

## Fund Information

### Symbol and CUSIP

|          |       |             |
|----------|-------|-------------|
| A shares | PDPAX | (92828R875) |
| C shares | PDPCX | (92828R867) |
| I shares | VADIX | (92828R313) |

### Investment Adviser

Virtus Investment Advisers, Inc.

### Investment Subadviser

Rampart Investment Management Company, LLC

|                           |               |
|---------------------------|---------------|
| <b>AUM (\$ millions)</b>  | 44.4          |
| <b>Number of Holdings</b> | 11            |
| <b>Dividends</b>          | Semi-Annually |

## Investment Professionals

Warun Kumar  
Industry start date: 1993  
Start date with Fund: 2016

## INVESTMENT OPPORTUNITY

The fund emphasizes low correlating asset classes in order to help reduce volatility and increase return potential.

Applying an innovative, institutional-level approach to investing, the fund invests in a diversified portfolio of alternative asset classes including Managed Futures, Global Real Estate, Global Infrastructure, Commodities, Natural Resources, Currencies and Floating Rate Securities.

*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.*

*Index 2: The Alternatives Diversifier Composite consists of Diversified Trends Index (15%)<sup>\*</sup>, FTSE EPRA NAREIT Developed Rental Index-net (20%)<sup>\*\*</sup>, MSCI World Infrastructure Sector Capped Index (15%)<sup>\*\*\*</sup>, S&P North American Natural Resources Sector Index (10%), Deutsche Bank Liquid Commodity Index (15%), Deutsche Bank G10 Currency Harvest Index (15%)<sup>\*\*\*\*</sup> and Credit Suisse Leveraged Loan Index (10%). The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment. <sup>\*</sup>Prior to 3/1/12 was the HFRX Equity Market Neutral Index (20%). <sup>\*\*</sup>Prior to 6/1/15 was the UBS Global Investors Index (20%). <sup>\*\*\*</sup>Prior to 9/1/08 was a mix of the MSCI US Utilities Index (65%), MSCI World Telecom Services Index (20%) and MSCI World ex US Utilities Index (15%). <sup>\*\*\*\*</sup>Prior to 3/1/12 was Deutsche Bank G10 Currency Harvest Index (10%).*

## Investment Process

|  |   |  |
|--|---|--|
| <b>STEP 1</b><br><b>Identify Potential Funds and ETFs</b><br>> Correlation<br>• Low correlation to market and to other components<br>> Review MPT Stats<br>• Sharpe Ratio, Beta, Standard Deviation, Information Ratio<br>> Performance<br>• Competitive & consistent returns versus benchmark & peer universe | <b>STEP 2</b><br><b>Determine Optimal Allocation</b><br>> Extensive back-tests and simulations<br>> Optimize allocations with an objective of delivering the best risk-adjusted returns while maintaining low correlation to the market and among the underlying holdings | <b>STEP 3</b><br><b>Portfolio Review and Monitoring</b><br>> Daily management of flows to maintain target allocations<br>> Regular review of performance and attribution reports<br>> Quarterly meeting to formally review allocations and discuss changes and/or potential new additions to the portfolio |
|--|---|--|

## Average Annual Total Returns Class I at NAV as of 09/30/2017 in percent

|         | QTD  | YTD   | 1<br>Year | 3<br>Year | 5<br>Year | 10<br>Year | Since Inception<br>10/1/2009 |
|---------|------|-------|-----------|-----------|-----------|------------|------------------------------|
| Fund    | 3.67 | 3.74  | 3.69      | 0.94      | 1.66      | n/a        | 4.00                         |
| Index   | 4.48 | 14.24 | 18.61     | 10.81     | 14.22     | n/a        | 14.21                        |
| Index 2 | 1.50 | 0.48  | 0.74      | -1.06     | 1.17      | n/a        | 3.59                         |

*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 1.40% and reflects the direct and indirect expenses paid by the Fund.*

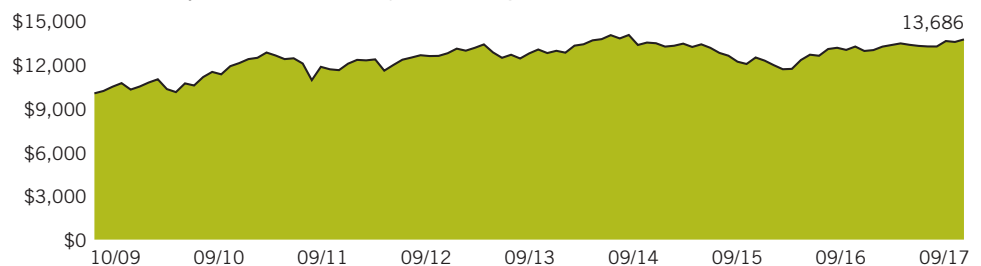
*The gross expense ratio minus the indirect expenses incurred by the underlying funds in which the Fund invests is 0.48%.*

*Average annual total returns reflect the change in share price and the reinvestment of all dividends and capital gains. Class I shares have no sales charge and therefore their returns do not reflect the deduction of a sales charge, which if applied, would reduce the performance quoted. Fees and expenses vary among share classes and other share classes do carry sales charges. Class I shares are offered primarily to eligible institutional investors who purchase the minimum amounts required and may not be available to all investors. For fund performance on other share classes, please visit [www.virtus.com](http://www.virtus.com).*

## Annual Performance Class I in percent

|         | 2007 | 2008 | 2009 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015   | 2016  |
|---------|------|------|------|-------|-------|-------|-------|-------|--------|-------|
| Fund    | n/a  | n/a  | n/a  | 10.84 | -2.29 | 9.99  | 1.30  | 2.22  | -9.61  | 10.62 |
| Index   | n/a  | n/a  | n/a  | 15.06 | 2.11  | 16.00 | 32.39 | 13.69 | 1.38   | 11.96 |
| Index 2 | n/a  | n/a  | n/a  | 11.85 | 0.15  | 6.96  | 4.39  | 1.72  | -10.00 | 10.04 |

## Growth of \$10,000 Class I for the period ending 09/30/2017



*An investment of \$10,000 made on 10/1/2009 would be worth \$13,685.84 on 09/30/2017, assuming no front end sales charges.*

| Asset Class              | Baseline Allocation of Portfolio | Actual Allocation of Portfolio |
|--------------------------|----------------------------------|--------------------------------|
| Global Real Estate       | 20.00                            | 25.72                          |
| Natural Resources        | 20.00                            | 24.92                          |
| Global Infrastructure    | 15.00                            | 16.37                          |
| Commodities              | 15.00                            | 13.72                          |
| Floating Rate Securities | 10.00                            | 9.23                           |
| Currencies               | 15.00                            | 8.93                           |

### Risk Statistics

| Class I 3-Year     | Fund  | Index |
|--------------------|-------|-------|
| R <sup>2</sup>     | 0.46  | 1.00  |
| Beta               | 0.46  | 1.00  |
| Standard Deviation | 6.81  | 9.93  |
| Alpha              | -4.00 | 0.00  |
| Sharpe Ratio       | 0.10  | 1.06  |

### GLOSSARY

**R<sup>2</sup>:** A measurement of how closely a portfolio's performance correlates with the performance of a benchmark index.

**Beta:** A quantitative measure of the volatility of a given portfolio to the overall market. Higher beta suggests higher volatility.

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

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

**Sharpe Ratio:** A statistic that measures the efficiency, or excess return per unit of risk, of a manager's returns. It is calculated by taking the portfolio's annualized return, minus the annualized risk-free rate (typically the 30-Day T-Bill return), divided by the portfolio's annualized standard deviation. The greater the Sharpe Ratio, the better the portfolio's risk adjusted return.

*Holdings and Sector weightings are subject to change.*

### Investment Manager of the Fund

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.

### 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.

**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.

**Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment.

**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.

**Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **Real Estate:** The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management.

**Fund of Funds:** Because the fund can invest in other funds, it indirectly bears its proportionate share of the operating expenses and management fees of the underlying fund(s). **Affiliated Funds:** The fund's adviser can select affiliated and/or unaffiliated funds, which may create a conflict of interest. **Prospectus:** For additional information on risks, please see the fund's prospectus.

*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.*

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