

INVESTMENT OVERVIEW

The Fund seeks to achieve both long-term capital growth and income through a balanced portfolio of global stocks and bonds. Disciplined fundamental analysis is utilized to construct a diversified portfolio allocated to approximately 60% equity (15% non-U.S.) and 40% fixed income.

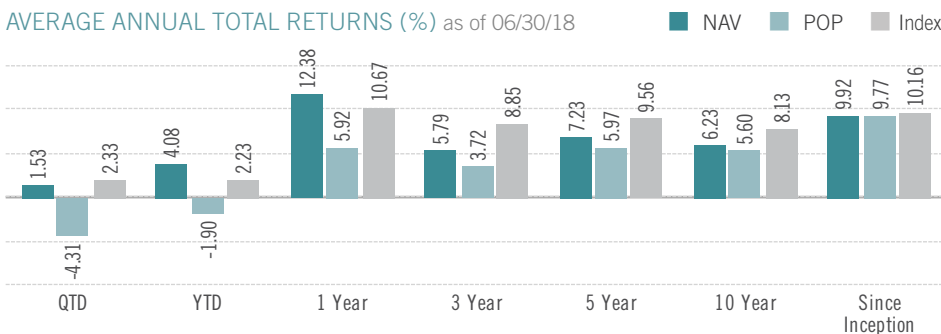
KEY FEATURES

Balances Risk and Reward — Leverages diverse investment expertise from across Virtus to deliver a professionally managed 60/40 portfolio allocation in a single fund

Global Equity Exposure — Extensive fundamental research guides discrete, actively managed investment styles in the U.S. equity and international equity allocations

Multi-Sector Fixed Income Exposure — Employs a time-tested approach of active sector rotation, extensive credit research, and disciplined risk management

AVERAGE ANNUAL TOTAL RETURNS (%) as of 06/30/18



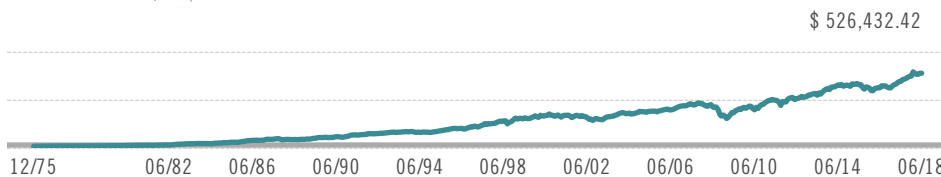
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original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

The fund class gross expense ratio is 1.16% 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 1.15%. Average annual total return is the annual compound return for the indicated period and reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns. Class A shares have a maximum sales charge of 5.75%. A contingent deferred sales charge of 1% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

ANNUAL PERFORMANCE (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fund	19.72	0.45	-3.99	4.67	15.44	12.09	1.48	11.82	23.38	-25.84
Index	18.18	6.23	1.28	10.62	17.56	11.31	4.69	12.13	18.40	-22.06

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 12/31/1975. As of 6/29/2018 the fund value would have been \$526,432.42. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 5.75%.

FUND INFORMATION

	Ticker	CUSIP
A Shares	PHBLX	92828N403
C Shares	PSBCX	92828N601
Inception Date	12/31/75	
AUM (\$ millions)	477.7	
Number of Holdings	507	
Dividends	Quarterly	
Morningstar Category	Allocation--50% to 70% Equity	
Lipper Category	Mixed-Asset Target Alloc Moderate Funds	
Index	Strategic Allocation Fund Linked Benchmark	

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★★	674
3 Year	★★★★	674
5 Year	★★★★	617
10 Year	★★★★	439

Strong ratings are not indicative of positive fund performance.

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



Kayne Anderson Rudnick
A VIRTUS INVESTMENT PARTNER



A VIRTUS INVESTMENT PARTNER



A Virtus Investment Partner

PORTFOLIO MANAGERS

Douglas S. Foreman, CFA
Industry start date: 1986
Start date with Fund: 2016

Frederick A. Brimberg
Industry start date: 1979
Start date with Fund: 2012

David L. Albrycht, CFA
Industry start date: 1985
Start date with Fund: 2012

Stephen H. Hooker, CFA
Industry start date: 1993
Start date with Fund: 2017

EQUITY CHARACTERISTICS	Fund	Index ¹
Avg. Weighted Market Cap (bn)	168.87	221.95
Median Market Cap (bn)	38.47	11.53
Trailing P/E	28.26	23.06
Price-to-Cash Flow	25.95	21.39
Price-to-Book Value	6.22	6.03
3-Year EPS Growth Rate	17.82	11.81
5-Year EPS Growth Rate	20.58	11.12
Active Share	83.02	n/a

FIXED CHARACTERISTICS	Fund
Effective Duration	5.17
Weighted Average Maturity	7.15

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-3.77	n/a
Beta	1.12	1.00
R ²	0.87	1.00
Sharpe Ratio	0.69	1.33
Standard Deviation	7.46	6.20

¹ Index: A composite of 75% Russell 1000[®] Growth Index and 25% MSCI EAFE Net Index.

EQUITY ALLOCATIONS	% Equity	% Index ¹
Information Technology	31.24	32.81
Consumer Discretionary	24.24	16.53
Financials	11.01	8.31
Industrials	9.78	12.49
Health Care	8.29	12.68
Energy	5.28	2.29
Consumer Staples	4.77	7.13
Materials	3.21	3.40
Real Estate	1.23	2.51
Utilities	0.49	0.83
Telecommunication Services	0.46	1.03

FIXED ALLOCATIONS	% Fixed
Corporate - High Quality	40.88
Corporate - High Yield	10.00
Non-Agency Residential MBS	9.71
Asset Backed Securities	9.27
Bank Loans	7.30
Treasury	6.43
Mortgage Backed Securities	4.82
Non-Agency Commercial MBS	2.88
Emerging Market - High Yield	2.71
Municipals	2.02
Yankee - High Quality	2.02
Taxable Municipals	1.96

ASSET ALLOCATIONS	% Fund
Domestic Equity	47.59
Domestic Fixed Income	32.96
International Equity	14.39
International Fixed Income	5.07

RATINGS DISTRIBUTION	% Fixed
Aaa	22.13
Aa	8.74
A	12.60
Baa	37.93
Ba	8.86
B	4.91
Caa	0.32
Ca	0.00
C	0.00
D	0.00
NR	4.50

TOP TEN HOLDINGS	% Fund
Amazon.com, Inc.	3.76
Alibaba Group Holding Ltd. Sponsored ADR	2.85
Facebook, Inc. Class A	2.80
Netflix, Inc.	2.37
Visa Inc. Class A	1.97
NVIDIA Corporation	1.82
Monster Beverage Corporation	1.51
Las Vegas Sands Corp.	1.45
Bank of America Corp	1.44
United States Treasury Note/Bond, 2.5000% 02/15/2046	1.43

Holdings and asset allocations are subject to change.

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. **Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Allocation:** The fund's exposure to different asset classes may not be optimal for market conditions at a given time. Asset allocation does not guarantee a profit or protect against a loss in declining markets. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

Avg. Weighted Market Cap (bn): The total dollar market value of all of a company's outstanding shares. **Trailing P/E:** Per share stock price divided by the latest 12-months earnings per share. **Price-to-Cash Flow:** Per-share stock price divided by the per-share operating cash flow. **Price-to-Book Value:** A ratio used to compare a stock's market value to its book value. **3-Year EPS Growth Rate:** Average of earnings per share growth for latest 3-year period. **5-Year EPS Growth Rate:** Average of earnings per share growth for latest 5-year period. **Active Share:** A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. **Effective Duration:** The change in the value of a fixed income security that will result from a 1% change in interest rates while taking into account the way changes in rates will affect the expected cash flows of any bond with an embedded option such as call or prepayment option. This measure assigns a probability to the exercise of a call option, where applicable, based on specified shifts in the yield curve. Duration is expressed as a number of years, and generally, the larger the duration, the greater the interest rate risk or reward for a portfolio's underlying bond prices. **Weighted Average Maturity:** The length of time until the average security in a fund will mature, be redeemed by its issuer, or paid down over time, which is the case with most securitized assets. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **R²:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund itself. The higher of the ratings between Moody's, Standard & Poor's, and Fitch

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is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are below-investment grade ratings.

Index: The Strategic Allocation Fund Linked Benchmark consists of 45% Russell 1000[®] Growth Index (a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE[®] Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, calculated on a total return basis with net dividends reinvested), and 40% Bloomberg Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis). The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Strategic Allocation Fund Linked Benchmark prior to 9/7/2016 represents an allocation consisting of 60% S&P 500[®] Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

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. Ratings do not take into account the effect of sales charges and loads.

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