

## Virtus Quality Small-Cap Fund

A: PQSAX (92828N684) C: PQSCX (92828N676) I: PXQSX (92828N668)

	PQSAX	Russell 2000® Value Index	Russell 2000® Index	S&P 500® Index	Description†
<b>Quality</b>					
Return on Equity—Past 5 Years	23.4%	7.3%	8.9%	20.3%	More Profitable
Total Debt/EBITDA	0.9 x	7.6 x	4.7 x	3.5 x	Less Balance Sheet Risk
Earnings Variance—Past 10 Years	21.4%	107.2%	98.4%	50.1%	Less Earnings Risk
S&P Stock Ranking (A+, A, A-, B+)	83.0%	20.7%	19.2%	64.4%	Better Quality
<b>Growth</b>					
Earnings Per Share Growth—Past 5 Years	6.7%	0.2%	4.2%	5.4%	Higher Earnings Growth
Earnings Per Share Growth—Past 10 Years	11.9%	3.4%	7.2%	10.5%	Higher Earnings Growth
Dividend Per Share Growth—Past 5 Years	11.0%	-3.9%	-0.3%	4.8%	Higher Income Growth
Dividend Per Share Growth—Past 10 Years	12.6%	2.7%	4.3%	8.9%	Higher Income Growth
Capital Generation—{ROE x (1-Payout)}	15.6%	5.9%	7.7%	14.1%	Faster Business Growth
<b>Value</b>					
P/E Ratio—Trailing 12 Months	17.3 x	26.5 x	29.9 x	16.7 x	Better Value
<b>Market Characteristics</b>					
\$ Weighted Average Market Cap—4 Qtr. Average	\$1.7 B	\$1.1 B	\$1.2 B	\$84.9 B	Comparable Size
Largest Market Cap—4 Qtr. Average	\$3.7 B	\$3.4 B	\$4.1 B	\$351.8 B	Larger Size
Annualized Standard Deviation—Since Inception*	22.3%	24.4%	23.7%	20.2%	Less Market Risk

Data as of 3/31/11.

\*June 28, 2006. 7/1/06 used for calculation purposes of quarterly data. Gross of fees.

†Description reflects past results and is not an indicator of future performance results. Description is relative to the Fund's primary benchmark.

Data is obtained from the Frank Russell Company and CompuStat and is assumed to be reliable.

Fund characteristics are calculated by first calculating the characteristics for each security, and then calculating the weighted average of those values in the portfolio.

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](http://Virtus.com) for performance data current to the most recent month-end.

**Virtus Quality Small-Cap Fund Performance**

Class A for Periods Ending: March 31, 2011

	QTD	YTD	1 Year	3 Year	Since Inception 06/28/06
NAV	9.46	9.46	25.72	10.21	5.90
POP	3.17	3.17	18.49	8.06	4.59
Index	6.60	6.60	20.63	6.76	4.00

QTD, YTD and 1 Year performance is not annualized.

Class A operating expenses are 1.44% and gross operating expenses are 1.58%. 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 5.75%. A contingent deferred sales charge of 1% may apply on certain redemptions made within 18 months following purchases on which a finder's fee has been paid.

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Index: The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 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.

**Quality**

**Return on Equity - Past 5 Years**—relates how well the company is using the money invested in it so that it can bring a return to its investors. A high portfolio ROE indicates that the portfolio is invested in historically profitable companies.

**Total Debt/EBITDA**—is calculated by dividing total debt by earnings before interest, taxes, depreciation, and amortization. It is a measure of a company's ability to pay off its incurred debt.

**Notes on Risk**

A portfolio that holds a **limited number of securities** will be impacted by each security's performance more than a portfolio with a larger number of holdings. Investing in the securities of **small and mid-sized companies** involves greater risks and price volatility than larger, more established companies. Because the portfolio is heavily weighted in a **single sector**, it will be impacted by that sector's performance more than a portfolio with broader sector diversification.

*Please carefully consider the Fund's investment objectives, risks, charges and expenses before investing. For this and other information about any Virtus mutual fund, call 1-800-243-4361 or visit [Virtus.com](http://Virtus.com) for a prospectus. Read it carefully before you invest or send money.*

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**Earnings Variance - Past 10 Years**—measures the volatility of the annual earnings per share over the past 10 years. On a portfolio level, a high EPS variability means the portfolio is heavily invested in companies with volatile earnings. Unlike earnings growth, this statistic looks at the companies' earnings patterns. Newer companies and smaller companies tend to have highly variable earnings.

**S&P Stock Ranking (A+, A, A-, B+)**—Standard and Poor's ("S&P") provides independent analysis and ratings. S&P ranks stocks from A+ to D based on their stability of dividends and earnings growth over the past 10 years. Stocks rated "A+," "A," "A-," and "B+" have extremely stable earnings and dividend growth and may be classified as "high-quality," while stocks rated "D" may be considered risky (that is, volatile) in terms of earnings and dividend growth.

**Growth**

**Earnings/Share Growth**—indicates the earnings available to each common share. Earnings/share growth is the growth rate of these earnings per share. On a portfolio level, this statistic measures the trailing earnings per share growth of a portfolio's holdings.

**Dividend/Share Growth**—On a portfolio level, this statistic measures the trailing dividends/share growth of a portfolio's holdings.

**Cap. Generation - (ROE x (1-Payout))**—Capital generation of the firm indicates how quickly the firm can grow without changing its financing and dividend policies. The retention ratio is calculated as one minus the dividend payout ratio. Capital generation illustrates the importance of profitability (return on equity) and the firm's dividend policy on the company's growth.

**Value**

**P/E Ratio - Trailing 12 Months**—The P/E (price-earnings) ratio is calculated by dividing the company's stock price divided by its earnings per share times 100. The higher the P/E ratio, the more an investor pays for the company's earnings. A low P/E generally indicates a better value, while a high P/E denotes an expensive stock with earnings that investors expect will grow rapidly. A negative P/E is generally indicative of companies with losses or negative earnings.

**Market Characteristics**

**\$ Weighted Average Market Cap - 4 Qtr. average**—is the average of the market capitalizations (price times the number of common shares outstanding) of the companies in the portfolio weighted by the size of each company's position within the portfolio.

**Largest Market Cap - 4 Qtr. average**—provides information about the range of the market capitalization held in the portfolio.

**Annualized Standard Deviation - Since Inception**—is a statistical measure of the dispersion about an average over a certain period and measures the volatility (risk) of a portfolio's returns.