

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Virtus Value Equity Fund		2 Issuer's employer identification number (EIN) 13-3431951	
3 Name of contact for additional information Mutual Fund Services	4 Telephone No. of contact 800-243-1574	5 Email address of contact virtus.investment.partners@virtus.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 101 Munson Street		7 City, town, or post office, state, and Zip code of contact Greenfield, MA 01301	
8 Date of action 10/26/2012		9 Classification and description Regulated Investment Company (RIC) Shares - Class A, Class C, and Class I Shares	
10 CUSIP number See Attached	11 Serial number(s) N/A	12 Ticker symbol See Attached	13 Account number(s) 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 ▶ **On October 26, 2012, Virtus Quality Large-Cap Value Fund acquired all of the assets and assumed all of the liabilities of the issuer in exchange for voting shares of beneficial interest. (Details below.) The merger of Virtus Value Equity Fund into Virtus Quality Large-Cap Value Fund qualifies as a tax-free reorganization within the meaning of Internal Revenue Code §368(a).**

The exchange is based on the number and value of shares outstanding at the close of business October 26, 2012.

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 ▶ **A shareholder's aggregate basis in the shares of Virtus Quality Large-Cap Value Fund they received in exchange for their shares of Virtus Value Equity Fund will be the same as their aggregate basis in shares of Virtus Value Equity Fund. The number of Virtus Quality Large-Cap Value Fund shares that were received for each share of Virtus Value Equity Fund surrendered in the exchange is as follows:**

- 1.15991360 Virtus Quality Large-Cap Value Fund class A shares for one Virtus Value Equity Fund class A share**
- 1.17243075 Virtus Quality Large-Cap Value Fund class C shares for one Virtus Value Equity Fund class C share**
- 1.14932750 Virtus Quality Large-Cap Value Fund class I shares for one Virtus Value Equity Fund class I share**

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 ▶ **There was no change in aggregate basis as a result of the above described organizational action. The net asset value of Virtus Value Equity Fund shares that were surrendered in the exchange for each share of Virtus Quality Large-Cap Value Fund is as follows:**

- A Shares - The net asset value for each share surrendered from Virtus Value Equity Fund in the exchange was \$12.4584. The net asset value for each share received from Virtus Quality Large-Cap Value Fund in the exchange was \$10.7408.**
- C Shares - The net asset value for each share surrendered from Virtus Value Equity Fund in the exchange was \$12.4008. The net asset value for each share received from Virtus Quality Large-Cap Value Fund in the exchange was \$10.5770.**
- I Shares - The net asset value for each share surrendered from Virtus Value Equity Fund in the exchange was \$12.3478. The net asset value for each share received from Virtus Quality Large-Cap Value Fund in the exchange was \$10.7435.**

The net asset values above are as of the close of business on October 26, 2012.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
Internal Revenue Code §368(a), §358, §354.

18 Can any resulting loss be recognized? ▶ **There was no gain or loss on the transaction. Accordingly, each investor's aggregate basis in the shares of Virtus Quality Large-Cap Value Fund received in the exchange will be the same as the aggregate basis in their shares of Virtus Value Equity Fund surrendered.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **The above described organizational action is reportable in the tax year 2012.**

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 ▶  Date ▶ 12/7/2012

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

Paid Preparer Use Only	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 VALUE EQUITY FUND

<u>Share Class</u>	<u>Box 10, CUSIP</u>	<u>Box 12, Ticker Symbol</u>
Class A	92828T590	HIEZX
Class C	92828T582	PIQCX
Class I	92828T574	HEQIX

VIRTUS QUALITY LARGE-CAP VALUE FUND

<u>Share Class</u>	<u>Box 10, CUSIP</u>	<u>Box 12, Ticker Symbol</u>
Class A	92828N460	PPTAX
Class C	92828N452	PPTCX
Class I	92828N445	PIPTX