

2011 Tax-Exempt Dividends by State - Virtus CA Tax-Exempt Bond Fund

Most states do not tax the dividends earned on their own bonds or tax dividends from interest on obligations of U.S. territories, such as Puerto Rico, but do tax the portion derived from issues of other states. The table below lists the percentage of tax-exempt dividends earned by the Virtus CA Tax-Exempt Bond Fund from each state. State tax laws vary, so we encourage you to consult your tax professional.

State/U.S. Territory	Tax-Exempt Dividends	State/U.S. Territory	Tax-Exempt Dividends
Alabama	—	Nebraska	—
Alaska	—	Nevada	—
Arizona	—	New Hampshire	—
Arkansas	—	New Jersey	—
California	100.0%	New Mexico	—
Colorado	—	New York	—
Connecticut	—	North Carolina	—
Delaware	—	North Dakota	—
District of Columbia	—	Ohio	—
Florida	—	Oklahoma	—
Georgia	—	Oregon	—
Hawaii	—	Pennsylvania	—
Idaho	—	Rhode Island	—
Illinois	—	South Carolina	—
Indiana	—	South Dakota	—
Iowa	—	Tennessee	—
Kansas	—	Texas	—
Kentucky	—	Utah	—
Louisiana	—	Vermont	—
Maine	—	Virginia	—
Maryland	—	Washington	—
Massachusetts	—	West Virginia	—
Michigan	—	Wisconsin	—
Minnesota	—	Wyoming	—
Mississippi	—	Puerto Rico	—
Missouri	—		100.0%
Montana	—		

The percentage of tax-exempt interest income subject to the federal alternative minimum tax is 14.72% .

IMPORTANT NOTICE CONCERNING FORM 1099-INT: Pursuant to instructions provided to us by the IRS we are required to provide you with a Form 1099-INT for tax year 2011, along with Form 1099-DIV. This is now required since there were exempt-interest dividends paid on the tax-exempt fund that you had an investment in during the 2011 tax year. For more complete information, please refer to the Instructions for Recipient for Box 4; Box 8; & Box 9 on the back of Form 1099-INT. If after reviewing that information you have any questions we encourage you to consult your tax professional.

IRS Circular 230 Disclosure: Any information contained in this communication (including any attachments) is not intended to be used, and cannot be used, to avoid penalties imposed under the U.S. Internal Revenue Code. Individuals should seek independent tax advice based on their own circumstances.

For more complete information about Virtus mutual funds, please contact your financial representative, call 1-800-243-1574 or visit Virtus.com to obtain a current prospectus. You should consider the Funds' investment objectives, charges, expenses and risks carefully before you invest. This information and other information about the Funds is contained in the prospectus. Please read the prospectus carefully before you invest or send money.

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