

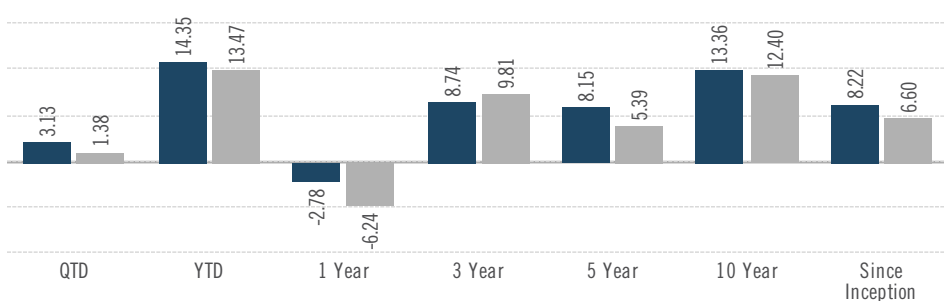
INVESTMENT OVERVIEW

The Fund seeks to generate attractive risk-adjusted long-term returns by investing in the stocks of U.S. small-cap value companies with durable competitive advantages, excellent management, lower financial risk, and strong growth trajectories. A disciplined investment process is employed to identify businesses that are differentiated by above-average returns on capital and trading at attractive valuations.

KEY FEATURES

- High-Quality Businesses** — Searches for quality small-cap value companies with solid balance sheets, consistent growth, profitability, and market dominant business models
- Lower Volatility Approach** — Extensive fundamental research favors companies with less business risk, as defined by lower earnings variability, consistent and profitable growth, high returns on capital, strong free cash flow, and a low organic need for external financing, all of which can help to protect profits in difficult markets
- High-Conviction Portfolio** — Focused on the portfolio team's 25-35 strongest investment opportunities, with a long-term, low-turnover approach to realize full stock value potential

AVERAGE ANNUAL TOTAL RETURNS (%) as of 06/30/19



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.

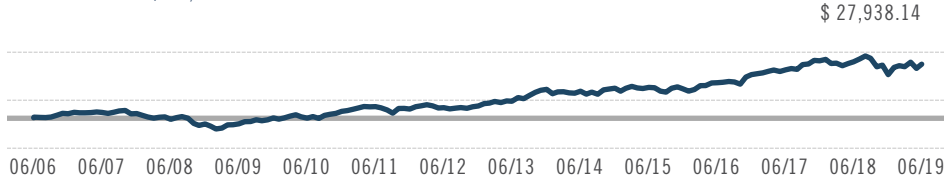
The fund class gross expense ratio is 0.99%.

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 I shares have no sales charges or distribution or service fees, therefore their returns do not reflect these expenses. Fees and expenses vary, and other share classes are subject to sales charges and fees. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required as described in the prospectus and may not be available to all investors. For fund performance on other share classes, please visit www.virtus.com.

ANNUAL PERFORMANCE (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fund	-15.92	18.89	24.48	-1.28	1.98	39.85	8.06	6.32	22.10	25.60
Index	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50	20.58

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 6/28/2006. As of 6/28/2019 the fund value would have been \$27,938.14. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

FUND INFORMATION

	Ticker	CUSIP
A Shares	PQSAX	92828N684
C Shares	PQSCX	92828N676
I Shares	PXQSX	92828N668
R6 Shares	VQSRX	92828N411

Inception Date	06/28/06
AUM (\$ millions)	576.1
Number of Holdings	28
Dividends	Semi-Annually
Morningstar Category	Small Growth
Lipper Category	Small-Cap Growth Funds
Index	Russell 2000® Value Index

MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★	583
3 Year	★	583
5 Year	★★★	515
10 Year	★★★	393

Strong ratings are not indicative of positive fund performance. The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

Kayne Anderson Rudnick invests in a select group of large-cap growth companies believed to be undervalued relative to their future growth potential.

PORTFOLIO MANAGERS

Julie Kutasov

Industry start date: 2001

Start date as Fund Portfolio Manager: 2008

Craig Stone

Industry start date: 1989

Start date as Fund Portfolio Manager: 2009

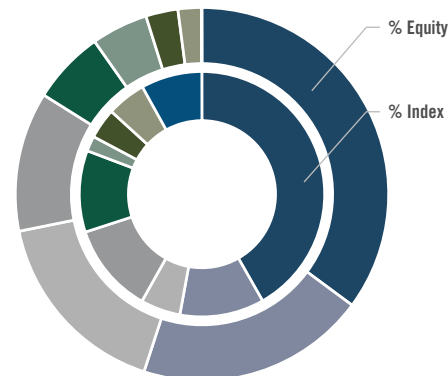
CHARACTERISTICS	Fund	Index
Avg. Weighted Market Cap (bn)	3.65	2.19
Median Market Cap (bn)	3.07	0.70
Trailing P/E Ex-Negative Earnings	23.08	15.17
Price-to-Cash Flow	16.55	11.16
Price-to-Book Value	3.22	1.66
3-Year EPS Growth Rate	22.93	9.54
5-Year EPS Growth Rate	12.03	5.80
Active Share	99.75	n/a

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	0.19	n/a
Beta	0.85	1.00
R ²	0.88	1.00
Sharpe Ratio	0.48	0.49
Standard Deviation	15.51	17.08

TOP TEN HOLDINGS	% Fund
Scotts Miracle-Gro Co/The	6.30
RBC Bearings Inc	5.73
SiteOne Landscape Supply Inc	5.71
MGM Growth Properties LLC	5.51
Brooks Automation Inc	4.55
Cheesecake Factory Inc/The	4.42
Primerica Inc	4.30
Watsco Inc	4.30
Bank of Hawaii Corp	3.86
Houlihan Lokey Inc	3.80

Holdings and sector weightings are subject to change.

SECTOR ALLOCATIONS



Sector	% Equity	% Index
Financial Services	35.13	41.78
Consumer Discretionary	19.89	11.12
Materials & Processing	16.79	5.26
Producer Durables	12.09	11.85
Technology	6.34	10.76
Consumer Staples	4.90	2.02
Health Care	2.79	4.00
Energy	2.06	5.17
Utilities	0.00	8.05

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.

GLOSSARY

Avg. Weighted Market Cap (bn): The total dollar market value of all of a company's outstanding shares. **Trailing P/E Ex-Negative Earnings:** 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. **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.

INDEX DEFINITION

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.

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

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