

September 30, 2017

Virtus Strategic Allocation Fund

Not FDIC Insured
No Bank Guarantee
May Lose Value



Prospectus supplement applicable to this Fund appears at the back of this annual report.

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PROXY VOTING PROCEDURES AND VOTING RECORD (FORM N-PX)

The subadviser votes proxies relating to portfolio securities in accordance with procedures that have been approved by the Board of Trustees of the Trust ("Trustees," or the "Board"). You may obtain a description of these procedures, along with information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, free of charge, by calling toll-free 1-800-243-1574. This information is also available through the Securities and Exchange Commission's (the "SEC") website at <http://www.sec.gov>.

FORM N-Q INFORMATION

The Trust files a complete schedule of portfolio holdings for the Fund with the SEC for the first and third quarters of each fiscal period on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov>. Form N-Q may be reviewed and copied at the SEC's Public Reference Room. Information on the operation of the SEC's Public Reference Room can be obtained by calling toll-free 1-800-SEC-0330.

This report is not authorized for distribution to prospective investors in the Strategic Allocation Fund unless preceded or accompanied by an effective prospectus which includes information concerning the sales charge, the Fund's record and other pertinent information.

MESSAGE TO SHAREHOLDERS

To My Fellow Shareholders of Virtus Mutual Funds:



I am pleased to present the annual report for your fund, covering a partial, six-month period from April 1, 2017 through September 30, 2017 following the change in fiscal year-end from March 31 to September 30. The fund's last annual report was for the 12 months ended March 31, 2017.

During the past six months, the Federal Reserve ("the Fed") raised interest rates for the third time since last December, and in October 2017 began the process of unwinding the balance sheet debt it had accumulated since 2008 in its efforts to stimulate the economy – a clear signal that it believes the U.S. is back on a growth path. Global economic growth also strengthened, with other major central banks preparing to taper their own stimulus policies. Rounding out the optimistic picture,

corporate earnings were generally strong during the period.

Against this positive backdrop, equity markets have surged. U.S. large- and small-cap stocks returned 7.71% and 8.27%, as measured by the performance of the S&P 500® Index and Russell 2000® Index, respectively. Within international equities, emerging markets outperformed their developed peers, with the MSCI Emerging Markets Index (net) up 14.66%, compared with the MSCI EAFE® Index (net), which returned 11.86%.

Demand for U.S. Treasuries also remained strong, driven by foreign investors who favored their yield advantage and credit quality over many foreign government bonds. On September 30, 2017, the benchmark 10-year U.S. Treasury yielded 2.33%, compared with 2.31% six months earlier. The broader U.S. fixed income market, as represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which tracks Treasuries and other investment-grade debt securities, increased 2.31% for the six months, while non-investment grade bonds gained 4.19%, as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index.

Market uncertainty is an ever-present reminder of the importance of portfolio diversification, including exposure to traditional and alternative asset classes. While diversification cannot guarantee a profit or prevent a loss, owning a variety of asset classes may cushion your portfolio against inevitable market fluctuations. Your financial advisor can help you ensure that your portfolio is adequately diversified across asset classes and investment strategies. The Virtus Funds have even more investment options following Virtus Investment Partners' ("Virtus") acquisition of RidgeWorth Investments. We now offer 26 additional funds, including equity, fixed income, international, and asset allocation strategies from three new Virtus affiliates – Ceredex Value Advisors, Seix Investment Advisors, and Silvant Capital Management – and from subadvisers WCM Investment Management and Zevenbergen Capital Investments. I invite you to learn more about our growing family of managers and funds at Virtus.com.

On behalf of our investment affiliates, thank you for entrusting the Virtus Funds with your assets. Should you have questions about your account or require assistance, please visit Virtus.com, or call our customer service team at 1-800-243-1574. We appreciate your business and remain committed to your long-term financial success.

Sincerely,

A handwritten signature in black ink, appearing to read "George R. Aylward".

George R. Aylward
President, Virtus Mutual Funds

October 2017

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 above.

VIRTUS STRATEGIC ALLOCATION FUND
DISCLOSURE OF FUND EXPENSES (Unaudited)
FOR THE SIX-MONTH PERIOD OF APRIL 1, 2017 TO SEPTEMBER 30, 2017

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Strategic Allocation Fund (the "Fund"), you may incur two types of costs: (1) transaction costs, including sales charges on purchases of Class A shares and contingent deferred sales charges on Class C shares; and (2) ongoing costs, including investment advisory fees, distribution and service fees, and other expenses. For further information regarding applicable sales charges, see Note 1 in the Notes to Financial Statements. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period. The Annualized Expense Ratio may be different from the expense ratio in the Financial Highlights which is for the fiscal period ended September 30, 2017. The following Expense Table illustrates the Fund's costs in two ways.

Actual Expenses

The first section of the accompanying table provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes

The second section of the accompanying table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not your Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Fund and other funds. To do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the accompanying table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges or contingent deferred sales charges. Therefore, the second section of the accompanying table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and timing of any purchases or redemptions.

VIRTUS STRATEGIC ALLOCATION FUND
DISCLOSURE OF FUND EXPENSES (Unaudited) (Continued)
FOR THE SIX-MONTH PERIOD OF APRIL 1, 2017 TO SEPTEMBER 30, 2017

Expense Table

	Beginning Account Value April 1, 2017	Ending Account Value September 30, 2017	Annualized Expense Ratio	Expenses Paid During Period*
Actual				
Class A	\$1,000.00	\$1,092.60	1.15%	\$ 6.03
Class C	1,000.00	1,089.10	1.92	10.06
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.30	1.15	5.82
Class C	1,000.00	1,015.44	1.92	9.70

* Expenses are equal to the Fund's annualized expense ratio, which is net of waived fees and reimbursed expenses, if applicable, multiplied by the average account value over the period, multiplied by the number of days (183) expenses were accrued in the most recent fiscal half-year, then divided by 365 to reflect the one-half year period.

The Fund may invest in other funds, and the annualized expense ratios noted above do not reflect fees and expenses associated with the underlying funds. If such fees and expenses had been included, the expenses would have been higher.

You can find more information about the Fund's expenses in the Financial Statements section that follows. For additional information on operating expenses and other shareholder costs, refer to the Fund's prospectus.

VIRTUS STRATEGIC ALLOCATION FUND
KEY INVESTMENT TERMS (Unaudited)
SEPTEMBER 30, 2017

American Depositary Receipt (“ADR”)

Represents shares of foreign companies traded in U.S. dollars on U.S. exchanges that are held by a U.S. bank or a trust. Foreign companies use ADRs in order to make it easier for Americans to buy their shares.

Bloomberg Barclays U.S. Aggregate Bond Index

The Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment-grade fixed-rate bond market. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Bloomberg Barclays U.S. Corporate High Yield Bond Index

The Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Federal Reserve (the “Fed”)

The Central Bank of the U.S., responsible for controlling money supply, interest rates, and credit with the goal of keeping the U.S. economy and currency stable. Governed by a seven-member board, the system includes 12 regional Federal Reserve Banks, 25 Branches, and all national and state banks that are part of the system.

Gross Domestic Product (“GDP”)

The gross domestic product represents the market value of all goods and services produced by the economy during the period measured, including personal consumption, government purchases, private inventories, paid-in construction costs and the foreign trade balance.

MSCI EAFE® Index (net)

The MSCI EAFE® (Europe, Australasia, Far East) Index (net) is a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

MSCI Emerging Markets Index (net)

The MSCI Emerging Markets Index (net) is a free float-adjusted market capitalization-weighted index designed to measure equity market performance in the global emerging markets. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Payment-in-Kind Security (“PIK”)

A bond which pays interest in the form of additional bonds, or preferred stock which pays dividends in the form of additional preferred stock.

Real Estate Investment Trust (“REIT”)

A publicly traded company that owns, develops and operates income-producing real estate such as apartments, office buildings, hotels, shopping centers and other commercial properties.

VIRTUS STRATEGIC ALLOCATION FUND
KEY INVESTMENT TERMS (Unaudited) (Continued)
SEPTEMBER 30, 2017

Russell 1000® Growth Index

The Russell 1000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest 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 index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Russell 1000® Value Index

The Russell 1000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 1,000 largest 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 index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Russell 2000® Index

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

S&P 500® 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 it is not available for direct investment.

Sponsored ADR (American Depositary Receipt)

An ADR which is issued with the cooperation of the company whose stock will underlie the ADR. Sponsored ADRs generally carry the same rights normally given to stockholders, such as voting rights. ADRs must be sponsored to be able to trade on a major U.S. exchange such as the New York Stock Exchange ("NYSE").

Strategic Allocation Fund Linked Benchmark

The Strategic Allocation Fund Linked Benchmark consists of 45% Russell 1000® Growth Index (a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE® Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, calculated on a total return basis with net dividends reinvested) and 40% Bloomberg Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis). The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Strategic Allocation Fund Linked Benchmark prior to 9/7/2016 represents an allocation consisting of 60% S&P 500® Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

VIRTUS STRATEGIC ALLOCATION FUND

Ticker Symbols:
A Share: PHBLX
C Share: PSBCX

Fund Summary (Unaudited) Portfolio Management Commentaries by Duff & Phelps Investment Management Co. (International Equity Portfolio), Kayne Anderson Rudnick Investment Management, LLC (Domestic Equity Portfolio), and Newfleet Asset Management, LLC (Fixed Income Portfolio)

■ **Strategic Allocation Fund (the “Fund”)** is diversified and has investment objectives of reasonable income, long-term capital growth and conservation of capital. *There is no guarantee the Fund will achieve its objectives.*

Effective September 21, 2017 the Fund changed its fiscal year end from March 31 to September 30. As a result, the commentary addresses six months of performance from April 1, 2017 to September 30, 2017.

■ For the fiscal period April 1 through September 30, 2017, the Fund’s Class A shares at NAV returned 9.26%*, and Class C shares at NAV returned 8.91%*. For the same period, the Russell 1000® Growth Index, a broad-based equity index, returned 10.84%*; the Bloomberg Barclays U.S. Aggregate Bond Index, a broad-based fixed income index, returned 2.31%*; MSCI EAFE® Index (net) returned 11.86%* and the Strategic Allocation Fund Linked Benchmark, which is the Fund’s style-specific index appropriate for comparison, returned 7.52%*.

* Returns less than 1 year are not annualized.

All performance figures assume reinvestment of distributions and exclude the effect of sales changes. 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 above. 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.

How did the markets perform during the six-month fiscal period ended September 30, 2017?

U.S. Equities

- The six-month fiscal period was a good environment for the U.S. stock market overall. Smaller-capitalization stocks outperformed their larger counterparts, with the Russell 2000® Index up 8.27% versus the S&P 500® Index return of 7.71% for the six months. Growth stocks continued to outpace value stocks, with the Russell 1000® Growth Index up 10.84% and the Russell 1000® Value Index advancing 4.50%. Lower quality businesses, as measured by S&P Stock Rankings, outperformed their higher quality counterparts. During the fiscal period, the best performing sectors in the Russell 1000 Growth® Index were utilities, information technology, and health care. The worst performing sectors were energy, consumer staples, and telecommunication services.
- Despite being in the midst of a raging bull market, we were dealing with a multitude of negative issues including historic natural disasters, potential nuclear war, deadly violence over Civil War monuments, senseless mass shootings, and rigged elections the world over, all of which provided seemingly endless sources of unease. Yet the S&P 500® Index put up its eighth straight quarterly advance, with a serene average daily change of just 0.3%, the lowest since 1968.
- A number of factors continued to paint a positive backdrop for equities. Interest rates remained subdued as the lack of inflation weighed on long-term rates and limited what the Federal Reserve (Fed) could do with short-term rates. Domestic unemployment remained

VIRTUS STRATEGIC ALLOCATION FUND (Unaudited) (Continued)

low, wages were on the rise, and home prices continued to appreciate, putting the consumer on solid footing. A synchronized global pickup reduced the risk of contagion from weakness elsewhere in the world.

International Equities

- The international equity markets performed strongly during the six-month fiscal period, with the MSCI EAFE® Index gaining 11.86%. Markets displayed ongoing resilience, posting two consecutive quarters with returns in excess of 5%. Mounting evidence of measured but steady global gross domestic product (GDP) growth was enough to overcome potentially disruptive events such as a weak U.S. dollar, natural disasters, and a tense situation in North Korea. The markets' resiliency in the face of such challenges underscores just how comfortable investors have become with being uncomfortable.
- Every sector in the MSCI EAFE® Index posted positive returns. The top performing sectors were information technology, materials, and industrials. The weakest performing sectors were telecommunications, real estate, and consumer staples. Broadly speaking, cyclical sectors led the charge over defensive sectors as markets marched higher. This reflected the positive trends in GDP growth.

Fixed Income

- Most spread sectors outperformed U.S. Treasuries during the six-month fiscal period ended September 30, 2017 as spreads tightened. The global growth outlook remained favorable and the search for yield persisted through the end of the fiscal period. Within most fixed income sectors, longer duration and lower quality assets were key drivers of performance.
- Still-accommodative monetary policy by the major central banks, a favorable global growth outlook, and better-than-expected Chinese data all provided a positive backdrop.

Moderate economic growth in the U.S., good and modestly improving fundamentals, and strong technical factors also supported spread sector outperformance, as did the persistence of the global demand for yield. Periods of weakness within spread sectors were brief as investors waiting on the sidelines took advantage of any meaningful drop in prices to buy in, quickly reversing the declines.

- As anticipated, the Federal Reserve (Fed) raised its target rate 0.25% during the last six months to a range of 1.00% to 1.25%. During its September 2017 meeting, the Fed announced the start of its balance sheet reduction plan.
- Over the last six months, short-term interest rates rose more than long-term rates. This was due to the Fed rate hike and U.S. inflation data that was generally below expectations.

What factors affected the Fund's performance during the fiscal period?

U.S. Equities

- The U.S. equity portfolio of the Fund underperformed the Russell 1000® Growth Index for the six-month fiscal period ending September 30, 2017. The underperformance was driven by negative stock selection and an overweight exposure to the energy sector, and negative stock selection and an underweight exposure in health care. Strong stock selection in the information technology and consumer staples sectors contributed positively to performance.

For the reporting period, the largest contributors to performance were Alibaba and Facebook.

- Alibaba's two marketplaces, Taobao and Tmall.com, combine to form the largest online commerce company in the world. Management has committed to a number of social initiatives to further improve mobile monetization over time. Alibaba's marketplaces have huge network effects, and the company made

VIRTUS STRATEGIC ALLOCATION FUND (Unaudited) (Continued)

efforts to foster the ecosystem with investments in payments and logistics partnerships. Taobao, in particular, has become a destination for consumers, merchants, and key opinion leaders to interact and engage in what Alibaba calls social commerce. E-commerce penetration, mobile usage, and growth in Chinese consumer spending power were all durable long-term tailwinds benefitting the company during the fiscal period. Alibaba has attempted to seize the opportunity by using data to improve targeting and increasingly consummating transactions through Alipay, its leading mobile payment offering.

- Facebook continued to grow advertising revenue and take share in the online digital marketing space. The company delivered an unprecedented global reach of approximately 30% of the earth's population to advertisers in a measurable way. Facebook's user growth remained stunning despite its scale, and Instagram's Stories format was a resounding success in fighting off competitors like Snapchat.

The largest detractors from performance were Pioneer National Resources Company and Core Laboratories.

- Pioneer National Resources has amassed valuable, contiguous acreage in the Midland Basin which, with the discovery of fracking and horizontal drilling techniques, has become one of the most prolific and lowest cost basins in the U.S. With upwards of eight billion barrels of oil equivalent in reserves, Pioneer has decades of inventory to drill and had one of the strongest balance sheets in the energy complex for the fiscal period, with investment grade debt and an industry-low debt-to-equity ratio. Early in the third quarter, the company reported issues with pressure in larger fields which required additional per-well development costs and weighed on the shares. While it does not change the ultimate size of the asset, the additional costs and delays forced

Pioneer to trim guidance for the current year.

- Core Laboratories' shares suffered from lower commodity prices and from a short seller's report claiming the company misrepresented its end-market exposure and its cyclicality.

International Equities

- The Fund's international equity portfolio posted positive performance during the six-month fiscal period, but underperformed the international equity market, as measured by the MSCI EAFE® Index. Stock selection was the primary detractor from relative returns, while sector allocations had a modestly positive impact.
- Stock selection within energy, consumer discretionary, and materials weighed most heavily on the international portfolio's performance. Shares of specialty motion picture company IMAX Corp. fell more than 33% during the period, which resulted in the largest negative stock-level impact. We continued to own shares of IMAX in the portfolio through the end of the fiscal period, as we believe the selloff was not justified. Stock selection within the industrials, financials, and real estate sectors made a positive contribution, but it was not enough to offset the drag from elsewhere. The largest single-stock contribution to relative returns came from Irish clinical research organization Icon PLC, which rose more than 42% during the period.
- The sector allocations that contributed the most to the portfolio's relative performance were an overweight exposure to information technology, and underweight exposures to consumer staples and materials. However, the portfolio's underweight exposures to the utilities and financials sectors, along with an overweight exposure to industrials, detracted modestly from sector allocation results.
- Two straight quarters of strong returns for the MSCI EAFE® Index created a challenging relative performance environment for the portfolio,

For information regarding the indexes and certain investment terms, see the Key Investment Terms on page 4.

VIRTUS STRATEGIC ALLOCATION FUND (Unaudited) (Continued)

given our core relative value style. We maintain our disciplined approach despite the headwinds.

Fixed Income

- The outperformance of most credit-sensitive sectors, such as investment grade and high yield corporate bonds, relative to U.S. Treasuries was the key positive contributor to performance for the Fund's fixed income portfolio.
- In addition, the portfolio's relative underweight to U.S. Treasuries and agency mortgage-backed securities positively impacted performance.
- The portfolio's allocation to the corporate high yield sector had a meaningful positive impact on performance during the fiscal period.
- The portfolio's allocation to asset-backed securities negatively impacted performance during the period.

The preceding information is the opinion of portfolio management only through the end of the period stated on the cover. Any such opinions are subject to change at any time based upon market or other conditions and should not be relied upon as investment advice. Past performance is no guarantee of future results, and there is no guarantee that market forecasts will be realized.

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.*

Foreign & Emerging Markets: *Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk.*

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.*

High Yield-High Risk Fixed Income Securities: *There is a greater level of credit risk and price volatility involved with high-yield securities than investment grade securities.*

Prospectus: *For additional information on risks, please see the Fund's prospectus.*

Asset Allocations

The following table presents the portfolio holdings within certain sectors as a percentage of total investments attributable to each sector at September 30, 2017.

Common Stocks	64%
Information Technology	23%
Consumer Discretionary	13
Healthcare	6
All Other Sectors in Common Stocks	22
Corporate Bonds and Notes	18
Financials	6
Consumer Discretionary	2
Real Estate	2
All Other Sectors in Corporate Bonds and Notes	8
Mortgage-Backed Securities	7
Asset-Backed Securities	3
U.S. Government Securities	2
Loan Agreements	2
Other (includes short-term investments)	4
Total	<u>100%</u>

For information regarding the indexes and certain investment terms, see the Key Investment Terms on page 4.

VIRTUS STRATEGIC ALLOCATION FUND (Unaudited) (Continued)

Average Annual Total Returns¹ for periods ended 9/30/17

	1 Year	5 Years	10 Years
Class A shares at NAV²	12.09%	6.23%	4.61%
Class A shares at POP^{3,4}	5.65	4.98	4.00
Class C shares at NAV² and with CDSC⁴	11.29	5.44	3.83
Bloomberg Barclays U.S. Aggregate Bond Index	0.07	2.07	4.27
S&P 500[®] Index*	18.61	14.22	7.44
MSCI EAFE[®] Index (net)	19.10	8.38	1.34
Russell 1000[®] Growth Index	21.94	15.26	9.08
Strategic Allocation Fund Linked Benchmark*	12.37	9.62	6.61

Fund Expense Ratios⁵: Class A Shares: 1.15%; Class C Shares: 1.93%.

All returns represent past performance which is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The above table and graph below do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gain distributions.

² "NAV" (Net Asset Value) total returns do not include the effect of any sales charge.

³ "POP" (Public Offering Price) total returns include the effect of the maximum front-end 5.75% sales charge.

⁴ "CDSC" (contingent deferred sales charge) is applied to redemptions of certain classes of shares that do not have a sales charge applied at the time of purchase. CDSC charges for certain redemptions of Class A shares made within 18 months of a finder's fee being paid and all Class C shares are 1% within the first year and 0% thereafter.

⁵ The expense ratios of the Fund are set forth according to the prospectus for the Fund effective July 31, 2017, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current expense ratios. Expense ratios include fees and expenses associated with the underlying funds.

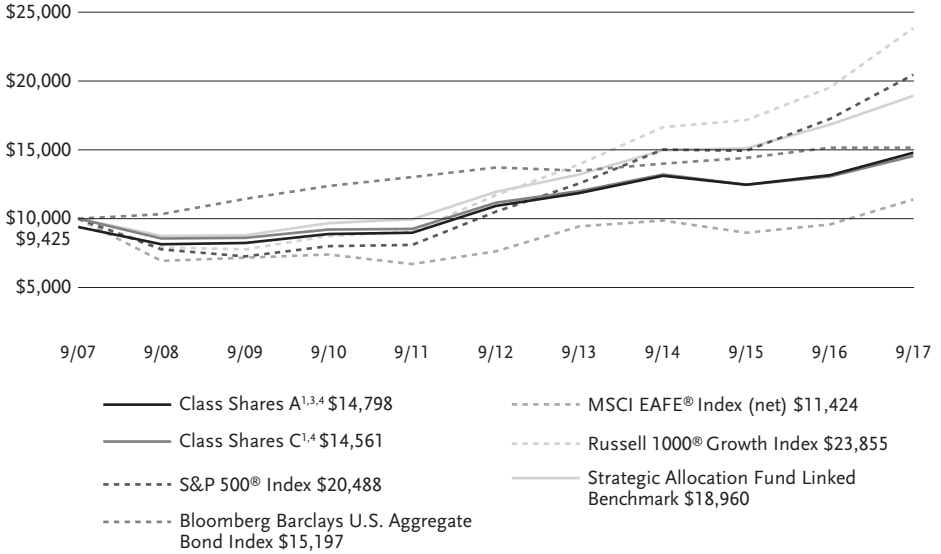
* The Strategic Allocation Fund Linked Benchmark no longer includes the S&P 500[®] Index effective September 7, 2016.

The indexes are unmanaged and not available for direct investment; therefore their performance does not reflect the expenses associated with active management of an actual portfolio.

VIRTUS STRATEGIC ALLOCATION FUND (Unaudited) (Continued)

Growth of \$10,000 for periods ended 9/30

This chart assumes an initial investment of \$10,000 made on September 30, 2007, for Class A shares and Class C shares including any applicable sales charges or fees. Performance assumes reinvestment of dividends and capital gain distributions.



The indexes are unmanaged and not available for direct investment; therefore their performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see Key Investment Terms on page 4.

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2017

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
U.S. GOVERNMENT SECURITIES—1.8%			FOREIGN GOVERNMENT SECURITIES (continued)		
U.S. Treasury Bond			Republic of Turkey		
2.500%, 2/15/46	\$ 8,380	\$ 7,789	7.375%, 2/5/25	\$ 355	\$ 412
U.S. Treasury Note			Sultanate of Oman 144A		
1.125%, 2/28/19	730	727	4.750%, 6/15/26 ⁽⁴⁾	250	247
TOTAL U.S. GOVERNMENT SECURITIES			TOTAL FOREIGN GOVERNMENT SECURITIES		
(Identified Cost \$8,456)		8,516	(Identified Cost \$4,443)		4,623
MUNICIPAL BONDS—0.9%			MORTGAGE-BACKED SECURITIES—6.7%		
California—0.4%			Agency—2.7%		
State of California, Build			FHLMC		
America Bonds Taxable			5.000%, 7/1/35	167	183
7.600%, 11/1/40	1,275	1,995	5.000%, 12/1/35	528	587
Georgia—0.1%			6.000%, 6/1/37	239	275
Rockdale County			4.000%, 2/1/45	475	500
Water & Sewerage			3.500%, 4/1/46	699	721
Authority Revenue			FNMA		
Taxable			4.000%, 7/1/19	2	3
3.060%, 7/1/24	600	603	6.000%, 12/1/32	41	46
New York—0.4%			6.000%, 11/1/34	331	378
Port Authority of			5.500%, 4/1/36	4	4
New York & New			5.500%, 9/1/36	172	193
Jersey, Consolidated			6.500%, 5/1/37	282	328
Bonds Revenue			6.000%, 9/1/37	14	16
5.000%, 4/15/57	1,560	1,789	5.000%, 3/1/38	202	225
TOTAL MUNICIPAL BONDS			5.500%, 4/1/38	156	179
(Identified Cost \$4,417)		4,387	5.500%, 6/1/38	194	217
FOREIGN GOVERNMENT SECURITIES—1.0%			6.000%, 8/1/38	86	100
Argentine Republic			5.000%, 9/1/39	220	244
7.500%, 4/22/26	505	567	5.500%, 9/1/39	1,180	1,313
7.625%, 4/22/46	195	216	4.500%, 9/1/40	440	482
Dominican Republic 144A			3.500%, 8/1/42	642	665
6.600%, 1/28/24 ⁽⁴⁾	335	377	3.500%, 12/1/42	686	710
Kingdom of Bahrain 144A			3.500%, 12/1/45	150	155
7.000%, 10/12/28 ⁽⁴⁾	485	495	3.500%, 1/1/46	759	783
Republic of Costa Rica			4.000%, 1/1/46	637	671
144A, 4.375%, 4/30/25 ⁽⁴⁾	265	261	3.000%, 12/1/46	869	872
144A, 7.000%, 4/4/44 ⁽⁴⁾	335	357	3.500%, 1/1/47	1,312	1,353
Republic of Indonesia			4.000%, 4/1/47	701	738
144A, 3.700%, 1/8/22 ⁽⁴⁾	265	275	3.500%, 7/1/47	416	429
144A, 4.350%, 1/8/27 ⁽⁴⁾	520	552	4.000%, 7/1/47	187	197
Republic of South Africa			4.000%, 8/1/47	411	433
4.665%, 1/17/24	435	445			<u>13,000</u>
4.300%, 10/12/28	445	419			

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
MORTGAGE-BACKED SECURITIES (continued)			Non-Agency (continued)		
Non-Agency—4.0%			Bayview Opportunity		
American Homes 4 Rent Trust			Master Fund IVb Trust		
14-SFR2, C 144A,			16-SPL2, B1 144A,	\$ 145	\$ 150
4.705%, 10/17/36 ⁽⁴⁾	\$ 615	\$ 661	4.250%, 6/28/53 ⁽³⁾⁽⁴⁾		
15-SFR2, C 144A,			17-SPL3, B1 144A,	355	371
4.691%, 10/17/45 ⁽⁴⁾	130	140	4.250%, 11/28/53 ⁽³⁾⁽⁴⁾		
15-SFR1, A 144A,			Colony Starwood Homes		
3.467%, 4/17/52 ⁽⁴⁾	889	919	Trust 16-2A, C 144A ,		
Ameriquest Mortgage			(1 month LIBOR +		
Securities, Inc. Pass-			2.150%)		
Through Certificates,			3.384%, 12/17/33 ⁽³⁾⁽⁴⁾	485	485
03-AR3, M4 , (5.850%			COLT Mortgage Loan		
minus 1 month LIBOR)			Trust Funding LLC 17-1,		
4.286%, 6/25/33 ⁽³⁾	409	406	A3 144A		
AMSR Trust 16-SFR1, C			3.074%, 5/27/47 ⁽³⁾⁽⁴⁾	145	147
144A , (1 month LIBOR			Credit Suisse Commercial		
+ 2.250%)			Mortgage-Backed Trust		
3.484%, 11/17/33 ⁽³⁾⁽⁴⁾	243	247	06-08, 3A1		
Aventura Mall Trust			6.000%, 10/25/21	174	166
13-AVM, C 144A			Galton Funding Mortgage		
3.867%, 12/5/32 ⁽³⁾⁽⁴⁾	580	594	Trust 17-1, A21 144A		
Banc of America Funding			3.500%, 7/25/56 ⁽³⁾⁽⁴⁾	294	299
Trust			GSA Home Equity Trust		
04-B, 2A1,			05-12, AF3W		
3.640%, 11/20/34 ⁽³⁾	167	168	4.999%, 9/25/35 ⁽³⁾	124	125
05-1, 1A1,			GSR Mortgage Loan		
5.500%, 2/25/35	231	231	Trust 06-1F, 2A4		
Banc of America			6.000%, 2/25/36	393	352
Mortgage Trust 05-3,			Jefferies Resecuritization		
1A15			Trust 14-R1, 1A1 144A		
5.500%, 4/25/35	121	123	4.000%, 12/27/37 ⁽⁴⁾	66	66
Bank of America (Merrill			JPMorgan Chase (WaMu)		
Lynch – Countrywide)			Mortgage Pass-Through		
Home Loan Mortgage			Certificates 03-S11, 3A5	355	371
Pass-Through-Trust			5.950%, 11/25/33		
04-6, 1A2			JPMorgan Chase		
3.575%, 5/25/34 ⁽³⁾	419	418	Commercial Mortgage		
Bayview Opportunity			Securities Trust 14-C22,		
Master Fund IVa Trust			A4		
16-SPL1, B1 144A,			3.801%, 9/15/47	300	316
4.250%, 4/28/55 ⁽⁴⁾	390	403	JPMorgan Chase		
17-SLP5, B1 144A,			Mortgage Trust		
4.000%, 6/28/57 ⁽³⁾⁽⁴⁾	100	105	04-A4, 2A1,		
17-SPL1, B1 144A,			3.464%, 9/25/34 ⁽³⁾	354	361
4.250%, 10/28/64 ⁽³⁾⁽⁴⁾	277	289	14-1, 1A1 144A,		
			4.000%, 1/25/44 ⁽³⁾⁽⁴⁾	252	260
			16-1, M2 144A,		
			3.750%, 4/25/45 ⁽³⁾⁽⁴⁾	373	380

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
MORTGAGE-BACKED SECURITIES (continued)			Non-Agency (continued)		
Non-Agency (continued)			Residential Asset		
16-2, M2 144A, 3.750%, 12/25/45 ⁽³⁾⁽⁴⁾	\$ 394	\$ 401	Securitization Trust		
16-5, A1 144A, 2.609%, 12/25/46 ⁽³⁾⁽⁴⁾	752	753	05-A1, A3		
17-3, 2A2 144A, 2.500%, 8/25/47 ⁽³⁾⁽⁴⁾	256	255	\$ 381	\$ 391	
MASTR Alternative Loan Trust 05-5, 2A3 5.500%, 7/25/25	199	187	Sequoia Mortgage Trust		
MASTR Specialized Loan Trust 05-3, A2 144A 5.704%, 11/25/35 ⁽³⁾⁽⁴⁾	274	282	13-8, B1		
Morgan Stanley - Bank of America (Merrill Lynch) Trust 13-C13, AS, 4.266%, 11/15/46	275	292	175	177	
15-C22, AS, 3.561%, 4/15/48	685	696	Towd Point Mortgage Trust		
Morgan Stanley Capital I Trust 08-T29, A4 6.498%, 1/11/43 ^{(3)(3A)}	828	833	15-1, A2 144A, 3.250%, 10/25/53 ⁽³⁾⁽⁴⁾		
Motel 6 Trust 17-MTL6, A 144A, (1 month + 0.920%) 2.154%, 8/15/34 ⁽³⁾⁽⁴⁾	440	441	385	391	
New Residential Mortgage Loan Trust 14-1A, A 144A, 3.750%, 1/25/54 ⁽³⁾⁽⁴⁾	390	402	16-1, A1B 144A, 2.750%, 2/25/55 ⁽³⁾⁽⁴⁾		
15-2A, A1 144A, 3.750%, 8/25/55 ⁽³⁾⁽⁴⁾	397	410	118	118	
16-1A, A1 144A, 3.750%, 3/25/56 ⁽³⁾⁽⁴⁾	194	199	15-5, A2 144A, 3.500%, 5/25/55 ⁽³⁾⁽⁴⁾		
16-4A, B1A 144A, 4.500%, 11/25/56 ⁽³⁾⁽⁴⁾	436	467	480	494	
NovaStar Mortgage Funding Trust Series 04-4, M5, (1 month LIBOR + 1.725%) 2.962%, 3/25/35 ⁽³⁾	545	546	15-2, 1M1 144A, 3.250%, 11/25/60 ⁽³⁾⁽⁴⁾		
One Market Plaza Trust 17-1MKT, A 144A 3.614%, 2/10/32 ⁽⁴⁾	360	374	1,245	1,267	
			Vericrest Opportunity Loan Trust LVI LLC, 17-NPL3, A1 144A 3.500%, 3/25/47 ⁽³⁾⁽⁴⁾		
			Vericrest Opportunity Loan Trust LLC 15-NPL4, A1 144A 3.500%, 2/25/55 ⁽³⁾⁽⁴⁾		
			194	194	
			Verus Securitization Trust 17-2A, A1 144A 2.485%, 7/25/47 ⁽³⁾⁽⁴⁾		
			498	498	
			Wells Fargo Commercial Mortgage Trust 15-LC20, B 3.719%, 4/15/50		
			460	463	
				19,409	
			TOTAL MORTGAGE-BACKED SECURITIES (Identified Cost \$31,612)		
				32,409	
			ASSET-BACKED SECURITIES—2.8%		
			American Credit Acceptance Receivables Trust 17-2, C 144A 2.860%, 6/12/23 ⁽⁴⁾		
			445	444	
			AmeriCredit Automobile Receivables Trust 14-1, D 2.540%, 6/8/20		
			705	709	

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
ASSET-BACKED SECURITIES (continued)			ASSET-BACKED SECURITIES (continued)		
Avis Budget Rental Car Funding LLC (AESOP) 16-1A, A 144A 2.990%, 6/20/22 ⁽⁴⁾	\$ 500	\$ 504	Murray Hill Marketplace Trust 16-LC1, A 144A 4.190%, 11/25/22 ⁽⁴⁾	\$ 182	\$ 183
CarMax Auto Owner Trust 15-2, C 2.390%, 3/15/21	715	718	MVW Owner Trust 16-1A, A 144A, 2.250%, 12/20/33 ⁽⁴⁾	451	444
Centre Point Funding LLC 12-2A, 1 144A 2.610%, 8/20/21 ⁽⁴⁾	378	373	17-1A, A 144A, 2.420%, 12/20/34 ⁽⁴⁾	520	519
DB Master Finance LLC 17-1A, A21 144A 3.629%, 11/20/47 ⁽⁴⁾	430	430	Navistar Financial Dealer Note Master Owner Trust II 16-1, B 144A , (1 month LIBOR + 1.750%) 2.984%, 9/27/21 ⁽³⁾⁽⁴⁾	780	782
Drive Auto Receivables Trust 15-DA, C 144A, 3.380%, 11/15/21 ⁽⁴⁾	698	704	Prestige Auto Receivables Trust 17-1A, C 144A 2.810%, 1/17/23 ⁽⁴⁾	520	521
17-2, C, 2.750%, 9/15/23	525	524	Prosper Marketplace Issuance Trust 17-2A, B 144A 3.480%, 9/15/23 ⁽⁴⁾	440	441
Drug Royalty II LP 2 14-1, A2 144A 3.484%, 7/15/23 ⁽⁴⁾	322	322	Sierra Timeshare Receivables Funding LLC 12-3A, A 144A, 1.870%, 8/20/29 ⁽⁴⁾	123	124
DT Auto Owner Trust 16-4A, C 144A 2.740%, 10/17/22 ⁽⁴⁾	585	586	13-1A, A 144A, 1.590%, 11/20/29 ⁽⁴⁾	98	98
Exeter Automobile Receivables Trust 13-1A, C 144A, 3.520%, 2/15/19 ⁽⁴⁾	102	102	SoFi Professional Loan Program LLC 15-A, A2 144A 2.420%, 3/25/30 ⁽⁴⁾	194	194
15-2A, C 144A, 3.900%, 3/15/21 ⁽⁴⁾	615	625	TGIF Funding LLC 17-1A, A2 144A 6.202%, 4/30/47 ⁽⁴⁾	448	454
Flagship Credit Auto Trust 17-3, C 144A 2.910%, 9/15/23 ⁽⁴⁾	520	520	U-Haul S Fleet LLC 10-BT1A, 1 144A 4.899%, 10/25/23 ⁽⁴⁾	589	589
Foursight Capital Automobile Receivables Trust 17-1, B 144A 3.050%, 12/15/22 ⁽⁴⁾	420	420	Westlake Automobile Receivables Trust 17-2A, C 144A 2.590%, 12/15/22 ⁽⁴⁾	525	524
GLS Auto Receivables Trust 17-1A, B 144A 2.980%, 12/15/21 ⁽⁴⁾	530	529			
Laurel Road Prime Student Loan Trust 17-B, A2FX 144A 2.770%, 8/25/42 ⁽⁴⁾	525	524			
Mariner Finance Issuance Trust 17-AA, A 144A 3.620%, 2/20/29 ⁽⁴⁾	450	453			
			TOTAL ASSET-BACKED SECURITIES (Identified Cost \$13,346)		13,360

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES—18.3%			Consumer Discretionary (continued)		
Consumer Discretionary—2.0%			TRI Pointe Group, Inc.		
Beazer Homes USA, Inc.			5.875%, 6/15/24	\$ 465	\$ 497
6.750%, 3/15/25	\$ 425	\$ 448	Vista Outdoor, Inc.		
Caesars Entertainment			5.875%, 10/1/23	360	370
Operating Co., Inc.			Wyndham Worldwide		
9.000%, 2/15/20 ⁽⁶⁾	207	275	Corp.		
Caesars Growth			5.100%, 10/1/25	560	586
Properties Holdings LLC			4.500%, 4/1/27	120	120
9.375%, 5/1/22	190	205			<u>9,514</u>
CalAtlantic Group, Inc.			Consumer Staples—0.7%		
5.250%, 6/1/26	380	393	Anheuser-Busch InBev		
Charter Communications			Finance, Inc.		
Operating LLC			3.650%, 2/1/26	525	543
4.908%, 7/23/25	440	470	BAT Capital Corp. 144A		
Cooper-Standard			3.222%, 8/15/24 ⁽⁴⁾	525	526
Automotive, Inc. 144A			CVS Health Corp.		
5.625%, 11/15/26 ⁽⁴⁾	385	394	2.875%, 6/1/26	645	623
Discovery			Flowers Foods, Inc.		
Communications LLC			4.375%, 4/1/22	600	637
3.950%, 3/20/28	415	414	Kraft Heinz Foods Co.		
Eldorado Resorts, Inc.			(The)		
6.000%, 4/1/25	195	205	3.000%, 6/1/26	435	417
Gateway Casinos &			Safeway, Inc.		
Entertainment Ltd. 144A			7.250%, 2/1/31	335	288
8.250%, 3/1/24 ⁽⁴⁾	155	163	Smithfield Foods, Inc.		
Horton (D.R.), Inc.			144A, 2.650%, 10/3/21 ⁽⁴⁾	16	16
4.750%, 2/15/23	550	596	144A, 4.250%, 2/1/27 ⁽⁴⁾	123	127
Lear Corp.			Tops Holding LLC 144A		
3.800%, 9/15/27	525	523	8.000%, 6/15/22 ⁽⁴⁾	475	316
MDC Holdings, Inc.					<u>3,493</u>
5.500%, 1/15/24	540	582	Energy—1.5%		
Priceline Group, Inc.			Alta Mesa Holdings LP		
(The)			144A		
3.650%, 3/15/25	605	623	7.875%, 12/15/24 ⁽⁴⁾	185	200
QVC, Inc.			Cheniere Corpus Christi		
4.375%, 3/15/23	600	623	Holdings LLC		
Scientific Games			5.875%, 3/31/25	280	301
International, Inc.			Crestwood Midstream		
6.625%, 5/15/21	295	302	Partners LP		
SFR Group S.A. 144A			5.750%, 4/1/25	310	317
7.375%, 5/1/26 ⁽⁴⁾	465	501	Enbridge Energy Partners		
Signet UK Finance plc			LP		
4.700%, 6/15/24	630	624	4.375%, 10/15/20	90	95
Sirius XM Radio, Inc.			5.875%, 10/15/25	355	405
144A 5.000%, 8/1/27 ⁽⁴⁾	365	372			
TI Group Automotive					
Systems LLC 144A					
8.750%, 7/15/23 ⁽⁴⁾	215	228			

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)			Financials (continued)		
Energy (continued)			Apollo Management Holdings LP 144A		
Energy Transfer Partners LP 4.200%, 4/15/27	\$ 185	\$ 187	4.000%, 5/30/24 ⁽⁴⁾	\$ 590	\$ 603
EP Energy LLC 144A 8.000%, 11/29/24 ⁽⁴⁾	175	177	Ares Capital Corp.	80	82
FTS International, Inc. 6.250%, 5/1/22	185	169	4.875%, 11/30/18	221	227
Helmerich & Payne International Drilling Co. 4.650%, 3/15/25	340	359	3.875%, 1/15/20	180	178
HollyFrontier Corp. 5.875%, 4/1/26	475	517	3.500%, 2/10/23		
Kinder Morgan Energy Partners LP 7.500%, 11/15/40	595	746	Ares Finance Co., LLC 144A 4.000%, 10/8/24 ⁽⁴⁾	595	571
MPLX LP 4.875%, 12/1/24	785	846	Banco de Credito del Peru 144A , 6.125%, 4/24/27 ⁽⁴⁾	440	486
NGL Energy Partners LP 5.125%, 7/15/19	460	460	Banco de Credito e Inversiones 144A 4.000%, 2/11/23 ⁽⁴⁾	600	636
NuStar Logistics LP 5.625%, 4/28/27	150	158	Banco Internacional del Peru SAA Interbank 144A , 6.625%, 3/19/29 ⁽⁴⁾	465	524
Oasis Petroleum, Inc. 6.875%, 1/15/23	170	172	Banco Santander Chile 144A 3.875%, 9/20/22 ⁽⁴⁾	430	452
Petrobras Global Finance BV 144A, 5.299%, 1/27/25 ⁽⁴⁾	141	141	Bancolumbia S.A. 5.125%, 9/11/22	580	616
7.375%, 1/17/27	575	633	Bank of America Corp. 5.625%, 7/1/20	715	779
Petroleos Mexicanos 6.875%, 8/4/26	430	489	4.200%, 8/26/24	910	956
144A, 6.500%, 3/13/27 ⁽⁴⁾	265	294	Brookfield Finance LLC 4.000%, 4/1/24	576	596
PTTEP Treasury Center Co., Ltd. 144A , 4.875%, ⁽⁴⁾⁽⁷⁾	213	217	Capital One Financial Corp. 4.200%, 10/29/25	540	555
Sabine Pass Liquefaction LLC 6.250%, 3/15/22	425	478	3.750%, 7/28/26	495	490
		<u>7,361</u>	Citigroup, Inc. 4.050%, 7/30/22	600	628
			Compass Bank 3.875%, 4/10/25	705	703
			Development Bank of Kazakhstan JSC 144A 4.125%, 12/10/22 ⁽⁴⁾	640	646
			Discover Financial Services 3.950%, 11/6/24	570	583
Financials—6.0%			Ford Motor Credit Co., LLC 5.750%, 2/1/21	535	587
AerCap Ireland Capital DAC 3.650%, 7/21/27	570	568	FS Investment Corp. 4.250%, 1/15/20	525	538
Allstate Corp. (The), 5.750%, 8/15/53 ⁽⁸⁾	455	499	4.750%, 5/15/22	115	119

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
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(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)			Financials (continued)		
Financials (continued)			Prudential Financial, Inc. ,		
General Motors Financial			5.625%, 6/15/43 ⁽⁸⁾	\$ 585	\$ 638
Co., Inc.			S&P Global, Inc.		
4.200%, 3/1/21	\$ 235	\$ 246	4.000%, 6/15/25	570	599
3.450%, 4/10/22	85	86	Santander Holdings USA,		
Goldman Sachs Group,			Inc.		
Inc. (The)			144A, 3.700%, 3/28/22 ⁽⁴⁾	445	453
5.750%, 1/24/22	875	982	144A, 4.400%, 7/13/27 ⁽⁴⁾	175	179
ING Groep N.V. ,			Societe Generale S.A.		
6.000% ⁽⁷⁾⁽⁹⁾	445	458	144A		
iStar, Inc.			4.750%, 11/24/25 ⁽⁴⁾	535	566
6.000%, 4/1/22	165	171	TC Ziraat Bankasi AS		
5.250%, 9/15/22	120	122	144A 5.125%, 5/3/22 ⁽⁴⁾	200	203
Jefferies Group LLC			Teachers Insurance &		
5.125%, 1/20/23	260	284	Annuity Association of		
4.850%, 1/15/27	255	268	America 144A ,		
JPMorgan Chase & Co.			4.375%, 9/15/54 ⁽⁴⁾	510	515
3.300%, 4/1/26	875	877	Trinity Acquisition plc		
Kazakhstan Temir Zholy			3.500%, 9/15/21	40	41
Finance BV 144A			4.400%, 3/15/26	195	207
6.950%, 7/10/42 ⁽⁴⁾	480	537	Turkiye Vakiflar Bankasi		
Kimco Realty Corp.			TAO 144A		
3.300%, 2/1/25	535	534	5.625%, 5/30/22 ⁽⁴⁾	445	452
Leucadia National Corp.			UBS AG		
5.500%, 10/18/23	460	492	7.625%, 8/17/22	500	589
Liberty Mutual Group,			Wells Fargo & Co.		
Inc. 144A			3.069%, 1/24/23	240	244
4.250%, 6/15/23 ⁽⁴⁾	590	630	5.900%, 8/15/27	615	670
Lincoln National Corp.					<u>28,749</u>
4.200%, 3/15/22	915	967	Health Care—1.4%		
Macquarie Group Ltd.			Abbott Laboratories		
144A 6.250%, 1/14/21 ⁽⁴⁾	490	547	3.400%, 11/30/23	105	108
Manulife Financial Corp.			3.750%, 11/30/26	460	472
4.150%, 3/4/26	490	522	AbbVie, Inc.		
Morgan Stanley			2.850%, 5/14/23	300	302
3.125%, 7/27/26	620	608	3.600%, 5/14/25	200	207
6.375%, 7/24/42	610	827	3.200%, 5/14/26	300	300
Navient Corp.			Becton Dickinson & Co.		
7.250%, 9/25/23	100	109	3.363%, 6/6/24	93	94
6.750%, 6/25/25	275	286	3.700%, 6/6/27	550	554
Nordea Bank AB 144A			Cardinal Health, Inc.		
2.125%, 5/29/20 ⁽⁴⁾	300	300	3.200%, 3/15/23	300	305
OM Asset Management			3.079%, 6/15/24	25	25
plc			3.410%, 6/15/27	195	196
4.800%, 7/27/26	500	516	Community Health		
Powszechna Kasa			Systems, Inc.		
Oszczednosci Bank			6.250%, 3/31/23	225	222
Polski S.A. 144A					
4.630%, 9/26/22 ⁽⁴⁾⁽¹¹⁾	375	402			

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
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	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)			Industrials—0.8%		
Health Care (continued)			Carpenter Technology Corp.		
Eagle Holding Co. II, LLC			4.450%, 3/1/23	\$ 560	\$ 571
PIK Interest			CNH Industrial N.V.		
Capitalization, 144A			4.500%, 8/15/23	366	387
7.625%, 5/15/22 ⁽⁴⁾⁽⁵⁾	\$ 50	\$ 52	Continental Airlines Pass-Through-Trust 99-2, C2 Series AMBC		
Envision Healthcare Corp.			6.236%, 3/15/20	219	227
144A 6.250%, 12/1/24 ⁽⁴⁾	85	91	Doric Nimrod Air Alpha Pass-Through-Trust 13-1, A 144A		
Forest Laboratories LLC			5.250%, 5/30/25 ⁽⁴⁾	387	407
144A 4.875%, 2/15/21 ⁽⁴⁾	226	243	GATX Corp.		
Fresenius U.S. Finance II, Inc. 144A			3.250%, 9/15/26	80	79
4.500%, 1/15/23 ⁽⁴⁾	100	106	Masco Corp.		
HCA, Inc.			5.950%, 3/15/22	251	283
5.375%, 2/1/25	265	279	4.450%, 4/1/25	190	203
MEDNAX, Inc. 144A			Owens Corning		
5.250%, 12/1/23 ⁽⁴⁾	255	267	3.400%, 8/15/26	500	493
Mylan NV			Penske Truck Leasing Co., LP 144A		
3.000%, 12/15/18	150	152	3.375%, 2/1/22 ⁽⁴⁾	225	231
3.150%, 6/15/21	135	137	Pitney Bowes, Inc.		
Ortho-Clinical			3.875%, 5/15/22	424	417
Diagnostics, Inc. 144A			Prime Security Services Borrower LLC 144A		
6.625%, 5/15/22 ⁽⁴⁾	365	358	9.250%, 5/15/23 ⁽⁴⁾	200	221
Owens & Minor, Inc.			TransDigm, Inc.		
3.875%, 9/15/21	110	112	6.000%, 7/15/22	345	358
Shire Acquisitions			6.500%, 5/15/25	140	144
Investments Ireland DAC					<u>4,021</u>
2.400%, 9/23/21	195	194	Information Technology—0.9%		
Surgery Center Holdings, Inc. 144A			Apple, Inc.		
8.875%, 4/15/21 ⁽⁴⁾	295	310	2.900%, 9/12/27		
Team Health Holdings, Inc. 144A			730		
6.375%, 2/1/25 ⁽⁴⁾	230	218	Arrow Electronics, Inc.		
Tenet Healthcare Corp.			3.875%, 1/12/28		
4.500%, 4/1/21	330	337	Broadcom Corp.		
144A, 4.625%, 7/15/24 ⁽⁴⁾	180	178	144A, 3.000%, 1/15/22 ⁽⁴⁾		
Valeant Pharmaceuticals International, Inc.			144A, 3.625%, 1/15/24 ⁽⁴⁾		
144A, 7.500%, 7/15/21 ⁽⁴⁾	60	60	Dell International LLC		
144A, 6.500%, 3/15/22 ⁽⁴⁾	25	26	144A, 6.020%, 6/15/26 ⁽⁴⁾		
144A, 5.500%, 3/1/23 ⁽⁴⁾	155	136	144A, 8.100%, 7/15/36 ⁽⁴⁾		
144A, 7.000%, 3/15/24 ⁽⁴⁾	45	48	Flex Ltd. 4.750%, 6/15/25		
Zimmer Biomet Holdings, Inc.			595		
3.550%, 4/1/25	620	626	Hewlett Packard Enterprise Co.		
		<u>6,715</u>	4.900%, 10/15/25		
			335		
			354		

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)			Real Estate—1.7%		
Information Technology (continued)			Alexandria Real Estate		
Verisk Analytics, Inc.			Equities, Inc.		
4.000%, 6/15/25	\$ 585	\$ 612	3.950%, 1/15/27	\$ 295	\$ 301
VMware, Inc.			Brixmor Operating		
2.950%, 8/21/22	223	224	Partnership LP		
3.900%, 8/21/27	240	242	3.875%, 8/15/22	160	165
		<u>4,195</u>	Corporate Office		
			Properties LP		
			3.600%, 5/15/23	610	612
Materials—1.6%			Digital Realty Trust LP		
Alpek SAB de C.V. 144A			5.250%, 3/15/21	540	586
5.375%, 8/8/23 ⁽⁴⁾	405	431	Education Realty		
Anglo American Capital			Operating Partnership		
plc 144A			LP		
4.000%, 9/11/27 ⁽⁴⁾	540	533	4.600%, 12/1/24	595	613
BHP Billiton Finance USA			EPR Properties		
Ltd. 144A			4.750%, 12/15/26	615	636
6.750%, 10/19/75 ⁽⁴⁾⁽⁸⁾	450	530	Healthcare Realty Trust,		
CRH America Finance,			Inc.		
Inc. 144A			3.875%, 5/1/25	375	378
3.400%, 5/9/27 ⁽⁴⁾	440	442	Healthcare Trust of		
Glencore Funding LLC			America Holdings LP		
144A 4.000%, 3/27/27 ⁽⁴⁾	445	448	3.750%, 7/1/27	460	459
INEOS Group Holdings			Hospitality Properties		
S.A. 144A			Trust		
5.625%, 8/1/24 ⁽⁴⁾	495	514	4.950%, 2/15/27	550	576
Inversiones CMPC S.A.			Kilroy Realty LP		
144A 4.375%, 5/15/23 ⁽⁴⁾	850	879	4.375%, 10/1/25	550	578
NewMarket Corp.			LifeStorage LP		
4.100%, 12/15/22	649	674	3.500%, 7/1/26	295	284
NOVA Chemicals Corp.			MPT Operating		
144A, 4.875%, 6/1/24 ⁽⁴⁾	185	187	Partnership LP		
144A, 5.000%, 5/1/25 ⁽⁴⁾	250	254	6.375%, 3/1/24	55	59
OCP SA 144A			5.500%, 5/1/24	275	288
5.625%, 4/25/24 ⁽⁴⁾	485	522	5.000%, 10/15/27	200	205
Rusal Capital DAC 144A			National Retail Properties,		
5.125%, 2/2/22 ⁽⁴⁾	455	463	Inc.		
Severstal OAO Via Steel			4.000%, 11/15/25	170	174
Capital S.A. 144A			Retail Opportunity		
3.850%, 8/27/21 ⁽⁴⁾⁽¹¹⁾	540	552	Investments Partnership		
Standard Industries, Inc.			LP		
144A			4.000%, 12/15/24	485	471
6.000%, 10/15/25 ⁽⁴⁾	365	398	Select Income REIT		
Valvoline, Inc. 144A			4.500%, 2/1/25	590	596
4.375%, 8/15/25 ⁽⁴⁾	365	371	Uniti Group, Inc. 144A		
Vulcan Materials Co.			7.125%, 12/15/24 ⁽⁴⁾	370	313
3.900%, 4/1/27	445	455			
		<u>7,653</u>			

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)					
Real Estate (continued)					
Welltower, Inc. 4.000%, 6/1/25	\$ 625	\$ 651			
		<u>7,945</u>			<u>4,551</u>
Telecommunication Services—0.8%					
AT&T, Inc. 3.875%, 8/15/21	1,185	1,240			
3.900%, 8/14/27	195	195			
Frontier Communications Corp. 10.500%, 9/15/22	370	323			
Qwest Corp. 7.250%, 9/15/25	360	398			
Sprint Spectrum Co., LLC 144A 3.360%, 3/20/23 ⁽⁴⁾	200	203			
Telefonica Emisiones SAU 4.570%, 4/27/23	510	557			
Verizon Communications, Inc. 2.946%, 3/15/22	525	534			
4.125%, 3/16/27	450	470			
		<u>3,920</u>			
Utilities—0.9%					
Dominion Energy, Inc. 2.962%, 7/1/19	50	51			
Duke Energy Corp. 2.650%, 9/1/26	515	492			
Dynegy, Inc. 7.375%, 11/1/22	405	423			
Eskom Holdings SOC Ltd. 144A 7.125%, 2/11/25 ⁽⁴⁾	440	456			
Exelon Corp. 3.497%, 6/1/22	620	639			
FirstEnergy Transmission LLC 144A 4.350%, 1/15/25 ⁽⁴⁾	630	667			
Southern Power Co. 4.150%, 12/1/25	665	699			
State Grid Overseas Investment 2014 Ltd. 144A 4.125%, 5/7/24 ⁽⁴⁾	610	651			
					<u>1,601</u>
			Utilities (continued)		
			TerraForm Power Operating LLC 144A 6.375%, 2/1/23 ⁽⁴⁾	\$ 455	\$ 473
					<u>4,551</u>
			TOTAL CORPORATE BONDS AND NOTES (Identified Cost \$85,670)		88,117
			LOAN AGREEMENTS⁽³⁾—1.5%		
			Consumer Discretionary—0.3%		
			Caesars Entertainment Resort Properties LLC Tranche B, First Lien , (1 month LIBOR + 3.500%) 4.735%, 10/11/20	390	391
			Caesars Growth Properties Holdings LLC 2017, First Lien , (1 month LIBOR + 3.000%) 4.235%, 5/8/21	179	179
			Playa Resorts Holding B.V. , (3 month LIBOR + 3.000%) 4.320%, 4/29/24	45	45
			Scientific Games International, Inc. Tranche B-4 , (1 month LIBOR + 3.250%) 4.504%, 8/14/24	150	150
			Seminole Tribe of Florida Tranche B , (3 month LIBOR + 2.000%) 3.456%, 7/8/24	285	286
			U.S. Farathane LLC , (weekly LIBOR + 3.500%) 4.833%, 12/31/21	310	311
			UFC Holdings LLC First Lien , (1 month LIBOR + 3.250%) 4.490%, 8/18/23	238	239
					<u>239</u>
					<u>1,601</u>

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
LOAN AGREEMENTS⁽³⁾ (continued)			Health Care (continued)		
Consumer Staples—0.2%			MMM Holdings, Inc. , (3 month LIBOR + 8.750%)		
Albertson's LLC 2017-1, Tranche B-4 , (1 month LIBOR + 2.750%)	\$ 324	\$ 312	10.250%, 6/30/19	\$ 89	\$ 89
3.985%, 8/25/21			MSO of Puerto Rico, Inc. , (3 month LIBOR + 8.750%)		
JBS USA Lux S.A. , (3 month LIBOR + 2.500%)			10.250%, 6/30/19	65	64
3.804%, 10/30/22	274	270	NVA Holdings, Inc. Second Lien , (3 month LIBOR + 7.000%)		
TKC Holdings, Inc. First Lien , (2 month LIBOR + 4.250%)			8.333%, 8/14/22	214	215
5.522%, 2/1/23	204	206	Parexel International Corp. Tranche B (3 month LIBOR + 3.000%)		
		<u>788</u>	0.000%, 9/27/24 ⁽¹³⁾	55	55
			Quorum Health Corp. , (3 month LIBOR + 6.750%)		
Energy—0.1%			8.026%, 4/29/22	222	<u>225</u>
Jonah Energy LLC Second Lien , (3 month PRIME + 5.500%)					<u>1,172</u>
9.750%, 5/12/21	285	285	Industrials—0.2%		
Ultra Resources, Inc. , (3 month LIBOR + 3.000%)			Accudyne Industries LLC , (3 month LIBOR + 3.750%)		
4.309%, 4/12/24	290	289	5.083%, 8/18/24	200	200
		<u>574</u>	Advanced Disposal Services, Inc. , (weekly LIBOR + 2.750%)		
Health Care—0.3%			3.947%, 11/10/23	41	41
CHG Healthcare Services, Inc. First Lien , (3 month LIBOR + 3.250%)			Navistar, Inc. Tranche B , (1 month LIBOR + 4.000%)		
4.561%, 6/7/23	249	252	5.240%, 8/7/20	292	293
Endo Luxembourg Finance Co. S.a.r.l. , (1 month LIBOR + 4.250%)			Sedgwick Claims Management Services, Inc. Second Lien , (3 month LIBOR + 5.750%)		
5.500%, 4/29/24	130	131	7.067%, 2/28/22	355	358
Envision Healthcare Corp. , (1 month LIBOR + 3.000%)			Zodiac Pool Solutions LLC Tranche B-1, First Lien , (3 month LIBOR + 4.000%)		
4.240%, 12/1/23	49	49	5.333%, 12/20/23	253	<u>256</u>
HLF Financing S.a.r.l. Senior Lien , (1 month LIBOR + 5.500%)					<u>1,148</u>
6.735%, 2/15/23	91	92			

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
LOAN AGREEMENTS^(a) (continued)					
Information Technology—0.1%					
Rackspace Hosting, Inc. 2017 Refinancing Tranche B, First Lien, (3 month LIBOR + 3.000%) 4.311%, 11/3/23	\$ 305	\$ 304			
Materials—0.1%					
Anchor Glass Container Corp. 2017, First Lien, (3 month LIBOR + 2.750%) 4.024%, 12/7/23	43	43			
CPI Acquisition, Inc. First Lien, (3 month LIBOR + 4.500%) 5.962%, 8/17/22	395	279			
Ineos U.S. Finance LLC 2022, (1 month LIBOR + 2.750%) 3.985%, 3/31/22	15	15			
Tronox Finance LLC First Lien, (3 month LIBOR + 3.000%) 0.000%, 9/23/24 ⁽¹³⁾	20	20			
First Lien, (3 month LIBOR + 3.000%) 0.000%, 9/23/24 ⁽¹³⁾	45	45			
		<u>402</u>			
Real Estate—0.0%					
Capital Automotive LP Tranche B-2, First Lien 4.240%, 3/25/24	49	49			
Telecommunication Services—0.1%					
Level 3 Financing, Inc. 2024, Tranche B, (1 month LIBOR + 2.250%) 3.486%, 2/22/24	350	350			
UPC Financing Partnership, (1 month LIBOR + 2.750%) 3.984%, 4/15/25	150	150			
		<u>500</u>			
			Utilities—0.1%		
			Energy Future Intermediate Holding Co. LLC, (1 month LIBOR + 3.000%) 4.235%, 6/30/18	\$ 210	\$ 211
			NRG Energy, Inc., (3 month LIBOR + 2.250%) 3.583%, 6/30/23	264	265
			Vistra Operations Company LLC Tranche C, (1 month LIBOR + 2.750%) 3.982%, 8/4/23	38	38
			(1 month LIBOR + 2.750%) 3.983%, 8/4/23	169	169
					<u>683</u>
			TOTAL LOAN AGREEMENTS (Identified Cost \$7,288)		7,221
				SHARES	
			PREFERRED STOCKS—1.2%		
			Financials—0.9%		
			Bank of New York Mellon Corp. (The) Series E, 4.950%	450 ⁽⁹⁾	467
			Citigroup, Inc. Series T, 6.250%	605 ⁽⁹⁾	681
			JPMorgan Chase & Co. Series Z, 5.300%	550 ⁽⁹⁾	573
			KeyCorp Series D, 5.000%	490 ⁽⁹⁾	507
			M&T Bank Corp. Series F, 5.125%	490 ⁽⁹⁾	518
			PNC Financial Services Group, Inc. Series R, 4.850%	490 ⁽⁹⁾	504
			Series S, 5.000%	490 ⁽⁹⁾	513
			Zions Bancorp 6.950%	23,200	692
					<u>4,455</u>
			Industrials—0.3%		
			General Electric Co. Series D, 5.000%	1,273 ⁽⁹⁾	1,346
			TOTAL PREFERRED STOCKS (Identified Cost \$5,292)		5,801

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	SHARES	VALUE		SHARES	VALUE
COMMON STOCKS—63.9%			Financials (continued)		
Consumer Discretionary—13.2%			BOC Hong Kong Holdings		
Amazon.com, Inc. ⁽²⁾	10,030	\$ 9,642	Ltd. Sponsored ADR	14,900	\$ 1,439
Ctrip.com International Ltd. ADR ⁽²⁾	129,502	6,830	CaixaBank S.A. ADR	1,397,635	2,320
Home Depot, Inc. (The)	29,750	4,866	Charles Schwab Corp. (The)	75,310	3,294
IMAX Corp. ⁽²⁾	67,100	1,520	DBS Group Holdings Ltd. Sponsored ADR	38,201	2,353
Kroton Educacional S.A. Sponsored ADR	312,770	1,964	ING Groep N.V. Sponsored ADR	132,050	2,432
Las Vegas Sands Corp.	109,810	7,045	MarketAxess Holdings, Inc.	5,910	1,090
McDonald's Corp.	22,150	3,471	ORIX Corp. Sponsored ADR	28,822	2,333
MercadoLibre, Inc.	4,340	1,124	UBS Group AG Registered Shares	132,466	2,272
Netflix, Inc. ⁽²⁾	34,640	6,282	Zurich Insurance Group AG ADR	70,622	2,161
NIKE, Inc. Class B	78,290	4,059			<u>28,549</u>
Priceline Group, Inc. (The) ⁽²⁾	4,110	7,525			
Ross Stores, Inc.	60,140	3,883	Health Care—6.5%		
Sony Corp. Sponsored ADR	51,716	1,931	Allergan plc	9,024	1,850
Starbucks Corp.	63,470	3,409	BioMarin Pharmaceutical, Inc. ⁽²⁾	39,710	3,696
		<u>63,551</u>	Celgene Corp. ⁽²⁾	58,220	8,490
Consumer Staples—4.3%			Danaher Corp.	40,830	3,502
Costco Wholesale Corp.	11,240	1,847	HealthEquity, Inc. ⁽²⁾	49,650	2,511
Fomento Economico Mexicano SAB de C.V. ADR	22,141	2,115	ICON plc ⁽²⁾	25,328	2,884
Marine Harvest ASA Sponsored ADR ⁽²⁾	100,146	1,987	Illumina, Inc. ⁽²⁾	18,410	3,667
Monster Beverage Corp. ⁽²⁾	152,300	8,414	Zoetis, Inc.	72,340	4,613
Philip Morris International, Inc.	54,560	6,057			<u>31,213</u>
		<u>20,420</u>	Industrials—4.9%		
Energy—2.6%			Airbus SE ADR	98,628	2,337
Cabot Oil & Gas Corp.	77,970	2,086	Ashtead Group plc ADR	24,368	2,350
Core Laboratories N.V.	25,640	2,531	Caterpillar, Inc.	33,210	4,142
Pioneer Natural Resources Co.	22,760	3,358	Kansas City Southern	22,740	2,471
Statoil ASA Sponsored ADR	117,949	2,369	Nidec Corp. Sponsored ADR	94,060	2,887
TechnipFMC plc ⁽²⁾	77,376	2,160	RELX plc Sponsored ADR	96,415	2,155
		<u>12,504</u>	Rockwell Automation, Inc.	12,840	2,288
Financials—5.9%			Roper Technologies, Inc.	19,080	4,644
Bank of America Corp.	250,450	6,346			<u>23,274</u>
BNP Paribas S.A. ADR	62,050	2,509	Information Technology—22.6%		
			Accenture plc Class A	28,300	3,822
			Activision Blizzard, Inc.	66,650	4,300

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

	SHARES	VALUE		SHARES	VALUE
COMMON STOCKS (continued)			AFFILIATED MUTUAL FUND⁽¹⁰⁾—0.6%		
Information Technology (continued)			Virtus Newfleet Credit Opportunities Fund Class R6 ⁽²⁾		
Alibaba Group Holding Ltd. Sponsored ADR ⁽²⁾	87,080	\$ 15,040	287,054	\$	2,810
Alphabet, Inc. Class A ⁽²⁾	4,000	3,895	TOTAL AFFILIATED MUTUAL FUND (Identified Cost \$2,869) 2,810		
Amphenol Corp. Class A	85,980	7,277	TOTAL LONG TERM INVESTMENTS—98.7% (Identified Cost \$411,245) 474,143⁽¹²⁾		
Broadcom Ltd.	8,686	2,107	SHORT-TERM INVESTMENT—0.7%		
Check Point Software Technologies Ltd. ⁽²⁾	18,690	2,131	Money Market Mutual Fund⁽¹⁰⁾—0.7%		
CoStar Group, Inc. ⁽²⁾	11,820	3,171	Dreyfus Government Cash Management Fund - Institutional Shares (seven-day effective yield 0.920%)		
Facebook, Inc. Class A ⁽²⁾	133,390	22,792	3,352,935	3,353	
Gartner, Inc. ⁽²⁾	22,210	2,763	TOTAL SHORT-TERM INVESTMENT (Identified Cost \$3,353) 3,353		
Hitachi Ltd. ADR	35,829	2,529	TOTAL INVESTMENTS—99.4% (Identified Cost \$414,598) 477,496⁽¹¹⁾		
NVIDIA Corp.	42,490	7,596	Other assets and liabilities, net—0.6%		
Paycom Software, Inc. ⁽²⁾	54,210	4,064	2,753		
SAP SE Sponsored ADR	19,576	2,146	NET ASSETS—100.0% \$480,249		
Tencent Holdings Ltd. ADR	108,140	4,749			
Visa, Inc. Class A	87,040	9,160			
Workday, Inc. Class A ⁽²⁾	48,970	5,161			
Yandex N.V. Class A ⁽²⁾	181,360	5,976			
		108,679			
Materials—2.5%			Abbreviations:		
Anhui Conch Cement Co., Ltd. ADR	113,092	2,274	ADR American Depositary Receipt		
Ecolab, Inc.	29,700	3,820	FHLMC Federal Home Loan Mortgage Corporation ("Freddie Mac")		
Fortescue Metals Group Ltd. Sponsored ADR	207,934	1,684	FNMA Federal National Mortgage Association ("Fannie Mae")		
Heidelbergcement AG ADR	104,897	2,157	PIK Payment-in-Kind Security		
Toray Industries, Inc. ADR	112,954	2,255	REIT Real Estate Investment Trust		
		12,190			
Real Estate—0.6%			Footnote Legend:		
Lendlease Group Sponsored ADR	191,425	2,699	⁽¹⁾ Federal Income Tax Information: For tax information at September 30, 2017, see Note 7 Federal Income Tax Information in the Notes to Financial Statements.		
Telecommunication Services—0.4%			⁽²⁾ Non-income producing.		
Telekomunikasi Indonesia Persero Tbk PT Sponsored ADR	52,607	1,804	⁽³⁾ Variable rate security. Rate disclosed is as of September 30, 2017. For loan agreements, the rate shown may represent a weighted average interest rate. Information in parenthesis represents benchmark and reference rate for each security. Certain variable rate securities are		
Utilities—0.4%					
Veolia Environnement S.A. ADR	87,592	2,016			
TOTAL COMMON STOCKS (Identified Cost \$247,852) 306,899					

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions, or, for mortgage-backed securities, are impacted by the individual mortgages which are paying off over time. These securities do not indicate a reference rate and spread in their descriptions.

⁽⁴⁾ Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2017, these securities amounted to a value of \$52,325 or 10.9% of net assets.

⁽⁵⁾ 100% of the income received was in cash.

⁽⁶⁾ Security in default, a portion of the interest payments are being received during the bankruptcy proceedings.

⁽⁷⁾ No contractual maturity date.

⁽⁸⁾ Interest payments may be deferred.

⁽⁹⁾ Value shown as par value.

⁽¹⁰⁾ Shares of these funds are publicly offered and the prospectus and annual reports of each are publicly available.

⁽¹¹⁾ This Note was issued for the sole purpose of funding a loan agreement between the issuer and the borrower. As the credit risk for this security lies solely with the borrower, the name represented here is that of the borrower.

⁽¹²⁾ All or a portion of the Fund's assets have been segregated for delayed delivery security.

⁽¹³⁾ This loan will settle after September 30, 2017, at which time the interest rate, based on the London Interbank Offered Rate ("LIBOR") and the agreed upon spread on trade date, will be reflected.

Country Weightings (Unaudited)†

United States	73%
China	6
Japan	3
France	2
United Kingdom	2
Ireland	1
Russia	1
Other	12
Total	100%

† % of total investments as of September 30, 2017

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

The following table provides a summary of inputs used to value the Fund's investments as of September 30, 2017 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at September 30, 2017	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Debt Securities:			
Asset-Backed Securities	\$ 13,360	\$ —	\$ 13,360
Corporate Bonds and Notes	88,117	—	88,117
Foreign Government Securities	4,623	—	4,623
Loan Agreements	7,221	—	7,221
Mortgage-Backed Securities	32,409	—	32,409
Municipal Bonds	4,387	—	4,387
U.S. Government Securities	8,516	—	8,516
Equity Securities:			
Affiliated Mutual Fund	2,810	2,810	—
Common Stocks	306,899	306,899	—
Preferred Stocks	5,801	692	5,109
Short-Term Investment	3,353	3,353	—
Total Investments	<u>\$477,496</u>	<u>\$313,754</u>	<u>\$163,742</u>

There are no Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at September 30, 2017.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2017

(\$ reported in thousands)

The following is a reconciliation of assets of the Fund for Level 3 investments for which significant unobservable inputs were used to determine fair value.

Investments in Securities	Total Value	Corporate Bonds and Notes	Loan Agreements
Balance as of March 31, 2017	\$ 854	\$ 557	\$ 297
Accrued discount/(premium)	— ^(c)	— ^(c)	— ^(c)
Realized gain (loss)	(450)	(457)	7
Change in unrealized appreciation/(depreciation) ^(d)	445	453	(8)
Purchases	—	—	—
Sales ^(b)	(849)	(553)	(296)
Transfers into Level 3 ^(a)	—	—	—
Transfers from Level 3 ^(a)	—	—	—
Balance as of September 30, 2017	—	—	\$ —

^(a) “Transfers into and/or from” represent the ending value as of September 30, 2017, for any investment security where a change in the pricing level occurred from the beginning to the end of the period.

^(b) Includes paydowns on securities.

^(c) Amount is less than \$500.

^(d) Included in the related net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

The Fund’s investments that were categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information inputs could result in a significantly lower or higher value of such Level 3 investments.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2017

(Reported in thousands except shares and per share amounts)

Assets	
Investment in unaffiliated securities at value ⁽¹⁾	\$ 474,686
Investment in affiliated fund at value ⁽²⁾	2,810
Cash	2,429
Receivables	
Investment securities sold	2,625
Fund shares sold	7
Dividends and interest receivable	1,775
Tax reclaims	23
Prepaid expenses	24
Prepaid trustee retainer	6
Other assets	16
Total assets	<u>484,401</u>
Liabilities	
Payables	
Fund shares repurchased	228
Investment securities purchased	3,316
Investment advisory fees	216
Distribution and service fees	117
Administration fees	49
Transfer agent fees and expenses	129
Professional fees	32
Trustee deferred compensation plan	16
Other accrued expenses	49
Total liabilities	<u>4,152</u>
Net Assets	<u>\$ 480,249</u>
Net Assets Consist of:	
Capital paid in on shares of beneficial interest	\$ 415,267
Accumulated undistributed net investment income (loss)	(242)
Accumulated undistributed net realized gain (loss)	2,326
Net unrealized appreciation (depreciation) on investments	62,898
Net Assets	<u>\$ 480,249</u>
Class A	
Net asset value (net assets/shares outstanding) per share	\$ 14.29
Maximum offering price per share NAV/(1-5.75%)	\$ 15.16
Shares of beneficial interest outstanding, no par value, unlimited authorization	31,520,240
Net Assets	\$ 450,516
Class C	
Net asset value (net assets/shares outstanding) and offering price per share	\$ 14.16
Shares of beneficial interest outstanding, no par value, unlimited authorization	2,100,415
Net Assets	\$ 29,733
⁽¹⁾ Investment in unaffiliated securities at cost	\$ 411,729
⁽²⁾ Investment in affiliated fund at cost	\$ 2,869

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND

STATEMENTS OF OPERATIONS

(\$ reported in thousands)

	Fiscal Period Ended September 30, 2017 ⁽²⁾	Year Ended March 31, 2017
Investment Income		
Dividends	2,394	\$ 4,900
Dividends from affiliated fund	97	150
Interest	3,548	7,707
Security lending, net of fees	— ⁽¹⁾	28
Foreign taxes withheld	(117)	(120)
	5,922	12,665
Expenses		
Investment advisory fees	1,311	2,666
Distribution and service fees, Class A	558	1,121
Distribution and service fees, Class B	—	4
Distribution and service fees, Class C	153	357
Administration fees	308	636
Transfer agent fees and expenses	303	688
Registration fees	24	55
Printing fees and expenses	46	130
Custodian fees	82	97
Professional fees	36	57
Trustees' fees and expenses	29	55
Miscellaneous expenses	24	47
	2,874	5,913
Total expenses		
Less expenses reimbursed and/or waived by investment adviser	(8)	(19)
Earnings credit from custodian	—	(2)
Custody fees reimbursed (Note 11)	—	(436)
Low balance account fees	—	(13)
	2,866	5,443
Net expenses		
Net investment income (loss)	3,056	7,222
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on unaffiliated investments	5,109	34,480
Net realized gain (loss) on affiliated investment	(1)	—
Net change in unrealized appreciation (depreciation) on unaffiliated investments	34,018	(9,294)
Net change in unrealized appreciation (depreciation) on affiliated investment	(57)	153
	39,069	25,339
Net realized and unrealized gain (loss) on Investments		
Net increase (decrease) in net assets resulting from operations	42,125	\$32,561

⁽¹⁾ Amount less than \$500.

⁽²⁾ Fund changed its fiscal year end to September 30 during the period.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
STATEMENTS OF CHANGES IN NET ASSETS

(Reported in thousands)

	Fiscal Period Ended September 30, 2017 ⁽⁴⁾	Year Ended March 31, 2017	Year Ended March 31, 2016
INCREASE/(DECREASE) IN NET ASSETS			
From Operations			
Net investment income (loss)	\$ 3,056	\$ 7,222	\$ 10,818
Net realized gain (loss)	5,108	34,480	264
Net change in unrealized appreciation (depreciation)	33,961	(9,141)	(47,912)
Increase (decrease) in net assets resulting from operations	42,125	32,561	(36,830)
From Distributions to Shareholders			
Net investment income, Class A	(3,099)	(6,925)	(8,862)
Net investment income, Class B	—	(3)	(7)
Net investment income, Class C	(88)	(322)	(456)
Net realized short-term gains, Class A	—	(4,563)	—
Net realized short-term gains, Class B	—	(4)	—
Net realized short-term gains, Class C	—	(360)	—
Net realized long-term gains, Class A	(10)	(29,407)	(15,612)
Net realized long-term gains, Class B	—	(23)	(22)
Net realized long-term gains, Class C	(1)	(2,326)	(1,441)
Decrease in net assets from distributions to shareholders	(3,198)	(43,933)	(26,400)
From Share Transactions			
Sale of shares			
Class A (382, 485 and 888 shares, respectively)	5,244	6,467	12,687
Class B (0, ⁽¹⁾ and ⁽¹⁾ shares, respectively)	—	— ⁽²⁾	2
Class C (17, 66 and 419 shares, respectively)	232	874	6,083
Reinvestment of distributions			
Class A (204, 3,012 and 1,572 shares, respectively) ..	2,852	38,224	22,775
Class B (0, 2 and 2 shares, respectively)	—	30	29
Class C (6, 212 and 117 shares, respectively)	86	2,658	1,694
Conversion of shares⁽³⁾			
To Class A (0, 21 and 0 shares, respectively)	—	279	—
From Class B (0, 21 and 0 shares, respectively)	—	(279)	—
Shares repurchased			
Class A (2,079, 4,545 and 4,115 shares, respectively)	(28,665)	(61,067)	(58,177)
Class B (0, 21 and 18 shares, respectively)	—	(284)	(258)
Class C (401, 694 and 770 shares, respectively)	(5,452)	(9,236)	(10,671)
Increase (decrease) in net assets from share transactions	(25,703)	(22,334)	(25,836)
Net increase (decrease) in net assets	13,224	(33,706)	(89,066)
Net Assets			
Beginning of period	467,025	500,731	589,797
End of period	\$480,249	\$467,025	\$500,731
Accumulated undistributed net investment income (loss) at end of period	\$ (242)	\$ (129)	\$ (287)

⁽¹⁾ Amount is less than 500 shares.

⁽²⁾ Amount is less than \$500.

⁽³⁾ See Note 1 in Notes to Financial Statements for more information.

⁽⁴⁾ Fund changed its fiscal year end to September 30 during the period.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
FINANCIAL HIGHLIGHTS
SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING
THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽²⁾	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
Class A							
4/1/17 to 9/30/17 ⁽⁷⁾	\$13.17	0.09	1.13	1.22	(0.10)	— ⁽⁴⁾	(0.10)
4/1/16 to 3/31/17	13.55	0.21	0.69	0.90	(0.21)	(1.07)	(1.28)
4/1/15 to 3/31/16	15.18	0.29	(1.22)	(0.93)	(0.25)	(0.45)	(0.70)
4/1/14 to 3/31/15	15.54	0.29	0.33	0.62	(0.30)	(0.68)	(0.98)
4/1/13 to 3/31/14	15.35	0.30	1.65	1.95	(0.29)	(1.47)	(1.76)
4/1/12 to 3/31/13	14.58	0.20	0.78	0.98	(0.21)	—	(0.21)
Class C							
4/1/17 to 9/30/17 ⁽⁷⁾	\$13.04	0.04	1.12	1.16	(0.04)	— ⁽⁴⁾	(0.04)
4/1/16 to 3/31/17	13.44	0.11	0.68	0.79	(0.12)	(1.07)	(1.19)
4/1/15 to 3/31/16	15.06	0.18	(1.21)	(1.03)	(0.14)	(0.45)	(0.59)
4/1/14 to 3/31/15	15.43	0.17	0.33	0.50	(0.19)	(0.68)	(0.87)
4/1/13 to 3/31/14	15.26	0.18	1.63	1.81	(0.17)	(1.47)	(1.64)
4/1/12 to 3/31/13	14.50	0.09	0.77	0.86	(0.10)	—	(0.10)

The footnote legend is at the end of the Financial Highlights.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
FINANCIAL HIGHLIGHTS (Continued)
SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING
THROUGHOUT EACH PERIOD

Payments from Affiliates	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽¹⁾	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets ⁽³⁾	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) ⁽³⁾	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
—	1.12	\$14.29	9.26% ⁽⁹⁾	\$450,516	1.15% ⁽⁸⁾	1.16% ⁽⁸⁾	1.33% ⁽⁸⁾	24% ⁽⁹⁾
—	(0.38)	13.17	7.13 ⁽⁶⁾	434,712	1.16 ⁽⁵⁾⁽⁶⁾	1.16	1.46 ⁽⁶⁾	100
— ⁽⁴⁾	(1.63)	13.55	(6.37)	461,276	1.12	1.13	2.05	75
—	(0.36)	15.18	4.08	541,818	1.10	1.10	1.89	62
—	0.19	15.54	13.79	570,784	1.10	1.10	1.97	57
—	0.77	15.35	6.77	559,955	1.10	1.10	1.39	121
—	1.12	\$14.16	8.91% ⁽⁹⁾	\$ 29,733	1.92% ⁽⁸⁾	1.92% ⁽⁸⁾	0.58% ⁽⁸⁾	24% ⁽⁹⁾
—	(0.40)	13.04	6.33 ⁽⁶⁾	32,313	1.91 ⁽⁵⁾⁽⁶⁾	1.91	0.71 ⁽⁶⁾	100
— ⁽⁴⁾	(1.62)	13.44	(7.06)	38,913	1.87	1.88	1.31	75
—	(0.37)	15.06	3.29	47,131	1.85	1.85	1.12	62
—	0.17	15.43	12.89	41,713	1.85	1.85	1.22	57
—	0.76	15.26	5.95	40,937	1.85	1.85	0.64	121

⁽¹⁾ Sales charges, where applicable, are not reflected in total return calculation.

⁽²⁾ Computed using average shares outstanding.

⁽³⁾ The Fund will also indirectly bear its prorated share of expenses of any underlying funds in which it invests. Such expenses are not included in the calculation of this ratio.

⁽⁴⁾ Amount is less than \$0.005 per share.

⁽⁵⁾ Net expense ratios includes extraordinary proxy expenses.

⁽⁶⁾ Custody fees reimbursed were excluded from the Ratio of Net Expenses to Average Net Assets and Ratio of Net Investment Income (Loss) to Average Net Assets. If included the impact would have been to lower the Ratio of Net Expenses to Average Net Assets and increase the Ratio of Net Investment Income (Loss) to Average Net Assets by 0.09% (Class A) and 0.09% (Class C). Custody fees reimbursed were included in Total Return. If excluded the impact would have been to lower the Total Return by 0.09% (Class A) and 0.09% (Class C). See Note 11 in Notes to Financial Statements for a further explanation on the custody fees reimbursed.

⁽⁷⁾ The Fund changed its fiscal year end to September 30 during the period.

⁽⁸⁾ Annualized.

⁽⁹⁾ Not annualized.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1. Organization

Virtus Equity Trust (the "Trust") is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. Effective September 21, 2017 the Fund changed its fiscal year end from March 31 to September 30.

As of the date of this report, 11 diversified funds of the Trust are offered for sale of which the Strategic Allocation Fund (the "Fund") is reported in this annual report. The Fund's investment objectives are outlined in the Fund Summary Page. *There is no guarantee that the Fund will achieve its objectives.*

The Fund offers Class A shares and Class C shares. Effective March 6, 2017, all Class B shares were converted to Class A shares. Prior to March 6, 2017, Class B shares could be purchased by existing shareholders through qualifying transactions.

Class A shares are sold with a front-end sales charge of up to 5.75% with some exceptions. Generally, Class A shares are not subject to any charges by the Fund when redeemed; however, a 1% contingent deferred sales charge ("CDSC") may be imposed on certain redemptions made within a certain period following purchases on which a finder's fee has been paid. The period for which the CDSC applies for the Fund is 18 months. The CDSC period begins on the last day of the month preceding the month in which the purchase was made.

Class C shares are generally sold with a 1% CDSC, applicable if redeemed within one year of purchase.

Virtus Mutual Funds may impose an annual fee on accounts having balances of less than \$2,500. The small account fee may be waived in certain circumstances, as disclosed in the prospectus and/or statement of additional information. The fees collected will be used to offset certain expenses of the Fund. These fees are reflected as "Low Balance Account Fees" in the Fund's Statement of Operations for the period, as applicable.

Each Class of shares has identical voting, dividend, liquidation and other rights and the same terms and conditions, except that each Class bears different distribution and/or service fees under a Rule 12b-1 and/or shareholder service plan ("12b-1 Plan") approved by the Board and has exclusive voting rights with respect to such plan. Income and other expenses as well as realized and unrealized gains and losses of the Fund are borne pro rata by the holders of each Class of shares.

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates, and those differences could be significant.

A. Security Valuation

Security valuation procedures for the Fund, which include nightly price variance, as well as back-testing items such as bi-weekly unchanged price, monthly secondary source and transaction analysis, have been approved by the Board. All internally fair valued

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

securities are approved by a valuation committee appointed by the Board (the "Valuation Committee"). The Valuation Committee is comprised of certain members of management as identified to the Board and convenes independently from portfolio management. All internally fair valued securities are updated daily and reviewed in detail by the Valuation Committee monthly unless changes occur within the period. The Valuation Committee reviews the validity of the model inputs and any changes to the model. Fair valuations are reviewed by the Board at least quarterly.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The Fund's policy is to recognize transfers between levels at the end of the reporting period.

- Level 1 – quoted prices in active markets for identical securities (security types generally include listed equities).
- Level 2 – prices determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – prices determined using significant unobservable inputs (including the Valuation Committee's own assumptions in determining the fair value of investments).

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded or, if no closing price is available, at the last bid price and are categorized as Level 1 in the hierarchy. Restricted equity securities and private placements that are not widely traded, are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

Certain non-U.S. securities may be fair valued in cases where closing prices are not readily available or are deemed not reflective of readily available market prices. For example, significant events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that non-U.S. markets close (where the security is principally traded) and the time that the Fund calculates its net asset value ("NAV") (at the close of regular trading on the NYSE, generally 4 p.m. Eastern time) that may impact the value of securities traded in these non-U.S. markets. In such cases, the Fund fair values non-U.S. securities using an independent pricing service which considers the correlation of the trading patterns of the non-U.S. security to the intraday trading in the U.S. markets for investments such as ADRs, financial futures, ETFs, and certain indexes, as well as prices for similar securities. Such fair valuations are categorized as Level 2 in the hierarchy. Because the frequency of significant events is not predictable, fair valuation of certain non-U.S. common stocks may occur on a frequent basis.

Debt securities, including restricted securities, are valued based on evaluated quotations received from independent pricing services or from dealers who make markets in such securities. For most bond types, the pricing service utilizes matrix pricing that considers one or more of the following factors: yield or price of bonds of comparable quality, coupon, maturity, current cash flows, type, and current day trade information, as well as dealer supplied prices. These valuations are generally

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

categorized as Level 2 in the hierarchy. Structured debt instruments, such as mortgage-backed and asset-backed securities, may also incorporate collateral analysis and utilize cash flow models for valuation and are generally categorized as Level 2 in the hierarchy. Pricing services do not provide pricing for all securities and therefore indicative bids from dealers are utilized which are based on pricing models used by market makers in the security and are generally categorized as Level 2 in the hierarchy. Debt securities that are not widely traded, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

Listed derivatives, such as options, that are actively traded are valued based on quoted prices from the exchange and are categorized as Level 1 in the hierarchy. Over-the-counter derivative contracts, which include forward currency contracts and equity-linked instruments, do not require material subjectivity as pricing inputs are observed from actively quoted markets and are categorized as Level 2 in the hierarchy.

Investments in open-end mutual funds are valued at NAV. Investments in closed-end funds are valued as of the close of regular trading on the NYSE each business day. Both are categorized as Level 1 in the hierarchy.

A summary of the inputs used to value the Fund's net assets by each major security type is disclosed at the end of the Schedule of Investments for the Fund. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

B. Security Transactions and Investment Income

Security transactions are recorded on the trade date. Realized gains and losses from the sale of securities are determined on the identified cost basis. Dividend income is recognized on the ex-dividend date or, in the case of certain foreign securities, as soon as the Fund is notified. Interest income is recorded on the accrual basis. The Fund amortizes premiums and accretes discounts using the effective interest method.

Any distributions from underlying funds are recorded in accordance with the character of the distributions as designated by the underlying funds.

Dividend income from REIT investments is recorded using management's estimate of the income included in distributions received from the REIT investments. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal period-end, and may differ from the estimated amounts.

C. Income Taxes

The Fund is treated as a separate taxable entity. It is the intention of the Fund to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes or excise taxes has been made.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon current interpretations of the tax rules and regulations that exist in the markets in which it invests.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. As of September 30, 2017, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2014 forward (with limited exceptions).

D. Distributions to Shareholders

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from U.S. GAAP.

E. Expenses

Expenses incurred together by the Fund and other affiliated mutual funds are allocated in proportion to the net assets of each such fund, except where allocation of direct expenses to each fund or an alternative allocation method can be more appropriately used.

In addition to the net annual operating expenses that the Fund bears directly, the shareholders of the Fund indirectly bear the Fund's pro-rata expenses of any underlying mutual funds in which the Fund invests.

F. Foreign Currency Translation

Non-U.S. investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the foreign currency exchange rate effective at the end of the reporting period. Cost of investments is translated at the currency exchange rate effective at the trade date. The gain or loss resulting from a change in currency exchange rates between the trade and settlement date of a portfolio transaction is treated as a gain or loss on foreign currency. Likewise, the gain or loss resulting from a change in currency exchange rates between the date income is accrued and the date it is paid is treated as a gain or loss on foreign currency. The Fund does not isolate that portion of the results of operations arising from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

G. Loan Agreements

The Fund may invest in direct debt instruments which are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates. Loan agreements are generally non-investment grade and often involve borrowers that are highly leveraged. The Fund may invest in obligations of borrowers who are in bankruptcy proceedings. Loan agreements are typically senior in the corporate capital structure of the borrower. A loan is often administered by a bank or other financial institution (the "lender") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Fund's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. When investing in loan participations, the Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan participation and only upon receipt by the lender of payments from the borrower. The Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

When the Fund purchases assignments from lenders it acquires direct rights against the borrower on the loan.

The Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. Loan agreements may involve foreign borrowers and investments may be denominated in foreign currencies. Direct indebtedness of emerging countries involves a risk that the government entities responsible for the repayment of the debt may be unable, or unwilling, to pay the principal and interest when due.

The loan agreements have floating rate loan interests which generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally London Interbank Offered Rate ("LIBOR"), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. When a loan agreement is purchased the Fund may pay an assignment fee. On an ongoing basis, the Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan agreement. Prepayment penalty fees are received upon the prepayment of a loan agreement by a borrower. Prepayment penalty, facility, commitment, consent and amendment fees are recorded to income as earned or paid.

At September 30, 2017, all loan agreements held by the Fund are assignment loans.

H. When-issued and Forward Commitments (Delayed Delivery)

The Fund may engage in when-issued or forward commitment transactions. Securities purchased on a when-issued or forward commitment basis are known as delayed delivery transactions. Delayed delivery transactions involve a commitment by the Fund to purchase or sell a security at a future date (ordinarily up to 90 days later). When-issued or forward commitments enable the Fund to lock in what is believed to be an attractive price or yield on a particular security for a period of time, regardless of future changes in interest rates. The Fund records when-issued and delayed delivery securities on the trade date. The Fund maintains collateral for the securities purchased. Securities purchased on a when-issued or delayed delivery basis begin earning interest on the settlement date.

I. Securities Lending

(\$ reported in thousands)

During the period, the Fund was permitted to loan securities to qualified brokers through an agreement with Brown Brothers Harriman ("BBH"), as a third party lending agent. Under the terms of the agreement, when doing so the Fund was required to maintain collateral with a market value not less than 100% of the market value of loaned securities. Collateral, consisting of cash and securities issued by the U.S. Government or its agencies, was adjusted daily in connection with changes in the market value of securities on loan. Cash collateral was invested in a short-term money market fund. Dividends earned on the collateral and premiums paid by the broker were recorded as income by the Fund net of fees and rebates charged by BBH for its services as securities lending agent and in connection with this securities lending program. Lending portfolio securities involves a risk of delay in the recovery of the loaned securities or in the declining value of the collateral. Effective July 31, 2017, securities lending was suspended on the Fund, and the agreement with BBH was terminated on August 14, 2017.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

J. Earnings Credit and Interest

Through an arrangement with the Fund's previous custodian, which ended in September 2017, the Fund received either an earnings credit or interest on agreed upon target un-invested cash balances to reduce the Fund's custody expenses. The credits are reflected as "Earnings credit from Custodian" and the interest is reflected under "Interest income" in the Fund's Statements of Operations for the period, as applicable.

Note 3. Investment Advisory Fees and Related Party Transactions
(\$ reported in thousands except as noted)

A. Adviser

Virtus Investment Advisers, Inc. (the "Adviser"), an indirect, wholly owned subsidiary of Virtus Investment Partners, Inc. ("Virtus"), is the investment adviser to the Fund. The Adviser manages the Fund's investment program and general operations of the Fund, including oversight of the Fund's subadvisers.

As compensation for its services to the Fund, the Adviser is entitled to a fee based upon the following annual rates as a percentage of the average daily net assets of the Fund:

<u>First \$1 Billion</u>	<u>\$1+ Billion - \$2 Billion</u>	<u>\$2+ Billion</u>
0.55%	0.50%	0.45%

During the period covered by these financial statements, the Fund invested a portion of its assets in Virtus Newfleet Credit Opportunities Fund, an affiliated mutual fund. In order to avoid any duplication of advisory fees, the Adviser has voluntarily waived its advisory fees in an amount equal to that which would otherwise be paid by the Fund on the assets invested in the Virtus Newfleet Credit Opportunities Fund. For the period covered by these financial statements, the waiver amounted to \$8. This waiver is included in "Less expenses reimbursed and/or waived by investment adviser" in the Statement of Operations.

B. Subadvisers

The subadvisers manage the investments of the Fund for which they are paid a fee by the Adviser.

Newfleet Asset Management, LLC, an indirect, wholly-owned subsidiary of Virtus, is the subadviser to the Fund's fixed income portfolio. Kayne Anderson Rudnick Investment Management, LLC, an indirect, wholly-owned subsidiary of Virtus, is the subadviser to the Fund's domestic equity portfolio and Duff & Phelps Investment Management Co., an indirect, wholly-owned subsidiary of Virtus, is the subadviser to the Fund's international equity portfolio.

C. Distributor

VP Distributors, LLC ("VP Distributors"), an indirect, wholly owned subsidiary of Virtus, serves as the distributor of the Fund's shares. VP Distributors has advised the Fund that for the fiscal period (the "period") ended September 30, 2017, it retained net commissions of \$60 for Class A shares and CDSC of \$0 and \$—⁽¹⁾ for Class A shares and Class C shares, respectively.

⁽¹⁾ Amount is less than \$500.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

In addition, the Fund pays VP Distributors 12b-1 fees under a 12b-1 Plan as a percentage of the average daily net assets of each respective class at the annual rates as follows: Class A shares 0.25%; and Class C shares 1.00%.

Under certain circumstances, shares of certain Virtus Mutual Funds may be exchanged for shares of the same class of certain other Virtus Mutual Funds on the basis of the relative NAV per share at the time of the exchange. On exchanges with share classes that carry a CDSC, the CDSC schedule of the original shares purchased continues to apply.

D. Administrator and Transfer Agent

Virtus Fund Services, LLC, an indirect, wholly owned subsidiary of Virtus, serves as the administrator and transfer agent to the Trust.

For the period ended September 30, 2017, the Fund incurred administration fees totaling \$231 which are included in the Statement of Operations within the line item "Administration fees".

For the period ended September 30, 2017, the Fund incurred transfer agent fees totaling \$189 which are included in the Statement of Operations within the line item "Transfer agent fees and expenses". A portion of these fees was paid to outside entities that also provide services to the Trust.

E. Investments in Affiliates

A summary of total long-term and short-term purchases and sales of the affiliated underlying fund, Virtus Newfleet Credit Opportunities Fund, during the period ended September 30, 2017, is as follows:

Value, beginning of period	Purchases	Sales	Realized gain (loss)	Net Change in Unrealized Appreciation (Depreciation)	Value, end of period	Dividend Income	Distributions of Realized Gains
\$3,567	\$—	\$(699)	(1)	(57)	\$2,810	\$97	\$—

The Fund does not invest in the underlying fund for the purpose of exercising management or control; however, investments made by the Fund within each of its principal investment strategies may represent a significant portion of an underlying fund's net assets.

F. Trustee Compensation

The Trust provides a deferred compensation plan for its Trustees who receive compensation from the Trust. Under the deferred compensation plan, Trustees may elect to defer all or a portion of their compensation. Amounts deferred are retained by the Trust, and then, to the extent permitted by the 1940 Act, in turn, may be invested in the shares of affiliated or unaffiliated mutual funds selected by the participating Trustees. Investments in such instruments are included in "Other assets" in the Statement of Assets and Liabilities at September 30, 2017.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

Note 4. Purchases and Sales of Securities

(\$ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities and short-term securities) during the period ended September 30, 2017, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$100,476	\$123,235

Purchases and sales of long-term U.S. Government and agency securities during the period ended September 30, 2017, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$12,927	\$16,273

Note 5. Indemnifications

Under the Trust's organizational documents and in separate agreements between each Trustee and the Trust, its Trustees and officers are indemnified against certain liabilities arising out of the performance of their duties to the Trust and its funds. In addition, in the normal course of business, the Fund enters into contracts that provide a variety of indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund and that have not occurred. However, the Fund has not had prior claims or losses pursuant to these arrangements and expects the risk of loss to be remote.

Note 6. Credit Risk and Asset Concentration

In countries with limited or developing markets, investments may present greater risks than in more developed markets and the prices of such investments may be volatile. The consequences of political, social or economic changes in these markets may have disruptive effects on the market prices of these investments and the income they generate, as well as the Fund's ability to repatriate such amounts.

High-yield/high-risk securities typically entail greater price volatility and/or principal and interest rate risk. There is a greater chance that an issuer will not be able to make principal and interest payments on time. Analysis of the creditworthiness of issuers of high-yield/high-risk securities may be complex, and as a result, it may be more difficult for the Adviser and/or Subadvisers to accurately predict risk.

The Fund may invest a high percentage of its assets in specific sectors of the market in the pursuit of its investment objectives. Fluctuations in these sectors of concentration may have a greater impact on the Fund, positive or negative, than if the Fund did not concentrate its investments in such sectors.

Note 7. Federal Income Tax Information

(\$ reported in thousands)

At September 30, 2017, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

<u>Federal Tax Cost</u>	<u>Unrealized Appreciation</u>	<u>Unrealized (Depreciation)</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
\$416,284	\$65,149	\$(3,937)	\$61,212

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

Capital losses realized after October 31 and certain late year losses may be deferred and treated as occurring on the first day of the following fiscal year. For the fiscal year ended September 30, 2017, the Fund deferred and recognized qualified late-year losses as follows:

<u>Late Year Ordinary Loss Deferred</u>	<u>Late Year Ordinary Loss Recognized</u>	<u>Capital Losses Deferred</u>	<u>Capital Losses Recognized</u>
\$—	\$—	\$—	\$2,256

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation)) (which is disclosed above) consist of the following:

<u>Undistributed Ordinary Income</u>	<u>Undistributed Long-term Capital Gains</u>
\$667	\$3,123

Short-term gain distributions reported in the Statements of Changes in Net Assets, if any, are reported as ordinary income for federal tax purposes. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. The tax character of dividends and distributions paid during the periods ended was as follows:

	<u>September 30, 2017</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Ordinary Income	\$3,187	\$12,177	\$ 9,325
Long-Term Capital Gains	11	31,756	17,075
Total	<u>\$3,198</u>	<u>\$43,933</u>	<u>\$26,400</u>

For financial reporting purposes, book basis capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Permanent reclassifications can arise from differing treatment of certain income and gain transactions, nondeductible current year net operating losses, expiring capital loss carryovers and investments in passive foreign investment companies. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest. The reclassifications have no impact on the net assets or NAV of the Fund. As of September 30, 2017, the Fund recorded reclassifications to increase (decrease) the accounts as listed below:

<u>Capital Paid in on Shares of Beneficial Interest</u>	<u>Undistributed Net Investment Income (Loss)</u>	<u>Accumulated Net Realized Gain (Loss)</u>
\$—	\$18	\$(18)

Note 8. Borrowings

(\$ reported in thousands)

On September 18, 2017, the Fund and other affiliated funds of the Trust entered into a \$150,000 unsecured line of credit. This Credit Agreement is with a commercial bank that allows the Fund to borrow cash from the bank to manage large unexpected redemptions

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

and trade fails, up to a limit of one-third the Fund's total net assets in accordance with the terms of the agreement. This Credit Agreement has a term of 364 days. Interest is charged at the higher of the London Interbank Offered Rate ("LIBOR") or the Federal Funds rate plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance. The Fund and other affiliated funds that are parties are individually, and not jointly, liable for their particular advances, if any, under the line of credit. The lending bank has the ability to require repayment of outstanding borrowings under this Credit Agreement upon certain circumstances such as an event of default.

On June 29, 2016, the Fund and other affiliated funds of the Trust renewed a \$50,000 secured line of credit. This Credit Agreement was with a commercial bank that allowed the Fund to borrow cash from the bank to manage large unexpected redemptions and trade fails, up to a limit of one-third of each Fund's total net assets in accordance with the terms of the agreement. This Credit Agreement had a term of 364 days and was renewable by the Funds with the bank's consent and approval of the Board. Interest was charged at the higher of the LIBOR or the Federal Funds rate plus an additional percentage rate on the amount borrowed. Commitment fees were charged on the undrawn balance. The Fund and other affiliated funds that were parties were individually, and not jointly, liable for their particular advances, if any, under the line of credit. The lending bank had the ability to require repayment of outstanding borrowings under this Credit Agreement upon certain circumstances such as an event of default. On June 14, 2017, the term of this Credit Agreement was extended for an additional 90 days. Effective September 18, 2017, the Credit Agreement was terminated and replaced by a new credit facility.

The Fund had no outstanding borrowings at any time during the period ended September 30, 2017.

Note 9. Illiquid and Restricted Securities

Investments are generally considered illiquid if they cannot be disposed of within seven days in the ordinary course of business at the approximate amount at which such securities have been valued by the Fund. Additionally, the following information is also considered in determining liquidity; the frequency of trades and quotes for the investment, whether the investment is listed for trading on a recognized domestic exchange and/or whether two or more brokers are willing to purchase or sell the security at a comparable price, the extent of market making activity in the investment and the nature of the market for investment.

Restricted securities are illiquid securities, as defined above, not registered under the Securities Act of 1933, as amended (the "1933 Act"). Generally, 144A securities are excluded from this category, except where defined as illiquid.

The Fund will bear any costs, including those involved in registration under the 1933 Act, in connection with the disposition of such securities.

The Fund held securities considered to be illiquid at September 30, 2017:

<u>Aggregate Value</u>	<u>% of Fund's net assets</u>
\$64	0.01%

At September 30, 2017, the Fund did not hold any securities that were illiquid or restricted.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2017

Note 10. Regulatory Matters and Litigation

From time to time, the Trust, the Fund's Adviser and/or subadvisers and/or their affiliates may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the SEC, involving compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting their products and other activities. At this time, the Fund's Adviser believes that the outcomes of such matters are not likely, either individually or in the aggregate, to be material to these financial statements.

Note 11. Custody Fees Reimbursed

State Street Bank & Trust, custodian for the Fund through January 29, 2010, reimbursed the Fund for out-of-pocket custody expenses overbilled for the period 1998 through January 29, 2010. The amount reimbursed, including interest, is shown in the Statement of Operations under "Custody fees reimbursed."

Note 12. Recent Accounting Pronouncement

In October 2016, the SEC released its Final Rule on Investment Company Reporting Modernization (the "Rule"). The Rule contains amendments to Regulation S-X which impact financial statement presentation, particularly the presentation of derivative investments. The financial statements presented are in compliance with the most recent Regulations S-X amendments.

Note 13. Subsequent Events

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued and has determined that there are no subsequent events requiring recognition or disclosure in these financial statements.



Report of Independent Registered Public Accounting Firm

To the Board of Trustees of
Virtus Equity Trust and Shareholders of
Virtus Strategic Allocation Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Virtus Strategic Allocation Fund (one of the funds constituting Virtus Equity Trust, hereafter referred to as the "Fund") as of September 30, 2017, and the results of its operations, the changes in its net assets and the financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of September 30, 2017 by correspondence with the custodians, brokers, transfer agent of the investee fund and the application of alternative procedures where securities purchased had not been received, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
November 22, 2017

VIRTUS STRATEGIC ALLOCATION FUND
TAX INFORMATION NOTICE (Unaudited)
SEPTEMBER 30, 2017

For the fiscal period ended September 30, 2017, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentages, or the maximum amount allowable, of its ordinary income dividends ("QDI") to qualify for the lower tax rates applicable to individual shareholders, and the percentage of ordinary income dividends earned by the Fund which qualifies for the dividends received deduction ("DRD") for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in year-end tax statements. The Fund designates the amount below as long-term capital gains dividends ("LTCG") taxable at a 20% rate, or lower depending on the shareholder's income (\$ reported in thousands). LTCG amount, if subsequently different, will be designated in the next annual report.

<u>QDI</u>	<u>DRD</u>	<u>LTCG</u>
56%	25%	\$3,126

FUND MANAGEMENT TABLES (Unaudited)

Information pertaining to the Trustees and officers of the Trust as of September 30, 2017, is set forth below. The statement of additional information (SAI) includes additional information about the Trustees and is available without charge, upon request, by calling (800) 243-4361.

The address of each individual, unless otherwise noted, is c/o Virtus Equity Trust, 100 Pearl Street, Hartford, CT 06103. There is no stated term of office for Trustees or officers of the Trust.

Independent Trustees

Name, Year of Birth, Length of Time Served and Number of Portfolios in Complex	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Brown, Thomas J. YOB: 1945 Served Since: 2016 87 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Family (75 portfolios) and Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2011), Virtus Variable Insurance Trust (9 portfolios); Director (since 2010), D'Youville Senior Care Center; and Director (since 2005), VALIC Company Funds (49 portfolios).
Burke, Donald C. YOB: 1960 Served Since: 2016 91 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Family (75 portfolios), Virtus Variable Insurance Trust (9 portfolios) and Virtus Alternative Solutions Trust (3 portfolios); Director (since 2014) closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director, Avista Corp. (energy company) (since 2011); Trustee, Goldman Sachs Fund Complex (2010 to 2014); and Director, BlackRock Luxembourg and Cayman Funds (2006 to 2010).
Gelfenbien, Roger A. YOB: 1943 Served Since: 2016 87 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Family (75 portfolios) and Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2000), Virtus Variable Insurance Trust (9 portfolios); and Director (since 1999), USAllianz Variable Insurance Product Trust (42 portfolios).
Harris, Sidney E. YOB: 1949 Served Since: 2017 87 Portfolios	Professor and Dean Emeritus (since April 2015), Professor (1997 to 2014), Dean (1997 to 2004), J. Mack Robinson College of Business, Georgia State University; Trustee (since 2017), Virtus Mutual Fund Family (75 portfolios), Virtus Variable Insurance Trust (9 portfolios), and Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2013), KIPP Metro Atlanta; Trustee (since 1999) Total System Services, Inc.; Trustee (2004 to 2017), RidgeWorth Funds; Trustee (2012 to 2017), International University of the Grand Bassam; and Trustee (2011 to 2015), Genspring Family Offices, LLC.
Mallin, John R. YOB: 1950 Served Since: 2016 87 Portfolios	Partner/Attorney (since 2003), McCarter & English LLP (law firm), Real Property Practice Group; and Member (since 2014), Counselors of Real Estate. Trustee (since 2016), Virtus Mutual Fund Family (75 portfolios) and Virtus Alternative Solutions Trust (3 portfolios); Director (since 2013), Horizons, Inc. (non-profit); and Trustee (since 1999), Virtus Variable Insurance Trust (9 portfolios).
McClellan, Hassell H. YOB: 1945 Served Since: 2015 87 Portfolios	Retired (since 2013); and Professor (1984 to 2013), Wallace E. Carroll School of Management, Boston College. Chairperson of the Board (since 2017) and Trustee (since 2000), John Hancock Fund Complex (collectively, 227 portfolios); Trustee (since 2016), Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2015), Virtus Mutual Fund Family (75 portfolios); Director (since 2010), Barnes Group, Inc. (diversified global components manufacturer and logistical services company); Trustee, Virtus Variable Insurance Trust (9 portfolios) (since 2008).
McDaniel, Connie D. YOB: 1958 Served Since: 2017 87 Portfolios	Retired. Trustee (since 2017), Virtus Mutual Fund Family (75 portfolios), Virtus Variable Insurance Trust (9 portfolios), and Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2014), Total System Services, Inc.; and Trustee (2005 to 2017), RidgeWorth Funds.

FUND MANAGEMENT TABLES (Unaudited) (Continued)

Independent Trustees (Continued)

Name, Year of Birth, Length of Time Served and Number of Portfolios in Complex	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
McLoughlin, Philip YOB: 1946 Served Since: 1996 95 Portfolios	Retired. Director and Chairman (since 2016), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Director and Chairman (since 2014) Duff & Phelps Select Energy MLP Fund Inc.; Trustee and Chairman (since 2013), Virtus Alternative Solutions Trust (3 portfolios); Trustee and Chairman (since 2011), Virtus Global Multi-Sector Income Fund; Chairman and Trustee (since 2003), Virtus Variable Insurance Trust (9 portfolios); Director (since 1995), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director (since 1991) and Chairman (since 2010), Lazard World Trust Fund (closed-end investment firm in Luxembourg); and Trustee (since 1989) and Chairman (since 2002), Virtus Mutual Fund Family (75 portfolios).
McNamara, Geraldine M. YOB: 1951 Served Since: 2001 91 Portfolios	Retired. Trustee (since 2016) Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2015), Virtus Variable Insurance Trust (9 portfolios); Director (since 2003), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); and Trustee (since 2001), Virtus Mutual Fund Family (75 portfolios).
Oates, James M. YOB: 1946 Served Since: 1996 91 Portfolios	Managing Director (since 1994), Wydown Group (consulting firm). Director (since 2016), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios); Director (since 2014), Duff & Phelps Select Energy MLP Fund Inc.; Trustee (since 2013), Virtus Alternative Solutions Trust (3 portfolios); Trustee (since 2011), Virtus Global Multi-Sector Income Fund; Chairman (2005 to 2017) and Trustee (since 2005), John Hancock Fund Complex (227 portfolios); Director (2002 to 2014), New Hampshire Trust Company; Chairman (2000 to 2016), Emerson Investment Management, Inc.; Non-Executive Chairman (2000 to 2014), Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.) (financial services); Chairman and Director (1999 to 2014), Connecticut River Bank; Director (since 1996), Stifel Financial; and Trustee (since 1987), Virtus Mutual Fund Family (75 portfolios).
Segerson, Richard E. YOB: 1948 Served Since: 1996 87 Portfolios	Retired; and Managing Director (1998 to 2013), Northway Management Company. Trustee (since 2016) Virtus Alternative Solutions Trust (3 portfolios) and Virtus Variable Insurance Trust (9 portfolios); and Trustee (since 1983), Virtus Mutual Fund Family (75 portfolios).
Verdonck, Ferdinand L.J. YOB: 1942 Served Since: 2006 87 Portfolios	Director (1998 to 2015), The J.P. Morgan Continental European Investment Trust; Director (2005 to 2013), Galapagos N.V. (biotechnology); Director (1998 to 2015) Groupe SNEF; Vice Chairman (since 2014), Affirmed Therapeutics (biotechnology); and Mr. Verdonck is also a director of several non-U.S. companies. Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios) and Virtus Alternative Solutions Trust (3 portfolios); and Trustee (since 2002), Virtus Mutual Fund Family (75 portfolios).

FUND MANAGEMENT TABLES (Unaudited) (Continued)

Interested Trustee

Name, Year of Birth, Year Elected and Number of Funds Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Aylward, George R.* Trustee and President YOB: 1964 Elected: 2006 93 Portfolios	Director, President and Chief Executive Officer (since 2008), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions with Virtus affiliates (since 2005). Chairman and Trustee (since 2015), Virtus ETF Trust II (2 funds); Trustee and President (since 2013), Virtus Alternative Solutions Trust (3 portfolios); Director (since 2013), Virtus Global Funds, PLC (2 portfolios); Trustee (since 2012) and President (since 2010), Virtus Variable Insurance Trust (9 portfolios); Director, President and Chief Executive Officer (since 2014), Duff & Phelps Select Energy MLP Fund Inc.; Trustee, President and Chief Executive Officer (since 2011), Virtus Global Multi-Sector Income Fund; Trustee and President (since 2006) and Executive Vice President (2004 to 2006), Virtus Mutual Fund Family (75 portfolios); and Director, President and Chief Executive Officer (since 2006), Virtus Global Dividend & Income Fund Inc. and Virtus Total Return Fund Inc.

* Mr. Aylward is an “interested person,” as defined in the 1940 Act, by reason of his position as President and Chief Executive Officer of Virtus Investment Partners, Inc. (“Virtus”), the ultimate parent company of the Adviser, and various positions with its affiliates, including the Adviser.

FUND MANAGEMENT TABLES (Unaudited) (Continued)

Officers of the Trust Who Are Not Trustees

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
Bradley, W. Patrick YOB: 1972	Executive Vice President (since 2016); Senior Vice President (2013 to 2016); Vice President (2011 to 2013); Chief Financial Officer and Treasurer (since 2006).	Executive Vice President, Fund Services (since 2016), Senior Vice President, Fund Services (2010 to 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2004), Virtus Variable Insurance Trust; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2006), Virtus Mutual Fund Family; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2006), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2011), Virtus Global Multi-Sector Income Fund; Vice President and Assistant Treasurer (since 2011), Duff & Phelps Global Utility Income Fund Inc.; Director (since 2013), Virtus Global Funds, PLC; and Executive Vice President (since 2016), Senior Vice President, Chief Financial Officer and Treasurer (2013 to 2016), Virtus Alternative Solutions Trust.
Carr, Kevin J. YOB: 1954	Senior Vice President (since 2013); Vice President (2005 to 2013); Chief Legal Officer, Counsel and Secretary (since 2005).	Senior Vice President (since 2009), Vice President, Counsel and Secretary (2008 to 2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions (since 2005) with Virtus affiliates; Senior Vice President (since 2013), Vice President (2005 to 2013), Chief Legal Officer, Counsel and Secretary (since 2005), Virtus Mutual Fund Family; Senior Vice President (2013 to 2014), Vice President (2012 to 2013) and Assistant Secretary (since 2012), Secretary and Chief Legal Officer (2005 to 2012), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Senior Vice President (since 2017), Assistant Secretary (since 2013), Vice President, Chief Legal Officer, Counsel and Secretary (2010 to 2013), Virtus Variable Insurance Trust; Vice President and Assistant Secretary (since 2011), Duff & Phelps Global Utility Income Fund Inc.; Senior Vice President and Assistant Secretary (2013 to 2014), Vice President and Assistant Secretary (2012 to 2013), Vice President, Chief Legal Officer, Counsel and Secretary (2011 to 2012), Virtus Closed-End Funds; Senior Vice President (since 2017) and Assistant Secretary (since 2013), Virtus Alternative Solutions Trust; Secretary (since 2015), ETFis Series Trust I; and Secretary (since 2015), Virtus ETF Trust II.

FUND MANAGEMENT TABLES (Unaudited) (Continued)

Officers of the Trust Who Are Not Trustees (Continued)

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
Engberg, Nancy J. YOB: 1956	Senior Vice President and Chief Compliance Officer (since 2017); Vice President and Chief Compliance Officer (2011 to 2017).	Senior Vice President (since 2017), Vice President (2008 to 2017) and Chief Compliance Officer (2008 to 2011 and since 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Senior Vice President (since 2017), Vice President (2011 to 2017) and Chief Compliance Officer (since 2011), Virtus Mutual Fund Family; Senior Vice President (since 2017), Vice President (2010 to 2016) and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Senior Vice President (since 2017), Vice President (2011 to 2016) and Chief Compliance Officer (since 2011), Virtus Global Multi-Sector Income Fund; Senior Vice President (since 2017), Vice President (2012 to 2016) and Chief Compliance Officer (since 2012), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Senior Vice President (since 2017), Vice President (2013 to 2016) and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Vice President & Chief Compliance Officer (since 2014), Duff & Phelps Select Energy MLP Fund Inc.; Chief Compliance Officer (since 2015), ETFis Series Trust I; and Chief Compliance Officer (since 2015), Virtus ETF Trust II.
Short, Julia R. YOB: 1972	Senior Vice President (since 2017)	Senior Vice President, Product Development (since 2017), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; Senior Vice President (since 2017), Virtus Mutual Fund Family; President and Chief Executive Officer, RidgeWorth Funds (2007 to 2017); and Managing Director, Product Manager, RidgeWorth Investments (2004 to 2017).
Waltman, Francis G. YOB: 1962	Executive Vice President (since 2013); Senior Vice President (2008 to 2013).	Executive Vice President, Product Development (since 2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2013), Senior Vice President (2008 to 2013), Virtus Mutual Fund Family; Executive Vice President (since 2013), Senior Vice President (2010 to 2013), Virtus Variable Insurance Trust; Executive Vice President (since 2013), Senior Vice President (2011 to 2013), Virtus Global Multi-Sector Income Fund; Executive Vice President (since 2014), Duff & Phelps Select Energy MLP Fund Inc.; Director (since 2013), Virtus Global Funds PLC; and Executive Vice President (since 2013), Virtus Alternative Solutions Trust.

VIRTUS EQUITY TRUST

101 Munson Street
Greenfield, MA 01301-9668

Trustees

George R. Aylward
Thomas J. Brown
Donald C. Burke
Roger A. Gelfenbien
Sidney E. Harris
John R. Mallin
Hassell H. McClellan
Connie D. McDaniel
Philip R. McLoughlin, Chairman
Geraldine M. McNamara
James M. Oates
Richard E. Segerson
Ferdinand L.J. Verdonck

Officers

George R. Aylward, President
Francis G. Waltman, Executive Vice
President
W. Patrick Bradley, Executive Vice
President, Chief Financial Officer and
Treasurer
Kevin J. Carr, Senior Vice President, Chief
Legal Officer, Counsel and Secretary
Nancy J. Engberg, Senior Vice President
and Chief Compliance Officer
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Important Notice to Shareholders

The Securities and Exchange Commission has modified mailing regulations for semiannual and annual shareholder fund reports to allow mutual fund companies to send a single copy of these reports to shareholders who share the same mailing address. If you would like additional copies, please call Mutual Fund Services at 1-800-243-1574.



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