

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
VIRTUS MULTI-SECTOR SHORT TERM BOND FUND		22-3164565	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Mutual Fund Services	800-243-1574	Virtus.Investment.Partners@virtus.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
101 Munson Street		Greenfield, MA 01301	
<b>8</b> Date of action		<b>9</b> Classification and description	
09/30/2015		Return of Capital	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
See attached	N/A	See attached	N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **During the fiscal year ended September 30, 2015, the issuer distributed amounts to its shareholders, a portion of which constituted a non-taxable return of capital. See attachment for a list of distribution dates and return of capital amounts per share.**

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The attachment provides the total distribution per share, as well as the non-taxable return of capital per share, on a distribution by distribution basis. The return of capital per share should reduce the taxpayer's adjusted basis of each share held on the date of each listed distribution by 23.9664% of the original distribution amount.**

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **An analysis of the issuer's current and accumulated earnings and profits was performed as of 09/30/15, in order to determine the portion of the distribution that constituted a dividend and the portion that constituted a non-taxable return of capital.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
**§301(c) and §316(a)**

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18 Can any resulting loss be recognized? ▶ **The return of capital per share should reduce the taxpayer's adjusted basis of each share held on the date of distribution. Upon disposition of all or a portion of the shares, the taxpayer should recognize greater gain/less loss.**

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
**The reportable tax year of the distributions is 2015. Actual return of capital will be reflected on the taxpayer's 2015 Form 1099.**

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *JML* Date ▶ 11/12/2015

Print your name ▶ **A signed copy is maintained by the issuer** Title ▶ **Vice President**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Virtus Multi-Sector Short Term Bond Fund  
 Form 8937 Attachment  
 09/30/2015

EIN: 22-3164565

		Original					Revised Ordinary Income	Revised Ordinary Income	Revised Ordinary Income	Revised Ordinary Income	Revised Ordinary Income	Revised Return of Capital ("ROC")	Revised Return of Capital ("ROC")	Revised Return of Capital ("ROC")	Revised Return of Capital ("ROC")	Revised Return of Capital ("ROC")	ROC as percent of Original
		92828R644	92828R636	92828R628	92828R610	92828R594	92828R644	92828R636	92828R628	92828R610	92828R594	92828R644	92828R636	92828R628	92828R610	92828R594	
		NARAX	PBARX	PSTCX	PIMSX	PMSTX	NARAX	PBARX	PSTCX	PIMSX	PMSTX	NARAX	PBARX	PSTCX	PIMSX	PMSTX	
Accrual Begin	Accrual End	CLASS A	CLASS B	CLASS C	CLASS I	CLASS T	CLASS A	CLASS B	CLASS C	CLASS I	CLASS T	CLASS A	CLASS B	CLASS C	CLASS I	CLASS T	
1/2/2015	1/30/2015	0.012209755	0.010203237	0.011176372	0.013220609	0.009146152	0.009283514	0.007757887	0.008497796	0.010052103	0.006954147	0.002926241	0.002445350	0.002678576	0.003168506	0.002192005	23.9664%
2/2/2015	2/27/2015	0.011541305	0.009717606	0.010603515	0.012456809	0.008765088	0.008775268	0.007388644	0.008062232	0.009471358	0.006664410	0.002766037	0.002328962	0.002541283	0.002985451	0.002100678	23.9664%
3/2/2015	3/31/2015	0.011115404	0.009171889	0.010111461	0.012096780	0.008139609	0.008451440	0.006973716	0.007688106	0.009197615	0.006188836	0.002663964	0.002198173	0.002423355	0.002899165	0.001950773	23.9664%
4/1/2015	4/30/2015	0.011013417	0.009061311	0.010003818	0.012000000	0.008020856	0.008373896	0.006889639	0.007606261	0.009124030	0.006098544	0.002639521	0.002171672	0.002397557	0.002875970	0.001922312	23.9664%
5/1/2015	5/29/2015	0.010980068	0.008961073	0.009935912	0.012000007	0.007886583	0.008348539	0.006813425	0.007554630	0.009124035	0.005996452	0.002631529	0.002147648	0.002381282	0.002875972	0.001890131	23.9664%
6/1/2015	6/30/2015	0.011018201	0.009049141	0.010012749	0.012000000	0.008038815	0.008377533	0.006880386	0.007613052	0.009124030	0.006112199	0.002640668	0.002168755	0.002399697	0.002875970	0.001926616	23.9664%
7/1/2015	7/31/2015	0.011697746	0.009560085	0.010595885	0.012774201	0.008433099	0.008894215	0.007268875	0.008056431	0.009712683	0.006411987	0.002803531	0.002291210	0.002539454	0.003061518	0.002021112	23.9664%
8/3/2015	8/31/2015	0.010285721	0.008410723	0.009323795	0.011225813	0.007434344	0.007820602	0.006394974	0.007089215	0.008535388	0.005652598	0.002465119	0.002015749	0.002234580	0.002690425	0.001781746	23.9664%
9/1/2015	9/30/2015	0.011030661	0.009087044	0.010038220	0.012000000	0.008088901	0.008387007	0.006909205	0.007632418	0.009124030	0.006150281	0.002643654	0.002177839	0.002405802	0.002875970	0.001938620	23.9664%
		<b>0.100892278</b>	<b>0.083222109</b>	<b>0.091801727</b>	<b>0.109774219</b>	<b>0.073953447</b>	<b>0.076712014</b>	<b>0.063276752</b>	<b>0.069800143</b>	<b>0.083465272</b>	<b>0.056229456</b>	<b>0.024180264</b>	<b>0.019945357</b>	<b>0.022001584</b>	<b>0.026308947</b>	<b>0.017723991</b>	