foreign currency transactions.

The Fund enters into forward currency contracts in conjunction with the planned purchase or sale of foreign denominated securities in order to hedge the U.S. dollar cost or proceeds. The Fund also from time to time hedges the currency exposure of foreign denominated securities, held in the portfolio, back to U.S. dollars during perceived times of U.S. dollar strength. This is done in order to protect U.S. dollar value of the portfolio. Forward currency contracts involve, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. Risks arise from the possible movements in foreign exchange rates or if the counterparty does not perform under the contract.

The following is a summary of the Fund's derivative instrument holdings categorized by primary risk exposure as of September 30, 2009 (\$ reported in thousands):

Realized Gain (Loss) on
Derivatives Recognized in Results from Operations

Total Value

Foreign exchange contracts ⁽¹⁾	\$1,436
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Change in Unrealized Appreciation (Depreciation) on
Derivatives Recognized in Results from Operations

Total Value

Foreign exchange contracts ⁽²⁾	\$(419)
---	---------

⁽¹⁾ Located within Net realized gain (loss) on foreign currency transactions on the Statement of Operations.

⁽²⁾ Located within Net change in unrealized appreciation (depreciation) on foreign currency translation on the Statement of Operations.

There were no open forward currency contracts at September 30, 2009.

H. When-issued and delayed delivery transactions:

The Fund may engage in when-issued or delayed delivery transactions. The Fund records when-issued and delayed delivery securities on the trade date. The Fund maintains collateral for the securities purchased. Securities purchased on a when-issued or delayed delivery basis begin earning interest on the settlement date.

I. Loan agreements:

The Fund may invest in direct debt instruments which are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates. The Fund's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. A loan is often administered by a bank or other financial institution (the lender) that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. When investing in a loan participation, the Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan agreement and only upon receipt

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

by the lender of payments from the borrower. The Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. When the Fund purchases assignments from lenders it acquires direct rights against the borrower on the loan. Direct indebtedness of emerging countries involves a risk that the government entities responsible for the repayment of the debt may be unable, or unwilling, to pay the principal and interest when due. Currently, the Fund only holds assignment loans.

J. Credit linked notes:

The Fund may invest in credit linked notes which are usually issued by a special purpose vehicle that is selling credit protection through a credit default swap. The performance of the notes is linked to the performance of the underlying reference obligation. The special purpose vehicle invests the proceeds from the notes to cover its contingent obligation. Credit linked notes may also have risks with default by the referenced obligation, currency and/or interest rates.

3. Investment Advisory Fee and Related Party Transactions
(\$ reported in thousands except as noted)

At the close of business December 31, 2008, Virtus Investment Partners, Inc. ("Virtus") spun off from The Phoenix Companies, Inc. ("PNX"), into an independent publicly traded company which through its affiliates provides asset management and related services to individuals and institutions. Virtus Investment Advisers, Inc. ("VIA," the "Adviser," formerly known as Phoenix Investment Counsel, Inc.) and VP Distributors, Inc. ("VP Distributors," formerly known as Phoenix Equity Planning Corporation) are indirect wholly-owned subsidiaries of Virtus. Due to the spin-off, the asset management subsidiaries have changed their names to reflect the Virtus brand.

As compensation for its services to the Trust, the Adviser is entitled to a fee based upon the following annual rates as a percentage of the average daily net assets of the Fund.

<u>1st</u> <u>\$1 Billion</u>	<u>\$1+ – \$2</u> <u>Billion</u>	<u>\$2+</u> <u>Billion</u>
0.55%	0.50%	0.45%

The Adviser manages the Fund's investment program and general operations of the Fund, including oversight of the Fund's subadviser Goodwin Capital Advisers, Inc. ("Goodwin").

As distributor of the Fund's shares, VP Distributors, Inc., an indirect wholly-owned, subsidiary of Virtus, has advised the Fund that it retained net selling commissions and deferred sales charges for the fiscal year (the "period") ended September 30, 2009, as follows:

<u>Class A</u> <u>Net Selling</u> <u>Commissions</u>	<u>Class A</u> <u>Deferred</u> <u>Sales Charges</u>	<u>Class B</u> <u>Deferred</u> <u>Sales Charges</u>	<u>Class C</u> <u>Deferred</u> <u>Sales Charges</u>	<u>Class T</u> <u>Deferred</u> <u>Sales Charges</u>
\$35	\$15	\$12	\$1	\$84

In addition, the Fund pays VP Distributors distribution and/or service fees at the annual rate of 0.25% for Class A shares, 0.75% for Class B shares, 0.50% for Class C shares,

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

and 1.00% for Class T shares applied to the average daily net assets of each respective class. There are no distribution and/or service fees for Class I.

Under certain circumstances, shares of certain Virtus Mutual Funds may be exchanged for shares of the same class of certain other Virtus Mutual Funds on the basis of the relative net asset values per share at the time of the exchange. On exchanges with share classes that carry CDSC, the CDSC schedule of the original shares purchased continues to apply.

VP Distributors serves as the Administrator to the Fund. For the period ended September 30, 2009, the Fund incurred administration fees totaling \$1,251. VP Distributors also serves as the Trust's transfer agent. For the period ended September 30, 2009, transfer agent fees were \$2,602 as reported in the Statement of Operations.

At September 30, 2009, Virtus and its affiliates, the retirement plans of Virtus and its affiliates held shares of the Fund which may be redeemed at any time that aggregated the following:

	<u>Aggregate Shares</u>	<u>Net Asset Value</u>
Class I shares	24,079	\$109

Until March 1, 2007, the Trust provided a deferred compensation plan to its trustees who were not officers of Virtus. Under the deferred compensation plan, trustees were able to elect to defer all or a portion of their compensation. Amounts deferred were retained by the Fund, and to the extent permitted by the 1940 Act, as amended, could have been invested in the shares of those Virtus Mutual Funds selected by the trustees.

4. Purchases and Sales of Securities
(\$ reported in thousands)

Purchases and sales of investment securities for the Fund (excluding U.S. Government securities and agency securities, forward currency contracts, and short-term securities) during the period ended September 30, 2009, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$1,288,751	\$949,668

Purchases and sales of long-term U.S. Government and agency securities for the Fund during the period ended September 30, 2009, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$186,939	\$355,591

5. Credit Risk and Asset Concentrations

In countries with limited or developing markets, investments may present greater risks than in more developed markets and the prices of such investments may be volatile. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of these investments and the income they generate, as well as a Fund's ability to repatriate such amounts.

High yield/high risk securities typically entail greater price volatility and/or principal and interest rate risk. There is a greater chance that an issuer will not be able to make principal and interest payments on time. Analysis of the creditworthiness of issuers of high yield securities may be complex, and as a result, it may be more difficult for the adviser and/or subadviser to accurately predict risk.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

The Fund may invest a high percentage of its assets in specific sectors of the market in its pursuit of a greater investment return. Fluctuations in these sectors of concentration may have a greater impact on the Fund, positive or negative, than if the Fund did not concentrate its investments in such sectors.

6. Illiquid and Restricted Securities
(\$ reported in thousands)

Investments shall be considered illiquid if they cannot be disposed of in seven days in the ordinary course of business at the approximate amount at which such securities have been valued by the Fund. Additionally, the following information is also considered in determining illiquidity: the frequency of trades and quotes for the investment, whether the investment is listed for trading on a recognized domestic exchange and/or whether two or more brokers are willing to purchase or sell the security at a comparable price, the extent of market making activity in the investment and the nature of the market for investment. Illiquid securities are footnoted as such at the end of the Fund's Schedule of Investments where applicable.

Restricted securities are illiquid securities, as defined above, not registered under the Securities Act of 1933. Generally, 144A securities are excluded from this category, except where defined as illiquid.

At September 30, 2009, the Fund held the following illiquid and restricted securities:

	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>Market Value at 9/30/09</u>	<u>% of Net Assets at 9/30/09</u>
Long Grove Collateral Loan Obligation Ltd. PIK Interest Capitalization 04-1A, C 144A 2.793%, 5/25/16	5/12/04	\$1,613	\$222	0.0%
04-1A, D 144A 7.411%, 5/25/16	5/12/04	511	36	0.0%

The Fund will bear any costs, including those involved in registration under the Securities Act of 1933, in connection with the disposition of such securities.

7. Indemnifications

Under the Fund's organizational documents, its Trustees and Officers are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these arrangements.

8. Regulatory Exams

Federal and state regulatory authorities from time to time make inquiries and conduct examinations regarding compliance by Virtus (and, prior to the spin-off described in Note 3, PNK) and its subsidiaries (collectively "the Company") with securities and other laws and regulations affecting their registered products.

There are currently no such matters which the Company believes will be material to these financial statements.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

9. Federal Income Tax Information
(\$ reported in thousands)

At September 30, 2009, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

<u>Federal Tax Cost</u>	<u>Unrealized Appreciation</u>	<u>Unrealized (Depreciation)</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
\$1,896,983	\$106,515	\$(79,278)	\$27,237

The Fund has capital loss carryovers which may be used to offset future capital gains, as follows:

<u>Expiration Year</u>			
<u>2014</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
\$5,307	\$575	\$32,374	\$38,256

The Fund may not realize the benefit of these losses to the extent the Fund does not realize gains on investments prior to the expiration of the capital loss carryovers.

Under current tax law, foreign currency and capital losses realized after October 31 may be deferred and treated as occurring on the first day of the following fiscal year. For the fiscal year ended September 30, 2009, the Fund deferred and recognized post-October losses as follows:

<u>Capital Loss Deferred</u>	<u>Capital Loss Recognized</u>
\$95,721	\$27,119

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) which is disclosed in the Schedules of Investments) consist of undistributed ordinary income of \$1,032 and undistributed long-term capital gains of \$0.

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes. Short-term gain distributions reported in the Statements of Changes in Net Assets, if any, are reported as ordinary income for federal tax purposes.

10. Reclassification of Capital Accounts
(\$ reported in thousands)

For financial reporting purposes, book basis capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Permanent reclassifications can arise from differing treatment of certain income and gain transactions, nondeductible current year net operating losses, expiring capital loss carryovers and investments in passive foreign investment companies. The reclassifications have no impact on the net assets or net asset value of the Fund. As of September 30, 2009, the Fund recorded reclassifications to increase (decrease) the accounts as listed below:

<u>Capital Paid in on Shares of Beneficial Interest</u>	<u>Undistributed Net Investment Income (Loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
\$2	\$1,535	\$(1,537)

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009

11. Subsequent Event Evaluations

Management has evaluated the impact of all subsequent events on the Funds through November 20, 2009, the date the financial statements were available for issuance, and has determined that the following subsequent events require recognition or disclosure in the financial statements.

Effective on December 1, 2009 (the "Closing Date"), Class B Shares of the Virtus Mutual Funds will no longer be available for purchase by new or existing shareholders, except by existing shareholders through Qualifying Transactions (for information regarding Qualifying Transactions refer to each Fund's prospectus).

REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM



To the Board of Trustees of
Virtus Opportunities Trust and Shareholders of
Virtus Multi-Sector Short Term Bond Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Virtus Multi-Sector Short Term Bond Fund, (hereafter referred to as the "Fund"), a series of Virtus Opportunities Trust, at September 30, 2009, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at September 30, 2009 by correspondence with the custodian and brokers, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
November 20, 2009

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
TAX INFORMATION NOTICE
September 30, 2009 (Unaudited)

For the fiscal year ended September 30, 2009, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentage, or the maximum amount allowable, of its ordinary income dividends ("QDI") to qualify for the lower tax rates applicable to individual shareholders, and the percentage of ordinary income dividends earned by the Fund which qualifies for the dividends received deduction ("DRD") for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in year-end tax statements. The Fund designates the amount below, or if subsequently different, as long-term capital gains dividends ("LTCG") (\$ reported in thousands).

<u>QDI</u>	<u>DRD</u>	<u>LTCG</u>
0%	0%	\$0

Fund Management Tables (Unaudited)

Information pertaining to the Trustees and officers of the Trust as of September 30, 2009 is set forth below. The statement of additional information (SAI) includes additional information about the Trustees and is available without charge, upon request, by calling (800) 243-4361. The address of each individual, unless otherwise noted, is 100 Pearl Street, Hartford, CT 06103-4506. There is no stated term of office for Trustees of the Trust.

Independent Trustees

Name, Year of Birth, Year Ended and Number of Funds Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Leroy Keith, Jr. YOB: 1939 Elected: 1993 46 Funds	Managing Director, Almanac Capital Management (commodities business) (2007-present). Partner, Stonington Partners, Inc. (private equity firm) (2001-2007). Director/Trustee, Evergreen Funds (88 portfolios).
Philip R. McLoughlin YOB: 1946 Elected: 1993 49 Funds	Partner, Cross Pond Partners, LLC (2006-Present). Director, World Trust Fund. Chairman and Trustee, The Phoenix Edge Series Fund. Director, DTF Tax-Free Income Fund, Inc., Duff & Phelps Utility and Corporate Bond Trust, Inc. and DNP Select Income Fund, Inc. Managing Director, SeaCap, Asset Management Fund I L.P.
Geraldine M. McNamara YOB: 1951 Elected: 2001 49 Funds	Retired. Managing Director, U.S. Trust Company of New York (private bank) (1982-2006). Director, DTF Tax-Free Income Fund, Inc., Duff & Phelps Utility and Corporate Bond Trust, Inc. and DNP Select Income Fund, Inc.
James M. Oates YOB: 1946 Elected: 1993 46 Funds	Managing Director, Wydown Group (consulting firm) (1994-present). Chairman, Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.) (financial services) (1997-2006). Director, Stifel Financial. Chairman and Trustee, John Hancock Trust (93 portfolios) and John Hancock Funds II (74 portfolios). Non-Executive Chairman, Hudson Castle Group, Inc.
Richard E. Segerson YOB: 1946 Elected: 1998 46 Funds	Managing Director, Northway Management Company (1998-present).
Ferdinand L.J. Verdonck YOB: 1942 Elected: 2004 46 Funds	Retired. Director, Galapagos N.V. (biotechnology). Mr. Verdonck is also a director of several non-U.S. companies.

Interested Trustees

The individual listed below is an "interested person" of the Trust, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

Name, Year of Birth, Year Elected and Number of Funds Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
George R. Aylward ⁽¹⁾ YOB: 1964 Elected: 2006 48 Funds	Director, President and Chief Executive Officer (since 2008), Director and President (2006-2008), Chief Operating Officer (2004-2006), Vice President, Finance (2001-2002), Virtus Investment Partners, Inc. and/or certain of its subsidiaries. Various senior officer and directorship positions with Virtus affiliates (2005-present). Senior Executive Vice President and President, Asset Management (2007-2008), Senior Vice President and Chief Operating Officer, Asset Management (2004-2007), Vice President and Chief of Staff (2001-2004), The Phoenix Companies, Inc. Various senior officer and directorship positions with Phoenix affiliates (2005-2008). President (2006-present), Executive Vice President (2004-2006), the Virtus Mutual Funds Family. Chairman, President and Chief Executive Officer, The Zweig Fund Inc. and The Zweig Total Return Fund Inc. (2006-present).

⁽¹⁾ Mr. Aylward is an "interested person," as defined in the Investment Company Act of 1940, by reason of his relationship with Virtus Investment Partners, Inc. and/or its affiliates.

Fund Management Tables (Unaudited) (Continued)

Officers of the Trust Who Are Not Trustees

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
Nancy G. Curtiss YOB: 1952	Senior Vice President since 2006.	Executive Vice President, Head of Operations (since 2009), Senior Vice President, Operations (2008-2009), Vice President, Head of Asset Management Operations (2007-2008), Vice President (2003-2007), Virtus Investment Partners, Inc. and/or certain of its subsidiaries. Ms. Curtiss is also Treasurer of various other investment companies within the Virtus Mutual Funds Complex (1994-present). Assistant Treasurer (2001-2009), VP Distributors, Inc. (f/k/a Phoenix Equity Planning Corporation).
Francis G. Waltman YOB: 1962	Senior Vice President since 2008.	Executive Vice President, Head of Product Management (since 2009), Senior Vice President, Asset Management Product Development (2008-2009), Senior Vice President, Asset Management Product Development (2005-2007), Virtus Investment Partners, Inc. and/or certain of its subsidiaries. Director (2008-present), Director and Senior President (2006-2007), VP Distributors, Inc. (f/k/a Phoenix Equity Planning Corporation). Director and Senior Vice President, Virtus Investment Advisers, Inc. (since 2008).
Marc Baltuch c/o Zweig-DiMenna Associates, LLC 900 Third Avenue New York, NY 10022 YOB: 1945	Vice President and Chief Compliance Officer since 2004.	Chief Compliance Officer, Zweig-DiMenna Associates LLC (1989-present). Vice President, and Chief Compliance Officer, The Zweig Total Return Fund, Inc. (2004-present). Vice President, and Chief Compliance Officer, The Zweig Fund, Inc. (2004-present). President and Director of Watermark Securities, Inc. (1991-present). Assistant Secretary, Gotham Advisors Inc. (1990-2005).
W. Patrick Bradley YOB: 1972	Chief Financial Officer and Treasurer since 2005.	Senior Vice President, Fund Administration (since 2009), Vice President, Fund Administration (2007-2009), Second Vice President, Fund Control & Tax (2004-2006), Virtus Investment Partners, Inc. and/or certain of its subsidiaries. Vice President, Chief Financial Officer, Treasurer and Principal Accounting Officer (2006-present), Assistant Treasurer (2004-2006), The Phoenix Edge Series Fund. Chief Financial Officer and Treasurer (2005-present), Assistant Treasurer (2004-2006), certain funds within the Virtus Mutual Funds Family.
Kevin J. Carr YOB: 1954	Vice President, Chief Legal Officer, Counsel and Secretary since 2005.	Senior Vice President (since 2009), Counsel and Secretary (2008-present) and Vice President (2008-2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries. Vice President and Counsel, Phoenix Life Insurance Company (2005-2008). Compliance Officer of Investments and Counsel, Travelers Life & Annuity Company (January 2005-May 2005). Assistant General Counsel and certain other positions, The Hartford Financial Services Group (1995-2005).

VIRTUS OPPORTUNITIES TRUST

101 Munson Street
Greenfield, MA 01301-9668

Trustees

George R. Aylward
Leroy Keith, Jr.
Philip R. McLoughlin, Chairman
Geraldine M. McNamara
James M. Oates
Richard E. Segerson
Ferdinand L.J. Verdonck

Officers

George R. Aylward, President
Nancy G. Curtiss, Senior Vice President
Francis G. Waltman, Senior Vice President
Marc Baltuch, Vice President and
Chief Compliance Officer
W. Patrick Bradley, Chief Financial Officer
and Treasurer
Kevin J. Carr, Vice President, Chief Legal
Officer, Counsel and Secretary

Investment Adviser

Virtus Investment Advisers, Inc.
100 Pearl Street
Hartford, CT 06103-4506

Principal Underwriter

VP Distributors, Inc.
100 Pearl Street
Hartford, CT 06103-4506

Transfer Agent

VP Distributors, Inc.
100 Pearl Street
Hartford, CT 06103-4506

Custodian

State Street Bank and Trust Company
P.O. Box 5501
Boston, MA 02206-5501

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
2001 Market Street
Philadelphia, PA 19103-7042

How to Contact Us

Mutual Fund Services	1-800-243-1574
Adviser Consulting Group	1-800-243-4361
Telephone Orders	1-800-367-5877
Text Telephone	1-800-243-1926
Web site	Virtus.com

Important Notice to Shareholders

The Securities and Exchange Commission has modified mailing regulations for semiannual and annual shareholder fund reports to allow mutual fund companies to send a single copy of these reports to shareholders who share the same mailing address. If you would like additional copies, please call Mutual Fund Services at 1-800-243-1574.



c/o State Street Bank and Trust Company
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For more information about
Virtus mutual funds, please call
your financial representative,
contact us at **1-800-243-1574**
or **Virtus.com**