

**Muni National Intern**

Overall Morningstar Rating™ Based on risk adjusted returns as of 12/30/2011. Rating out of 210 Funds.

FUND INFORMATION**Symbol and CUSIP**

A shares	HXBZX	(92828T632)
C shares	PXCZX	(92828T624)
I shares	HXBIX	(92828T616)

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Harris Investment Management

AUM (\$ millions)	229.3
Number of Holdings	129
Dividends	Daily

INVESTMENT PROFESSIONALS

George W. Selby
Industry start date: 1983
Start date with Fund: 1998

Michael Janik
Industry start date: 1988
Start date with Fund: 2010

INVESTMENT OPPORTUNITY

The fund seeks to generate high current income exempt from federal income tax by investing in a diversified portfolio of municipal bonds with varying maturities.

The fund employs an interest rate strategy to help manage the downside risk of rate movements on the portfolio. This is backed by extensive credit analysis to help maintain a high quality portfolio.

INVESTMENT PROCESS

STEP 1 Macroeconomic and Fundamental Credit Research > Identify economic and general trends	STEP 2 Sector Allocation, Yield Curve Management, Security Selection > Fundamental analysis to exploit opportunities > Employ an interest rate strategy to help manage downside risk of rate movements > Focus on highest quality investment grade bonds	STEP 3 Fundamental Review and Construction > Construct diversified portfolio of fixed income securities
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ANNUALIZED PERFORMANCE Class A as of 12/30/2011 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 01/30/2001
NAV	2.19	10.98	10.98	10.20	5.37	5.35	5.40
POP	-0.62	7.93	7.93	9.18	4.78	5.06	5.13
Index	2.12	10.70	10.70	8.57	5.22	5.38	5.31

QTD, YTD and 1 Year performance is not annualized.

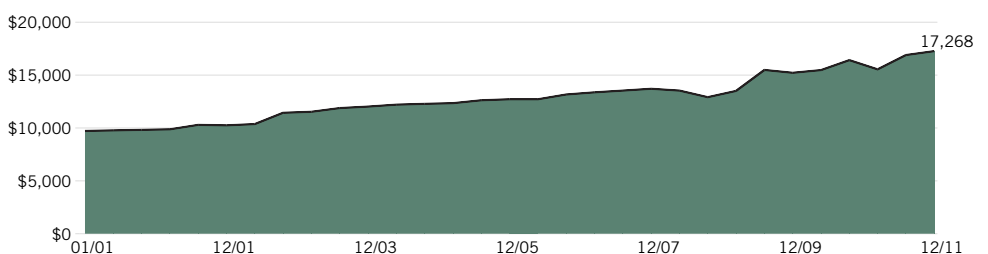
Class A operating expenses are 0.85% and gross operating expenses are 1.01%.

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

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Net Asset Value (NAV) returns do not reflect the deduction of any sales charges. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge of 2.75%. A contingent deferred sales charge of 0.50% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid.

ANNUAL PERFORMANCE Class A at NAV in percent

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	11.14	5.55	3.20	2.50	4.51	3.09	-5.85	17.96	2.23	10.98
Index	9.61	5.31	4.48	3.51	4.84	3.36	-2.47	12.91	2.38	10.70

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

This chart assumes an initial investment of \$10,000 made on Jan 30, 2001 for Class A shares including any applicable sales charges. Performance assumes reinvestment of dividends and capital gain distributions.

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.

Index: The Barclays Capital Municipal Bond Index is a market capitalization-weighted index that measures the long-term tax-exempt bond market. The index is calculated on a total return basis. The index is unmanaged and not available for direct investment.

Top Ten States	% Fund
Illinois	12.62
New York	12.11
California	8.79
Colorado	7.05
Puerto Rico	7.03
Texas	6.77
Florida	4.62
Georgia	4.44
Alabama	4.38
Michigan	3.32

Ratings Distribution	% Fund
AAA	17.03
AA	46.88
A	27.93
BBB	1.95
BB	1.85
B	2.68
CCC	0.00
Below CCC	0.00
Cash	0.00
Not Rated	1.68

IMPORTANT RISK CONSIDERATIONS:

A portion of income may be subject to some state and/or local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax. As interest rates rise, existing bond prices fall and can cause the value of an investment in the portfolio to decline. Changes in interest rates will affect the value of longer-term fixed income securities more than shorter-term securities. Investing in municipal bonds involves market risk and credit risk.

Characteristics	Fund
Duration	5.50 years
SEC Yield	3.29%
Standard Deviation	5.78

Income Paid Monthly:	NAV at Month-End
October	\$ 0.031168 10.92
November	\$ 0.032035 10.91
December	\$ 0.035028 11.10

GLOSSARY

Duration represents the interest rate sensitivity of a fixed income fund. For example, if a fund's duration is five years, a 1% increase in interest rates would result in a 5% decline in the fund's price. Similarly, a 1% decline in interest rates would result in a 5% gain in the fund's price.

SEC Yield (Class A share only) represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period.

All performance figures reflect a partial waiver of fees where applicable. Without the partial waiver of fees, the performance figures would be lower. The SEC Yield would have been 3.16%.

Standard Deviation (3 year) measures variability of returns around the average return for an investment fund. Higher standard deviation suggests greater risk.

RATINGS DISTRIBUTION METHODOLOGY:

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government debt issues. The ratings apply to the Fund's holdings and not to the fund itself. The Fund uses the higher of the S&P, Moody's and Fitch ratings when determining the rating distribution. If only two agencies have rated the security, then the higher of the two ratings is used. If only one rating is available from the aforementioned providers, that rating is used. If no rating is available from the aforementioned providers, the security is placed in the Not Rated category.

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Morningstar For the 3-, 5- and 10-year periods, respectively, the Fund was rated 4, 3 and 4 stars among 210, 185 and 135 funds in the Muni National Intern category for the time period ending 12/30/2011.

For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, load and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance Figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating™ metrics. Morningstar Rating™ is for Class A shares only; other classes may have different performance characteristics.

Investment Manager of the Fund

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

About Virtus Investment Partners Virtus (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors.

Please carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. For this and other information about any Virtus mutual fund, call 1-800-243-4361 or visit Virtus.com for a prospectus. Read it carefully before you invest or send money.

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