INVESTMENT OVERVIEW
The Fund provides exposure to U.S. equities with the goal of low tracking error relative to the S&P 500® Index. Slight tilts toward those areas demonstrating the strongest relative strength will be systematically incrementally overweighted. This, combined with an innovative options overlay strategy, seeks to provide greater returns than the S&P 500® Index with a similar level of risk.

KEY FEATURES
Proprietary Options Trading Strategy — The options strategy seeks to exploit pricing inefficiencies in the S&P 500® Index options market. This type of strategy tends to be less accessible and more difficult to consistently implement outside of professional investment management
Lower Correlation — Excess returns generated from the options strategy tend to be less correlated with equity markets
Risk Mitigation — All options trades are short dated and have defined loss parameters

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/19

<table>
<thead>
<tr>
<th>Period</th>
<th>Fund Class I</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD</td>
<td>2.03</td>
<td>11.70</td>
</tr>
<tr>
<td>YTD</td>
<td>-0.58</td>
<td>18.82</td>
</tr>
<tr>
<td>1 Year</td>
<td>10.58</td>
<td>20.55</td>
</tr>
<tr>
<td>3 Year</td>
<td>11.22</td>
<td>-4.56</td>
</tr>
<tr>
<td>5 Year</td>
<td>10.13</td>
<td>10.13</td>
</tr>
<tr>
<td>10 Year</td>
<td>10.84</td>
<td>10.84</td>
</tr>
<tr>
<td>Since Inception</td>
<td>12.25</td>
<td>12.24</td>
</tr>
</tbody>
</table>

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 1.08%. The net expense ratio is 0.95%, which reflects a contractual expense reimbursement in effect through 1/31/2020.
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 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fund</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-12.50</td>
<td>-4.38</td>
</tr>
<tr>
<td>2017</td>
<td>22.83</td>
<td>21.83</td>
</tr>
<tr>
<td>2016</td>
<td>12.20</td>
<td>11.96</td>
</tr>
<tr>
<td>2015</td>
<td>3.24</td>
<td>1.38</td>
</tr>
<tr>
<td>2014</td>
<td>13.31</td>
<td>13.69</td>
</tr>
<tr>
<td>2013</td>
<td>29.05</td>
<td>32.39</td>
</tr>
<tr>
<td>2012</td>
<td>14.55</td>
<td>16.00</td>
</tr>
<tr>
<td>2011</td>
<td>-1.80</td>
<td>2.11</td>
</tr>
<tr>
<td>2010</td>
<td>13.18</td>
<td>15.06</td>
</tr>
<tr>
<td>2009</td>
<td>23.93</td>
<td>26.46</td>
</tr>
</tbody>
</table>

GROWTH OF $10,000

This chart assumes an initial investment of $10,000 made on 11/13/2007. As of 9/30/2019 the fund value would have been $22,082.05. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

INVESTMENT ADVISER
Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER
Rampart Investment Management, an investment management affiliate of Virtus Investment Partners, is one of the leading asset managers specializing in option strategies. A registered investment adviser since 1983, Rampart manages client positions and portfolios using domestic and international index and equity options.

PORTFOLIO MANAGERS
Warun Kumar
Industry start date: 1993
Start date as Fund Portfolio Manager: 2016

Michael Davis
Industry start date: 1999
Start date as Fund Portfolio Manager: 2016

Brendan R. Finneran, CMT
Industry start date: 2003
Start date as Fund Portfolio Manager: 2014

Robert F. Hofeman, Jr.
Industry start date: 2002
Start date as Fund Portfolio Manager: 2014
CHARACTERISTICS | Fund | Index
--- | --- | ---
Avg. Weighted Market Cap (bn) | 249.99 | 249.72
Median Market Cap (bn) | 22.73 | 22.73
Trailing P/E Ex-Negative Earnings | 20.78 | 20.65
Price-to-Cash Flow | 18.91 | 18.80
Price-to-Book Value | 5.88 | 5.85
3-Year EPS Growth Rate | 14.23 | 14.30
5-Year EPS Growth Rate | 8.19 | 8.13
Active Share | 3.52 | n/a

RISK STATISTICS (3 YEAR) | Fund | Index
--- | --- | ---
Alpha | -2.83 | n/a
Beta | 1.07 | 1.00
R² | 0.91 | 1.00
Sharpe Ratio | 0.70 | 0.99
Standard Deviation | 13.49 | 12.01

TOP TEN HOLDINGS | % Fund
--- | ---
Microsoft Corp | 4.35
Apple Inc | 3.57
Amazon.com Inc | 2.85
Invesco S&P 500 Low Volatility ETF | 2.62
Facebook Inc | 1.74
Alphabet, Inc.- C I C | 1.50
Berkshire Hathaway Inc | 1.48
Alphabet, Inc.- C A | 1.46
JPMorgan Chase & Co | 1.41
Procter & Gamble Co/The | 1.27

SECTOR ALLOCATIONS

INDEX DEFINITION

Index: The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the 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.

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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