Virtus Balanced Fund,
a series of Virtus EquityTrust

Supplement dated April 30, 2010 to the
Prospectus dated June 22, 2009,
as supplemented

IMPORTANT NOTICE TO INVESTORS

Effective April 14, 2010, Virtus Equity Trust and VP Distributors, Inc., distributor, administrator and transfer agent of Virtus Mutual Funds, have modified the fee schedules under the Administration Agreement and the Transfer Agency Agreement. Accordingly, expense information for the below-named fund is hereby revised as described below.

BALANCED FUND

On page 10 of the fund's prospectus, the Fees and Expenses table is hereby revised by replacing the Annual Fund Operating Expenses portion of the table with the following:

	Class A Shares	Class B Shares	Class C Shares
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)			
Management Fees	0.55%	0.55%	0.55%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	1.00%
Other Expenses[(d)]	0.38%	0.38%	0.38%
Total Annual Fund Operating Expenses[(d)]	**1.18%**	**1.93%**	**1.93%**

(d) Restated to reflect current fees on current assets.

Also on page 11, the Example table is hereby replaced with the following:

Class	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	$688	$928	$1,187	$1,924
Class B	Sold	$596	$806	$1,042	$2,059
	Held	$196	$606	$1042	$2,059
Class C	Sold	$296	$606	$1042	$2,254
	Held	$196	$606	$1,042	$2,254

Investors should retain this supplement with the Prospectus for future reference.

Virtus Equity Trust
Supplement dated January 4, 2010 to the Prospectuses
dated June 22, 2009, as supplemented

Virtus Insight Trust
Supplement dated January 4, 2010 to the Prospectuses
dated May 1, 2009, as supplemented

Virtus Opportunities Trust
Supplement dated January 4, 2010 to the Prospectuses dated January 31, 2009,
March 2, 2009 and October 1, 2009, as supplemented

IMPORTANT NOTICE TO INVESTORS

Effective January 29, 2010, Virtus Mutual Funds will make a number of changes to the terms of dealer compensation plans for certain types of Class A Share purchases. These changes, and the associated disclosure changes described below, are effective for new purchases made on and after January 29, 2010.

Changes Applicable to All Virtus Fixed Income Funds, Virtus AlphaSector Allocation Fund and Virtus AlphaSector Rotation Fund

1. The contingent deferred sales charge on certain Class A Share redemptions for the above-named funds will be modified. For Class A Shares, a contingent deferred sales charge of 0.50% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid. Accordingly, footnote (a) to each fund's "Fund Fees and Expenses" table is revised to read:

> (a) A contingent deferred sales charge ("CDSC") of 0.50% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid. The CDSC period begins on the last day of the month preceding the month in which the purchase was made.

Additionally, in the disclosure under "Class A Shares" and "Class A Sales Charge Reductions and Waivers" in the section "Sales Charges," references to the CDSC rate are revised to be 0.50% and references to the period during which a CDSC may apply are revised to read "18 months" and "18-month period," as appropriate.

2. The finder's fee schedule for Class A Share purchases of the above-named funds also will be modified. Accordingly, the paragraph describing finder's fees located under the table in the section "Compensation to Dealers" is revised to state that the Distributor may pay broker-dealers a finder's fee in an amount equal to 0.50% of eligible Class A Share purchases from $1,000,000 to $3,000,000 and 0.25% on amounts greater than $3,000,000. Purchases by an account in the name of a qualified employee benefit plan are eligible for a finder's fee only if such plan has at least 100 eligible employees. Further, in the same paragraph, the references to the period during which a CDSC may apply are revised to read "18 months" and "18-month period," as appropriate.

Changes Applicable to All Virtus Equity Funds, Virtus Alternatives Diversifier Fund, Virtus Balanced Fund, Virtus Balanced Allocation Fund and Virtus Tactical Allocation Fund:

3. The contingent deferred sales charge on certain Class A Share redemptions for the above-named funds will be modified. For Class A Shares, a contingent deferred sales charge of 1.00% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid. Accordingly, footnote (a) to each fund's "Fund Fees and Expenses" table is revised to read:

> (a) A contingent deferred sales charge ("CDSC") of 1.00% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid. The CDSC period begins on the last day of the month preceding the month in which the purchase was made.

Additionally, in the disclosure under “Class A Shares” in the section “Sales Charges,” references to period during which a CDSC may apply are revised to read “18 months” and “18-month period,” as appropriate.

4. The finder’s fee schedule for certain Class A Share purchases of the above-named funds also will be modified. Accordingly, the paragraph describing finder’s fees located under the table in the section “Compensation to Dealers” is revised to state that the Distributor may pay broker-dealers a finder’s fee in an amount equal to 1.00% of eligible Class A Share purchases from $1,000,000 to $3,000,000, 0.50% on amounts of $3,000,0001 to $10,000,000, and 0.25% on amounts greater than $10,000,000. Purchases by an account in the name of a qualified employee benefit plan are eligible for a finder’s fee only if such plan has at least 100 eligible employees. Further, in the same paragraph, the references to the period during which a CDSC may apply are revised to read “18 months” and “18-month period,” as appropriate.

Changes Applicable to All Funds

5. The third paragraph under the table in the section “Compensation to Dealers” is further revised to state that the Distributor will pay a service fee of 0.25% beginning in the thirteenth month following purchase of Class A Shares on which a finder’s fee has been paid.

Investors should retain this supplement with the Prospectuses for future reference.

Virtus Equity Trust

Supplement dated December 17, 2009 to the Prospectuses and Statement of Additional Information ("SAI") dated June 22, 2009, as supplemented

Virtus Insight Trust

Supplement dated December 17, 2009 to the Prospectuses and SAI dated May 1, 2009, as supplemented

Virtus Opportunities Trust

Supplement dated December 17, 2009 to the Prospectuses dated January 31, 2009, March 2, 2009 and October 1, 2009 and the SAI dated October 1, as supplemented

IMPORTANT NOTICE TO INVESTORS

The Board of Trustees of the Virtus Mutual Funds has approved a number of changes to the management fee and subadvisory fee structure for certain of the Virtus Mutual Funds. Additionally, Virtus Investment Advisers, Inc. ("VIA"), the adviser to each of the Virtus Mutual Funds, will implement changes to the expense reimbursement and/or fee waiver arrangements for certain of the funds. All of these changes will be implemented on January 1, 2010. Accordingly, effective January 1, 2010, each named fund's prospectus and SAI is amended to reflect the changes described below.

MANAGEMENT FEES

The management fee structure for the following funds is being modified to include additional breakpoints. The named funds will pay a management fee to VIA that is accrued daily against the value of the fund's net assets at the following annual rates:

	1st $1 Billion	$1+ Billion
Virtus Bond Fund	0.50%	0.45%
Virtus Emerging Markets Opportunities Fund	1.00%	0.95%
Virtus Market Neutral Fund	1.50%	1.40%
Virtus Mid-Cap Value Fund	0.75%	0.70%
Virtus Small-Cap Core Fund	0.85%	0.80%

	1st $2 Billion	$2+ Billion
Virtus Balanced Allocation Fund	0.50%	0.45%
Virtus Core Equity Fund	0.70%	0.65%
Virtus Value Equity Fund	0.70%	0.65%

	1st $1 Billion	Next $1 Billion	$2+ Billion
Virtus Short/Intermediate Bond Fund	0.55%	0.50%	0.45%

SUBADVISORY FEES

The subadvisory fee structure for the following funds is being modified. VIA will pay each named fund's respective subadviser a subadvisory fee calculated as follows:

	Subadvisory Fee
Virtus Balanced Fund (fixed income only)	50% of Fixed Income Net Advisory Fee
Virtus Bond Fund	50% of Net Advisory Fee
Virtus Capital Growth Fund	50% of Net Advisory Fee
Virtus Emerging Markets Opportunities Fund	50% of Net Advisory Fee

	Subadvisory Fee
Virtus Foreign Opportunities Fund	50% of Net Advisory Fee
Virtus Global Infrastructure Fund	50% of Net Advisory Fee
Virtus Global Opportunities Fund	50% of Net Advisory Fee
Virtus Global Real Estate Securities Fund	50% of Net Advisory Fee
Virtus High Yield Fund	50% of Net Advisory Fee
Virtus High Yield Income Fund	50% of Net Advisory Fee
Virtus International Real Estate Securities Fund	50% of Net Advisory Fee
Virtus Market Neutral Fund	50% of Net Advisory Fee
Virtus Mid-Cap Core Fund	50% of Net Advisory Fee
Virtus Mid-Cap Growth Fund	50% of Net Advisory Fee
Virtus Mid-Cap Value Fund	47.50% of Net Advisory Fee
Virtus Multi-Sector Fixed Income Fund	48.25% of Net Advisory Fee
Virtus Multi-Sector Short Term Bond Fund	48.25% of Net Advisory Fee
Virtus Quality Large-Cap Value Fund	50% of Net Advisory Fee
Virtus Quality Small-Cap Fund	50% of Net Advisory Fee
Virtus Real Estate Securities Fund	50% of Net Advisory Fee
Virtus Senior Floating Rate Fund	50% of Net Advisory Fee
Virtus Small-Cap Core Fund	50% of Net Advisory Fee
Virtus Small-Cap Growth Fund	50% of Net Advisory Fee
Virtus Small-Cap Sustainable Growth Fund	50% of Net Advisory Fee
Virtus Strategic Growth Fund	50% of Net Advisory Fee
Virtus Tactical Allocation Fund (fixed income only)	50% of Fixed Income Net Advisory Fee

Expense Limitation Arrangements

VIA is modifying the expense limitation arrangement for the **Virtus Market Neutral Fund**. Effective January 1, 2010, the adviser will voluntarily limit total operating expenses (excluding dividends on short sales, interest, taxes and extraordinary expenses) so that such expenses do not exceed 1.90% for Class A Shares, 2.65% for Class B Shares, 2.65% for Class C Shares and 1.65% for Class I Shares.

Additionally, effective January 1, 2010, VIA will voluntarily limit total operating expenses of the **Virtus Global Opportunities Fund** so that such expenses do not exceed 1.55% for Class A Shares, 2.30% for Class B Shares and 2.30% for Class C Shares. VIA may recapture operating expenses reimbursed under this arrangement for a period of three years following the end of the fiscal year in which such reimbursement occurred.

Investors should retain this supplement with the Prospectuses and SAIs for future reference.

Virtus Equity Trust
Virtus Opportunities Trust

Supplement dated September 28, 2009 to the Prospectuses and
Statement of Additional Information ("SAI") dated June 22, 2009 for Virtus Equity Trust
and to the Prospectuses dated January 31, 2009 and March 2, 2009
and SAI dated March 2, 2009 for Virtus Opportunities Trust, as supplemented

IMPORTANT NOTICE TO INVESTORS

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 (as defined below). Shareholders who own Class B Shares as of the Closing Date may continue to hold such shares until they convert to Class A Shares under the existing conversion schedule, as described in each Fund's prospectus. All other Class B Share characteristics, including but not limited to 12b-1 plan fees, contingent deferred sales charges, shareholder service fees, and conversion features will remain unchanged.

On and after the Closing Date, the Funds will only offer Class B Shares to existing shareholders through the following types of "Qualifying Transactions":

1. Dividends and/or capital gain distributions may continue to be reinvested in Class B Shares.
2. Shareholders may exchange their Class B Shares of a Virtus Mutual Fund for Class B Shares of other Virtus Mutual Funds, as permitted by existing exchange privileges.

Any initial or additional purchase requests for a Fund's Class B Shares received on or after the Closing Date will be rejected (other than through a Qualifying Transaction).

Class B shareholders with systematic investment plans involving investments in Class B Shares will no longer be able to make automatic investments into Class B Shares after the Closing Date. Shareholders who do not want their automatic investments to be discontinued must provide alternative investment instructions prior to the Closing Date. Such investment instructions may include investments into another class of the same Fund or another class of a different Fund.

On and after the Closing Date, shareholders who own Class B Shares of a Fund may purchase Class A Shares or Class C Shares of the same fund without regard to the normal initial investment minimum for such shares. Such purchases will be subject to any applicable sales charges. For purposes of determining any applicable sales load, the value of an investor's account will be deemed to include the value of all applicable shares in eligible accounts, including a Class B Share account. For additional information see "What arrangement is best for you?" in each Fund's prospectus. Investors should also consult their financial advisors for more information regarding Class A Shares and Class C Shares of the Funds.

Effective on the Closing Date, each Fund's prospectus is revised by eliminating all references to the ability to purchase Class B Shares of the Funds, except by existing investors and only through Qualifying Transactions. Additionally, in each Fund's prospectus, the second bullet in the description of minimum initial investments is amended to add the following sentence: "Additionally, shareholders who own Class B Shares of a Fund may purchase Class A Shares or Class C Shares of the same Fund without regard to the minimum initial investment requirements."

Investors should retain this supplement with the Prospectus and/or SAI for future reference.

Prospectus

VIRTUS MUTUAL FUNDS

Virtus Balanced Fund

TRUST NAME:
VIRTUS
EQUITY
TRUST

June 22, 2009

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Not FDIC Insured **No Bank Guarantee** **May Lose Value**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This prospectus contains important information that you should know before investing in Virtus mutual funds. Please read it carefully and retain it for future reference.

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Investment Objectives

The Virtus Balanced Fund has investment objectives of reasonable income, long-term capital growth and conservation of capital. There is no guarantee that the fund will achieve its objectives. The fund's investment objectives may be changed without shareholder approval.

Principal Investment Strategies

- Under normal market circumstances, the fund invests at least 65% of its assets in common stocks and fixed income securities of both U.S. and foreign issuers, including issuers in "emerging market" countries, and may invest in companies of any size. Generally, the fund invests approximately 60% in equity securities and 40% in fixed income securities.

- In selecting equity securities, the adviser employs a Growth at a Reasonable Price (GARP) philosophy in its selection process. Generally, the fund invests in issuers having capitalizations within the range of companies included in the Russell 1000® Index; however, the fund may invest in mid- and small-cap issuers as well. Security selection begins with a top-down approach and econometric analysis of each sector. Each sector is then analyzed at the industry level. A fundamental analysis is then conducted within the industries to identify securities that the portfolio managers believe offer superior return opportunity. As of March 31, 2009, the market capitalization of companies included in the Russell 1000® Index was $46 million to $332.3 billion.

- For selecting fixed income securities, the subadviser uses a value-driven style that focuses on issue and sector selection, measured interest rate anticipation and trading opportunities. Investments are made primarily in bonds that are rated at the time of investment Baa3 or higher by Moody's Investors Service ("Moody's") or BBB- or higher by Standard & Poor's Corporation ("S&P"). However, the fund may invest in high-yield, high-risk fixed income securities (junk bonds).

- Securities selected for investment may be of any maturity or duration. Duration measures the interest rate sensitivity of a fixed income security by assessing and weighting the present value of a security's payment pattern. Normally, the fund's dollar-weighted average duration will vary between two and eight years. The subadviser may adjust the fund's dollar-weighted average duration based on changing expectations for the federal funds rate, the shape of the yield curve, swap spreads, mortgage prepayments, credit spreads, and capital market liquidity. For instance, if the federal funds rate is expected to rise, the subadviser may choose to move the fund's dollar-weighted average duration to the lower end of the band. Within this context, it is expected that the fund's dollar-weighted average maturity will range between three and fifteen years. On March 31, 2009, the average duration of the fund's securities was 3.48 years and the average maturity was 15.10 years. Typically, for a fund maintaining an average duration of 3.48 years, a one percent increase in interest rates would cause a 3.48% decrease in the value of the fund's fixed income assets. Similarly, a one percent decrease in interest rates typically would cause the value of the fund's fixed income assets to increase by 3.48%.

➤ Securities may be reviewed for sale due to anticipated changes in interest rates, changes in the creditworthiness of issuers, or general financial or market developments.

Temporary Defensive Strategy: During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash and short-term money market instruments, including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers' acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

Please see "Additional Investment Techniques" for other investment techniques of the fund.

Risks Related to Principal Investment Strategies

If you invest in this fund, you risk losing your investment.

- ***Credit Risk*** – The risk that an issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline.

- ***Emerging Markets Risk*** – The risk that prices of emerging markets securities may be more volatile than those of their counterparts in more established foreign markets.

- ***Equity Securities Risk*** – The risk that, generally, prices of equity securities are more volatile than those of fixed income securities.

- ***Foreign Securities Risk*** – The risk that the prices of foreign securities may be more volatile than those of their domestic counterparts.

- ***High Yield-High Risk (Junk Bond) Securities Risk*** – The risk that lower rated securities generally have a higher incidence of default and may be less liquid than higher rated securities.

- ***Interest Rate Risk*** – The risk that bond prices overall will decline because of rising interest rates.

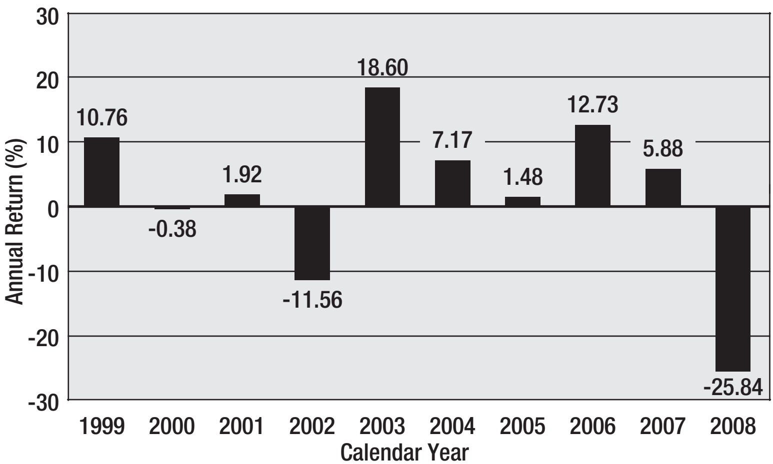
- ***Large Company Risk*** – The risk that the value of investments in larger companies may not rise as much as smaller companies, as larger companies tend to be less volatile.
- ***Long-Term Maturities/Durations Risk*** – The risk of greater price fluctuations than would be associated with securities having shorter maturities or durations.
- ***Market Volatility Risk*** – The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods.
- ***Mortgage-Backed and Asset-Backed Securities Risk*** – The risk that certain factors may negatively affect the value of mortgage-backed and asset-backed securities, causing them to fluctuate to a greater degree than other debt securities.
- ***Small and Medium Company Risk*** – The risk that investments in smaller companies may be more volatile than investments in larger companies.
- ***U.S. Government Securities Risk*** – The risk that certain of these securities are only guaranteed as to the timely payment of principal and interest.

For a more detailed description of the above risks, see Risks Related to Principal Investment Strategies, page 6.

Performance Tables

The Virtus Balanced Fund, a series of Virtus Equity Trust (“Successor Fund”), is the successor of the Phoenix Balanced Fund, a series of Phoenix Series Fund (“Predecessor Fund”), resulting from a reorganization of the Predecessor Fund with and into the Successor Fund on March 10, 2008. The Predecessor Fund and the Successor Fund have identical investment objectives and strategies. The Successor Fund has adopted the past performance of the Predecessor Fund as its own. Therefore, the performance tables below include the performance of the shares of the Predecessor Fund prior to the Virtus Balanced Fund’s commencement date.

The bar chart and table below provide some indication of the risks of investing in the Virtus Balanced Fund. The bar chart shows changes in the fund’s Class A Shares performance from year to year over a 10-year period.[1] The table shows how the fund’s average annual returns compare to those of two broad-based securities market indices and to a “balanced” benchmark. The fund’s past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.



(1) The fund’s annual returns in the chart above do not reflect the deduction of any sales charges. The returns would have been less than those shown if sales charges were deducted. During the 10-year period shown in the chart above, the highest return for a quarter was 9.70% (quarter ended June 30, 2003) and the lowest return for a quarter was -14.51% (quarter ended December 31, 2008). Year-to-date performance (through March 31, 2009) is -6.23%.

Average Annual Total Returns (for the periods ended 12/31/08)[2]	1 Year	5 Years	10 Years	Since Inception[3]
				Class C
Class A				
Return Before Taxes	-30.11%	-1.93%	0.68%	—
Return After Taxes on Distributions[4]	-30.68%	-3.34%	-0.90%	—
Return After Taxes on Distributions and Sale of Fund Shares[4][5]	-19.22%	-1.86%	0.06%	—
Class B				
Return Before Taxes	-29.25%	-1.50%	0.52%	—
Class C				
Return Before Taxes	-26.39%	—	—	-2.91%
Barclays Capital U.S. Aggregate Bond Index[6]	5.24%	4.65%	5.63%	4.89%
S&P 500® Index[7]	-37.00%	-2.19%	-1.38%	-4.46%
Balanced Benchmark[8]	-22.06%	0.71%	1.69%	-0.56%

(2) The fund's average annual returns in the table above reflect the deduction of the maximum sales charge for an investment in the fund's Class A Shares and a full redemption in the fund's Class B Shares and Class C Shares.
(3) Class C Shares since April 19, 2005.
(4) After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. The after-tax returns shown in the table above are for only one class of shares offered by the prospectus (Class A); after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
(5) The Return After Taxes on Distributions and Sale of Fund Shares for a period may be greater than the Return After Taxes on Distributions for the same period if there was a tax loss realized on sale of fund shares. The benefit of the tax loss (to the extent it can be used to offset other gains) may result in a higher return.
(6) The Barclays Capital U.S. Aggregate Bond Index measures the U.S. investment-grade fixed rate bond market. The index is calculated on a total-return basis. The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the fees, expenses or taxes associated with the active management of an actual portfolio.
(7) The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the fees, expenses or taxes associated with the active management of an actual portfolio.
(8) The Balanced Benchmark is a composite index consisting of 60% S&P 500® Index and 40% Barclays Capital U.S. Aggregate Bond Index. The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the fees, expenses or taxes associated with the active management of an actual portfolio.

Risks Related To Principal Investment Strategies

The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money.

Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected and investments may fail to perform as the adviser or subadviser expects. As a result, the value of your shares may decrease.

Specific risks of investing in the fund are described in detail below.

Credit Risk

The risk that an issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.

Emerging Markets Risk

The risk that prices of emerging markets securities may be more volatile than those of their counterparts in more established foreign markets. Investments in less-developed countries whose markets are still emerging generally present risks in greater degree than those presented by investments in foreign issuers based in countries with developed securities markets and more advanced regulatory systems. Prior governmental approval may be required in some developing countries for the release of investment income, capital and sale proceeds to foreign investors, and some developing countries may limit the extent of foreign investment in domestic companies.

Emerging market countries often suffer from currency devaluation and higher rates of inflation. Developing countries may be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed by countries with which they trade and may also be affected by economic conditions in such countries. In addition, a negative situation or condition that affects the market in one emerging market region may have a negative impact on all emerging market regions due to the so-called "ripple effect."

Equity Securities Risk

Generally, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, equity securities will respond to events that affect entire financial markets or industries (such as changes in inflation or consumer demand) and to events that affect particular issuers (such as news about the success or failure of a new product).

Foreign Securities Risk

The risk that the prices of foreign securities may be more volatile than those of their domestic counterparts owing in part to possible political or economic instability; limits on repatriation of capital; exchange controls or exchange rate fluctuations; less publicly available information as a result of accounting, auditing, and financial reporting standards different from those used in the U.S.; more volatile markets; less securities regulation; less favorable tax provisions; war; or expropriation.

Foreign Currency Risk. Some investments may be made in currencies other than the U.S. dollar that will fluctuate in value as a result of changes in the currency exchange rate. Foreign markets and currencies may not function as well as U.S. markets.

High Yield-High Risk (Junk Bond) Securities Risk

Securities rated "BB" or below by S&P or "Ba" or below by Moody's are known as "high yield" securities and are commonly referred to as "junk bonds". These securities involve greater risk of loss due to credit deterioration and are less liquid, especially during periods of economic uncertainty or change, than higher-quality debt securities. Lower-rated debt securities generally have a higher risk that the issuer of the security may default and not make the payment of interest or principal.

Interest Rate Risk

The risk that bond prices overall will decline because of rising interest rates. With fixed-rate securities, an increase in prevailing interest rates typically causes the value of those securities to fall, while a decline in prevailing interest rates generally produces an increase in the market value of the securities. As interest rates increase, slower than expected principal payments may extend the average life of fixed income securities. This will have the effect of locking in a below-market interest rate, increasing a fund's duration and reducing the value of such a security. If a fund invests in asset-backed and mortgage-backed securities, it is more vulnerable to this risk. Changes in interest rates will affect the value of longer-term fixed income securities more than shorter-term securities and lower-quality securities more than higher-quality securities.

Large Company Risk

The risk that companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the fund's value may not rise as much as the value of funds that emphasize companies with smaller market capitalizations.

Long-Term Maturities/Durations Risk

The risk that fixed income securities with longer maturities or durations may be subject to greater price fluctuations due to interest rate, tax law, and general market changes than securities with shorter maturities or durations.

Market Volatility Risk

The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods.

Instability in the financial markets has led to volatile financial markets that expose the fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments that it holds. In response to financial markets that experienced extreme volatility, and in some cases a lack of liquidity, the U.S. Government has taken a number of unprecedented actions, including acquiring distressed assets from financial institutions and acquiring ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear. Additional legislation or government regulation may also change the way in which funds themselves are regulated, which could limit or preclude a fund's ability to achieve its investment objective.

Mortgage-Backed and Asset-Backed Securities Risk

The risk that certain factors, such as interest rate changes, may negatively affect the value of mortgage-backed and asset-backed securities, causing them to fluctuate to a greater degree than other debt securities. Mortgage-backed and asset-backed securities are generally subject to higher prepayment risks than most other types of debt securities. It is difficult to predict cash flows from mortgage-backed and asset-backed securities due to the variability of prepayments. Prepayments also tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, the fund may be required to invest proceeds at lower interest rates, causing the fund to earn less than if such prepayment had not occurred.

Small and Medium Company Risk

Companies with small and medium market capitalizations are often companies with a limited operating history or companies in industries that have recently emerged due to cultural, economic, regulatory or technological developments. Such developments can have a significant impact or negative effect on small and medium market capitalization companies and their stock performance and can make investment returns highly volatile. Product lines are often less diversified and more susceptible to competitive threats. Small and medium market capitalization stocks are subject to varying patterns of trading volume and may, at times, be difficult to sell.

U.S. Government Securities Risk

The risk that although backed by the U.S. Government, these securities are subject to price fluctuations. Obligations issued or guaranteed by the U.S. Government, its agencies, authorities and instrumentalities and backed by the full faith and credit of the United States only guarantee principal and interest will be timely paid to holders of the securities. The entities do not guarantee that the value of fund shares will increase. In addition, not all U.S. Government securities are backed by the full faith and credit of the United States, but rather are the obligation solely of the entity through which they are issued.

Fund Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold Class A Shares, Class B Shares or Class C Shares of the fund.

	Class A Shares	Class B Shares	Class C Shares
Shareholder Fees (fees paid directly from your investment)			
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of the value redeemed or the amount invested)	None[(a)]	5.00%[(b)]	1.00%[(c)]
Maximum Sales Charge (load) Imposed on Reinvested Dividends	None	None	None
Redemption Fee	None	None	None
Exchange Fee	None	None	None

Annual Fund Operating Expenses (expenses that are deducted from fund assets)

	Class A Shares	Class B Shares	Class C Shares
Management Fees	0.55%	0.55%	0.55%
Distribution and Shareholder Servicing (12b-1) Fees[(d)]	0.25%	1.00%	1.00%
Shareholder Services Fee	None	None	None
Other Expenses	0.30%	0.30%	0.30%
Total Annual Fund Operating Expenses	1.10%	1.85%	1.85%

(a) A contingent deferred sales charge of 1% may apply 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 in which the purchase was made.
(b) The maximum deferred sales charge is imposed on Class B Shares redeemed during the first year; thereafter, it decreases 1% annually to 2% during the fourth and fifth years and to 0% after the fifth year.
(c) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.
(d) Distribution and Shareholder Servicing (12b-1) Fees represent an asset-based sales charge that, for a long-term shareholder, over time may be higher than the maximum front-end sales charge permitted by the Financial Industry Regulatory Authority ("FINRA").

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Class	1 year	3 years	5 years	10 years
Class A Shares	$681	$905	$1,146	$1,838
Class B Shares	$588	$782	$1,001	$1,973
Class C Shares	$288	$582	$1,001	$2,169

You would pay the following expenses if you did not redeem your shares:

Class	1 year	3 years	5 years	10 years
Class B Shares	$188	$582	$1,001	$1,973
Class C Shares	$188	$582	$1,001	$2,169

Additional Investment Techniques

In addition to the Risks Related to Principal Investment Strategies, the fund may engage in additional investment techniques that present additional risks to the fund as described below. Many of the additional investment techniques that the fund may use, as well as other investment techniques that are relied upon to a lesser degree, are more fully described in the Statement of Additional Information.

Borrowing

The fund may obtain fixed interest rate loans in amounts up to one-third the value of its net assets and invest the loan proceeds in other assets. If the securities purchased with such borrowed money decrease in value or do not increase enough to cover interest and other borrowing costs, the fund will suffer greater losses than if no borrowing took place.

Debt Securities

The fund may invest in nonconvertible or convertible debt securities of U.S. and foreign (non-U.S.) issuers including corporate notes, bonds and debentures that are rated within the three highest rating categories at the time of investment, or if unrated, are deemed by the subadviser to be of comparable quality. Generally, if interest rates rise, the value of debt securities will fall. Credit risk for debt obligations generally increases as the rating declines. Securities with lower credit ratings have a greater chance of principal and interest payment default. Debt obligations with longer maturities may be subject to price fluctuations due to interest rates, tax laws and other general market factors. Credit risk is determined at the date of investment. If the rating declines after the date of purchase, the fund is not obligated to sell the security. In addition, debt securities convertible into common stocks may have higher yields than common stocks but lower yields than comparable nonconvertible securities.

In addition to credit and interest rate risk, investing in debt securities carries certain other risks, including:

Redemption Risk – Debt securities sometimes contain provisions that allow for redemption in the event of tax or security law changes, in addition to call features at the option of the issuer. In the event of a redemption, the fund may not be able to reinvest the proceeds at comparable rates of return. If a convertible debt security is called for redemption, the fund may have to redeem the security, convert it into common stock or sell it to a third party at a price and time that is not beneficial for the fund.

Limited Voting Rights – Debt securities typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default.

Liquidity – Certain debt securities may be substantially less liquid than many other securities such as U.S. Government securities or common stocks.

Derivatives

The fund may enter into derivative transactions (contracts whose value is derived from the value of an underlying asset, index or rate) including futures, options, non-deliverable forwards, forward foreign currency exchange contracts and swap agreements. The fund may use derivatives to hedge against factors that affect the value of its investments such as interest rates and foreign currency exchange rates. The fund may also utilize derivatives as part of its overall investment technique to gain or lessen exposure to various securities, markets and currencies.

Derivatives typically involve greater risks than traditional investments. It is generally more difficult to ascertain the risk of, and to properly value, derivative contracts. Derivative contracts are usually less liquid than traditional securities and are subject to counterparty risk (the risk that the other party to the contract will default or otherwise not be able to perform its contractual obligations). In addition, some derivatives transactions may involve potentially unlimited losses. Derivatives contracts entered into for hedging purposes may also subject the fund to losses if the contracts do not correlate with the assets, index or rates they were designed to hedge. Gains and losses derived from hedging transactions are, therefore, more dependent upon the adviser's or subadviser's ability to correctly predict the movement of the underlying asset prices, indexes or rates.

Illiquid and Restricted Securities

The fund may invest in illiquid and restricted securities. Illiquid and restricted securities may include repurchase agreements with maturities of greater than seven days. Illiquid and restricted securities may be difficult to sell or may be sold only pursuant to certain legal restrictions. Difficulty in selling securities may result in a loss to the fund or entail expenses not normally associated with the sale of a security.

Mutual Fund Investing

The fund may invest in shares of other mutual funds. Assets invested in other mutual funds incur a layering of expenses including operating costs, advisory fees and administrative fees that you, as a shareholder in the fund, indirectly bear.

Private Placements

The fund may purchase securities which have been privately issued to qualified institutional investors under special rules adopted by the Securities and Exchange Commission ("SEC"). Such securities may offer higher yields than comparable publicly traded securities. Privately issued securities ordinarily can be sold by the fund in secondary market transactions to certain qualified investors pursuant to rules established by the SEC or in privately negotiated transactions to a limited number of purchasers. Therefore, sales of such securities by the fund may involve significant delays and expense.

Repurchase Agreements

The fund may invest in repurchase agreements. Default or insolvency of the other party presents a risk to the funds.

Securities Lending

The fund may loan portfolio securities with a value up to one-third of its total assets to increase investment returns. If the borrower is unwilling or unable to return the borrowed securities when due, the fund can suffer losses.

Short-Term Instruments

The fund may invest in short-term securities, including money market instruments, repurchase agreements, bank certificates of deposit and bankers' acceptances. Default or insolvency of the other party to a repurchase agreement presents a risk to the fund.

Unrated Securities

The fund may invest in unrated securities. Unrated securities may not be lower in quality than rated securities, but due to their perceived risk they may not have as broad a market as rated securities. Analysis of unrated securities is more complex than for rated securities, making it more difficult for the adviser or subadviser to accurately predict risk.

Variable Rate, Floating Rate or Variable Amount Securities

The fund may invest in variable rate, floating rate, or variable amount securities which are generally short-term, unsecured, fluctuating, interest-bearing notes of private issuers.

The fund may buy other types of securities or employ other portfolio management techniques. Please refer to the Statement of Additional Information for more detailed information about these and other investment techniques of the fund.

Management of the Fund

The Adviser

Virtus Investment Advisers, Inc. ("VIA") is the investment adviser to the fund and is located at 100 Pearl Street, Hartford, CT 06103. VIA acts as the investment adviser for over 50 mutual funds and as adviser to institutional clients. As of March 31, 2009, VIA had approximately $10.7 billion in assets under management. VIA has acted as an investment adviser for over 70 years and is a wholly-owned, indirect subsidiary of Virtus Investment Partners, Inc. ("Virtus").

Subject to the direction of the fund's Board of Trustees, VIA is responsible for managing the fund's investment program and for the general operations of the fund, including oversight of the fund's subadviser, recommending its hiring, termination and replacement. VIA is responsible for the day-to-day portfolio management of the equity portion of the Balanced Fund.

VIA has appointed and oversees the activities of SCM Advisors LLC as subadviser for the fixed income portion of the fund.

The fund pays VIA an investment management fee that is accrued daily against the value of the fund's net assets at the annual rate of 0.55% of the first $1 billion, 0.50% of $1+ billion through $2 billion, and 0.45% of $2+ billion.

The Subadviser

SCM Advisors LLC ("SCM Advisors"), an affiliate of VIA, is located at 909 Montgomery Street, San Francisco, CA 94133. SCM Advisors acts as subadviser to mutual funds and as investment adviser to institutions and individuals. As of March 31, 2009, SCM Advisors had approximately $2.2 billion in assets under management. SCM Advisors has been an investment adviser since 1989.

VIA pays SCM Advisors a subadvisory fee at the rate of 50% of the gross investment management fee as calculated on the assets managed by the subadviser.

A discussion regarding the basis for the Board of Trustees approving the investment advisory and subadvisory agreements is available in the fund's annual report covering the period April 1, 2008 through March 31, 2009.

The fund and VIA have received an exemptive order from the Securities and Exchange Commission that permits VIA, subject to certain conditions, and without the approval of shareholders to: (a) employ a new unaffiliated subadviser for a fund pursuant to the terms of a new subadvisory agreement, in each case either as a replacement for an existing subadviser or as an additional subadviser; (b) change the terms of any subadvisory agreement; and (c) continue the employment of an existing subadviser on the same subadvisory agreement terms where an agreement has been assigned because of a change in control of the subadviser. In such circumstances, shareholders would receive notice of such action, including the information concerning the new subadviser that normally is provided in a proxy statement.

Portfolio Management

SCM Advisors

Robert L. Bishop, CFA. Mr. Bishop has served on the fund's portfolio management team since June 2009. He is Chief Investment Officer for Fixed Income at SCM Advisors and also has portfolio management responsibility for investment grade corporate bonds and credit derivatives. Mr. Bishop also serves on the portfolio management teams for the Virtus Bond Fund, Virtus High Yield Fund, Virtus High Yield Income Fund and Virtus Tactical Allocation Fund. Prior to joining SCM Advisors in 2002, he was responsible for restructuring corporate pension funds at Solomon Brothers; quantitative portfolio design at Goldman Sachs; and was a director in the credit sales area of Merrill Lynch. He has 29 years of investment experience.

Maxwell E. Bublitz, CFA. Mr. Bublitz has served on the fund's portfolio management team since June 2009. He also serves on the portfolio management teams for the Virtus Bond Fund, Virtus High Yield Fund, Virtus High Yield Income Fund and Virtus Tactical Allocation Fund. Mr. Bublitz is Chief Strategist at SCM Advisors. Prior to joining SCM Advisors in 2005, he was President and Chief Executive Officer of Conseco Capital Management (1987-2005). Mr. Bublitz has 24 years of investment experience.

Kaushik Saha. Mr. Saha has served on the fund's portfolio management team since June 2009. He also serves on the portfolio management team for the Virtus Bond Fund and Virtus Tactical Allocation Fund. He is a Fixed Income Portfolio Manager at SCM Advisors focused primarily on mortgage- and asset-backed securities. Prior to joining SCM Advisors in 2008, Mr. Saha was Portfolio Manager and Senior ABS Analyst for Barclays Global Investors (2004-2008). He has 17 years of investment experience.

VIA

Carlton Neel and ***David Dickerson*** manage the equity portion of the fund's portfolio (since March 2009) and are jointly and primarily responsible for the day-to-day management of the fund's equity investments.

Mr. Dickerson is a Senior Vice President of VIA and Zweig Advisers, LLC ("ZA"). He also serves as Portfolio Manager for the Virtus Alternatives Diversifier Fund, the Virtus Growth & Income Fund and the Virtus Tactical Allocation Fund, as well as The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., two closed-end funds managed by ZA. For the period from July 2002 until returning to VIA and ZA in April 2003, Mr. Dickerson, along with Mr. Neel, was a managing director and principal of Shelter Rock Capital Partners, L.P., a market-neutral hedge fund. While previously employed by ZA from 1993 until July 2002, Mr. Dickerson served as Assistant Portfolio Manager for a number of the former Zweig mutual funds.

Mr. Neel is a Senior Vice President of VIA and ZA. He also serves as Portfolio Manager for the Virtus Alternatives Diversifier Fund, the Virtus Growth & Income Fund and the Virtus Tactical Allocation Fund, as well as The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., two closed-end funds managed by ZA. For the period from July 2002 until returning to VIA and ZA in April 2003, Mr. Neel was a managing director and principal of Shelter Rock Capital Partners, L.P., a market-neutral hedge fund. While previously employed by ZA from 1995 until July 2002, Mr. Neel served as Senior Portfolio Manager for a number of the former Zweig mutual funds.

Please refer to the Statement of Additional Information for additional information about the fund's portfolio managers, including the structure of and method of computing compensation, other accounts they manage and their ownership of shares of the fund.

Pricing of Fund Shares

How is the Share Price determined?

The fund calculates a share price for each class of its shares. The share price for each class is based on the net assets of the fund and the number of outstanding shares of that class. In general, the fund calculates a share price for each class by:

- adding the values of all securities and other assets of the fund;
- subtracting liabilities; and
- dividing the result by the total number of outstanding shares of that class.

Assets: 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. Shares of other investment companies are valued at such companies' net asset values. Debt securities (other than short-term investments) are valued on the basis of broker quotations or valuations provided by a pricing service, which in determining value utilizes information with respect to recent sales, market transactions in comparable securities, quotations from dealers, and various relationships between securities. Short-term investments having a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value. As required, some securities and assets are valued at fair value as determined in good faith by, or under the direction of, the Board of Trustees. Other assets, such as accrued interest, accrued dividends and cash are also included in determining each class's net asset value.

Liabilities: Accrued liabilities for class-specific expenses (if any), distribution fees, service fees and other liabilities are deducted from the assets of each class. Accrued expenses and liabilities that are not class-specific (such as management fees) are allocated to each class in proportion to each class's net assets except where an alternative allocation can be more appropriately made.

Net Asset Value: The liabilities allocated to a class are deducted from the proportionate interest of such class in the assets of the fund. The resulting amount for each class is then divided by the number of shares outstanding of that class to produce each class's net asset value per share.

The net asset value per share ("NAV") of each class of the fund is determined as of the close of regular trading (normally 4:00 PM eastern time) on days when the New York Stock Exchange (the "NYSE") is open for trading. The fund will not calculate its net asset value per share class on days when the NYSE is closed for trading. If the fund holds securities that are traded on foreign exchanges that trade on weekends or other holidays when the fund does not price its shares, the net asset value of the fund's shares may change on days when shareholders will not be able to purchase or redeem the fund's shares.

How are securities fair valued?

If market quotations are not readily available or available prices are not reliable, the fund determines a "fair value" for an investment according to policies and procedures approved by the Board of Trustees. The types of assets for which such pricing might be required include: (i) securities whose trading has been suspended; (ii) securities where the trading market is unusually thin or trades have been infrequent; (iii) debt securities that have recently gone into default and for which there is no current market quotation; (iv) a security whose market price is not available from an independent pricing source and for which otherwise reliable quotes are not available; (v) securities of an issuer that has entered into a restructuring; (vi) a security whose price as provided by any pricing source does not, in the opinion of the adviser/subadviser, reflect the security's market value; (vii) foreign securities subject to trading collars for which no or limited trading takes place; and (viii) securities where the market quotations are not readily available as a result of "significant" events. This list is not inclusive of all situations that may require a security to be fair valued, nor is it intended to be conclusive in determining whether a specific event requires fair valuation.

The value of any portfolio security held by the fund for which market quotations are not readily available shall be determined in good faith and in a manner that assesses the security's "fair value" on the valuation date (i.e., the amount that the fund might reasonably expect to receive for the security upon its current sale), based on a consideration of all available facts and all available information, including, but not limited to, the following: (i) the fundamental analytical data relating to the investment; (ii) an evaluation of the forces which influence the market in which these securities are purchased and sold (e.g., the existence of merger proposals or tender offers that might affect the value of the security); (iii) price quotes from dealers and/or pricing services; (iv) an analysis of the issuer's financial statements; (v) trading volumes on markets, exchanges or among dealers; (vi) recent news about the security or issuer; (vii) changes in interest rates; (viii) information obtained from the issuer, analysts, other financial institutions and/or the appropriate stock exchange (for exchange traded securities); (ix) whether two or more dealers with whom the adviser/subadviser regularly effects trades are willing to purchase or sell the security at comparable prices; (x) other news events or relevant matters; and (xi) government (domestic or foreign) actions or pronouncements.

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, 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 regular trading on the NYSE) that may impact the value of securities traded in these foreign markets. In such 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.

The value of a security, as determined using the fund’s fair valuation procedures, may not reflect such security’s market value.

At what price are shares purchased?

All investments received by the fund’s authorized agents in good order prior to the close of regular trading on the NYSE (normally 4:00 PM eastern time) will be executed based on that day’s net asset value. Shares credited to your account from the reinvestment of the fund’s distributions will be in full and fractional shares that are purchased at the closing net asset value on the next business day on which the fund’s net asset value is calculated following the dividend record date.

Sales Charges

What are the classes and how do they differ?

The fund offers three classes of shares. Each class of shares has different sales and distribution charges. (See “Fund Fees and Expenses” previously in this prospectus.) The fund has adopted distribution and service plans allowed under Rule 12b-1 of the Investment Company Act of 1940, as amended (the “1940 Act”), that authorize the fund to pay distribution and service fees for the sale of its shares and for services provided to shareholders. Because these fees are paid out of the fund’s assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

What arrangement is best for you?

The different classes of shares permit you to choose the method of purchasing shares that is most beneficial to you. In choosing a class of shares, consider the amount of your investment, the length of time you expect to hold the shares, whether you decide to receive distributions in cash or to reinvest them in additional shares, and any other personal circumstances. Depending upon these considerations, the accumulated distribution and service fees and contingent deferred sales charges of one class of shares may be more or less than the initial sales charge and accumulated distribution and service fees of another class of shares bought at the same time. Because distribution and service fees are paid out of the fund’s assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

Your financial representative should recommend only those arrangements that are suitable for you based on known information. In certain instances, you may be entitled to a reduction or waiver of sales charges. For instance, you may be entitled to a sales charge discount on Class A Shares if you purchase more than certain breakpoint amounts. You should inform or inquire of your financial representative whether or not you may be entitled to a sales charge discount attributable to your total holdings in a fund or affiliated funds. To determine eligibility for a sales charge discount, you may aggregate all of your accounts (including joint accounts, IRAs, non-IRAs, etc.) and those of your spouse and minor children. The financial representative may request that you provide an account statement or other holdings information to determine your eligibility for a breakpoint and make certain all involved parties have the necessary data.

Additional information about the classes of shares offered, sales charges, breakpoints and discounts follows in this section and also may be found in the Statement of Additional Information in the section entitled "How to Buy Shares." This information is available free of charge, and in a clear and prominent format, at the Individual Investors section of Virtus' Web site at virtus.com. Please be sure that you fully understand these choices before investing. If you or your financial representative require additional assistance, you may also contact Mutual Fund Services by calling toll-free (800) 243-1574.

Class A Shares. If you purchase Class A Shares, you will pay a sales charge at the time of purchase equal to 5.75% of the offering price (6.10% of the amount invested). The sales charge may be reduced or waived under certain conditions. (See "Initial Sales Charge Alternative—Class A Shares" below.) Generally, Class A Shares are not subject to any charges by the fund when redeemed; however, in cases where a finder's fee has been paid, a 1% contingent deferred sales charge ("CDSC") may be imposed on exchanges from a Virtus non-money market fund into a Virtus money market fund and redemptions if made within one year of original purchase. The one-year period begins on the last day of the month preceding the month in which the purchase was made. Class A Shares have lower distribution and service fees (0.25%) and pay higher dividends than Class B Shares and Class C Shares.

Class B Shares. If you purchase Class B Shares, you will not pay a sales charge at the time of purchase. If you sell your Class B Shares within the first five years after they are purchased, you will pay a deferred sales charge of up to 5% of your shares' value. (See "Deferred Sales Charge Alternative—Class B Shares and Class C Shares" below.) This charge declines to 0% over a period of five years and may be waived under certain conditions. Class B Shares have higher distribution and service fees (1.00%) and pay lower dividends than Class A Shares. Class B Shares automatically convert to Class A Shares eight years after purchase. Purchases of Class B Shares may be inappropriate for any investor who may qualify for reduced sales charges of Class A Shares and anyone who is over 85 years of age. The underwriter may decline purchases of Class B Shares in such situations.

Class C Shares. If you purchase Class C Shares, you will not pay a sales charge at the time of purchase. If you sell your Class C Shares within the first year after they are purchased, you will pay a deferred sales charge of 1%. (See "Deferred Sales Charge Alternative—Class B Shares and Class C Shares" below.) Class C Shares have the same distribution and service fees (1.00%) and pay comparable dividends as Class B Shares. Class C Shares do not convert to any other class of shares of the fund, so the higher distribution and service fees paid by Class C Shares continue for the life of the account.

Initial Sales Charge Alternative—Class A Shares

The public offering price of Class A Shares is the net asset value plus a sales charge that varies depending on the size of your purchase. (See "Class A Shares—Reduced Initial Sales Charges" in the Statement of Additional Information.) Shares purchased based on the automatic reinvestment of income dividends or capital gain distributions are not subject to any sales charges. The sales charge is divided between your investment dealer and the fund's underwriter, VP Distributors, Inc. ("VP Distributors" or "Distributor").

Sales Charge you may pay to purchase Class A Shares

	Sales Charge as a percentage of	
Amount of Transaction at Offering Price	Offering Price	Net Amount Invested
Under $50,000	5.75%	6.10%
$50,000 but under $100,000	4.75	4.99
$100,000 but under $250,000	3.75	3.90
$250,000 but under $500,000	2.75	2.83
$500,000 but under $1,000,000	2.00	2.04
$1,000,000 or more	None	None

Class A Sales Charge Reductions and Waivers

Investors may reduce or eliminate sales charges applicable to purchases of Class A Shares through utilization of Combination Purchase Privilege, Letter of Intent, Right of Accumulation, Purchase by Associations or the Account Reinstatement Privilege. These programs are summarized below and are described in greater detail in the Statement of Additional Information. Investors buying Class A Shares on which a finder's fee has been paid may incur a 1% deferred sales charge if they redeem their shares within one year of purchase.

Combination Purchase Privilege. Your purchase of any class of shares of the fund or any other Virtus Mutual Fund (other than any Virtus money market fund), if made at the same time by the same person, will be added together with any existing Virtus Mutual Fund account values to determine whether the combined sum entitles you to an immediate reduction in sales charges. A "person" is defined in this and the following sections as: (a) any individual, their spouse and minor children purchasing shares for his or their own account (including an IRA account) including his or their own trust; (b) a trustee or other fiduciary purchasing for a single trust, estate or single fiduciary account (even though more than one beneficiary may exist); (c) multiple employer trusts or certain Section 403(b) plans for the same employer; (d) multiple accounts (up to 200) under a qualified employee benefit plan or administered by a third party administrator; or (e) trust companies, bank trust departments, registered investment advisers, and similar entities placing orders or providing administrative services with respect to accounts over which they exercise discretionary investment authority and which are held in a fiduciary, agency, custodial or similar capacity, provided all shares are held of record in the name, or nominee name, of the entity placing the order.

Letter of Intent. If you sign a Letter of Intent, your purchase of any class of shares of the fund or any other Virtus Mutual Fund (other than any Virtus money market fund), if made by the same person within a 13-month period, will be added together to determine whether you are entitled to an immediate reduction in sales charges. Sales charges are reduced based on the overall amount you indicate that you will buy under the Letter of Intent. The Letter of Intent is a mutually non-binding arrangement between you and the Distributor. Shares worth 5% of the amount of each purchase will be held in escrow (while remaining registered in your name) to secure payment of the higher sales charges applicable to the shares actually purchased in the event the full intended amount is not purchased.

Right of Accumulation. The value of your account(s) in any class of shares of the fund or any other Virtus Mutual Fund (other than any Virtus money market fund) if made over time by the same person, may be added together at the time of each purchase to determine whether the combined sum entitles you to a prospective reduction in sales charges. You must provide certain account information to the Distributor at the time of purchase to exercise this right.

Purchase by Associations. Certain groups or associations may be treated as a "person" and qualify for reduced Class A Share sales charges. The group or association must: (1) have been in existence for at least six months; (2) have a legitimate purpose other than to purchase mutual fund shares at a reduced sales charge; (3) work through an investment dealer; and (4) not be a group whose sole reason for existing is to consist of members who are credit card holders of a particular company, policyholders of an insurance company, customers of a bank or a broker-dealer or clients of an investment adviser.

Account Reinstatement Privilege. Subject to the fund's policies and procedures regarding market timing, for 180 days after you sell your Class A, Class B or Class C Shares on which you have previously paid a sales charge, you may purchase Class A Shares of any Virtus Mutual Fund at net asset value, with no sales charge, by reinvesting all or part of your proceeds, but not more.

Sales at Net Asset Value. In addition to the programs summarized above, the fund may sell its Class A Shares at net asset value without an initial sales charge to certain types of accounts or account holders, including, but not limited to: trustees of the Virtus

Mutual Funds; directors, officers, employees and sales representatives of the adviser, subadviser (if any) or Distributor or a corporate affiliate of the adviser, subadviser or Distributor; private clients of an adviser or subadviser to any of the Virtus Mutual Funds; registered representatives and employees of dealers with which the Distributor has sales agreements; and certain qualified employee benefit plans, endowment funds or foundations. Please see the Statement of Additional Information for more information about qualifying for purchases of Class A Shares at net asset value.

Deferred Sales Charge Alternative—Class B and Class C Shares

Class B Shares and Class C Shares are purchased without an initial sales charge; however, shares sold within a specified time period are subject to a declining CDSC at the rates listed below. The sales charge will be multiplied by the then current market value or the initial cost of the shares being redeemed, whichever is less. No sales charge will be imposed on increases in net asset value or on shares purchased through the reinvestment of income dividends or capital gain distributions. To minimize the sales charge, shares not subject to any charge will be redeemed first, followed by shares held the longest time. To calculate the number of shares owned and time period held, all Class B Shares purchased in any month are considered purchased on the last day of the preceding month, and all Class C Shares are considered purchased on the trade date.

Deferred Sales Charge you may pay to sell Class B Shares

Year	1	2	3	4	5	6+
CDSC	5%	4%	3%	2%	2%	0%

Deferred Sales Charge you may pay to sell Class C Shares

Year	1	2+
CDSC	1%	0%

Compensation to Dealers

Dealers with whom the Distributor has entered into sales agreements receive a discount or commission on Class A Shares as described below.

Amount of Transaction at Offering Price	Sales Charge as a Percentage of Offering Price	Sales Charge as a Percentage of Amount Invested	Dealer Discount as a Percentage of Offering Price
Under $50,000	5.75%	6.10%	5.00%
$50,000 but under $100,000	4.75	4.99	4.25
$100,000 but under $250,000	3.75	3.90	3.25
$250,000 but under $500,000	2.75	2.83	2.25
$500,000 but under $1,000,000	2.00	2.04	1.75
$1,000,000 or more	None	None	None

With respect to Class B Shares and Class C Shares, the Distributor intends to pay investment dealers a sales commission of 4% of the sale price of Class B Shares and a sales commission of 1% of the sale price of Class C Shares sold by such dealers. (This sales commission will not be paid to dealers for sales of Class B Shares or Class C Shares purchased by 401(k) participants of the Merrill Lynch Daily K Plan due to a waiver of the CDSC for these plan participants' purchases.) Your broker, dealer or financial advisor may also charge you additional commissions or fees for their services in selling shares to you provided they notify the Distributor of their intention to do so.

Dealers and other entities that enter into special arrangements with the Distributor may receive compensation for the sale and promotion of shares of the fund and/or for providing other shareholder services. Such fees are in addition to the sales commissions referenced above and may be based upon the amount of sales of fund shares by a dealer; the provision of assistance in marketing of fund shares; access to sales personnel and information dissemination services; provision of recordkeeping and administrative services to qualified employee benefit plans; and other criteria as established by the Distributor. Depending on the nature of the services, these fees may be paid either from the fund through distribution fees, service fees or transfer agent fees or, in some cases, the Distributor may pay certain fees from its own profits and resources. From its own profits and resources, the Distributor does intend to: (a) from time to time, pay special incentive and retention fees to qualified wholesalers, registered financial institutions and third party marketers; (b) pay broker-dealers a finder's fee in an amount equal to 1% of the first $3 million of Class A Share purchases by an account held in the name of a qualified employee benefit plan with at least 100 eligible employees, 0.50% on the next $3 million, plus 0.25% on the amount in excess of $6 million; and (c) excluding purchases as described in (b) above, pay broker-dealers an amount equal to 1.00% of the amount of Class A Shares sold from $1,000,000 to $3,000,000, 0.50% on amounts of $3,000,001 to $10,000,000 and 0.25% on amounts greater than $10,000,000. If part or all of such investment as described in (b) and (c) above, including investments by qualified employee benefit plans, is subsequently redeemed within one year, a 1% CDSC may apply, except for redemptions of shares purchased on which a finder's fee would have been paid where such investor's dealer of record, due to the nature of the investor's account, notifies the Distributor prior to the time of the investment that the dealer waives the finder's fee otherwise payable to the dealer, or agrees to receive such finder's fee ratably over a 12-month period. For purposes of determining the applicability of the CDSC, the one-year CDSC period begins on the last day of the month preceding the month in which the purchase was made. Any dealer who receives more than 90% of a sales charge may be deemed to be an "underwriter" under the Securities Act of 1933. VP Distributors reserves the right to discontinue or alter such fee payment plans at any time.

From its own resources or pursuant to the distribution and shareholder servicing plans, and subject to the dealers' prior approval, the Distributor may provide additional compensation to registered representatives of dealers in the form of travel expenses, meals, and lodging associated with training and educational meetings sponsored by the

Distributor. The Distributor may also provide gifts amounting in value to less than $100, and occasional meals or entertainment, to registered representatives of dealers. Any such travel expenses, meals, lodging, gifts or entertainment paid will not be preconditioned upon the registered representatives' or dealers' achievement of a sales target. The Distributor may, from time to time, reallow the entire portion of the sales charge on Class A Shares which it normally retains to individual selling dealers. However, such additional reallowance generally will be made only when the selling dealer commits to substantial marketing support such as internal wholesaling through dedicated personnel, internal communications and mass mailings.

The Distributor has agreed to pay fees to certain distributors for preferred marketing opportunities. These arrangements may be viewed as creating a conflict of interest between these distributors and investors. Investors should make due inquiry of their selling agents to ensure that they are receiving the requisite point of sale disclosures and suitable recommendations free of any influence by reason of these arrangements.

Your Account

Opening an Account

Your financial advisor can assist you with your initial purchase as well as all phases of your investment program. If you are opening an account by yourself, please follow the instructions outlined below.

The fund has established the following preferred methods of payment for fund shares:

- Checks drawn on an account in the name of the investor and made payable to Virtus Mutual Funds;
- Checks drawn on an account in the name of the investor's company or employer and made payable to Virtus Mutual Funds; or
- Wire transfers or Automated Clearing House (ACH) transfers from an account in the name of the investor, or the investor's company or employer.

Payment in other forms may be accepted at the discretion of the fund. Please specify the name(s) of the fund or funds in which you would like to invest on the check or transfer instructions.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, when you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may check the information you provide against publicly available databases, information obtained from consumer reporting agencies, other financial institutions or other sources. If, after reasonable effort, we cannot verify your identity, we reserve the right to close the account and redeem the shares at the net asset value next calculated after the decision is made by us to close the account.

Step 1.

Your first choice will be the initial amount you intend to invest in the fund.

Minimum **initial** investments:

- $25 for individual retirement accounts (IRAs), accounts that use the systematic exchange privilege, or accounts that use the Systematic Purchase program. (See below for more information on the Systematic Purchase program.)
- There is no initial dollar requirement for defined contribution plans, asset-based fee programs, profit-sharing plans, or employee benefit plans. There is also no minimum for reinvesting dividends and capital gains into another account.
- $500 for all other accounts.

Minimum **additional** investments:

- $25 for any account.
- There is no minimum additional investment requirement for defined contribution plans, asset-based fee programs, profit-sharing plans, or employee benefit plans. There is also no minimum additional investment requirement for reinvesting dividends and capital gains into an existing account.

The fund reserves the right to refuse any purchase order for any reason.

Step 2.

Your second choice will be what class of shares to buy. Each share class has different sales and distribution charges. Because all future investments in your account will be made in the share class you choose when you open your account, you should make your decision carefully. Your financial advisor can help you pick the share class that makes the most sense for your situation.

Step 3.

Your next choice will be how you want to receive any dividends and capital gain distributions. Your options are:

- Receive both dividends and capital gain distributions in additional shares;

- Receive dividends in additional shares and capital gain distributions in cash;
- Receive dividends in cash and capital gain distributions in additional shares; or
- Receive both dividends and capital gain distributions in cash.

No interest will be paid on uncashed distribution checks.

How to Buy Shares

	To Open An Account
Through a financial advisor	Contact your advisor. Some advisors may charge a fee and may set different minimum investments or limitations on buying shares.
Through the mail	Complete a New Account Application and send it with a check payable to the fund. Mail them to: State Street Bank, P.O. Box 8301, Boston, MA 02266-8301.
Through express delivery	Complete a New Account Application and send it with a check payable to the fund. Send them to: Boston Financial Data Services, Attn.: Virtus Mutual Funds, 30 Dan Road, Canton, MA 02021-2809.
By Federal Funds wire	Call us at (800) 243-1574 (press 1, then 0).
By Systematic Purchase	Complete the appropriate section on the application and send it with your initial investment payable to the fund. Mail them to: State Street Bank, P.O. Box 8301, Boston, MA 02266-8301.
By telephone exchange	Call us at (800) 243-1574 (press 1, then 0).

The price at which a purchase is effected is based on the net asset value next determined after the receipt of a purchase order in good order by the fund's Transfer Agent. A purchase order is generally in "good order" if an acceptable form of payment accompanies the purchase order and the order includes the appropriate application(s) and/or other form(s) and any supporting legal documentation required by the Transfer Agent, each in legible form.

The fund reserves the right to refuse any order that may disrupt the efficient management of the fund.

How to Sell Shares

You have the right to have the fund buy back shares at the net asset value next determined after receipt of a redemption request in good order by the fund's Transfer Agent or an authorized agent. In the case of a Class B Share, Class C Share redemption and certain Class A Share redemptions, you will be subject to the applicable contingent deferred sales charge, if any, for such shares. Subject to certain restrictions, shares may be redeemed by telephone or in writing. In addition, shares may be sold through securities dealers, brokers or agents who may charge customary commissions or fees for their services. The fund does not charge any redemption fees. Payment for shares redeemed generally is made within seven days; however, redemption proceeds will not be disbursed until each check used for purchases of shares has been cleared for payment by your bank, which may take up to 15 days after receipt of the check.

	To Sell Shares
Through a financial advisor	Contact your advisor. Some advisors may charge a fee and may set different minimums on redemptions of accounts.
Through the mail	Send a letter of instruction and any share certificates (if you hold certificate shares) to: State Street Bank, P.O. Box 8301, Boston, MA 02266-8301. Be sure to include the registered owner's name, fund and account number, and number of shares or dollar value you wish to sell.
Through express delivery	Send a letter of instruction and any share certificates (if you hold certificate shares) to: Boston Financial Data Services, Attn.: Virtus Mutual Funds, 30 Dan Road, Canton, MA 02021-2809. Be sure to include the registered owner's name, fund and account number, and number of shares or dollar value you wish to sell.
By telephone	For sales up to $50,000, requests can be made by calling (800) 243-1574.
By telephone exchange	Call us at (800) 243-1574 (press 1, then 0).

Things You Should Know When Selling Shares

You may realize a taxable gain or loss (for federal income tax purposes) if you redeem shares of the fund. The fund reserves the right to pay large redemptions “in kind” (i.e., in securities owned by the fund) rather than in cash. Large redemptions are those that exceed $250,000 or 1% of the fund’s net assets, whichever is less, over any 90-day period. Additional documentation may be required for redemptions by organizations, fiduciaries, or retirement plans, or if a redemption is requested by anyone but the shareholder(s) of record. Transfers between broker-dealer “street” accounts are governed by the accepting broker-dealer. Questions regarding this type of transfer should be directed to your financial advisor. Redemption requests will not be honored until all required documents, in proper form, have been received. To avoid delay in redemption or transfer, shareholders having questions about specific requirements should contact the fund’s Transfer Agent at (800) 243-1574.

Redemptions by Mail

➔ If you are selling shares held individually, jointly, or as custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act:

Send a clear letter of instructions if all of these apply:

- The proceeds do not exceed $50,000.
- The proceeds are payable to the registered owner at the address on record.

Send a clear letter of instructions with a signature guarantee when any of these apply:

- You are selling more than $50,000 worth of shares.
- The name or address on the account has changed within the last 30 days.
- You want the proceeds to go to a different name or address than on the account.

➔ If you are selling shares held in a corporate or fiduciary account, please contact the fund’s Transfer Agent at (800) 243-1574.

The signature guarantee, if required, must be a STAMP 2000 Medallion guarantee made by an eligible guarantor institution as defined by the fund’s Transfer Agent in accordance with its signature guarantee procedures. Guarantees using previous technology medallions will not be accepted. Currently, the Transfer Agent’s signature guarantee procedures generally permit guarantees by banks, broker-dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations.

Selling Shares by Telephone

The Transfer Agent will use reasonable procedures to confirm that telephone instructions are genuine. Address and bank account information are verified, redemption instructions are taped, and all redemptions are confirmed in writing.

The individual investor bears the risk from instructions given by an unauthorized third party that the Transfer Agent reasonably believed to be genuine.

The Transfer Agent may modify or terminate the telephone redemption privilege at any time with 60 days notice to shareholders, except for instances of disruptive trading or market timing; in such cases, the telephone redemption privilege may be suspended immediately, followed by written notice. (See "Disruptive Trading and Market Timing" in this Prospectus.)

During times of drastic economic or market changes, telephone redemptions may be difficult to make or temporarily suspended.

Account Policies

Account Reinstatement Privilege

Subject to the fund's policies and procedures regarding market timing, for 180 days after you sell your Class A Shares, Class B Shares or Class C Shares on which you previously paid a sales charge, you may purchase Class A Shares of any Virtus Mutual Fund at net asset value, with no sales charge, by reinvesting all or part of your proceeds, but not more. Send your written request to State Street Bank, P.O. Box 8301, Boston, MA 02266-8301. You can call us at (800) 243-1574 for more information.

Please remember, a redemption and reinvestment are considered to be a sale and purchase for tax-reporting purposes. Class B and Class C shareholders who have had the contingent deferred sales charge waived because they are in the Systematic Withdrawal Program are not eligible for this reinstatement privilege.

Redemption of Small Accounts

Due to the high cost of maintaining small accounts, if your redemption activity causes your account balance to fall below $200, you may receive a notice requesting you to bring the balance up to $200 within 60 days. If you do not, the shares in the account will be sold at net asset value, and a check will be mailed to the address of record. Any applicable sales charges will be deducted.

Distributions of Small Amounts

Distributions in amounts less than $10 will automatically be reinvested in additional shares of the fund.

Uncashed Checks

If any correspondence sent by the fund is returned by the postal or other delivery service as “undeliverable,” your dividends or any other distribution may be automatically reinvested in the fund.

If your distribution check is not cashed within six months, the distribution may be reinvested in the fund at the current net asset value. You will not receive any interest on uncashed distribution or redemption checks. This provision may not apply to certain retirement or qualified accounts.

Exchange Privileges

You should read the prospectus of the Virtus Mutual Fund(s) into which you want to make an exchange before deciding to make an exchange. You can obtain a prospectus from your financial advisor or by calling us at (800) 243-4361 or accessing Virtus’ Web site at virtus.com.

- You may exchange shares of one fund for the same class of shares of another Virtus Mutual Fund (e.g., Class A Shares for Class A Shares). Class C Shares are also exchangeable for Class T Shares of those Virtus Mutual Funds offering them. Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.
- On exchanges into Class A of a Virtus money market fund from Class A of a Virtus non-money market fund made within one year of a finder’s fee being paid on such Virtus non-money market fund shares, a 1% CDSC may be assessed on exchange proceeds. The CDSC may be waived upon return of the finder’s fee by the dealer.
- Exchanges may be made by telephone ((800) 243-1574) or by mail (State Street Bank, P.O. Box 8301, Boston, MA 02266-8301).
- The amount of the exchange must be equal to or greater than the minimum initial investment required.
- The exchange of shares is treated as a sale and purchase for federal income tax purposes.

Disruptive Trading and Market Timing

The fund is not suitable for market timers, and market timers are discouraged from becoming investors. Your ability to make exchanges among funds is subject to modification if we determine, in our sole opinion, that your exercise of the exchange privilege may disadvantage or potentially harm the rights or interests of other shareholders.

Frequent purchases, redemptions and exchanges, programmed exchanges, exchanges into and then out of a fund in a short period of time, and exchanges of large amounts at one time may be indicative of market timing and otherwise disruptive trading ("Disruptive Trading") which can have risks and harmful effects for other shareholders. These risks and harmful effects include:

- dilution of the interests of long-term investors, if market timers or others exchange into a fund at prices that are below the true value or exchange out of a fund at prices that are higher than the true value;
- an adverse effect on portfolio management, as determined by the adviser or subadviser in its sole discretion, such as causing the fund to maintain a higher level of cash than would otherwise be the case, or causing the fund to liquidate investments prematurely; and
- reducing returns to long-term shareholders through increased brokerage and administrative expenses.

In order to attempt to protect our shareholders from the potential harmful effects of Disruptive Trading, the fund's Board of Trustees has adopted market timing policies and procedures designed to discourage Disruptive Trading. The Board has adopted these policies and procedures as a preventive measure to protect all shareholders from the potential effects of Disruptive Trading, while also abiding by any rights that shareholders may have to make exchanges and provide reasonable and convenient methods of making exchanges that do not have the potential to harm other shareholders.

Excessive trading activity is measured by the number of roundtrip transactions in an account. A roundtrip transaction is one where a shareholder buys and then sells, or sells and then buys, shares of any fund within 30 days. Shareholders of the fund are limited to one roundtrip transaction within any rolling 30-day period. Roundtrip transactions are counted at the shareholder level. In considering a shareholder's trading activity, the fund may consider, among other factors, the shareholder's trading history both directly and, if known, through financial intermediaries, in the fund, in other funds within the Virtus Mutual Fund complex, in non-Virtus mutual funds or in accounts under common control or ownership. We do not include exchanges made pursuant to the dollar cost averaging or other similar programs when applying our market timing policies. Systematic withdrawal and/or contribution programs, mandatory retirement distributions, and transactions initiated by a plan sponsor also will not count towards the roundtrip limits. The fund may permit exchanges that it believes, in the exercise of its judgment, are not disruptive. The size of the fund and the size of the requested transaction may be considered when determining whether or not the transaction would be disruptive.

Shareholders holding shares for at least 30 days following investment will ordinarily be in compliance with the fund's policies regarding excessive market timing. The fund may, however, take action if activity is deemed disruptive even if shares are held longer than 30 days, such as a request for a transaction of an unusually large size. The size of the fund and the size of the requested transaction may be considered when determining whether or not the transaction would be disruptive.

Under our market timing policies, we may modify your exchange privileges for some or all of the funds by not accepting an exchange request from you or from any person, asset allocation service, and/or market timing service made on your behalf. We may also limit the amount that may be exchanged into or out of any fund at any one time, or may revoke your right to make Internet, telephone or facsimile exchanges. We may reinstate Internet, telephone and facsimile exchange privileges after they are revoked, but we will not reinstate these privileges if we have reason to believe that they might be used thereafter for Disruptive Trading.

The fund currently does not charge exchange or redemption fees, or any other administrative charges on fund exchanges. The fund reserves the right to impose such fees and/or charges in the future.

Orders for the purchase of fund shares are subject to acceptance by the fund. We reserve the right to reject, without prior notice, any exchange request into any fund if the purchase of shares in the corresponding fund is not accepted for any reason.

The fund does not have any arrangements with any person, organization or entity to permit frequent purchases and redemptions of fund shares.

We may, without prior notice, take whatever action we deem appropriate to comply with or take advantage of any state or federal regulatory requirement. The fund reserves the right to reject any purchase or exchange transaction at any time. If we reject a purchase or exchange for any reason, we will notify you of our decision in writing.

The fund cannot guarantee that its policies and procedures regarding market timing will be effective in detecting and deterring all Disruptive Trading.

Retirement Plans

Shares of the fund may be used as investments under the following retirement plans: Individual Retirement Account (IRA), rollover IRA, SIMPLE IRA, Roth IRA, 401(k) plans, profit-sharing, money purchase plans, and certain 403(b) plans. For more information, call (800) 243-4361.

Systematic Purchase is a systematic investment plan that allows you to have a specified amount automatically deducted from your checking or savings account and then deposited into your mutual fund account. Just complete the Systematic Purchase section on the application and include a voided check.

Systematic Exchange allows you to automatically move money from one Virtus Mutual Fund to another on a monthly, quarterly, semiannual or annual basis. Shares of one Virtus Mutual Fund will be exchanged for shares of the same class of another Virtus Mutual Fund at the interval you select. To sign up, just complete the Systematic Exchange section on the application. Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.

Telephone Exchange lets you exchange shares of one Virtus Mutual Fund for the same class of shares in another Virtus Mutual Fund, using our customer service telephone number ((800) 243-1574). (See the Telephone Exchange section on the application.) Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.

Systematic Withdrawal allows you to periodically redeem a portion of your account on a predetermined monthly, quarterly, semiannual, or annual basis. Sufficient shares from your account will be redeemed at the closing net asset value on the applicable payment date, with proceeds to be mailed to you or sent through ACH to your bank (at your selection). For payments to be mailed, shares will be redeemed on the 15^{th} of the month so that the payment is made about the 20th of the month. For ACH payments, you may select the day of the month for the payments to be made; if no date is specified, the payments will occur on the 15th of the month. The minimum withdrawal is $25, and minimum account balance requirements continue to apply. Shareholders in the program must own Virtus Mutual Fund shares worth at least $5,000. Sales charges on systematic withdrawals are waived, subject to certain limitations as described in the Statement of Additional Information.

Disclosure of Fund Holdings. The fund makes available on Virtus' Web site virtus.com, information with respect to the fund's top 10 holdings and summary composition data derived from portfolio holdings information. This information is posted to the Web site at the end of each month with respect to the top 10 holdings, and at the end of each quarter with respect to summary composition information, generally within 10 business days. This information will remain available on the Web site until full portfolio holdings information becomes publicly available. A full listing of the fund's portfolio holdings becomes publicly available (i) as of the end of its second and fourth fiscal quarters in shareholder reports, which are sent to all shareholders and are filed with the SEC on Form N-CSR, and (ii) at the end of its first and third fiscal quarters by filing with the SEC a Form N-Q. The fund's shareholder reports are available without charge on Virtus' Web site at virtus.com. The fund's Form N-Q filings are available on the SEC's Internet site at sec.gov. A more detailed description of the fund's policies and procedures with respect to the disclosure of the fund's portfolio securities is also available in the Statement of Additional Information.

Tax Status of Distributions

The fund plans to make distributions from net investment income quarterly and to distribute net realized capital gains, if any, at least annually.

Distributions of short-term capital gains (gains on securities held for a year or less) and interest net investment income are taxable to shareholders as ordinary income. Under the Jobs and Growth Tax Reconciliation Act of 2003, certain distributions of long-term capital gains and certain dividends are taxable at a lower rate than ordinary income for a limited number of years. This lower rate terminates for tax years after 2010. Long-term capital gains, if any, which are distributed to shareholders and designated by the fund as capital gain distributions, are taxable to shareholders as long-term capital gain distributions regardless of the length of time you have owned your shares.

Unless you elect to receive distributions in cash, dividends and capital gain distributions are paid in additional shares. All distributions, whether paid in cash or in additional shares, are subject to federal income tax and may be subject to state, local and other taxes.

Financial Highlights

This table presents financial performance of the Predecessor Fund and of the Successor Fund for its most recent fiscal period and is intended to help you understand the fund's financial performance for the past five years or since inception. Some of the information reflects financial information for a single fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the fund (assuming reinvestment of all dividends and distributions). This information has been audited by PricewaterhouseCoopers LLP, the fund's independent registered public accounting firm. Their report, together with the fund's financial statements, is included in the fund's most recent Annual Report, which is available upon request.

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)[1]	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
Class A							
4/1/08 to 3/31/09	$13.19	$0.35	$(3.71)	$(3.36)	$(0.36)	$(0.05)	$(0.41)
11/1/07 to 3/31/08	15.48	0.16	(1.28)	(1.12)	(0.19)	(0.98)	(1.17)
11/1/06 to 10/31/07	15.74	0.35	1.16	1.51	(0.35)	(1.42)	(1.77)
11/1/05 to 10/31/06	14.55	0.34	1.53	1.87	(0.34)	(0.34)	(0.68)
11/1/04 to 10/31/05	14.98	0.32	0.18	0.50	(0.32)	(0.61)	(0.93)
11/1/03 to 10/31/04	14.31	0.29	0.69	0.98	(0.31)	—	(0.31)
Class B							
4/1/08 to 3/31/09	$13.13	$0.26	$(3.67)	$(3.41)	$(0.28)	$(0.05)	$(0.33)
11/1/07 to 3/31/08	15.41	0.11	(1.27)	(1.16)	(0.14)	(0.98)	(1.12)
11/1/06 to 10/31/07	15.69	0.24	1.13	1.37	(0.23)	(1.42)	(1.65)
11/1/05 to 10/31/06	14.50	0.23	1.53	1.76	(0.23)	(0.34)	(0.57)
11/1/04 to 10/31/05	14.93	0.21	0.18	0.39	(0.21)	(0.61)	(0.82)
11/1/03 to 10/31/04	14.26	0.18	0.69	0.87	(0.20)	—	(0.20)
Class C							
4/1/08 to 3/31/09	$13.12	$0.26	$(3.67)	$(3.41)	$(0.28)	$(0.05)	$(0.33)
11/1/07 to 3/31/08	15.40	0.11	(1.27)	(1.16)	(0.14)	(0.98)	(1.12)
11/1/06 to 10/31/07	15.68	0.23	1.14	1.37	(0.23)	(1.42)	(1.65)
11/1/05 to 10/31/06	14.49	0.23	1.53	1.76	(0.23)	(0.34)	(0.57)
4/19/05[5] to 10/31/05	14.47	0.10	0.01	0.11	(0.09)	—	(0.09)

Change in Net Asset Value	Net Asset Value, End of Period	Total Return[2]	Net Assets, End of Period (in thousands)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
$(3.77)	$ 9.42	(25.95)%	$ 508,204	1.10%	3.02%	91%
(2.29)	13.19	(7.62)[4]	801,724	1.12[3]	2.65[3]	21[4]
(0.26)	15.48	10.26	919,363	1.12	2.31	54
1.19	15.74	13.29	973,751	1.08	2.29	78
(0.43)	14.55	3.21	1,000,790	1.05	2.16	58
0.67	14.98	6.91	926,383	1.06	1.98	68
$(3.74)	$ 9.39	(26.40)%	$ 5,869	1.85%	2.24%	91%
(2.28)	13.13	(7.94)[4]	11,992	1.87[3]	1.91[3]	21[4]
(0.28)	15.41	9.41	15,013	1.87	1.58	54
1.19	15.69	12.43	20,676	1.83	1.54	78
(0.43)	14.50	2.47	19,970	1.80	1.39	58
0.67	14.93	6.12	16,814	1.80	1.23	68
$(3.74)	$ 9.38	(26.42)%	$ 37,350	1.85%	2.26%	91%
(2.28)	13.12	(7.94)[4]	60,459	1.87[3]	1.91[3]	21[4]
(0.28)	15.40	9.42	71,326	1.87	1.56	54
1.19	15.68	12.44	76,874	1.83	1.54	78
0.02	14.49	0.75[4]	81,111	1.80[3]	1.22[3]	58[4]

(1) Computed using average shares outstanding.
(2) Sales charges are not reflected in total return calculation.
(3) Annualized.
(4) Not Annualized.
(5) Inception date.

c/o State Street Bank and Trust Company
P.O. Box 8301
Boston, MA 02266-8301

ADDITIONAL INFORMATION

You can find more information about Virtus Mutual Funds (the "Funds") in the following documents:

Annual and Semiannual Reports

Annual and semiannual reports contain more information about the Funds' investments. The annual report discusses the market conditions and investment strategies that significantly affected the Funds' performance during the last fiscal year.

Statement of Additional Information (SAI)

The SAI contains more detailed information about the Funds. It is incorporated by reference and is legally part of the prospectus.

To obtain free copies of these documents, you can download copies from the Individual Investors section of Virtus' Web site, Virtus.com, or you can request copies by calling us toll-free at 1-800-243-1574.

Information about the Funds (including the SAI) can be reviewed and copied at the Securities and Exchange Commission's (SEC) Public Reference Room in Washington, DC. For information about the operation of the Public Reference Room, call 1-202-551-8090. This information is also available on the SEC's Internet site at sec.gov. You may also obtain copies upon payment of a duplicating fee by writing the Public Reference Section of the SEC, Washington, DC 20549-6009 or by electronic request at publicinfo@sec.gov.

Mutual Fund Services: 1-800-243-1574

Investment Company Act File No. 811-945 6-09
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