

**Small Growth**

Overall Morningstar Rating™ Based on risk adjusted returns as of 09/30/2017. Rating out of 597 Funds.

Fund Information**Symbol and CUSIP**

| | | |
|-----------|-------|-------------|
| A shares | PQSAX | (92828N684) |
| C shares | PQSCX | (92828N676) |
| I shares | PXQSX | (92828N668) |
| R6 shares | VQSRX | (92828N411) |

Investment Adviser

Virtus Investment Advisers, Inc.

Investment Subadviser

Kayne Anderson Rudnick Investment Management, LLC

| | |
|---------------------------|---------------|
| AUM (\$ millions) | 427.1 |
| Number of Holdings | 30 |
| Dividends | Semi-Annually |

Investment Professionals

Julie Kutsov
Industry start date: 2001
Start date with Fund: 2008

Craig Stone
Industry start date: 1989
Start date with Fund: 2009

INVESTMENT OPPORTUNITY

This fund pursues long-term capital appreciation in the small-cap sector while seeking to provide the risk characteristics of the less volatile large-cap S&P 500 Index.

The fund invests in a select group of small-cap value companies believed to be undervalued relative to their future growth potential.

The investment strategy emphasizes companies with a competitive advantage, strong management and low financial risk that are able to grow over market cycles, despite their discounted valuations.

Effective May 8, 2017 this fund changed its name from the Virtus Quality Small-Cap Fund.

Investment Process**Average Annual Total Returns** Class I at NAV as of 09/30/2017 in percent

| | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception 06/28/2006 |
|-------|------|-------|--------|--------|--------|---------|-------------------------------|
| Fund | 6.72 | 13.68 | 26.48 | 15.85 | 15.70 | 8.52 | 9.50 |
| Index | 5.11 | 5.68 | 20.55 | 12.12 | 13.27 | 7.14 | 7.58 |

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.

The fund class gross expense ratio is 1.05% and reflects the direct and indirect expenses paid by the Fund.

The gross expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 1.04%.

Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Class I shares have no sales charge and therefore their returns do not reflect the deduction of a sales charge, which if applied, would reduce the performance quoted. Fees and expenses vary among share classes and other share classes do carry sales charges. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required and may not be available to all investors. For fund performance on other share classes, please visit www.virtus.com.

Annual Performance Class I in percent

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------|-------|--------|-------|-------|-------|-------|-------|------|-------|-------|
| Fund | 0.52 | -30.58 | 25.60 | 22.10 | 6.32 | 8.06 | 39.85 | 1.98 | -1.28 | 24.48 |
| Index | -9.78 | -28.92 | 20.58 | 24.50 | -5.50 | 18.05 | 34.52 | 4.22 | -7.47 | 31.74 |

Growth of \$10,000 Class I for the period ending 09/30/2017

An investment of \$10,000 made on 6/28/2006 would be worth \$27,784.92 on 09/30/2017, assuming no front end sales charges.

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, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

| Top Ten Holdings | % Fund |
|------------------------------------|--------|
| National Beverage Corp. | 5.03 |
| RE/MAX Holdings, Inc. | 4.67 |
| Thor Industries, Inc. | 4.43 |
| RBC Bearings Incorporated | 4.05 |
| Cheesecake Factory Incorporated | 4.02 |
| SiteOne Landscape Supply, Inc. | 3.99 |
| Scotts Miracle-Gro Company Class A | 3.95 |
| MGM Growth Properties LLC Class A | 3.87 |
| Anika Therapeutics, Inc. | 3.80 |
| Bank of Hawaii Corporation | 3.76 |

Risk Statistics

Class I 3-Year

| | Fund | Index |
|--------------------|-------|-------|
| R ² | 0.83 | 1.00 |
| Beta | 0.80 | 1.00 |
| Standard Deviation | 12.62 | 14.37 |
| Alpha | 5.54 | 0.00 |
| Sharpe Ratio | 1.23 | 0.82 |

Sector Allocations

| | % Equity |
|------------------------|----------|
| Financial Services | 33.22 |
| Consumer Discretionary | 19.55 |
| Producer Durables | 12.39 |
| Materials & Processing | 11.99 |
| Consumer Staples | 7.24 |
| Health Care | 6.70 |
| Technology | 5.27 |
| Energy | 3.64 |

Holdings and Sector weightings are subject to change.

Investment Manager of the Fund

Kayne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

Morningstar For the 3-, 5- and 10-year periods, respectively, the Fund was rated 5, 5 and 4 stars among 597, 532 and 399 funds in the Small Growth category for the time period ending 09/30/2017.

Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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| Characteristics | Fund |
|----------------------------------|--------|
| Average Weighted Market Cap (bn) | \$3.60 |
| Median Market Cap (bn) | \$3.00 |
| Trailing P/E | 25.43x |
| Price-to-Cash Flow | 21.28 |
| Price-to-Book Value | 4.38 |
| 3-Year EPS Growth Rate | 6.08 |

GLOSSARY

R²: A measurement of how closely a portfolio's performance correlates with the performance of a benchmark index.

Beta: A quantitative measure of the volatility of a given portfolio to the overall market. Higher beta suggests higher volatility.

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

Trailing P/E: Per-share stock price divided by the latest 12-months earnings per share.

Price/Cash Flow: Per-share stock price divided by the per-share operating cash flow.

Price/Book: Per-share stock price divided by the latest 12-month per-share book value.

3-Year EPS Growth Rate: Average of earnings per share growth for latest a forecast of the portfolio's performance.

Alpha: A measure of performance on a risk-adjusted basis.
Sharpe Ratio: A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. It is calculated by taking the portfolio's annualized return, minus the annualized risk-free rate (typically the 30-Day T-Bill return), divided by the portfolio's annualized standard deviation. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return.

IMPORTANT RISK CONSIDERATIONS:

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Limited Number of Investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **Prospectus:** For additional information on risks, please see the fund's prospectus.