



VIRTUS KAR MID-CAP GROWTH FUND

March 31, 2019

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.

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Virtus (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors.

Key Facts:

- AUM of \$101.7 billion managed in a multi-boutique structure
- 9 affiliates

Disciplined, institutional-quality money management through wholly owned subsidiaries and select subadvisers, each with a distinct investment philosophy and style.

- We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach.
- We have the flexibility, agility, and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers.
- We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility.

INVESTMENT OFFERINGS

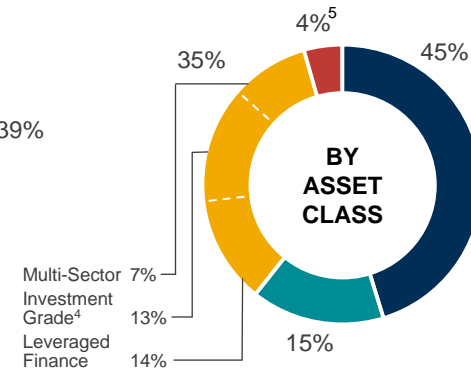
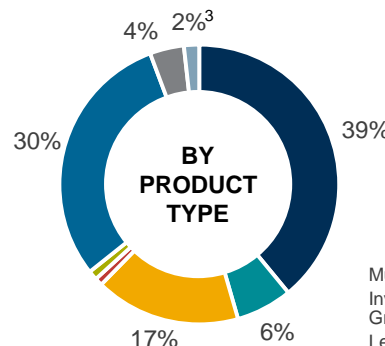
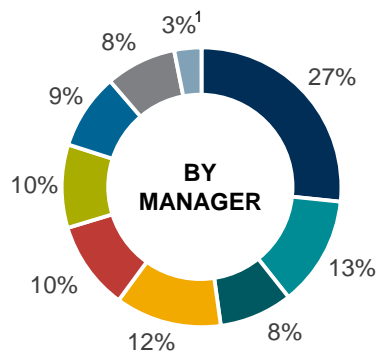


We have offerings in various asset classes, across all market capitalizations, in different styles, and with diverse investment approaches.

Investment products include:

- Open-end mutual funds
- Variable insurance funds
- Closed-end funds
- Retail separate accounts
- Institutional accounts
- Exchange-traded funds
- UCITS
- Structured products
- Collective investment trusts

ASSETS UNDER MANAGEMENT in Billions as of 3/31/19



Affiliated Managers

■ Kayne Anderson Rudnick	\$27.1
■ Seix (Lev. Fin)	12.9
■ Seix (IG)	8.6
■ SGA	12.5
■ Newfleet	10.4
■ Duff & Phelps	9.8
■ Ceredex	8.9
■ Silvant	0.8
■ Rampart and Other ²	1.4
	\$92.4

Subadvisers

■ Vontobel	\$8.3
■ Other Subadvisers	1.0
	\$9.3

Funds

■ Open-End	\$39.7
■ Closed-End	6.6
■ Variable Insurance	0.9
■ ETFs	1.1
	\$48.3

Separate Accounts

■ Institutional Accounts	\$30.5
■ Retail Separate Accounts	17.1
■ Structured Products	4.0
■ Liquidity ³	1.8
	\$53.4

Domestic Equity

■ Large-Cap	\$19.0
■ Small-Cap	19.0
■ Mid-Cap	8.0
	\$46.0

International Equity

■ Developed Market	\$8.8
■ Emerging Market	6.9
	\$15.7

Fixed Income & Liquidity

■ Leveraged Finance	\$14.5
■ Investment Grade ⁴	13.7
■ Multi-Sector	7.3
	\$35.5

Alternative & Other

■ Alternative	\$4.3
■ Other ⁵	0.2
	\$4.5

\$ billions as of March 31, 2019; totals may not add due to rounding.

¹Includes Silvant, Rampart, asset allocation and other subadvised strategies.

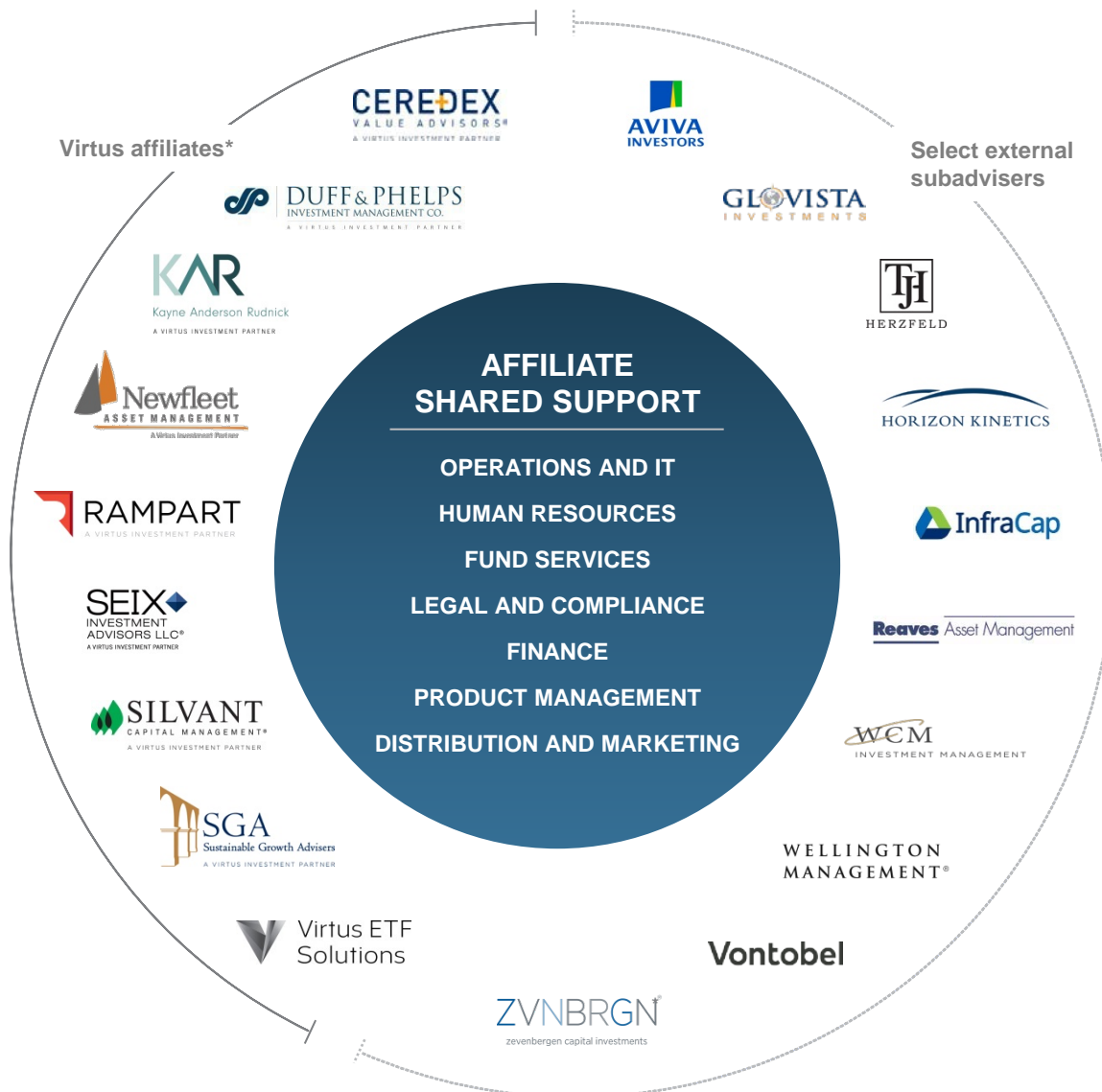
²Primarily includes assets managed by investment professionals from Rampart.

³Includes ultra short bond strategies.

⁴Includes liquidity strategies.

⁵Option strategies

MULTI-BOUTIQUE, MULTI-STRATEGY MODEL



*Virtus has an ownership interest in the firm.

Profile

- Originally established to manage founder capital
- Over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly-owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$27.1 billion
Number of Investment Professionals	16
Average Investment Experience	15 Years

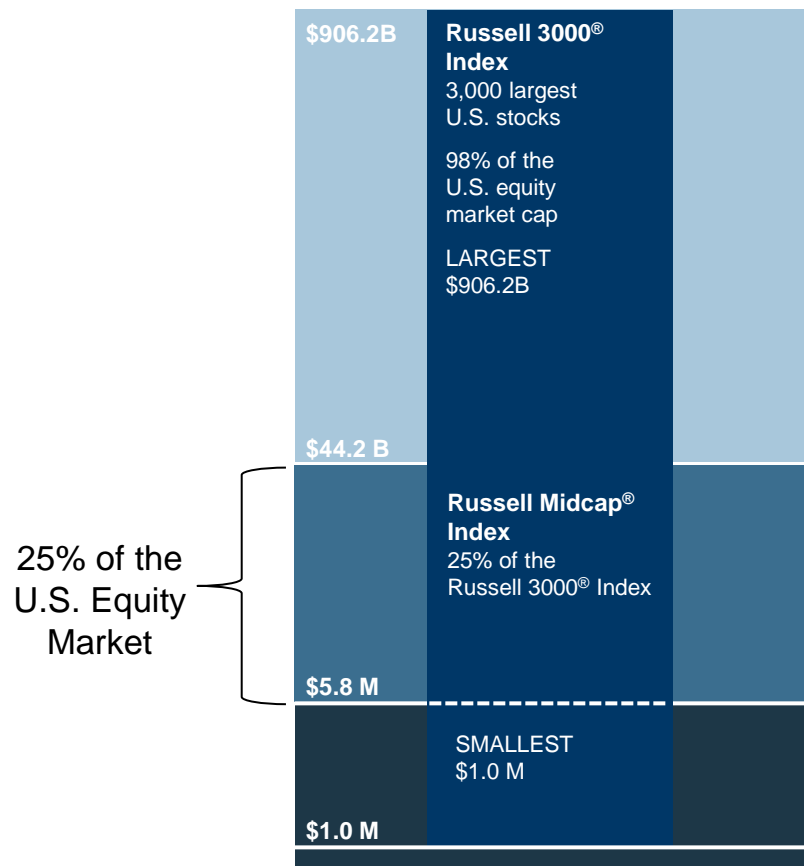
KAR GROWTH EQUITY TEAM



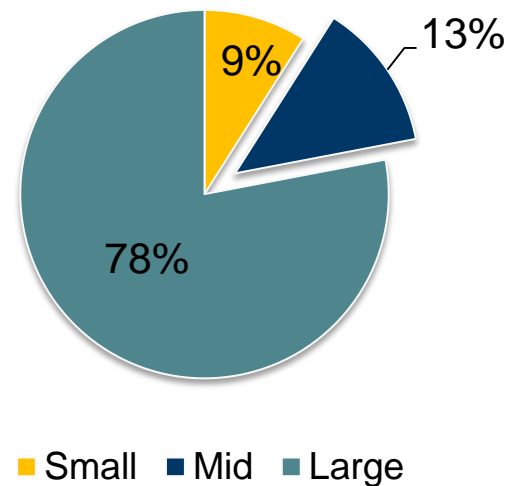
Portfolio Manager/Analyst	Responsibility	Sector Coverage	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer Portfolio Manager, Virtus KAR Mid-Cap Growth Fund	Technology	33 Years	8 Years
Richard Sherry, CFA	Senior Research Analyst	Energy Financials Utilities	21 Years	24 Years
Chris Armbruster, CFA	Research Analyst	Consumer Discretionary Health Care Technology	14 Years	6 Years
Noran Eid	Research Analyst	Consumer Staples Industrials Materials Technology	6 Years	1 Year

WHY MID CAPS?

An Underutilized Space



13% of U.S. Equity Mutual Fund Assets



Source: BNY Mellon, Morningstar Direct. As of 3/31/19.

The Russell 3000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The Russell Midcap® Index is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

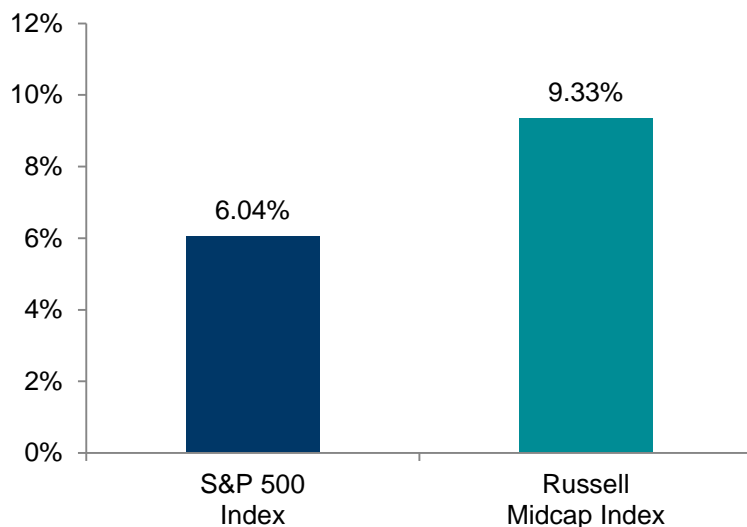
WHY MID CAP?



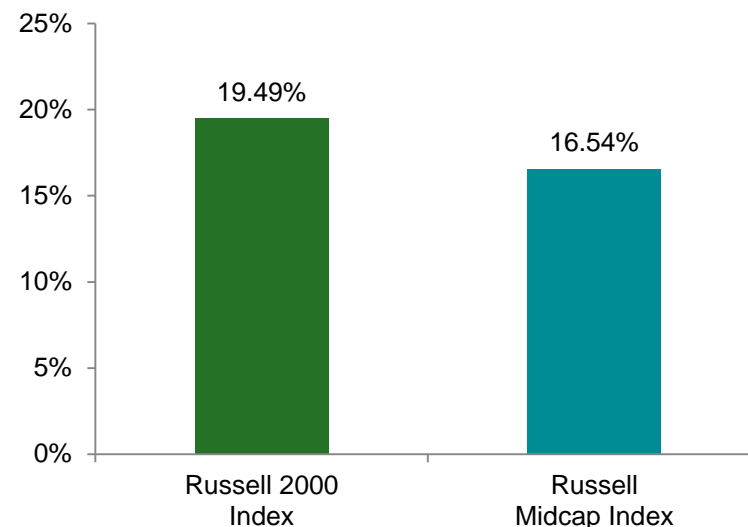
Stronger historical returns than large caps...

...with less volatility than small caps

Total Return (Annualized)
20 years ended 3/31/2019



Standard Deviation
20 years ended 3/31/2019



Past performance is not indicative of future results.

Source: Morningstar Direct.

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 Russell Midcap[®] Index is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The Russell 2000[®] Index is a market capitalization-weighted index of the 2,000 smallest 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 indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

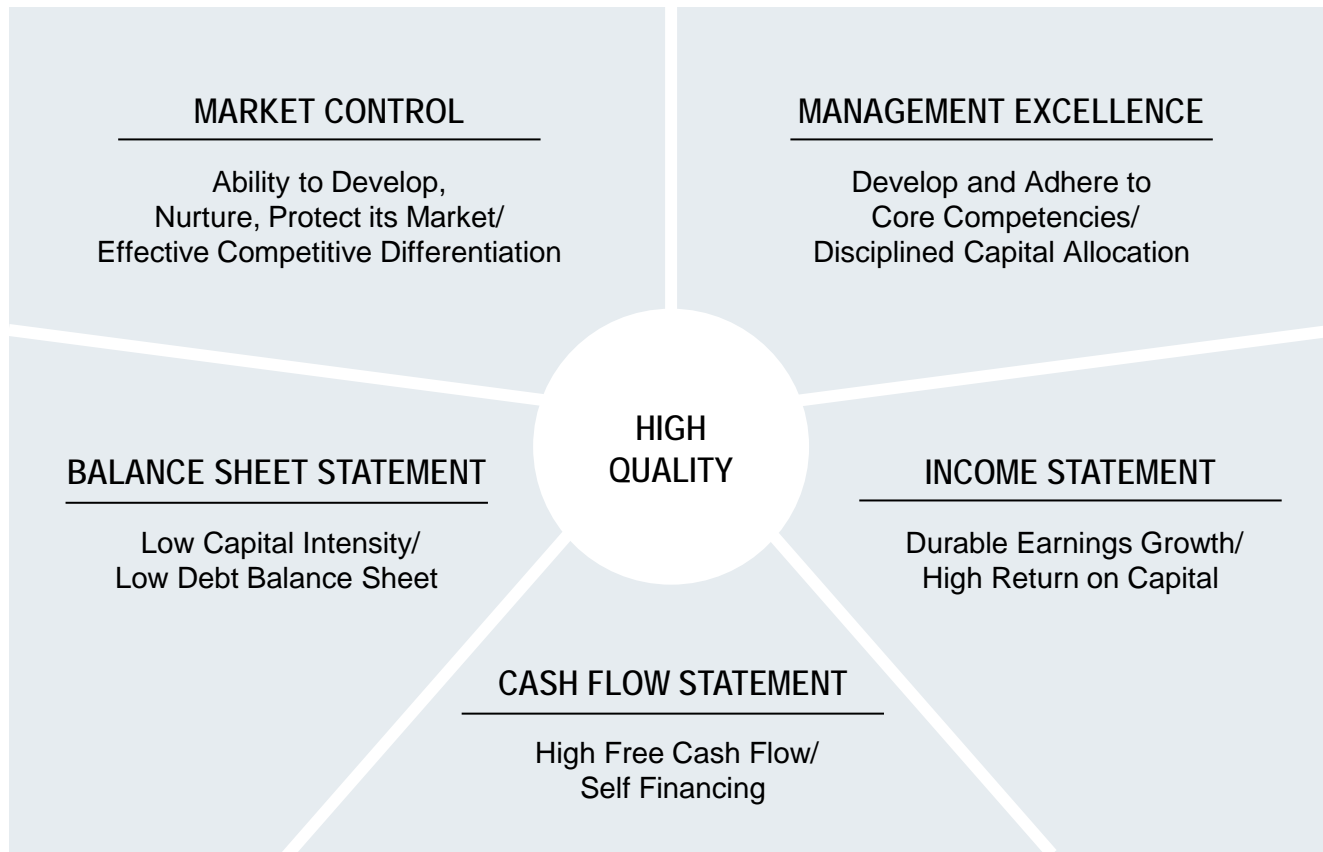
DISCIPLINED INVESTMENT APPROACH



Investment Philosophy

- Businesses with sustainable competitive advantages can maintain above-average growth and are better positioned to exceed consensus growth expectations which should lead to excess shareholder returns over a full market cycle
- Strives to achieve a return meaningfully above that of the Russell Midcap[®] Growth Index, with similar risk characteristics overall relative to the benchmark

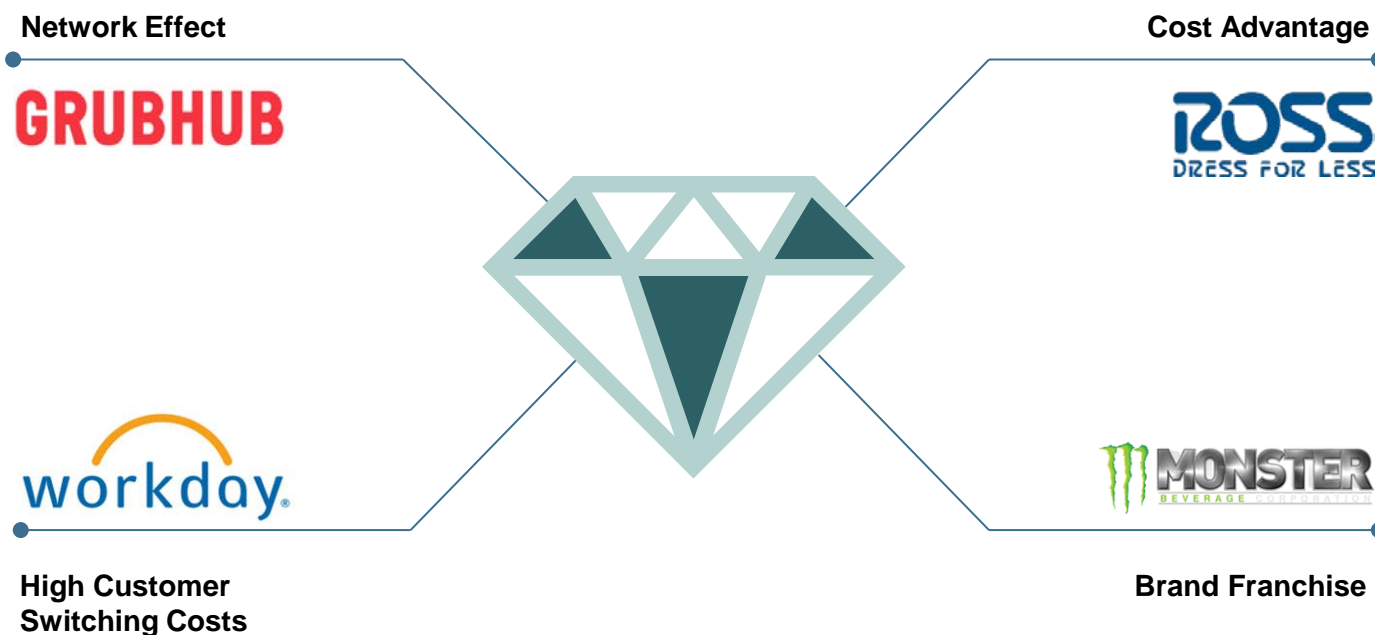
TENETS OF QUALITY



SOURCES OF QUALITY

Competitive Advantage

Examples of High-Quality Business Models



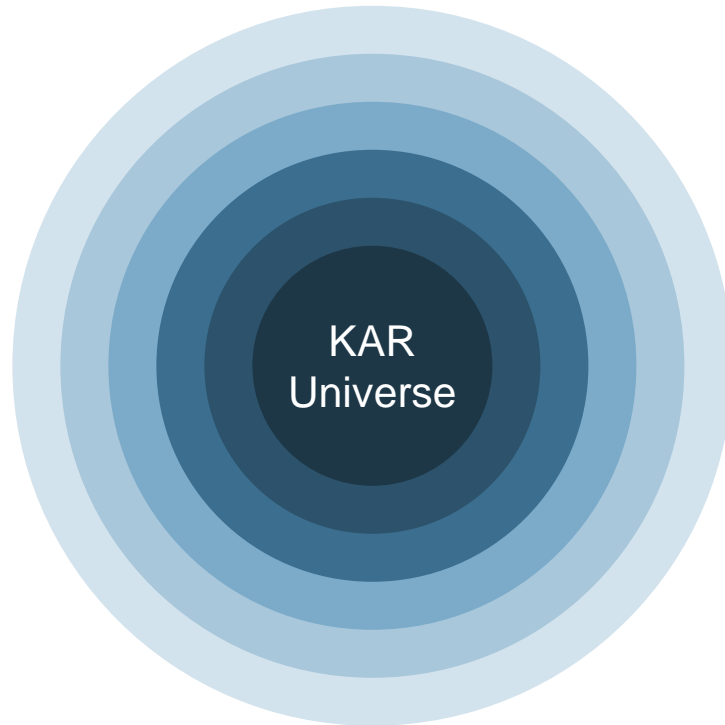
The trademarks shown are the property of their respective owners. Percent of Virtus KAR Mid-Cap Growth Fund as of 3/31/19: Grubhub: 1.1%; Ross: 1.9%; Workday: 2.3%; Monster Beverage: 1.1%.

The securities presented on this page are chosen based upon objective criteria. Companies are chosen to exemplify diversification. We typically select companies that operate in large, vast industries, but have overwhelming market share for their particular niches. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. It should not be assumed that securities recommended in the future will be profitable. Holdings are subject to change.

DEVELOPMENT OF HIGH-QUALITY UNIVERSE

We source our investment universe in a number of ways

MID CAP UNIVERSE



Qualitative Methods

- Investment conferences
- Meetings with companies
- Industry reviews
- Research on existing portfolio holdings
- Third-party research

Quantitative Screens

- High return on capital over a full economic cycle
- Earnings surprise
- Long and resilient earnings history
- High return on net operating assets
- Minimal debt

INTENSIVE FUNDAMENTAL RESEARCH



Research analysts and the portfolio managers work side-by-side to develop an information advantage

Qualitative Analysis	Financial Analysis	Valuation Analysis
<p>Purpose Evaluate sustainability of business model and assess management's ability to further control its market through capital allocation</p> <ul style="list-style-type: none">■ Conduct comprehensive interviews with management■ Review regulatory filings, press releases, and industry data■ Channel checks – competitors, suppliers, customers, and consultants	<p>Purpose Assess the potential for superior profitability, sustainable growth and long term value-creating capital allocation</p> <ul style="list-style-type: none">■ Balance Sheet: High intellectual capital and low physical capital intensity, often complemented by low financial leverage■ Income Statement: Lower fixed costs, leading to more stable earnings■ Cash Flow Statement: Abundant cash generation so significant capital investment is not required to fund operations and growth, leading to high free cash flow relative to earnings	<p>Purpose Determine the current and potential value of the business over a 3-to-5 year period</p> <ul style="list-style-type: none">■ Utilize Wall Street models to establish future revenue and earnings expectations■ Balance historical valuation with potential multiple expansion from business evolution

PORTFOLIO CONSTRUCTION



Investment Guidelines

Position Weights

- 25-50 holdings
- Typically 1%-3%
- Maximum weight 10% (at market)

Sector Tolerances

- Typically +/- 10% of the sector weights of the Russell Midcap[®] Growth Index, utilizing GICS sector classifications

Holding Period

- Typically 3-to-5 years
- Portfolio turnover typically 25% to 35%

Cash Levels

- Typically will not exceed 10% once a portfolio is fully invested
-

SELL DISCIPLINE

Negative Company or Industry Changes

- Position review research report written for any of the following conditions:
 - Stock price declines 20% or more in a short time period absent a broad market decline
 - Validity deteriorates for one or more of the reasons for purchase
 - Credit-quality profile deteriorates
-

Portfolio Upgrade

- Better business
 - Better price
-

Diversification Requirements

- Rebalance within sector controls
 - Improve industry mix
-

Acquisition Activity

- Our holding acquired at an attractive premium
 - Our holding acquires a company diminishing its business or value
-

Extended Valuation

- Significant premium to intrinsic value
 - Expected annual return insufficient
-

RISK MANAGEMENT AND PORTFOLIO MONITORING



Risk Management

Investment Philosophy

- Focus on “high-quality” companies
- Company’s “business risk” is primary risk control factor
- Consensus earnings expectations are important

Portfolio Level Controls

- Economic sector weights managed to typically within a maximum 10% variance to benchmark
- Individual security weights initiated at 1% to 3% of portfolio

Position Reviews

- Position reviewed when a portfolio holding declines 20% absent a broad market decline
- Re-validate reasons for original purchase or sell position

Trading Guidelines

- Guidelines provided by Portfolio Manager when entering and exiting portfolio holdings

Portfolio Monitoring

Risk and Compliance Committee

- Meets quarterly to independently evaluate portfolio risk exposures

Research Meetings

- Provides a forum to discuss and evaluate portfolio holdings and overall industry trends

Performance Analytics and Portfolio Attribution

- Allows Portfolio Manager to quantify investment decisions and understand drivers of return and risk characteristics

PORTFOLIO CHARACTERISTICS



	Virtus KAR Mid-Cap Growth Fund	Russell Midcap® Growth Index	S&P 500® Index	Description†
Quality				
Return on Equity—Past 5 Years	18.0%	20.7%	17.8%	In a market of average businesses, we seek to own protected proprietary businesses that have historically generated exceptional returns on shareholders' capital without employing significant debt.
Total Debt/EBITDA	3.5x	2.9x	2.9x	
Earnings Variance—Past 10 Years	49.1%	43.6%	45.4%	
Growth				
Earnings Per Share Growth—Past 5 Years	13.9%	14.5%	9.6%	In a market of cyclical businesses requiring growth capital from fickle markets, we seek to own companies that have produced self-funded strong, consistent growth which we believe will be sustainable into the future.
Earnings Per Share Growth—Past 10 Years	13.8%	13.4%	9.5%	
Capital Generation—{ROE x (1-Payout)}	15.1%	16.2%	10.9%	
Value				
P/E Ratio—Trailing 12 Months	59.6x	29.0x	20.4x	And we have been able to achieve this high quality and strong growth at comparable valuations to the market.
P/E to 10-Year Growth	4.3x	2.2x	2.1x	
Market Characteristics				
Weighted Average Market Cap (\$billion)	\$19.2 B	\$17.5 B	\$231.6 B	
Largest Market Cap (\$billion)	\$155.0 B	\$44.2 B	\$906.2 B	
Risk Characteristic				
Annualized Standard Deviation—Since Inception	19.6%	18.0%	15.0%	

Past performance is no guarantee of future results.

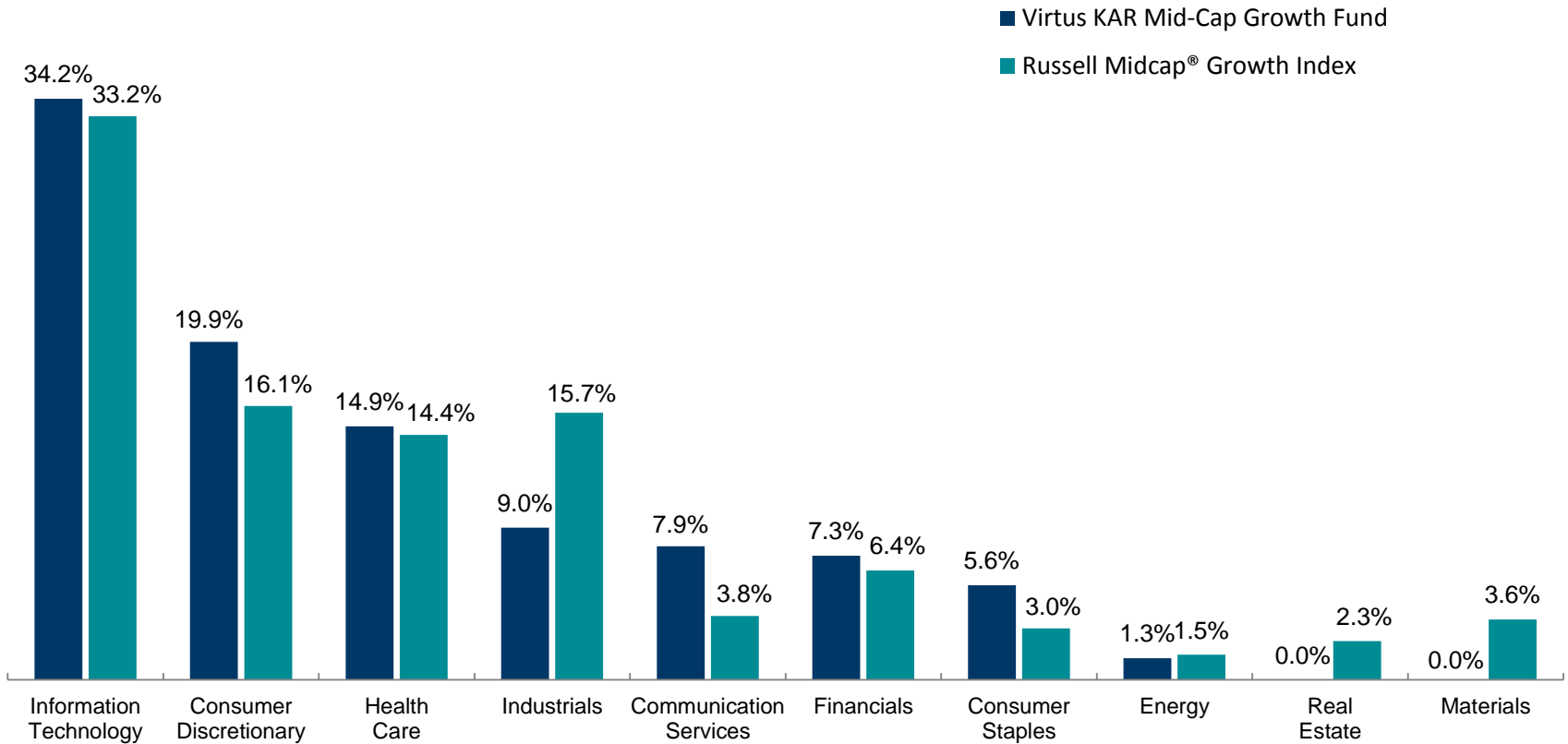
Data as of 3/31/19.

†Description reflects past results and is not an indicator of future performance results. Description is relative to the Fund's primary benchmark.

Data is obtained from the Frank Russell Company and FactSet and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information.

Please see page 25 for definitions of characteristics shown.

SECTOR ALLOCATIONS



As of 3/31/19.

Sector allocations are subject to change. The sector information represented above is based on GICS sector classifications.

TOP HOLDINGS



Top Ten Holdings	Sector	% of Portfolio
Trade Desk, Inc.	Information Technology	4.3
MercadoLibre, Inc.	Consumer Discretionary	3.6
Autohome, Inc.	Communication Services	3.2
Fair Isaac Corporation	Information Technology	3.0
Paycom Software, Inc.	Information Technology	3.0
Avalara Inc.	Information Technology	2.7
Workday, Inc.	Information Technology	2.3
Amphenol Corporation	Information Technology	2.3
Zscaler, Inc.	Information Technology	2.3
SiteOne Landscape Supply, Inc.	Industrials	2.3
Total		28.9

As of 3/31/19.

Source: Virtus Performance and Analytics.

Holdings and weightings are subject to change. The sector information represented above is based on GICS sector classifications.

PORTFOLIO STATISTICS



Strong Risk-Adjusted Performance Metrics – 5 Years Ended 3/31/19

	Virtus KAR Mid-Cap Growth Fund	Russell Midcap® Growth Index
Number of Holdings	52	417
Average Position Size (%)	1.9	0.2
Weight of Top 10 Holdings (%)	28.9	10.9
Active Share (%)	87.9	—
Alpha	2.88	0.00
Sharpe Ratio	0.91	0.79
Standard Deviation	15.43	13.26
Beta	1.07	1.00

Past performance is no guarantee of future results.

Source: Morningstar Direct. Statistics are defined on page 25.

PERFORMANCE REVIEW



	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
PICMX	23.89	23.89	19.10	22.24	14.62	17.06	8.20
Russell Midcap® Growth Index	19.62	19.62	11.51	15.06	10.89	17.60	9.25

*Inception: Class I: 9/13/07.

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 1.16%.

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.

The Russell Midcap® Growth Index is a market capitalization-weighted index of medium-capitalization, growth-oriented stocks of 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.

VIRTUS KAR EQUITY FUNDS



KAR believes that superior risk-adjusted returns can be achieved by investing in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

U.S. SMALL-CAP			INTERNATIONAL SMALL-CAP		U.S. SMALL-MID-CAP	U.S. MID-CAP		GLOBAL LARGE-CAP		ALTERNATIVE
Virtus KAR Small-Cap Value Fund	Virtus KAR Small-Cap Core Fund*	Virtus KAR Small-Cap Growth Fund**	Virtus KAR International Small-Cap Fund	Virtus KAR Emerging Markets Small-Cap Fund	Virtus KAR Small-Mid Cap Core Fund	Virtus KAR Mid-Cap Core Fund	Virtus KAR Mid-Cap Growth Fund	Virtus KAR Global Quality Dividend Fund	Virtus KAR Capital Growth Fund	Virtus KAR Long/Short Equity Fund
SYMBOL										
A: PQSAX C: PQSCX I: PXQSX R6: VQSRX	A: PKSAX C: PKSCX I: PKSFY R6: VSCRX	A: PSGAX C: PSGCX I: PXSGX R6: VRSGX	A: VISAX C: VCISX I: VIISX R6: VRISX	A: VAESX C: VCESX I: VIESX	A: VKSAX C: VKSCX I: VKSIX R6: VKSRX	A: VMACX C: VMCCX I: VIMCX R6: VRMCX	A: PHSKX C: PSKCX I: PICMX R6: VRMGX	A: PPTAX C: PPTCX I: PIPTX	A: PSTAX C: SSTFX I: PLXGX R6: VCGRX	A: VLSAX C: VLSCX I: VLSIX R6: VLRSX
NUMBER OF HOLDINGS										
25–35	25–35	25–35	30–60	30–60	25–35	25–35	25–50	25–50	25–50	Long: 20-30 Short: 20-30
BENCHMARK										
Russell 2000® Value Index	Russell 2000® Index	Russell 2000® Growth Index	MSCI ACWI ex U.S. Small Cap Index (net)	MSCI Emerging Markets Small Cap Index (net)	Russell 2500™ Index	Russell Midcap® Index	Russell Midcap® Growth Index	Russell Developed Large Cap Index (net)	Russell 1000® Growth Index	Russell 3000® Index

*Effective July 31, 2018, this Fund is closed to new investors. Please see the prospectus for exceptions.

**Effective September 28, 2018, this Fund is closed to new investors. Please see the prospectus for exceptions.

DEFINITIONS



QUALITY

Return on Equity - Past 5 Years—relates how well the company is using the money invested in it so that it can bring a return to its investors. A high portfolio ROE indicates that the portfolio is invested in historically profitable companies.

Total Debt/EBITDA—is calculated by dividing total debt by earnings before interest, taxes, depreciation, and amortization. It is a measure of a company's ability to pay off its incurred debt.

Earnings Variance - Past 10 Years—measures the volatility of the annual earnings per share over the past 10 years. On a portfolio level, a high EPS variability means the portfolio is heavily invested in companies with volatile earnings. Unlike earnings growth, this statistic looks at the companies' earnings patterns. Newer companies and smaller companies tend to have highly variable earnings.

GROWTH

Earnings/Share Growth—indicates the earnings available to each common share. Earnings/share growth is the growth rate of these earnings per share. On a portfolio level, this statistic measures the trailing earnings per share growth of a portfolio's holdings.

Dividend/Share Growth—on a portfolio level, this statistic measures the trailing dividends/share growth of a portfolio's holdings.

Cap. Generation - {ROE x (1-Payout)}—indicates how quickly the firm can grow without changing its financing and dividend policies. The retention ratio is calculated as one minus the dividend payout ratio. Capital generation illustrates the importance of profitability (return on equity) and the firm's dividend policy on the company's growth.

VALUE

P/E Ratio - Trailing 12 Months—The P/E (price-earnings) ratio is calculated by dividing the company's stock price divided by its earnings per share times 100. The higher the P/E ratio, the more an investor pays for the company's earnings. A low P/E generally indicates a better value, while a high P/E denotes an expensive stock with earnings that investors expect will grow rapidly. A negative P/E is generally indicative of companies with losses or negative earnings.

MARKET CHARACTERISTICS

\$ Weighted Average Market Cap—is the average of the market capitalizations (price times the number of common shares outstanding) of the companies in the portfolio weighted by the size of each company's position within the portfolio.

Largest Market Cap—provides information about the range of the market capitalization held in the portfolio.

Active Share – A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

Alpha – A measure of performance on a risk-adjusted basis.

Beta – A quantitative measure of the volatility of a given portfolio relative to the overall market. Higher beta suggests higher volatility. Beta can also refer to relative volatility to a portfolio's stated benchmark.

Sharpe Ratio – A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return.

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



Please carefully consider a Fund's investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus mutual fund, contact your financial representative, call 1-800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

Not all products or marketing materials are available at all firms.

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