



ANNUAL REPORT

Virtus Multi-Sector Short Term Bond Fund

September 30, 2016

TRUST NAME: VIRTUS OPPORTUNITIES TRUST

Not FDIC Insured
No Bank Guarantee
May Lose Value



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Virtus Multi-Sector Short Term Bond Fund

(“Multi-Sector Short Term Bond Fund”)

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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 year 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 Virtus Multi-Sector Short Term Bond 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 this annual report that reviews the performance of your fund for the 12 months ended September 30, 2016.

During the first half of the fiscal year, global equity markets were challenged by falling oil prices, China's slowdown, and concerns over the Federal Reserve's ("the Fed") first rate hike in nine years, which occurred in December 2015. Equities plummeted in early 2016, but stabilizing oil prices and the Fed's softened stance on further rate hikes for 2016 sparked a rally in mid-February that lasted until June. The U.K.'s June 23 "Brexit" decision to leave the European Union triggered a selloff that was largely short-lived. Calm was restored by better-than-expected corporate earnings, an improving global economic picture, and reassurance that the world's central banks would continue to provide monetary stimulus. By

the end of September, U.S. equity markets had recovered much of their losses, and the 12-month period was positive for many asset classes.

For the 12 months ended September 30, 2016, U.S. small-cap stocks kept pace with U.S. large-cap stocks, as measured by the 15.47% and 15.43% returns of the Russell 2000® Index and S&P 500® Index, respectively. Within international equities, emerging markets significantly outperformed their developed peers, with the MSCI Emerging Markets Index (net) up 16.78%, while the MSCI EAFE® Index (net) returned 6.52%.

Demand for U.S. Treasuries remained strong, driven by foreign investors seeking safe havens and yield in light of the negative interest rate environment in many international economies. On September 30, 2016, the benchmark 10-year U.S. Treasury yielded 1.60% compared with 2.06% one year earlier. For the 12 months ended September 30, 2016, 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, gained 5.19%, while non-investment grade bonds rose 12.73%, as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index.

The strength of the global economy will likely remain a leading concern for markets in the months ahead, and investors will watch with great interest the actions of the Fed and other major central banks. The U.S. economy's continued growth, as evidenced by recent strong jobs, housing, and consumer spending data, should give investors reason for optimism, but future market direction will be determined largely by the ability of corporations to continue to produce robust earnings.

Market uncertainty is an ever-present reminder of the importance of portfolio diversification, including exposure to both 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.

As always, thank you for entrusting Virtus with your assets. Should you have questions about your account or require assistance, please visit our website at 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,



George R. Aylward
President, Virtus Mutual Funds

October 2016

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 MULTI-SECTOR SHORT TERM BOND FUND
DISCLOSURE OF FUND EXPENSES (Unaudited)
FOR THE SIX-MONTH PERIOD OF APRIL 1, 2016 TO SEPTEMBER 30, 2016

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 Virtus Multi-Sector Short Term Bond 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 B and Class T shares; and (2) ongoing costs, including investment advisory fees, distribution and service fees, and other expenses. Class C shares are sold without a sales charge. Class I shares are sold without a sales charge and do not incur distribution and service fees. 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 following Expense Table illustrates your 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 the timing of any purchases or redemptions.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
DISCLOSURE OF FUND EXPENSES (Unaudited) (Continued)
FOR THE SIX-MONTH PERIOD OF APRIL 1, 2016 TO SEPTEMBER 30, 2016

Expense Table

	Beginning Account Value April 1, 2016	Ending Account Value September 30, 2016	Annualized Expense Ratio	Expenses Paid During Period*
Actual				
Class A	\$1,000.00	\$1,043.00	1.01%	\$5.16
Class B	1,000.00	1,040.70	1.51	7.70
Class C	1,000.00	1,041.10	1.26	6.43
Class T	1,000.00	1,040.80	1.76	8.98
Class I	1,000.00	1,044.30	0.76	6.44
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.95	1.01	5.10
Class B	1,000.00	1,017.45	1.51	7.62
Class C	1,000.00	1,018.70	1.26	6.36
Class T	1,000.00	1,016.20	1.76	8.87
Class I	1,000.00	1,018.70	0.76	6.36

* 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 366 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 were 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 prospectus.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
KEY INVESTMENT TERMS
SEPTEMBER 30, 2016 (Unaudited)

Bank of Japan (“BOJ”)

The Bank of Japan is the Japanese Central Bank.

BofA Merrill Lynch 1–3 Year A–BBB US Corporate Index

The BofA Merrill Lynch 1–3 Year A–BBB US Corporate Index measures performance of U.S. investment grade corporate bond issues rated “BBB” and “A” by Standard & Poor’s/Moody’s with maturities between one and three years. 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. 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.

European Central Bank (“ECB”)

The European Central Bank (ECB) is responsible for conducting monetary policy for the eurozone. The ECB was established as the core of the Eurosystem and the European System of Central Banks (ESCB). The ESCB comprises the ECB and the national central banks (NCBs) of all 17 European Union Member States whether they have adopted the Euro or not.

Exchange-Traded Funds (ETF)

An open-end fund that is traded on a stock exchange. Most ETFs have a portfolio of stocks or bonds that track a specific market index.

Federal Reserve (the “Fed”)

The Central Bank of the United States, responsible for controlling the 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.

MSCI EAFE® Index (net)

The MSCI EAFE® 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 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

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
KEY INVESTMENT TERMS (Continued)
SEPTEMBER 30, 2016 (Unaudited)

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 is not available for direct investment.

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.

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 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.

MULTI-SECTOR SHORT TERM BOND FUND

Fund Summary

Portfolio Manager Commentary by Newfleet Asset Management, LLC

Ticker Symbols:
Class A: NARAX
Class B: PBARX
Class C: PSTCX
Class T: PMSTX
Class I: PIMSX

- The Fund is diversified and has an investment objective of providing high current income while attempting to limit changes in the Fund's net asset value per share caused by interest rate changes.
- For the fiscal year ended September 30, 2016, the Fund's Class A shares at NAV returned 4.90%; Class B shares returned 4.41%; Class C shares returned 4.58%; Class T shares returned 4.29%; and Class I shares returned 4.94%*. For the same period, the Bloomberg Barclays U.S. Aggregate Bond Index, a broad-based fixed income index, returned 5.19%; and the BofA Merrill Lynch 1-3 Year A-BBB US Corporate Index, the Fund's style-specific index appropriate for comparison, returned 2.63%.

*See footnote 7 on page 8

All performance figures assume reinvestment of distributions and exclude the effect of sales charges. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown.

How did the market perform during the Fund's fiscal year?

- Most fixed income spread sectors outperformed U.S. Treasuries during the fiscal year. The U.S. Federal Reserve's ("the Fed") dovish stance in mid-February sparked a rally that turned around a volatile time period that began with fresh concerns over China, plummeting oil prices, and fears that the Fed had raised rates too soon.
- Late in June volatility returned briefly with fall-out from the U.K.'s unexpected decision to leave the European Union ("Brexit"). Bond yields in the U.S., Japan, and across Europe fell to historic lows in early July as investors fled to the safety of bonds on global growth concerns fueled by the June 23 Brexit decision. Markets recovered rather quickly however from the initial shock. Easing by major

central banks and a weaker U.S. dollar helped to improve global risk sentiment and stabilize markets.

- September brought heightened concerns over the ability and willingness of global central banks to fight chronic low inflation and weak growth as the decision by the European Central Bank ("ECB") to leave interest rates and its stimulus program unchanged was a precipitating factor in a widespread market sell-off, reinforced by fears that the Bank of Japan ("BOJ") had run out of quantitative easing tools. Hawkish signals from the Fed added to the volatility. The BOJ subsequently decided not to reduce interest rates further but to shift its focus to stabilizing rates for longer maturity government bonds. This bolstered market sentiment, as did the Fed's eventual decision to stand pat at its September monetary policy meeting.
- Over the last 12 months, U.S. Treasury yields increased for shorter term bonds while yields decreased for intermediate to longer term bonds.

What factors affected the Fund's performance during its fiscal year?

- The underperformance of U.S. Treasuries relative to most fixed income spread sectors was the key driver of the Fund's outperformance for the fiscal year.
- The Fund's allocation to corporate high yield and emerging market high yield securities were the largest positive contributors to performance for the fiscal year.
- The Fund's allocation to asset-backed securities and commercial mortgage-backed securities detracted from performance.

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

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

MULTI-SECTOR SHORT TERM BOND FUND (Continued)

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.

There is no guarantee that the Fund will meet its objective.

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.*

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.*

ABS/MBS: *Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral.*

Bank Loans: *Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value and have longer settlement times than other investments, which can make loans relatively illiquid at times.*

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 as of September 30, 2016.

Corporate Bonds and Notes	35%
Financials	13%
Energy	6
Industrials	4
All other Corporate Bonds and Notes	12
Mortgage-Backed Securities	25
Asset-Backed Securities	19
Loan Agreements	12
Foreign Government Securities	6
Other	3
Total	<u>100%</u>

MULTI-SECTOR SHORT TERM BOND FUND (Continued)

Average Annual Total Returns¹ for periods ended 9/30/16

	1 Year	5 Years	10 Years	Since Inception	Inception Date
Class A Shares at NAV²	4.90%	3.96%	4.68%	—	—
Class A Shares at POP^{3,4}	2.54	3.49	4.44	—	—
Class B Shares at NAV²	4.41	3.42	4.16	—	—
Class B Shares with CDSC⁴	2.91	3.42	4.16	—	—
Class C Shares at NAV²	4.58	3.70	4.41	—	—
Class T Shares at NAV² and with CDSC⁴	4.29	3.19	3.90	—	—
Class I Shares at NAV^{2,7}	4.94	4.17	—	5.31%	6/6/08
Bloomberg Barclays U.S. Aggregate Bond Index	5.19	3.08	4.79	4.58⁵	—
BofA Merrill Lynch 1–3 Year A–BBB US Corporate Index	2.63	2.50	3.60	3.28⁵	—

Fund Expense Ratios⁶: A Shares: 0.97%; B Shares: 1.47%; C Shares: 1.22%; T Shares: 1.72%; I Shares: 0.72%. 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 2.25% 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 Class B shares decline from 2% to 0% over a three-year period. CDSC charges for certain redemptions of Class A shares made within 18 months of purchase in which a finder's fee was paid and all redemptions of Class T shares are 1% within the first year and 0% thereafter.

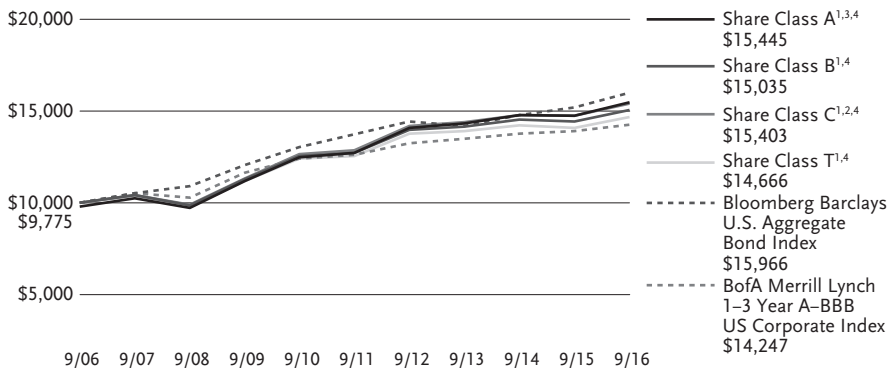
⁵ The since inception index returns are from the inception date of Class I shares.

⁶ The expense ratios of the Fund are set forth according to the prospectus for the Fund effective January 28, 2016, 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.

⁷ Total Return for the report period presented in the table differs from the return in the Financial Highlights. The total return presented in the above table is calculated based on the NAV at which shareholder transactions were processed. The total return presented in the Financial Highlights section of the report is calculated in the same manner, but also takes into account certain adjustments that are necessary under generally accepted accounting principals required in the annual report and semiannual report.

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

This chart assumes an initial investment of \$10,000 made on September 30, 2006, for Class A, Class B, Class C and Class T 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
U.S. GOVERNMENT SECURITIES—1.3%			FOREIGN GOVERNMENT SECURITIES (continued)		
U.S. Treasury Note			144A		
1.375%, 1/31/21	\$ 23,135	\$ 23,388	5.125%, 12/5/22 ⁽³⁾	\$ 4,855	\$ 4,285
1.250%, 3/31/21	60,800	61,118	Provincia de Buenos Aires Argentina		
1.625%, 2/15/26	12,600	12,631	144A		
			5.750%, 6/15/19 ⁽³⁾	5,795	6,024
TOTAL U.S. GOVERNMENT SECURITIES			Republic of Chile		
(Identified Cost \$96,990)		97,137	5.500%, 8/5/20	11,647,000 ^{CLP}	18,840
MUNICIPAL BONDS—0.1%			Republic of Colombia		
Virginia—0.1%			Treasury Note,		
Tobacco Settlement			Series B,		
Financing Corp.			11.250%, 10/24/18	21,072,000 ^{CDP}	7,992
Series A-1, Taxable			9.850%, 6/28/27	41,350,000 ^{CDP}	17,498
6.706%, 6/1/46	4,635	3,981	Republic of		
			Indonesia		
TOTAL MUNICIPAL BONDS			Series FR56,		
(Identified Cost \$4,307)		3,981	8.375%, 9/15/26	386,635,000 ^{IDR}	32,291
FOREIGN GOVERNMENT SECURITIES—5.7%			Republic of		
Argentine Republic			Kazakhstan 144A		
144A			5.125%, 7/21/25 ⁽³⁾	6,495	7,320
6.250%, 4/22/19 ⁽³⁾	7,200	7,636	Republic of Panama		
144A			3.875%, 3/17/28	10,455	11,318
7.500%, 4/22/26 ⁽³⁾	12,545	14,157	Republic of Romania		
7.875%, 6/15/27 ⁽³⁾	5,000	5,359	144A		
Series NY,			6.750%, 2/7/22 ⁽³⁾	7,000	8,442
8.280%, 12/31/33	24,360	28,075	Republic of		
Bolivarian Republic of			South Africa		
Venezuela			Series R203,		
RegS			8.250%, 9/15/17	134,520 ^{ZAR}	9,875
7.000%, 12/1/18 ⁽⁴⁾	20,999	14,846	Series R208,		
RegS			6.750%, 3/31/21	111,235 ^{ZAR}	7,718
7.750%, 10/13/19 ⁽⁴⁾	19,501	12,081	Republic of Turkey		
Democratic Socialist			9.000%, 3/8/17	30,355 ^{TRY}	10,167
Republic of			5.625%, 3/30/21	16,375	17,439
Sri Lanka 144A			6.250%, 9/26/22	25,545	28,100
6.000%, 1/14/19 ⁽³⁾	17,450	18,042	4.875%, 10/9/26	6,820	6,957
Federative Republic			Russian Federation		
of Brazil			144A		
8.500%, 1/5/24	37,050 ^{BRL}	10,524	7.850%, 3/10/18 ⁽³⁾	1,005,000 ^{RUB}	15,816
Treasury Note			State of Qatar 144A		
Series F,			3.250%, 6/2/26 ⁽³⁾	11,745	11,939
10.000%, 1/1/25	37,510 ^{BRL}	10,958	Sultanate of Oman		
6.000%, 4/7/26	10,400	11,544	144A		
10.250%, 1/10/28	13,095 ^{BRL}	4,087	3.625%, 6/15/21 ⁽³⁾	9,610	9,701
Mongolia			144A		
RegS			4.750%, 6/15/26 ⁽³⁾	5,295	5,314
5.125%, 12/5/22 ⁽⁴⁾	4,455	3,932			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
FOREIGN GOVERNMENT SECURITIES (continued)					
United Mexican States					
Series M,					
6.500%, 6/9/22	512,474 ^{MOO}	\$ 27,296			
TOTAL FOREIGN GOVERNMENT SECURITIES					
(Identified Cost \$414,800)		405,573			
MORTGAGE-BACKED SECURITIES—25.1%					
Agency—5.0%					
FHLMC					
3.500%, 4/1/46	\$ 24,048	25,370			
FNMA					
5.500%, 1/1/17	3	3			
6.000%, 5/1/17	2	2			
4.500%, 4/1/18	46	47			
5.000%, 10/1/19	179	185			
5.500%, 2/1/20	49	50			
5.500%, 3/1/20	17	17			
5.500%, 3/1/20	11	11			
5.500%, 3/1/20	28	29			
5.500%, 3/1/20	56	58			
5.500%, 4/1/20	138	145			
5.000%, 6/1/20	240	251			
4.000%, 8/1/25	8,325	8,753			
3.000%, 6/1/27	908	955			
2.500%, 5/1/28	14,346	14,907			
3.000%, 10/1/30	34,860	36,633			
3.000%, 10/1/30	24,894	26,155			
2.500%, 2/1/31	39,997	41,469			
3.000%, 2/1/31	15,326	16,106			
6.000%, 12/1/32	36	41			
5.500%, 2/1/33	47	54			
5.500%, 5/1/34	271	306			
6.000%, 8/1/34	195	227			
5.500%, 11/1/34	148	166			
5.500%, 11/1/34	138	155			
6.000%, 11/1/34	141	162			
5.500%, 12/1/34	101	115			
5.500%, 1/1/35	243	277			
5.500%, 7/1/37	3	4			
6.000%, 7/1/37	34	39			
6.000%, 4/1/38	147	168			
5.000%, 12/1/39	5,341	5,987			
4.500%, 4/1/40	7,173	7,882			
5.000%, 8/1/40	10,700	11,920			
4.000%, 10/1/40	133	142			
4.000%, 3/1/41	4,989	5,377			
Agency (continued)					
4.500%, 5/1/41			\$ 4,860	\$ 5,332	
3.500%, 4/1/42			10,446	11,064	
3.000%, 3/1/43			53,775	56,101	
3.000%, 5/1/43			15,633	16,290	
4.000%, 10/1/44			24,662	26,495	
3.500%, 12/1/45			23,492	24,785	
3.500%, 1/1/46			11,114	11,726	
GNMA					
6.500%, 11/15/31			19	22	
6.500%, 2/15/32			22	25	
				<u>356,008</u>	
Non-Agency—20.1%					
A-10 Securitization					
LLC 13-1, A 144A					
2.400%, 11/15/25 ⁽³⁾			56	56	
ABN AMRO Mortgage Corp. 02-9, M					
5.750%, 12/25/32			561	539	
Access Point Financial, Inc. 15-A, A 144A					
2.610%, 4/15/20 ⁽³⁾			4,578	4,575	
Agate Bay Mortgage Trust 13-1, 144A					
3.500%, 7/25/43 ⁽²⁾⁽³⁾			4,945	5,080	
American Homes 4 Rent 15-SFR1, A 144A					
3.467%, 4/17/52 ⁽³⁾			11,880	12,653	
Americold LLC Trust 10-ARTA, A1 144A					
3.847%, 1/14/29 ⁽³⁾			7,071	7,389	
Ameriquest Mortgage Securities, Inc. 03-10, AF6					
5.210%, 11/25/33 ⁽²⁾			616	634	
Asset Backed Funding Certificates 05-AQ1, A6					
4.780%, 6/25/35 ⁽²⁾			2,024	2,083	
Aventura Mall Trust 13-AVM, A 144A					
3.743%, 12/5/32 ⁽²⁾⁽³⁾			10,350	11,121	
Banc of America Commercial Mortgage Trust 07-2, A4 5.791%, 4/10/49⁽²⁾					
			10,813	10,869	

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)			Non-Agency (continued)		
Banc of America			Bank of America		
Funding Trust			(Merrill Lynch –		
04-4, 3A1			Countrywide) Home		
4.750%, 10/25/19	\$ 1,474	\$ 1,450	Loan Mortgage		
04-B, 2A1			Pass-Through-Trust		
2.886%, 11/20/34 ⁽²⁾	676	664	04-6, 1A2		
05-1, 1A1			3.018%, 5/25/34 ⁽²⁾	\$ 1,350	\$ 1,337
5.500%, 2/25/35	433	434	04-4, A6		
06-2, 3A1			5.500%, 5/25/34	1,008	1,019
6.000%, 3/25/36	2,130	2,193	Bank of America		
16- R1, A1 144A			(Merrill Lynch)		
2.500%, 3/25/40 ⁽²⁾⁽³⁾	7,029	6,983	Mortgage Investors,		
Banc of America			Inc. 98-C1, B		
Mortgage Trust			6.750%, 11/15/26 ⁽²⁾	9,072	9,206
04-7, 6A3			Bank of America		
4.500%, 8/25/19	511	509	(Merrill Lynch)		
04-11, 5A1			Investors Series		
6.500%, 8/25/32	819	825	04-A4, A1		
04-11, 2A1			2.855%, 8/25/34 ⁽²⁾	1,523	1,541
5.750%, 1/25/35	1,371	1,390	Barclays (Lehman		
05-3, 1A15			Brothers) – UBS		
5.500%, 4/25/35	1,508	1,518	Commercial		
Bank of America			Mortgage Trust		
(Countrywide)			07-C2, A3		
Asset-Backed			5.430%, 2/15/40	3,857	3,888
Certificates 05-1,			07-C6, A4		
AF5A			5.858%, 7/15/40 ⁽²⁾	12,864	13,022
5.148%, 7/25/35 ⁽²⁾	11,078	10,985	07-C7, A3		
Bank of America			5.866%, 9/15/45 ⁽²⁾	10,626	11,008
(Merrill Lynch –			Bayview Commercial		
Countrywide)			Asset Trust 08-1, A3		
Alternative Loan			144A		
Trust 04-22CB, 1A1			2.025%, 1/25/38 ⁽²⁾⁽³⁾	22,486	21,959
6.000%, 10/25/34	21,773	23,279	Bayview Financial		
Bank of America			Acquisition Trust		
(Merrill Lynch –			07-A, 1A2		
Countrywide) Asset-			6.205%, 5/28/37 ⁽²⁾	6,067	6,291
Backed Certificates			06-A, 1A4		
04-10, AF6			6.087%, 2/28/41 ⁽²⁾	16,408	16,760
4.485%, 12/25/34 ⁽²⁾	404	416	BCRR Trust 09-1, 2A		
05-12, 2A3			144A		
5.069%, 2/25/36 ⁽²⁾	1,243	1,247	5.858%, 7/17/40 ⁽²⁾⁽³⁾	2,667	2,667
			Citigroup – Deutsche		
			Bank Commercial		
			Mortgage Trust 07-		
			CD4, A4		
			5.322%, 12/11/49	1,943	1,951

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)			Commercial Mortgage		
Citigroup Commercial Mortgage Trust			Trust		
16-A Smpl A			10-C1, D 144A		
2.228%, 9/10/31	\$ 3,555	\$ 3,555	6.323%, 7/10/46 ⁽²⁾⁽³⁾	\$ 6,669	\$ 7,329
07-C6, A1A			07-GG11, AM		
5.900%, 12/10/49 ⁽²⁾	26,033	26,515	5.867%, 12/10/49 ⁽²⁾	19,989	20,631
07-C6, A4			Credit Suisse		
5.900%, 12/10/49 ⁽²⁾	388	395	Commercial		
08-C7, AM			Mortgage Trust		
6.333%, 12/10/49 ⁽²⁾	12,335	12,759	07-C1, A1A		
10-RR3, MLSR 144A			5.361%, 2/15/40		
5.810%, 6/14/50 ⁽²⁾⁽³⁾	3,337	3,366	14-LVR2, A2 144A		
Citigroup Mortgage Loan Trust, Inc.			3.855%, 4/25/44 ⁽²⁾⁽³⁾		
03-UP3, A2			07-C2, A3		
7.000%, 9/25/33	673	697	5.542%, 1/15/49 ⁽²⁾		
04-UST1, A3			Credit Suisse		
2.704%, 8/25/34 ⁽²⁾	1,358	1,359	Commercial		
04-NCM2, 2CB2			Mortgage-Backed		
6.750%, 8/25/34	10,707	11,156	Trust 07-C5, A1AM		
14-A, A 144A			5.870%, 9/15/40 ⁽²⁾		
4.000%, 1/25/35 ⁽²⁾⁽³⁾	11,435	11,873	21,039		
05-5, 2A3			19,330		
5.000%, 8/25/35	443	443	Credit Suisse First		
15-PS1, 144A			Boston Mortgage		
3.750%, 9/25/42 ⁽²⁾⁽³⁾	9,916	10,259	Securities Corp.		
15-A, A1 144A			03-27, 5A3		
3.500%, 6/25/58 ⁽²⁾⁽³⁾	4,327	4,415	5.250%, 11/25/33		
Colony American Finance Ltd. 15-1 144A			04-8, 7A1		
2.896%, 10/15/47 ⁽³⁾	10,871	11,003	6.000%, 12/25/34		
Colony Multi-Family Mortgage Trust			13-HYB1, A16, 144A		
14-1, A 144A			3.017%, 4/25/43 ⁽²⁾⁽³⁾		
2.543%, 4/20/50 ⁽³⁾	13,595	13,556	6,095		
COLT Mortgage Loan Trust Funding LLC			6,105		
16-1 A1, 144A			Credit Suisse		
3.000%, 5/25/46 ⁽³⁾	5,905	5,955	Mortgage Capital		
16-2, A1 144A			Trust 16-BDWN, A		
2.750%, 9/25/46 ⁽²⁾⁽³⁾	14,770	14,856	144A		
Commercial Mortgage Lease-Backed Certificates 01-CMB, 1 144A 7.471%, 6/20/31 ⁽²⁾⁽³⁾			3.408%, 2/15/29 ⁽²⁾⁽³⁾		
	4,080	4,625	2,975		
			Deutsche Bank – UBS		
			Mortgage Trust		
			11-LC3A, D 144A		
			5.510%, 8/10/44 ⁽²⁾⁽³⁾		
			6,306		
			6,613		
			Freddie Mac		
			Structured Agency		
			Credit Risk Debt		
			Notes 16-DNA2, M2		
			2.725%, 10/25/28 ⁽²⁾		
			4,705		
			4,782		
			GAHR Commercial		
			Mortgage Trust		
			15-NRF, CFX 144A		
			3.495%, 12/15/34 ⁽²⁾⁽³⁾		
			16,875		
			17,184		

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)			Non-Agency (continued)		
GMAC Mortgage Corp. Loan Trust			JPMorgan Chase (Bear Stearns) Commercial Mortgage Securities Trust		
04-AR1, 12A			06-PW14, AM		
3.441%, 6/25/34 ⁽²⁾	\$ 6,212	\$ 6,282	5.243%, 12/11/38	\$ 5,000	\$ 5,005
05-AR1, 5A			07- PW17, A4		
3.287%, 3/18/35 ⁽²⁾	2,270	2,226	5.694%, 6/11/50 ⁽²⁾	19,697	20,238
Goldman Sachs Mortgage Securities Trust			07-PW18, AM, 6.084%, 6/11/50 ⁽²⁾	12,400	12,820
07-GG10, A4			JPMorgan Chase (Washington Mutual) Mortgage Pass-Through Certificates Trust		
5.988%, 8/10/45 ⁽²⁾	18,265	18,541	04-CB1, 5A		
07-GG10, A1A			5.000%, 6/25/19	742	751
5.988%, 8/10/45 ⁽²⁾	2,957	3,008	03-AR6, A1		
GSAA Home Equity Trust			2.901%, 6/25/33 ⁽²⁾	860	856
05-1, AF4			03-AR4, 2A1		
5.619%, 11/25/34 ⁽²⁾	452	467	2.591%, 8/25/33 ⁽²⁾	265	260
05-12, AF3W			04-CB1, 2A		
4.999%, 9/25/35 ⁽²⁾	4,153	4,201	5.000%, 6/25/34	2,627	2,671
GSR Mortgage Loan Trust 06-1F, 2A4			JPMorgan Chase Commercial Mortgage Securities Trust		
6.000%, 2/25/36	897	787	09-IWST, A1 144A		
Hilton USA Trust			4.314%, 12/5/27 ⁽³⁾	4,586	4,775
13-HLT, EFX 144A			10-CNTR, A2 144A		
5.609%, 11/5/30 ⁽²⁾⁽³⁾	21,980	22,014	4.311%, 8/5/32 ⁽³⁾	7,503	8,072
Home Equity Loan Trust			15-SGP, B 144A		
06-H11, M1			3.274%, 7/15/36 ⁽²⁾⁽³⁾	13,925	13,949
6.010%, 2/25/36 ⁽²⁾	1,088	1,093	11-C4, A3 144A		
07-HSA3, A14			4.106%, 7/15/46 ⁽³⁾	1,895	1,970
6.110%, 6/25/37 ⁽²⁾	9,928	9,988	06-LDP9, AM		
IMC Home Equity Loan Trust 97-5, A9			5.372%, 5/15/47	24,850	24,927
7.310%, 11/20/28	2,447	2,454	14- C22, A4		
Jefferies Resecuritization Trust			3.801%, 9/15/47	16,998	18,557
14-R1, 1A1 144A			07-LDPX, AM		
4.000%, 12/27/37 ⁽³⁾	5,652	5,651	5.464%, 1/15/49 ⁽²⁾	19,391	19,010
14-R1, 2A1 144A			07-LD12, A4		
4.000%, 12/27/37 ⁽³⁾	4,043	4,037	5.882%, 2/15/51 ⁽²⁾	15,899	16,246
JPMorgan Chase (Bear Stearns) Adjustable Rate Mortgage Trust			JPMorgan Chase Mortgage Trust		
04-10, 14A1			14-2, 2A2 144A		
3.018%, 1/25/35 ⁽²⁾	1,383	1,352	3.500%, 6/25/29 ⁽²⁾⁽³⁾	10,654	10,960

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)			MASTR Alternative		
06-A2, 4A1			Loan Trust		
3.183%, 8/25/34 ⁽²⁾	\$ 1,594	\$ 1,597	04-7, 4A1	\$ 1,833	\$ 1,848
04-A4, 2A1			4.500%, 7/25/19		
3.032%, 9/25/34 ⁽²⁾	5,507	5,574	03-8, 2A1		
05-A1, 4A1			5.750%, 11/25/33	5,261	5,432
3.156%, 2/25/35 ⁽²⁾	713	718	04-4, 6A1		
05-A2, 4A1			5.500%, 4/25/34	2,765	2,860
2.670%, 4/25/35 ⁽²⁾	942	924	04-6, 7A1		
05-A4, 3A1			6.000%, 7/25/34	5,532	5,395
2.799%, 7/25/35 ⁽²⁾	4,175	4,122	04-7, 9A1		
06-A6, 3A3L			6.000%, 8/25/34	12,822	13,232
3.229%, 10/25/36 ⁽²⁾	1,499	1,278	05-2, 2A1		
14-1, 1A1 144A			6.000%, 1/25/35	3,301	3,411
4.000%, 1/25/44 ⁽²⁾⁽³⁾	21,482	22,663	05-2, 1A1		
16-1, M2 144A			6.500%, 3/25/35	9,371	9,653
3.750%, 4/25/45 ⁽²⁾⁽³⁾	17,266	17,837	MASTR Asset		
15-4, 1A4 144A			Securitization Trust		
3.500%, 6/25/45 ⁽²⁾⁽³⁾	11,578	11,965	05-1, 1A1		
16-2, M2 144A			5.000%, 5/25/20	407	410
3.750%, 12/25/45 ⁽²⁾⁽³⁾	17,079	17,685	Mill City Mortgage		
16-1, A3 144A			Trust		
3.500%, 5/25/46 ⁽³⁾	13,946	14,404	15-1, A3 144A		
11-C4, A4, 144A			3.000%, 6/25/56 ⁽²⁾⁽³⁾	11,900	12,031
4.388%, 7/15/46 ⁽³⁾	5,175	5,644	16-1, A1 144A		
JPMorgan Chase Trust			2.500%, 4/25/57 ⁽²⁾⁽³⁾	4,204	4,227
15-1, AM1 144A			Morgan Stanley –		
2.661%, 12/25/44 ⁽²⁾⁽³⁾	19,626	19,579	Bank of America		
15-5, A2 144A			(Merrill Lynch) Trust		
2.892%, 5/25/45 ⁽²⁾⁽³⁾	18,593	18,892	13-C13, AS		
JPMorgan Mortgage			4.266%, 11/15/46	1,735	1,926
Trust			Morgan Stanley		
14-OAK4, A16 144A			Capital Barclays		
4.000%, 9/25/44 ⁽²⁾⁽³⁾	6,173	6,344	Bank Trust		
16-1, A3 144A			16-Mart, A 144A		
3.500%, 10/25/46 ⁽²⁾⁽³⁾	6,980	7,243	2.200%, 9/13/31 ⁽³⁾	12,395	12,412
Key Commercial			Morgan Stanley		
Mortgage Securities			Capital I Trust		
Trust 07-SL1, B			08-T29, AM		
144A			6.477%, 1/11/43 ⁽²⁾	1,610	1,682
5.897%, 12/15/40 ⁽²⁾⁽³⁾	5,344	5,355	07-IQ14, A4		
MASTR Adjustable			5.692%, 4/15/49 ⁽²⁾	17,390	17,579
Rate Mortgages			07-IQ14, AM		
Trust 04-12, 3A1			5.865%, 4/15/49 ⁽²⁾	15,932	15,410
3.237%, 11/25/34 ⁽²⁾	992	982	07- LQ16, A4		
			5.809%, 12/12/49	16,735	17,208

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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		
Morgan Stanley			Mortgage Products, Inc.		
Mortgage Loan Trust			04-SL2, A3		
04-2AR, 3A	\$ 1,384	\$ 1,377	7.000%, 10/25/31	\$ 1,780	\$ 1,850
2.643%, 2/25/34 ⁽²⁾			04-SL1, A8		
04-2AR, 4A			6.500%, 11/25/31	2,133	2,161
2.701%, 2/25/34 ⁽²⁾	1,067	1,073	04-SL4, A3		
Morgan Stanley			6.500%, 7/25/32	1,231	1,247
Residential Mortgage			03-RS8, AI7		
Loan Trust 14-1A,			5.015%, 9/25/33 ⁽²⁾	303	306
A1 144A			Residential Asset		
2.973%, 6/25/44 ⁽²⁾⁽³⁾	6,637	6,727	Securitization Trust		
Motel 6 Trust			03-A11, A9		
15-MTL6, B 144A			5.750%, 11/25/33	2,473	2,508
3.298%, 2/5/30 ⁽³⁾	7,775	7,769	04-A1, A5		
15-MTL6, D 144A			5.500%, 4/25/34	11,293	11,335
4.532%, 2/5/30 ⁽³⁾	1,500	1,505	Residential Funding		
New Residential			Mortgage Securities		
Mortgage Loan Trust			I, Inc. 06-S12, 1A1		
16-2A, A1 144A			5.500%, 12/25/21	733	741
3.750%, 11/25/35 ⁽²⁾⁽³⁾	11,240	11,675	Sequoia Mortgage		
14-1A, A 144A			Trust		
3.750%, 1/25/54 ⁽²⁾⁽³⁾	16,471	17,120	13-1, 1A1		
14-2A, 3A 144A			1.450%, 2/25/43 ⁽²⁾⁽³⁾	2,372	2,304
3.750%, 5/25/54 ⁽²⁾⁽³⁾	1,869	1,941	14-2, A1 144A		
14-3A, AFX3 144A			4.000%, 7/25/44 ⁽²⁾⁽³⁾	7,590	7,895
3.750%, 11/25/54 ⁽²⁾⁽³⁾	15,115	15,644	14-3, A9 144A		
15-2A, A1 144A			3.750%, 10/25/44 ⁽²⁾⁽³⁾	15,981	16,590
3.750%, 8/25/55 ⁽²⁾⁽³⁾	11,019	11,480	14-4, A6 144A		
16-1A, A1 144A			3.500%, 11/25/44 ⁽²⁾⁽³⁾	16,870	17,373
3.750%, 3/25/56 ⁽²⁾⁽³⁾	9,459	9,802	15-1, A1 144A		
16-3A, A1 144A			3.500%, 1/25/45 ⁽²⁾⁽³⁾	8,281	8,514
3.750%, 9/25/56 ⁽²⁾⁽³⁾	9,755	10,176	Structured Adjustable		
Nomura Asset			Rate Mortgage Loan		
Acceptance Corp.			Trust		
04-R3, A1 144A			04-4, 3A4	2,142	2,111
6.500%, 2/25/35 ⁽³⁾	6,882	6,772	04-4, 3A2		
Novastar Mortgage			2.993%, 4/25/34 ⁽²⁾	2,776	2,755
Funding Trust Series			04-4, 3A1		
04-4, M5			2.993%, 4/25/34 ⁽²⁾	628	617
2.250%, 3/25/35 ⁽²⁾	3,556	3,471	04-5, 3A2		
Residential Accredited			2.938%, 5/25/34 ⁽²⁾	1,250	1,264
Loans, Inc. 05-QS1,			04-14, 7A		
A5 5.500%, 1/25/35	778	777	2.938%, 10/25/34 ⁽²⁾	10,929	10,894
Residential Asset					
Mortgage Products					
Trust 05-SL2, A4					
7.500%, 2/25/32	1,837	1,858			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)			Vericrest Opportunity		
Structured Asset			Loan Trust		
Securities Corp.			16-NPL8, A1 144A		
03-AL1, A 144A			3.500%, 7/25/46 ⁽²⁾⁽³⁾		
3.357%, 4/25/31 ⁽³⁾	\$ 7,345	\$ 7,231	\$ 1,260	\$ 1,261	
Structured Asset			14-NP10, A1 144A		
Securities Corp.			3.375%, 10/25/54 ⁽²⁾⁽³⁾		
Mortgage-Pass-			14-NPL9, A1 144A		
Through Certificates			3.375%, 11/25/54 ⁽²⁾⁽³⁾		
02-AL1, A3			15-NPL4, A1 144A		
3.450%, 2/25/32	8,887	8,811	2,991	2,993	
03-30, 2A1			Wells Fargo		
5.063%, 10/25/33 ⁽²⁾	2,798	2,844	(Wachovia Bank)		
03-33H, 1A1			Commercial		
5.500%, 10/25/33	3,660	3,733	Mortgage Trust		
03-34A, 6A			07-C30, A5		
3.125%, 11/25/33 ⁽²⁾	2,555	2,512	19,765	19,891	
04-15, 3A3			07-C30, AM		
5.500%, 9/25/34	1,895	1,907	25,695	25,925	
Towd Point Mortgage			07-C31, A4		
Trust			5.509%, 4/15/47		
15-1, A2 144A			07-31, AM		
3.250%, 10/25/53 ⁽²⁾⁽³⁾	8,961	9,106	34,000	34,455	
15-3, A1B 144A			5.591%, 4/15/47 ⁽²⁾		
3.000%, 3/25/54 ⁽²⁾⁽³⁾	5,324	5,436	07-C32, A3		
16-1, A1B, 144A			5.889%, 6/15/49 ⁽²⁾		
2.750%, 2/25/55 ⁽²⁾⁽³⁾	8,711	8,849	7,432	7,555	
15-5, A1B 144A			07-C33, A5		
2.750%, 5/25/55 ⁽²⁾⁽³⁾	7,524	7,606	1,265	1,298	
15-5, A2 144A			Wells Fargo – Royal		
3.500%, 5/25/55 ⁽²⁾⁽³⁾	3,901	3,943	Bank of Scotland plc		
16-3, A1 144A			Commercial		
2.250%, 8/25/55 ⁽²⁾⁽³⁾	8,141	8,137	Mortgage Trust		
16-2, A1 144A			11-C5, C 144A		
3.000%, 8/25/55 ⁽²⁾⁽³⁾	8,468	8,644	2,425	2,683	
16-4, A1 144A			Wells Fargo Mortgage		
2.250%, 7/25/56 ⁽²⁾⁽³⁾	10,905	10,951	Backed Securities		
15-2, 1M1 144A			Trust		
3.250%, 11/25/60 ⁽²⁾⁽³⁾	6,878	6,707	06-17, A1		
Vericrest Opportunity			5.500%, 11/25/21		
Loan Transfer			03-G, A1		
15-NP11, A1 144A			2.895%, 6/25/33 ⁽²⁾		
3.625%, 7/25/45 ⁽²⁾⁽³⁾	5,935	5,951	1,227	1,230	
16-NPL9, A1 144A			03-J, 5A1		
3.500%, 9/25/46 ⁽²⁾⁽³⁾	8,380	8,379	388	391	
15-NPL3, A1 144A			2.972%, 10/25/33 ⁽²⁾		
3.375%, 10/25/58 ⁽²⁾⁽³⁾	10,762	10,740	04-4, A9		
			5.500%, 5/25/34		
			04-U, A1		
			3.034%, 10/25/34 ⁽²⁾		
			04-Z, 2A1		
			2.855%, 12/25/34 ⁽²⁾		
			5,215	5,305	

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
MORTGAGE-BACKED SECURITIES (continued)			ASSET-BACKED SECURITIES (continued)		
Non-Agency (continued)			Associates		
04-CC, A1			Manufactured		
2.859%, 1/25/35 ⁽²⁾	\$ 2,348	\$ 2,363	Housing		
05-12, 1A1			Pass-Through		
5.500%, 11/25/35	3,172	3,208	Certificates 96-1, B1		
05-14, 2A1			8.000%, 3/15/27 ⁽²⁾	\$ 974	\$ 1,006
5.500%, 12/25/35	2,485	2,569	Avis Budget Rental		
07-16, 1A1			Car Funding LLC		
6.000%, 12/28/37	2,662	2,750	(AESOP) 12-3A, A		
07-AR10, 2A1			144A		
6.162%, 1/25/38 ⁽²⁾	3,099	2,989	2.100%, 3/20/19 ⁽³⁾	23,085	23,152
		1,441,720	(AESOP) 13-2A, A		
			144A		
			2.970%, 2/20/20 ⁽³⁾	2,635	2,687
TOTAL MORTGAGE-BACKED SECURITIES			(AESOP) 16-1A, A		
(Identified Cost \$1,776,822)		1,797,728	144A		
			2.990%, 6/20/22 ⁽³⁾	18,500	18,978
ASSET-BACKED SECURITIES—18.8%			BankAmerica		
American Credit			Manufactured		
Acceptance			Housing Contract		
Receivables Trust			Trust 98-1, B1		
14-3, C 144A			7.810%, 8/10/25 ⁽²⁾	1,150	1,171
3.430%, 6/10/20 ⁽³⁾	19,200	19,314	Barclays (Lehman		
16- 1A, B 144A			Brothers)		
4.240%, 6/13/22 ⁽³⁾	7,500	7,776	Manufactured		
AmeriCredit			Housing Contract		
Automobile			Trust 01-B, A3		
Receivables Trust			4.350%, 4/15/40	2,247	2,289
12-3, D			BCC Funding VIII LLC		
3.030%, 7/9/18	19,144	19,175	14-A, B 144A		
12-4, D			3.123%, 8/20/20 ⁽³⁾	2,799	2,796
2.680%, 10/9/18	7,150	7,159	14-1A, C 144A		
14-2, C			4.216%, 8/20/20 ⁽³⁾	5,519	5,519
2.180%, 6/8/20	19,450	19,634	BCC Funding XIII LLC		
14-1, D			144A, Series 16-1,		
2.540%, 6/8/20	18,320	18,557	Class D		
15-3, C			4.780%, 8/22/22 ⁽³⁾	5,392	5,392
2.730%, 3/8/21	9,730	9,927	BXG Receivables Note		
Applebee's LLC 14-1,			Trust		
A2 144A			10-A, A 144A		
4.277%, 9/5/44 ⁽³⁾	25,168	25,579	5.100%, 3/2/26 ⁽³⁾	1,026	1,036
Arbys Funding LLC			12-A, A 144A		
15-1A, A2 144A			2.660%, 12/2/27 ⁽³⁾	3,105	3,094
4.969%, 10/30/45 ⁽³⁾	5,955	6,074	13-A, A 144A		
Ascentium Equipment			3.010%, 12/4/28 ⁽³⁾	6,248	6,313
Receivables 15-A1,			15-A, A 144A		
B 144A			2.880%, 5/2/30 ⁽³⁾	2,566	2,543
2.260%, 6/10/21 ⁽³⁾	5,400	5,457			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)		
California Republic			15-2, C 144A		
Auto Receivables			3.880%, 4/15/20 ⁽³⁾	\$ 6,205	\$ 6,239
Trust			CCG Receivables Trust		
13-1, B 144A			14-1, B 144A		
2.240%, 1/15/19 ⁽³⁾	\$ 11,600	\$ 11,664	2.150%, 11/15/21 ⁽³⁾	5,080	5,097
14-2, B			Centre Point Funding		
2.340%, 4/15/20	7,090	7,182	LLC 12-2A, 1 144A		
15-3, B			2.610%, 8/20/21 ⁽³⁾	11,207	11,120
2.700%, 9/15/21	3,705	3,774	Cheesecake		
16-1, B			Restaurant Holdings,		
3.430%, 2/15/22	4,615	4,768	Inc. 13-1A, A2 144A		
Capital Auto			4.474%, 3/20/43 ⁽³⁾	19,921	19,973
Receivables Asset			Citi Held For Asset		
Trust			Issuance 15-PM3, B		
13-1, C			144A		
1.740%, 10/22/18	4,654	4,659	4.310%, 5/16/22 ⁽³⁾	24,650	24,693
15-2, C			Conn Funding II LP		
2.670%, 8/20/20	7,250	7,326	144A, 16-B, A		
16-3, C			3.730%, 10/15/18 ⁽³⁾	13,315	13,314
2.350%, 9/20/21	8,935	8,940	Consumer Installment		
CarFinance Capital			Loan Trust 16-LD1,		
Auto Trust			A 144A		
13-1A, B 144A			3.960%, 7/15/22 ⁽³⁾	4,299	4,319
2.750%, 11/15/18 ⁽³⁾	1,617	1,624	CPS Auto Receivables		
13-A1, C 144A			Trust		
3.450%, 3/15/19 ⁽³⁾	2,210	2,230	16-C, B 144A		
13-2A, B 144A			2.480%, 9/15/20 ⁽³⁾	3,000	3,027
3.150%, 8/15/19 ⁽³⁾	8,162	8,213	16-B, 144A		
14-1A, B 144A			3.180%, 9/15/20 ⁽³⁾	4,500	4,599
2.720%, 4/15/20 ⁽³⁾	5,550	5,585	DB Master Finance		
14-2A, B 144A			LLC		
2.640%, 11/16/20 ⁽³⁾	3,455	3,478	15-1A, A2I 144A		
14-2A, C 144A			3.262%, 2/20/45 ⁽³⁾	4,925	4,951
3.240%, 11/16/20 ⁽³⁾	2,765	2,779	15-A1, A2II 144A		
15-A1, B 144A			3.980%, 2/20/45 ⁽³⁾	13,807	14,114
2.910%, 6/15/21 ⁽³⁾	6,000	6,048	Diamond Resorts		
CarMax Auto Owner			Owner Trust 14-1, A		
Trust			144A		
14-2, B 1.880%,			2.540%, 5/20/27 ⁽³⁾	8,322	8,333
11/15/19	1,000	1,008	Direct Capital Funding		
15-2, C 2.390%,			IV LLC 13-A1, C		
3/15/21	2,275	2,308	144A		
CarNow Auto			4.830%, 11/20/20 ⁽³⁾	5,000	5,010
Receivables Trust			DRB Prime Student		
14-1A, D 144A			Loan Trust 15-D, A3		
4.160%, 11/15/18 ⁽³⁾	3,000	3,020	144A		
14-1A, E 144A			2.500%, 1/25/36 ⁽³⁾	5,665	5,689
5.530%, 1/15/20 ⁽³⁾	8,350	8,365			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)		
Drive Auto			14-1A, C 144A		
Receivables Trust			3.570%, 7/15/19 ⁽³⁾	\$ 15,830	\$ 15,973
15-DA, B 144A			14-2A, C 144A		
2.590%, 12/16/19 ⁽³⁾	\$ 3,920	\$ 3,940	3.260%, 12/16/19 ⁽³⁾	14,615	14,772
16-AA, B 144A			15-A1, C 144A		
3.170%, 5/15/20 ⁽³⁾	7,310	7,412	4.100%, 12/15/20 ⁽³⁾	15,930	16,192
15-AA, C 144A			15-2A, C 144A		
3.060%, 5/17/21 ⁽³⁾	23,685	23,891	3.900%, 3/15/21 ⁽³⁾	18,705	18,943
15-AA, D 144A			14-3A, D 144A		
4.120%, 7/15/22 ⁽³⁾	13,120	13,459	5.690%, 4/15/21 ⁽³⁾	15,995	16,364
Drug Royalty II LP 1			15-3A, D 144A		
14-1, A2 144A			6.550%, 10/17/22 ⁽³⁾	3,375	3,462
3.484%, 7/15/23 ⁽³⁾	16,148	15,910	Fairway Outdoor		
Drug Royalty III LP 1			Funding LLC 12-1A,		
16-1A, A 144A			A2 144A		
3.979%, 4/15/27 ⁽³⁾	4,376	4,358	4.212%, 10/15/42 ⁽³⁾	20,255	20,457
DT Auto Owner Trust			First Investors Auto		
14-1A, C 144A			Owner Trust 15-1A,		
2.640%, 10/15/19 ⁽³⁾	3,827	3,833	C 144A		
14-2A, C 144A			2.710%, 6/15/21 ⁽³⁾	5,000	5,040
2.460%, 1/15/20 ⁽³⁾	7,017	7,036	Flagship Credit Auto		
16-1A, B 144A			Trust		
2.790%, 5/15/20 ⁽³⁾	5,200	5,249	16-1, A 144A		
14-3A, C 144A			2.770%, 12/15/20 ⁽³⁾	4,930	4,978
3.040%, 9/15/20 ⁽³⁾	10,090	10,183	14-2, D 144A		
15-1A, C 144A			5.210%, 2/15/21 ⁽³⁾	9,560	9,691
2.870%, 11/16/20 ⁽³⁾	7,000	7,063	15-1, D 144A		
15-3A, C 144A			5.260%, 7/15/21 ⁽³⁾	3,565	3,632
3.250%, 7/15/21 ⁽³⁾	2,285	2,312	15-2, C 144A		
14-3A, D 144A			4.080%, 12/15/21 ⁽³⁾	6,495	6,501
4.470%, 11/15/21 ⁽³⁾	4,180	4,268	16-2, B 144A		
16-2A, C 144A			3.840%, 9/15/22 ⁽³⁾	4,175	4,353
3.670%, 1/17/22 ⁽³⁾	8,555	8,741	16-3, D 144A		
16-3A C,144A			3.890%, 11/15/22 ⁽³⁾	5,900	5,879
3.150%, 3/15/22 ⁽³⁾	8,485	8,558	Foundation Finance		
16-4A C,144A			Trust 16-1A, A 144A		
2.740%, 10/17/22 ⁽³⁾	12,785	12,783	3.960%, 6/15/35 ⁽³⁾	3,622	3,617
Exeter Automobile			Foursight Capital		
Receivables Trust			Automobile		
12-2A, C 144A			Receivables Trust		
3.060%, 7/16/18 ⁽³⁾	4,650	4,664	16-1 A2, 144A		
13-2A, B 144A			2.870%, 10/15/21 ⁽³⁾	7,865	7,922
3.090%, 7/16/18 ⁽³⁾	473	473	14-1, B 144A		
14-1A, B 144A			3.560%, 11/22/21 ⁽³⁾	4,704	4,717
2.420%, 1/15/19 ⁽³⁾	5,006	5,010	15-1, B 144A		
13-1A, C 144A			4.120%, 9/15/22 ⁽³⁾	5,589	5,653
3.520%, 2/15/19 ⁽³⁾	18,289	18,393	GLS Auto Receivables		
			Trust 16-1A, B 144A		
			4.390%, 1/15/21 ⁽³⁾	10,500	10,745

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)		
Gold Key Resorts LLC			Leaf Receivables		
14-A, A 144A			Funding 9 LLC 10		
3.220%, 3/17/31 ⁽³⁾	\$ 7,861	\$ 7,885	LLC 15-1, E2 144A		
Greater Capital			6.000%, 6/15/23 ⁽³⁾	\$ 2,455	\$ 2,405
Association of			LEAF Receivables		
Realtors 15-1A, C			Funding 9 LLC 11		
9.790%, 10/15/25	8,195	8,363	LLC 16-1, E2 144A		
Hertz Vehicle			6.000%, 6/15/24 ⁽³⁾	4,170	3,887
Financing LLC			Marriott Vacation Club		
11-1A, A2 144A			Owner Trust		
3.290%, 3/25/18 ⁽³⁾	14,960	15,033	12-1A, A 144A		
15-2A, A 144A			2.510%, 5/20/30 ⁽³⁾	12,419	12,505
2.020%, 9/25/19 ⁽³⁾	4,845	4,824	10-1A, A 144A		
16 -1A, A144A			3.540%, 10/20/32 ⁽³⁾	374	380
2.320%, 3/25/20 ⁽³⁾	8,800	8,844	10-1A, B 144A		
Hilton Grand			4.520%, 10/20/32 ⁽³⁾	730	744
Vacations Trust			MVW Owner Trust		
13-A, A 144A			15-1A, B 144A		
2.280%, 1/25/26 ⁽³⁾	7,117	7,089	2.960%, 12/20/32 ⁽³⁾	1,607	1,619
14-AA, A 144A			16-1A, A 144A		
1.770%, 11/25/26 ⁽³⁾	9,809	9,736	2.250%, 12/20/33 ⁽³⁾	6,765	6,750
Hyundai Auto			National City Mortgage		
Receivables Trust			Capital Trust 08-1,		
14-B, D			2A1		
2.510%, 12/15/20	9,675	9,729	6.000%, 3/25/38	1,717	1,784
15-A, D			NCF Dealer Floorplan		
2.730%, 6/15/21	8,950	9,028	Master Trust 16-1A,		
IndyMac			A 144A		
Manufactured			3.782%, 3/21/22 ⁽²⁾⁽³⁾	9,000	8,836
Housing Contract			OneMain Direct Auto		
98-1, A3			Receivables Trust		
6.370%, 9/25/28	854	873	16-1A, B 144A		
LEAF Receivables			2.760%, 5/15/21 ⁽³⁾	5,000	5,024
Funding 10 LLC			OneMain Financial		
15-1, D 144A			Issuance Trust		
3.740%, 5/17/21 ⁽³⁾	800	795	14-1A, A 144A		
15-1, E1 144A			2.430%, 6/18/24 ⁽³⁾	10,143	10,152
5.210%, 7/15/21 ⁽³⁾	4,500	4,493	15-2A, A 144A		
LEAF Receivables			2.570%, 7/18/25 ⁽³⁾	19,675	19,744
Funding 11 LLC			15-A, A 144A		
16-1, E1 144A			3.190%, 3/18/26 ⁽³⁾	26,301	26,568
5.500%, 4/15/23 ⁽³⁾	5,000	4,978	Orange Lake		
LEAF Receivables			Timeshare Trust		
Funding 9 LLC			12-AA, A 144A		
13-1, E2 C 144A			3.450%, 3/10/27 ⁽³⁾	3,441	3,485
3.460%, 9/15/21 ⁽³⁾	6,850	6,844	15-AA, A 144A		
13-1, D 144A			2.880%, 9/8/27 ⁽³⁾	6,647	6,700
5.110%, 9/15/21 ⁽³⁾	1,186	1,208			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)		
14-AA, A 144A			XVIII 14-A, A 144A		
2.290%, 7/9/29 ⁽³⁾	\$ 2,963	\$ 2,948	2.810%, 1/15/27 ⁽³⁾	\$ 2,050	\$ 2,031
Prestige Auto			Silverleaf Finance XV		
Receivables Trust			LLC 12-D, A 144A		
14-1A, C 144A			3.000%, 3/17/25 ⁽³⁾	3,046	3,048
2.390%, 5/15/20 ⁽³⁾	7,000	6,973	Skopos Auto		
Santander Drive Auto			Receivables Trust		
Receivables Trust			15-2A, A 144A		
12-6, C			3.550%, 2/15/20 ⁽³⁾	3,765	3,767
1.940%, 3/15/18	245	245	SLM Private Education		
12-5, C			Loan Trust		
2.700%, 8/15/18	766	767	13-B, A2A 144A		
12-6, D			1.850%, 6/17/30 ⁽³⁾	4,500	4,497
2.520%, 9/17/18	17,455	17,538	13-C, A2A 144A		
13-1, D			2.940%, 10/15/31 ⁽³⁾	5,000	5,102
2.270%, 1/15/19	21,925	22,092	SoFi Professional		
13-3, C			Loan Program LLC		
1.810%, 4/15/19	5,400	5,412	14-B, A2 144A		
14-3, C			2.550%, 8/27/29 ⁽³⁾	1,083	1,099
2.130%, 8/17/20	16,400	16,487	15-A, A2 144A		
16-2, B			2.420%, 3/25/30 ⁽³⁾	4,362	4,415
2.080%, 2/16/21	8,250	8,309	16-A, A2 144A		
Security National			2.760%, 12/26/36 ⁽³⁾	2,143	2,196
Automotive			SolarCity LMC Series		
Acceptance			III LLC 14-2, A 144A		
Company			4.020%, 7/20/44 ⁽³⁾	8,027	7,556
Receivables Trust			Structured Asset		
14-1A, C 144A			Securities Corp.		
2.210%, 1/15/20 ⁽³⁾	8,382	8,397	Mortgage		
Sierra Timeshare			Pass-Through		
Receivables Funding			Certificates 01-SB1,		
LLC			A2 3.375%, 8/25/31	1,538	1,521
12-2A, B 144A			SVO VOI Mortgage		
3.420%, 3/20/29 ⁽³⁾	1,719	1,726	Corp. 12-AA, A 144A		
12-3A, A 144A			2.000%, 9/20/29 ⁽³⁾	8,041	7,955
1.870%, 8/20/29 ⁽³⁾	6,507	6,464	Taco Bell Funding LLC		
13-1A, A 144A			16-1A, A21 144A		
1.590%, 11/20/29 ⁽³⁾	2,386	2,376	3.832%, 5/25/46 ⁽³⁾	16,945	17,183
14-1A, A 144A			TCF Auto Receivables		
2.070%, 3/20/30 ⁽³⁾	2,342	2,330	Owner Trust		
14-2A, A 144A			14-1A, B 144A		
2.050%, 6/20/31 ⁽³⁾	3,356	3,358	2.330%, 5/15/20 ⁽³⁾	1,733	1,736
16-1A, A 144A			14-1A, C 144A		
3.080%, 3/21/33 ⁽³⁾	8,115	8,256	3.120%, 4/15/21 ⁽³⁾	2,035	2,049
16-2A, A 144A			Tidewater Auto		
2.330%, 7/20/33 ⁽³⁾	8,129	8,130	Receivables Trust		
Silverleaf Finance LLC			14-AA, C 144A		
XVII 13-A, A 144A			2.560%, 8/15/19 ⁽³⁾	3,500	3,511
2.680%, 3/16/26 ⁽³⁾	2,835	2,812			

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VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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)		
16-AA, B 144A			15-3A, D, 144A		
3.130%, 3/15/20 ⁽³⁾	\$ 7,393	\$ 7,506	4.400%, 5/17/21 ⁽³⁾	\$ 10,000	\$ 10,184
Trip Rail Master					
Funding LLC			TOTAL ASSET-BACKED SECURITIES		
11-1A, A1A 144A			(Identified Cost \$1,333,454)		1,341,950
4.370%, 7/15/41 ⁽³⁾	11,738	12,021			
14-1A, A1 144A			CORPORATE BONDS AND NOTES—34.6%		
2.863%, 4/15/44 ⁽³⁾	9,635	9,594	Consumer Discretionary—2.6%		
U-Haul S Fleet LLC 10-			Alibaba Group		
BT1A, 1 144A			Holding Ltd.		
4.899%, 10/25/23 ⁽³⁾	31,497	31,869	2.500%, 11/28/19	6,600	6,732
United Auto Credit			Caesars		
Securitization Trust			Entertainment		
16-1, B 144A			Operating Co., Inc.		
2.730%, 5/15/18 ⁽³⁾	4,880	4,901	9.000%, 2/15/20 ⁽¹⁵⁾	3,625	3,752
16-2, C 144A			CCO Holdings LLC		
2.480%, 3/10/20 ⁽³⁾	9,425	9,431	144A		
Volvo Financial			5.500%, 5/1/26 ⁽³⁾	6,820	7,161
Equipment LLC			Clear Channel		
14-1A, C 144A			Worldwide		
1.940%, 11/15/21 ⁽³⁾	6,000	6,016	Holdings, Inc.		
VSE VOI Mortgage			Series B		
LLC 16-A, A 144A			7.625%, 3/15/20	18,230	18,162
2.540%, 7/20/33 ⁽³⁾	7,955	7,980	Columbus Cable		
Welk Resorts LLC			Barbados Ltd.		
13-AA, A 144A			Series B, 144A		
3.100%, 3/15/29 ⁽³⁾	3,382	3,416	7.375%, 3/30/21 ⁽³⁾	5,990	6,378
15-AA, A 144A			Delphi Automotive plc		
2.790%, 6/16/31 ⁽³⁾	5,656	5,662	3.150%, 11/19/20	15,000	15,532
Wendy's Funding LLC			Diamond Resorts		
15-1A, A2II 144A			International, Inc.		
3.371%, 6/15/45 ⁽³⁾	5,360	5,384	144A		
15-1A, A2II 144A			7.750%, 9/1/23 ⁽³⁾	590	594
4.080%, 6/15/45 ⁽³⁾	20,164	20,477	Hanesbrands, Inc.		
Westgate Resorts LLC			144A		
16-1A, A 144A			4.625%, 5/15/24 ⁽³⁾	5,830	6,012
3.500%, 12/20/28 ⁽³⁾	7,104	7,109	Hyundai Capital		
Westlake Automobile			America 144A		
Receivables Trust			2.125%, 10/2/17 ⁽³⁾	2,940	2,955
14-1A, C 144A			International Game		
1.700%, 11/15/19 ⁽³⁾	1,538	1,538	Technology plc		
15-1A, C 144A			144A		
2.290%, 11/16/20 ⁽³⁾	8,500	8,537	5.625%, 2/15/20 ⁽³⁾	3,245	3,460
16-2A C, 144A			144A		
2.830%, 5/17/21 ⁽³⁾	3,190	3,230	6.250%, 2/15/22 ⁽³⁾	5,190	5,550
			Landry's, Inc. 144A		
			9.375%, 5/1/20 ⁽³⁾	7,530	7,908
			M/I Homes, Inc.		
			6.750%, 1/15/21	4,675	4,920

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)					
Consumer Discretionary (continued)					
Marriott International, Inc. Series N, 3.125%, 10/15/21	\$ 13,545	\$ 14,130			
MGM Growth Properties Operating Partnership LP (MGP Finance Co-Issuer, Inc.) 144A 5.625%, 5/1/24 ⁽³⁾	1,740	1,887			
Newell Brands, Inc. 3.150%, 4/1/21	1,925	2,006			
3.850%, 4/1/23	825	878			
4.200%, 4/1/26	1,665	1,814			
QVC, Inc. 3.125%, 4/1/19	12,765	13,088			
Scientific Games International, Inc. 144A 7.000%, 1/1/22 ⁽³⁾	5,625	5,977			
SFR (Numericable) Group S.A. 144A 6.000%, 5/15/22 ⁽³⁾	4,580	4,689			
144A 7.375%, 5/1/26 ⁽³⁾	7,075	7,241			
Toll Brothers Finance Corp. 4.000%, 12/31/18	5,080	5,277			
6.750%, 11/1/19	9,716	10,979			
5.625%, 1/15/24	915	981			
4.875%, 11/15/25	8,520	8,754			
TRI Pointe Group, Inc. 4.375%, 6/15/19	13,872	14,340			
4.875%, 7/1/21	3,740	3,843			
Wyndham Worldwide Corp. 2.500%, 3/1/18	2,960	2,991			
		<u>187,991</u>			
Consumer Staples—0.3%					
ESAL GmbH 144A 6.250%, 2/5/23 ⁽³⁾	8,600	8,385			
Whole Foods Market, Inc. 144A 5.200%, 12/3/25 ⁽³⁾	14,325	15,567			
		<u>23,952</u>			
			Energy—5.9%		
			Afren plc 144A 11.500%, 2/1/17 ⁽³⁾⁽⁹⁾	\$ 4,674	\$ 18
			Alberta Energy Co., Ltd. 8.125%, 9/15/30	8,110	9,592
			Anadarko Petroleum Corp. 4.850%, 3/15/21	3,845	4,146
			5.550%, 4/15/26	5,455	6,209
			Antero Resources Corp. 5.625%, 6/1/23	6,835	6,997
			Blue Racer Midstream LLC 144A 6.125%, 11/15/22 ⁽³⁾	4,595	4,515
			Carrizo Oil & Gas, Inc. 6.250%, 4/15/23	4,150	4,129
			Cheniere Corpus Christi Holdings LLC 144A 7.000%, 6/30/24 ⁽³⁾	3,795	4,118
			Cimarex Energy Co. 4.375%, 6/1/24	11,490	12,007
			CNOOC Finance Propriety Ltd. 2.625%, 5/5/20	5,800	5,911
			Concho Resources, Inc. 5.500%, 4/1/23	9,345	9,684
			Continental Resources, Inc. 5.000%, 9/15/22	5,035	5,035
			4.500%, 4/15/23	3,035	2,929
			Ecopetrol S.A. 5.875%, 9/18/23	20,920	22,568
			Enbridge Energy Partners LP 4.375%, 10/15/20	3,930	4,149
			Encana Corp. 3.900%, 11/15/21	7,960	7,976
			Energy Transfer Partners LP 5.200%, 2/1/22	4,855	5,263
			EP Energy LLC (Everest Acquisition Finance, Inc.) 9.375%, 5/1/20	11,345	8,112

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES (continued)					
Energy (continued)					
FTS International, Inc. 6.250%, 5/1/22	\$ 2,245	\$ 870	Petroleos Mexicanos 4.875%, 1/24/22 144A	\$ 16,470	\$ 16,758
KazMunayGas National Co. 144A 6.375%, 4/9/21 ⁽³⁾	4,800	5,310	6.875%, 8/4/26 ⁽³⁾	13,475	15,192
Kinder Morgan, Inc. 144A 5.625%, 11/15/23 ⁽³⁾	20,300	22,426	PHI, Inc. 5.250%, 3/15/19	6,275	6,071
Kunlun Energy Co., Ltd. 144A 2.875%, 5/13/20 ⁽³⁾	5,000	5,102	Pride International, Inc. 8.500%, 6/15/19	4,065	4,421
Linn Energy LLC 6.500%, 5/15/19 ⁽⁹⁾	9,980	2,595	QEP Resources, Inc. 6.875%, 3/1/21 5.250%, 5/1/23	5,220 9,530	5,481 9,435
Lukoil OAO International Finance BV 144A 3.416%, 4/24/18 ⁽³⁾	6,000	6,089	Range Resources Corp. 144A 5.000%, 8/15/22 ⁽³⁾	3,730	3,730
Midcontinent Express Pipeline LLC 144A 6.700%, 9/15/19 ⁽³⁾	3,500	3,675	144A 5.000%, 3/15/23 ⁽³⁾	8,025	7,885
MPLX LP 5.500%, 2/15/23	11,935	12,341	Regency Energy Partners LP 5.000%, 10/1/22	17,910	18,905
Newfield Exploration Co. 5.625%, 7/1/24	7,925	8,123	Sabine Oil & Gas Corp. 7.250%, 6/15/19 ⁽⁹⁾⁽¹³⁾	9,035	168
NGL Energy Partners LP 5.125%, 7/15/19	18,475	17,459	Sabine Pass Liquefaction LLC 5.625%, 2/1/21 6.250%, 3/15/22	8,000 8,415	8,510 9,214
Occidental Petroleum Corp. 2.600%, 4/15/22 3.400%, 4/15/26	885 725	904 767	Sinopec Capital Ltd. 144A 1.875%, 4/24/18 ⁽³⁾	11,750	11,766
Pacific Exploration and Production Corp. 144A 5.375%, 1/26/19 ⁽³⁾⁽⁹⁾	13,565	2,577	Southern Gas Corridor CJSC 144A 6.875%, 3/24/26 ⁽³⁾	6,435	7,226
Petrobras Global Finance BV 8.375%, 5/23/21 8.750%, 5/23/26	13,005 405	14,282 448	Sunoco LP 144A 6.375%, 4/1/23 ⁽³⁾	16,520	17,057
Petroleos de Venezuela S.A RegS 8.500%, 11/2/17 ⁽⁴⁾ 144A 6.000%, 5/16/24 ⁽³⁾	24,234 2,980	20,962 5,563	Transocean, Inc. 144A 6.800%, 12/15/16 9.000%, 7/15/23 ⁽³⁾ 6.800%, 3/15/38	9,280 3,680 7,800	9,335 3,597 5,187
			YPF S.A. 144A 8.500%, 3/23/21 ⁽³⁾	7,000	7,829
					<u>420,618</u>

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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—12.6%			BBVA Banco		
ABN AMRO Bank N.V.			Continental S.A.		
144A			RegS		
4.250%, 2/2/17 ⁽³⁾	\$ 4,425	\$ 4,466	5.000%, 8/26/22 ⁽⁴⁾	\$ 16,280	\$ 17,867
AerCap Ireland Capital			Berkshire Hathaway,		
Ltd. (Aercap Global			Inc.		
Aviation Trust)			2.750%, 3/15/23	1,695	1,762
3.950%, 2/1/22	3,670	3,757	Blackstone Holdings		
Air Lease Corp.			Finance Co. LLC		
2.625%, 9/4/18	5,495	5,545	144A		
Akbank TAS 144A			6.625%, 8/15/19 ⁽³⁾	7,105	8,053
7.500%, 2/5/18 ⁽³⁾	33,705 ^{TRY}	10,709	Bonos del Banco		
Ally Financial, Inc.			Central de Chile En		
4.250%, 4/15/21	10,530	10,727	Pesos		
5.750%, 11/20/25	7,090	7,445	4.500%, 6/1/20	4,570,000 ^{CLP}	7,237
Ares Capital Corp.			Capital One N.A.		
4.875%, 11/30/18	1,545	1,613	2.400%, 9/5/19	5,000	5,079
3.875%, 1/15/20	4,286	4,436	Citigroup, Inc.		
3.625%, 1/19/22	4,475	4,508	5.500%, 2/15/17	11,730	11,906
Australia & New			4.600%, 3/9/26	10,445	11,162
Zealand Banking			Comerica Bank, Inc.		
Group Ltd. 144A			5.750%, 11/21/16	5,940	5,974
4.400%, 5/19/26 ⁽³⁾	14,195	15,076	Corp Financiera de		
Aviation Capital Group			Desarrollo SA 144A		
Corp. 144A			4.750%, 7/15/25 ⁽³⁾	10,000	11,034
2.875%, 9/17/18 ⁽³⁾	4,415	4,470	Corpbanca SA 144A		
Banco de Credito del			3.875%, 9/22/19 ⁽³⁾	4,000	4,175
Peru 144A			Discover Bank		
4.250%, 4/1/23 ⁽³⁾	15,500	16,604	8.700%, 11/18/19	1,750	2,019
Bank of America Corp.			Drawbridge Special		
2.000%, 1/11/18	14,905	14,973	Opportunities Fund		
5.490%, 3/15/19	2,868	3,099	LP 144A		
4.450%, 3/3/26	10,475	11,249	5.000%, 8/1/21 ⁽³⁾	14,685	14,114
Bank of Baroda 144A			Fidelity National		
4.875%, 7/23/19 ⁽³⁾	11,775	12,576	Financial, Inc.		
Bank of India			6.600%, 5/15/17	6,475	6,658
144A			Fifth Third Bancorp		
3.250%, 4/18/18 ⁽³⁾	10,470	10,672	4.500%, 6/1/18	6,745	6,996
144A			First Tennessee Bank		
3.625%, 9/21/18 ⁽³⁾	10,200	10,384	N.A.		
Barclays Bank plc			2.950%, 12/1/19	4,500	4,560
144A			Ford Motor Credit Co.		
6.050%, 12/4/17 ⁽³⁾	13,130	13,729	LLC		
Barclays plc			5.000%, 5/15/18	10,000	10,496
3.200%, 8/10/21	10,345	10,399	FS Investment Corp.		
			4.250%, 1/15/20	7,725	7,923

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES (continued)			Financials (continued)		
Financials (continued)			Jefferies Group LLC		
General Motors			5.125%, 4/13/18	\$ 6,541	\$ 6,829
Financial Co., Inc.			6.875%, 4/15/21	3,725	4,346
3.500%, 7/10/19	\$ 9,715	\$ 10,014	JPMorgan Chase & Co.		
4.200%, 3/1/21	7,300	7,690	6.125%, 6/27/17	8,850	9,148
Genworth Holdings, Inc.			2.295%, 8/15/21	4,495	4,505
7.625%, 9/24/21	6,910	6,634	JPMorgan Chase Bank N.A.		
Goldman Sachs Group, Inc. (The)			1.650%, 9/23/19	8,805	8,826
2.350%, 11/15/21	4,425	4,416	Lazard Group LLC		
4.250%, 10/21/25	24,315	25,604	4.250%, 11/14/20	7,765	8,326
Guanay Finance Ltd. 144A			Lincoln National Corp.		
6.000%, 12/15/20 ⁽³⁾	26,442	27,004	8.750%, 7/1/19	15,040	17,702
HBOS plc 144A			6.050%, 4/20/67 ⁽²⁾⁽⁷⁾	2,885	2,221
6.750%, 5/21/18 ⁽³⁾	685	732	Macquarie Group Ltd. 144A		
HSBC USA, Inc.			3.000%, 12/3/18 ⁽³⁾	4,870	4,981
2.625%, 9/24/18	19,485	19,829	144A		
Huntington Bancshares, Inc.			6.000%, 1/14/20 ⁽³⁾	10,950	12,106
7.000%, 12/15/20	17,065	19,834	Mitsubishi UFJ Financial Group, Inc.		
Hutchison Whampoa International Ltd. Series 12 144A			2.950%, 3/1/21	2,500	2,572
6.000% ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾	13,210	13,474	Morgan Stanley 144A		
ICAHN Enterprises LP			10.090%, 5/3/17 ⁽³⁾	22,595 ^{BRL}	6,833
5.875%, 2/1/22	12,875	12,424	4.350%, 9/8/26	20,295	21,679
ICAHN Enterprises LP (ICAHN Enterprises Finance Corp.)			MUFG Union Bank N.A.		
3.500%, 3/15/17	965	969	2.625%, 9/26/18	2,700	2,750
ICICI Bank Ltd. RegS			Navient Corp.		
4.700%, 2/21/18 ⁽⁴⁾	13,000	13,446	7.250%, 9/25/23	3,620	3,618
144A			New York Life Global Funding 144A		
4.000%, 3/18/26 ⁽³⁾	6,505	6,748	1.950%, 2/11/20 ⁽³⁾	2,855	2,890
Industrial & Commercial Bank of China Ltd.			Phosagro OAO (Phosagro Bond Funding Ltd.) 144A		
3.231%, 11/13/19	6,275	6,535	4.204%, 2/13/18 ⁽³⁾⁽⁵⁾	7,800	7,986
International Lease Finance Corp.			PNC Funding Corp.		
3.875%, 4/15/18	7,635	7,816	5.625%, 2/1/17	3,130	3,175
iStar Financial, Inc.			Prudential Financial, Inc.		
4.875%, 7/1/18	12,250	12,357	8.875%, 6/15/38 ⁽²⁾⁽⁷⁾	11,200	12,432
5.000%, 7/1/19	6,210	6,217	QBE Insurance Group Ltd. 144A		
			2.400%, 5/1/18 ⁽³⁾	7,750	7,792

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES (continued)			Financials (continued)		
Financials (continued)			Turkiye Is Bankasi 144A		
Regions Bank 7.500%, 5/15/18	\$ 2,369	\$ 2,579		\$ 12,630	\$ 12,507
Russian Agricultural Bank OJSC (RSHB Capital SA) 144A				4,000	3,970
5.298%, 12/27/17 ⁽³⁾ 144A	13,655	14,016		8,475	8,458
5.100%, 7/25/18 ⁽³⁾⁽⁵⁾	8,750	8,995			
S&P Global, Inc. 3.300%, 8/14/20	15,097	15,849		16,000	17,400
Santander Holdings USA, Inc. 2.700%, 5/24/19	10,650	10,782			
2.650%, 4/17/20	7,540	7,586		2,500	2,503
SBA Tower Trust 144A					
2.933%, 12/15/17 ⁽³⁾ 144A	13,275	13,349		4,960	5,068
3.156%, 10/15/20 ⁽³⁾	6,050	6,109		9,730	9,845
Sberbank of Russia (Sberbank Capital SA)				12,675	12,788
5.717%, 6/16/21 ⁽⁶⁾	7,000	7,562			902,996
Springleaf Finance Corp. 5.250%, 12/15/19	9,585	9,813			
State Street Corp. 4.956%, 3/15/18 ⁽⁷⁾	24,025	25,081		11,705	11,949
SunTrust Bank, Inc. 6.000%, 9/11/17	4,925	5,125		1,940	2,020
5.450%, 12/1/17	3,750	3,908			
TIAA Asset Management Finance Co. LLC 144A					
2.950%, 11/1/19 ⁽³⁾	2,850	2,936			
Toronto-Dominion Bank (The) 2.125%, 4/7/21	11,005	11,137			
Trinity Acquisition plc 3.500%, 9/15/21	1,485	1,548		2,825	2,912
4.400%, 3/15/26	9,145	9,583		3,815	4,005
Turkiye Garanti Bankasi AS 144A				6,175	6,206
4.750%, 10/17/19 ⁽³⁾	8,500	8,587			
				Community Health Systems, Inc. 5.125%, 8/1/21	4,790
				Concordia Healthcare Corp. 144A	4,754
				7.000%, 4/15/23 ⁽³⁾	1,510
				Endo Finance LLC 144A	974
				6.000%, 7/15/23 ⁽³⁾	720
				Express Scripts Holding Co. 3.300%, 2/25/21	2,330
					2,449

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES (continued)			Health Care (continued)		
Health Care (continued)			Zoetis, Inc.		
Forest Laboratories LLC 144A 4.375%, 2/1/19 ⁽³⁾	\$ 13,430	\$ 14,154	3.450%, 11/13/20	\$ 2,780	\$ 2,906
Fresenius U.S. Finance II, Inc. 144A 4.500%, 1/15/23 ⁽³⁾	2,590	2,713			<u>168,984</u>
HCA, Inc. 6.500%, 2/15/20	19,575	21,679	Industrials—3.6%		
inVentiv Health, Inc. 144A 9.000%, 1/15/18 ⁽³⁾	8,625	8,873	ADT Corp. (The) 6.250%, 10/15/21	13,700	14,967
Mylan NV 144A 3.000%, 12/15/18 ⁽³⁾	5,360	5,478	Air Canada Pass- Through-Trust 13-1, B 144A 5.375%, 5/15/21 ⁽³⁾	19,071	19,643
3.150%, 6/15/21 ⁽³⁾	4,065	4,142	America West Airlines Pass-Through-Trust 01-1, G 7.100%, 4/2/21	40,537	44,033
Owens & Minor, Inc. 3.875%, 9/15/21	2,485	2,570	BAE Systems Holdings, Inc. 144A 2.850%, 12/15/20 ⁽³⁾	4,655	4,765
Quintiles Transnational Corp. 144A 4.875%, 5/15/23 ⁽³⁾	4,175	4,311	Bombardier, Inc. 144A 4.750%, 4/15/19 ⁽³⁾	15,692	15,339
Shire Acquisitions Investments Ireland Dac 1.900%, 9/23/19	3,555	3,558	British Airways Pass- Through-Trust 13-1, B 144A 5.625%, 6/20/20 ⁽³⁾	9,654	10,161
2.400%, 9/23/21	5,720	5,736	Cemex Finance LLC 144A 6.000%, 4/1/24 ⁽³⁾	7,110	7,305
Tenet Healthcare Corp. 4.750%, 6/1/20	4,650	4,743	Continental Airlines Pass-Through-Trust 99-1, A 6.545%, 2/2/19	8,163	8,658
4.153%, 6/15/20 ⁽²⁾	4,045	4,086	99-2, C2 AMBC 6.236%, 3/15/20	8,696	9,153
6.000%, 10/1/20	9,560	10,134	00-1, A1 8.048%, 11/1/20	4,270	4,772
8.125%, 4/1/22	6,595	6,628	01-1, A1 6.703%, 6/15/21	4,878	5,238
Teva Pharmaceutical Finance Netherlands III BV 2.200%, 7/21/21	2,670	2,665	Hawaiian Airlines Pass-Through Certificates 13-1B, 4.950%, 1/15/22	6,905	6,913
2.800%, 7/21/23	2,640	2,648	JBS Investments GmbH 144A 7.250%, 4/3/24 ⁽³⁾	1,535	1,570
Universal Health Services, Inc. 144A 4.750%, 8/1/22 ⁽³⁾	4,515	4,662	Masco Corp. 5.950%, 3/15/22	18,385	20,959
Valeant Pharmaceuticals International, Inc. 144A 5.375%, 3/15/20 ⁽³⁾	3,060	2,846			
Zimmer Biomet Holdings, Inc. 3.150%, 4/1/22	17,905	18,524			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

<u>PAR VALUE</u>		<u>VALUE</u>				<u>PAR VALUE</u>		<u>VALUE</u>					
CORPORATE BONDS AND NOTES (continued)				Information Technology (continued)									
Industrials (continued)				Microsoft Corp.									
Penske Truck Leasing				2.000%, 8/8/23						\$ 4,475	\$ 4,470		
Co. LP RegS				NXP BV (NXP Funding									
2.500%, 6/15/19 ⁽⁴⁾				\$ 3,470	\$ 3,520	LLC)							
Penske Truck Leasing				144A									
Co., LP 144A				4.125%, 6/1/21 ⁽³⁾						7,100	7,606		
3.375%, 2/1/22 ⁽³⁾				8,365	8,700	144A							
SCF Capital Ltd. 144A				4.625%, 6/1/23 ⁽³⁾						4,675	5,125		
5.375%, 6/16/23 ⁽³⁾				8,460	8,849	Oracle Corp.							
Toledo Edison Co.				1.900%, 9/15/21						3,530	3,539		
(The)				2.400%, 9/15/23						4,315	4,351		
7.250%, 5/1/20				224	254								
U.S. Airways Pass-										<u>60,456</u>			
Through-Trust				Materials—2.0%									
12-2, C				Air Liquide Finance SA									
5.450%, 6/3/18				13,180	13,526	144A							
UAL Pass-Through-				1.750%, 9/27/21 ⁽³⁾						3,000	2,992		
Trust 07-01, A				Airgas, Inc.									
6.636%, 7/2/22				22,898	24,386	3.050%, 8/1/20						890	924
United Airlines				Allegheny									
Pass-Through Trust				Technologies, Inc.									
14-1, B				9.375%, 6/1/19						7,245	7,788		
4.750%, 4/11/22				4,800	4,907	Ardagh Packaging							
United Rentals North				Finance plc									
America, Inc.				144A									
4.625%, 7/15/23				13,600	13,940	6.250%, 1/31/19 ⁽³⁾						2,705	2,776
Virgin Australia Trust				144A									
13-1A 144A				4.625%, 5/15/23 ⁽³⁾						7,340	7,386		
5.000%, 10/23/23 ⁽³⁾				8,531	8,851	Cemex SAB de CV							
				RegS									
				6.500%, 12/10/19 ⁽⁴⁾						5,200	5,525		
				<u>260,409</u>									
				CRH America, Inc.									
				8.125%, 7/15/18						4,770	5,277		
Information Technology—0.8%				Fortescue Metals									
Diamond 1 Finance				Group (FMG)									
Corp. (Diamond 2				Resources August									
Finance Corp.) 144A				2006 Pty Ltd. 144A									
5.450%, 6/15/23 ⁽³⁾				3,715	3,979	9.750%, 3/1/22 ⁽³⁾						6,820	7,945
Dun & Bradstreet				Freeport-McMoRan									
Corp. (The)				Copper & Gold, Inc.									
3.250%, 12/1/17				12,110	12,307	3.550%, 3/1/22						3,070	2,809
4.000%, 6/15/20				4,660	4,863	3.875%, 3/15/23						7,645	6,957
Electronic Arts, Inc.				Gerdau Holdings, Inc.									
3.700%, 3/1/21				2,265	2,407	144A							
Hewlett Packard				7.000%, 1/20/20 ⁽³⁾						7,630	8,221		
Enterprise Co.				Gerdau Trade, Inc.									
144A				144A									
2.850%, 10/5/18 ⁽³⁾				9,690	9,873	5.750%, 1/30/21 ⁽³⁾						1,700	1,770
144A													
3.600%, 10/15/20 ⁽³⁾				1,845	1,936								

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
CORPORATE BONDS AND NOTES (continued)			Real Estate (continued)		
Materials (continued)			Government		
INEOS Group			Properties Income Trust		
Holdings S.A. 144A			3.750%, 8/15/19	\$ 2,905	\$ 2,976
5.875%, 2/15/19 ⁽³⁾	\$ 5,870	\$ 6,009	HCP, Inc.		
Novelis Corp. 144A			3.750%, 2/1/19	4,035	4,177
6.250%, 8/15/24 ⁽³⁾	605	644	Kimco Realty Corp.		
Office Cherifien des Phosphates S.A. (OCP) 144A			3.400%, 11/1/22	10,605	11,173
5.625%, 4/25/24 ⁽³⁾	17,090	18,562	MPT Operating Partnership LP (MPT Finance Corp.)		
Packaging Corp. of America			6.375%, 2/15/22	1,150	1,199
3.900%, 6/15/22	7,215	7,630	Select Income REIT		
Reynolds Group Issuer, Inc.			4.150%, 2/1/22	18,910	19,002
5.750%, 10/15/20 144A	12,945	13,366	Senior Housing Properties Trust		
4.127%, 7/15/21 ⁽²⁾⁽³⁾ 144A	3,100	3,154	3.250%, 5/1/19	6,685	6,740
5.125%, 7/15/23 ⁽³⁾ 144A	1,600	1,654	Ventas Realty LP (Ventas Capital Corp.)		
7.000%, 7/15/24 ⁽³⁾	110	118	4.000%, 4/30/19	7,100	7,459
Teck Resources Ltd. 144A			2.700%, 4/1/20	2,948	3,021
8.000%, 6/1/21 ⁽³⁾	1,570	1,721	Welltower, Inc.		
United States Steel Corp.			4.125%, 4/1/19	4,100	4,311
7.375%, 4/1/20	941	941	West Europe Finance LLC 144A		
Vale Overseas Ltd. 5.875%, 6/10/21	7,475	7,845	3.250%, 10/5/20 ⁽³⁾	19,265	20,073
Vedanta Resources plc 144A					108,989
6.000%, 1/31/19 ⁽³⁾	17,325	17,282	Telecommunication Services—1.8%		
		139,296	Altice Financing S.A. 144A		
Real Estate—1.5%			6.625%, 2/15/23 ⁽³⁾	10,620	10,939
American Campus Communities Operating Partnership LP			AT&T, Inc.		
3.350%, 10/1/20	2,040	2,124	5.800%, 2/15/19	11,000	12,065
Brixmor Operating Partnership LP			2.800%, 2/17/21	7,200	7,409
3.875%, 8/15/22	5,570	5,839	4.125%, 2/17/26	6,955	7,520
Developers Diversified Realty Corp.			CenturyLink, Inc. Series T		
3.400%, 10/1/20	11,735	12,230	5.800%, 3/15/22	13,410	13,795
3.950%, 7/1/22	8,175	8,665	Series Y		
			7.500%, 4/1/24	5,185	5,548
			Crown Castle International Corp.		
			3.700%, 6/15/26	870	908

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
CORPORATE BONDS AND NOTES (continued)			Utilities (continued)		
Telecommunication Services (continued)			State Grid Overseas		
Crown Castle Towers			Investment Ltd.		
LLC			144A		
144A			1.750%, 5/22/18 ⁽³⁾	\$ 5,000	\$ 5,011
6.113%, 1/15/20 ⁽³⁾	\$ 5,900	\$ 6,539	144A		
144A			2.750%, 5/7/19 ⁽³⁾	9,370	9,635
3.222%, 5/15/22 ⁽³⁾	3,000	3,093	Talen Energy Supply		
Digicel Group Ltd.			LLC 144A		
144A			4.625%, 7/15/19 ⁽³⁾	10,340	9,771
8.250%, 9/30/20 ⁽³⁾	10,365	9,056			<u>75,629</u>
Frontier			TOTAL CORPORATE BONDS AND NOTES		
Communications			(Identified Cost \$2,452,270)		
Corp.					2,478,042
8.500%, 4/15/20	3,200	3,472	LOAN AGREEMENTS⁽²⁾—11.6%		
8.875%, 9/15/20	3,380	3,659	Consumer Discretionary—3.6%		
10.500%, 9/15/22	3,650	3,883	Alicia U.S. Finance I		
Sprint			Corp.		
Communications,			5.000%, 12/14/22	12,806	12,922
Inc.			Aristocrat Leisure Ltd.		
6.000%, 11/15/22	14,060	13,234	Tranche B-1		
Sprint Corp.			3.500%, 10/20/21	8,791	8,836
7.250%, 9/15/21	4,080	4,121	Aspen Merger Sub		
T-Mobile USA, Inc.			(Coinstar), Inc.		
6.542%, 4/28/20	7,905	8,182	0.000%, 9/26/23 ⁽¹²⁾	3,897	3,920
Telefonica Emisiones			Boyd Gaming Corp.		
SAU			Tranche B,		
3.192%, 4/27/18	2,805	2,871	5.500%, 8/14/20	2,303	2,321
Windstream Corp.			Tranche B-2		
7.750%, 10/15/20	12,125	12,428	3.524%, 9/15/23	4,156	4,193
		<u>128,722</u>	Caesars		
			Entertainment		
Utilities—1.1%			Operating Co., Inc.		
AmeriGas Partners LP			Tranche B-4,		
7.000%, 5/20/22	9,275	9,855	6.500%, 10/31/16 ⁽¹⁵⁾	3,616	4,171
Dominion Resources,			Tranche B-6,		
Inc.			5.625%, 3/1/17 ⁽¹⁵⁾	3,861	4,237
2.962%, 7/1/19 ⁽²⁾	1,760	1,806	Caesars		
Exelon Corp.			Entertainment		
2.850%, 6/15/20	18,845	19,520	Resort Properties		
Korea Western Power			LLC		
Co., Ltd. 144A			7.000%, 10/11/20	11,460	11,456
3.125%, 5/10/17 ⁽³⁾	9,800	9,889	Caesars Growth		
Majapahit Holding BV			Properties Holdings		
144A			LLC Tranche B, First		
7.750%, 1/20/20 ⁽³⁾	8,800	10,142	Lien,		
			6.250%, 5/8/21	4,252	4,209

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
LOAN AGREEMENTS (continued)			Consumer Discretionary (continued)		
Consumer Discretionary (continued)			Libbey Glass, Inc.		
CDS U.S. Intermediate			3.750%, 4/9/21	\$ 5,625	\$ 5,649
Holdings, Inc. First			MGM Growth		
Lien,			Properties		
5.000%, 7/8/22	\$ 5,679	\$ 5,694	4.000%, 4/25/23	7,130	7,204
Cengage Learning,			Nexstar Broadcasting,		
Inc.			Inc.		
5.250%, 6/7/23	4,771	4,775	3.000%, 9/26/23	347	349
Charter			PetSmart, Inc.		
Communications			Tranche B-1,		
Operating LLC (CCO			4.250%, 3/11/22	17,463	17,518
Safari LLC)			Scientific Games		
Tranche E,			International, Inc.		
3.000%, 7/1/20	6,289	6,316	6.000%, 10/18/20	2,764	2,776
Tranche F,			Tranche B-2,		
3.000%, 1/3/21	14,232	14,292	6.000%, 10/1/21	3,366	3,377
Tranche I,			Seminole Tribe of		
3.500%, 1/24/23	2,865	2,887	Florida, Inc.		
CityCenter Holdings			3.088%, 4/29/20	6,742	6,775
LLC Tranche B,			ServiceMaster Co. LLC		
4.250%, 10/16/20	5,909	5,958	(The)		
CSC Holdings, Inc.			4.250%, 7/1/21	8,334	8,429
5.000%, 10/9/22	16,706	16,778	Sinclair Television		
Delta 2 (Lux) S.a.r.l.			Group, Inc.		
Tranche B-3,			Tranche B-1,		
4.750%, 7/30/21	7,421	7,443	3.500%, 7/30/21	11,514	11,594
Diamond Resorts			Six Flags Theme		
International, Inc.			Parks, Inc.		
7.000%, 9/2/23	827	824	Tranche B,		
El Dorado Resorts,			3.863%, 6/30/22	4,979	5,023
Inc.			Station Casinos LLC		
4.250%, 7/25/22	2,743	2,757	Tranche B,		
Harbor Freight Tools			3.750%, 6/8/23	6,346	6,398
USA, Inc.			Tribune Media Co.		
4.000%, 8/18/23	17,779	17,901	Tranche B,		
Hilton Worldwide			3.750%, 12/27/20	6,912	6,978
Finance LLC			UFC Holdings LLC		
Tranche B-1			First Lien		
3.500%, 10/26/20	1,136	1,144	5.000%, 8/18/23	8,331	8,417
Tranche B-2					<u>259,609</u>
3.215%, 10/25/23	11,610	11,696	Consumer Staples—1.6%		
Intelsat Jackson			Albertson's LLC		
Holdings S.A.			Tranche B-4,		
Tranche B-2,			4.500%, 8/25/21	15,996	16,139
3.750%, 6/30/19	7,912	7,544	Tranche B-5,		
Las Vegas Sands LLC			4.750%, 12/21/22	2,172	2,196
Tranche B,					
3.250%, 12/19/20	6,802	6,848			

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
LOAN AGREEMENTS (continued)			Financials (continued)		
Consumer Staples (continued)			Clipper Acquisitions Corp. Tranche B, 3.089%, 2/6/20		
ARAMARK Corp. Tranche E, 3.338%, 9/7/19	\$ 11,971	\$ 12,060	\$ 6,141	\$ 6,133	
Tranche F, 3.338%, 2/24/21	14,483	14,592	16,529	16,667	
Charger OpCo B.V. (Oak Tea, Inc.) Tranche B-1, 4.250%, 7/2/22	3,106	3,131	3,209	3,247	
Chobani LLC 0.00%, 9/29/23 ⁽¹²⁾	2,550	2,537	10,070	10,117	
Coty, Inc. Tranche B, 3.750%, 10/27/22	2,748	2,784		<u>42,405</u>	
Dell International, Inc. Tranche B 4.000%, 9/7/23	13,017	13,110	Health Care—1.2%		
Galleria Co. Tranche B, 3.750%, 1/26/23	5,523	5,556	American Renal Holdings, Inc. Tranche B, First Lien, 4.750%, 8/20/19		
Hostess Brands LLC Tranche B, First Lien, 4.500%, 8/3/22	13,596	13,711	8,946	8,957	
Kronos First Lien, 4.500%, 10/30/19	21,860	21,960	Change Healthcare Holdings, Inc. Tranche B-2, 3.750%, 11/2/18		
Second Lien, 9.750%, 4/30/20	5,611	5,721	5,222	5,238	
Pinnacle Foods Finance LLC 3.275%, 1/13/23	986	995	Community Health Systems, Inc. (CHS) Tranche F, 4.083%, 12/31/18		
		<u>114,492</u>	7,911	7,879	
			Endo Luxembourg Finance Co. S.a.r.l. Tranche B, 3.750%, 9/26/22		
			5,529	5,524	
			Envision Healthcare Corp. 4.250%, 5/25/18		
			6,541	6,556	
Energy—0.2%			InVentiv Health, Inc. Tranche B-4, 7.750%, 5/15/18		
EP Energy LLC 0.00%, 6/30/21 ⁽¹²⁾	4,868	4,788	8,750	8,775	
Paragon Offshore Finance Co. 5.250%, 7/16/21 ⁽¹⁰⁾	9,933	2,502	5,363	5,385	
Seadrill Operating LP 4.000%, 2/21/21	8,815	4,426	MPH Acquisition Holdings LLC 5.000%, 6/7/23		
		<u>11,716</u>	3,494	3,543	
			Quintiles Transnational Corp. Tranche B, 3.250%, 5/12/22		
Financials—0.6%			2,446	2,450	
Asurion LLC Tranche B-4, 5.000%, 8/4/22	6,201	6,241	Quorum Health Corp. 6.750%, 4/29/22		
			6,311	6,134	

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
LOAN AGREEMENTS (continued)			Industrials (continued)		
Health Care (continued)			United Airlines, Inc. (f/k/a Continental Airlines, Inc.)		
RPI Finance Trust Tranche B-4, 3.588%, 11/9/20	\$ 5,862	\$ 5,897	Tranche B-1, 3.500%, 9/15/21	\$ 4,721	\$ 4,751
Team Health, Inc. Tranche B, 3.838%, 11/23/22	7,571	7,623	Waste Industries 3.500%, 2/27/20	9,800	9,856
U.S. Renal Care, Inc. First Lien, 5.250%, 12/30/22	3,138	3,020			<u>87,406</u>
Valeant Pharmaceuticals International, Inc. Series D-2, Tranche B, 5.000%, 2/13/19	11,801	<u>11,827</u>	Information Technology—1.3%		
		<u>88,808</u>	Abacus Innovations Corp.(Leidos, Inc.) 3.274%, 8/16/23		
			Blackboard, Inc. Tranche B-4 0.000%, 6/30/21 ⁽¹²⁾	5,366	5,404
			First Data Corp. Tranche 2021 4.525%, 3/24/21	7,410	7,364
			Tranche 2022 4.275%, 7/8/22	27,586	27,822
Industrials—1.2%			Infinity Acquisition Ltd. 4.250%, 8/6/21	6,007	6,049
Air Canada 0.000%, 9/21/23 ⁽¹²⁾	3,125	3,136	Mitchell International, Inc. 4.500%, 10/13/20	6,018	5,755
American Airlines, Inc. 3.250%, 6/27/20	5,991	6,011	Second Lien, 8.500%, 10/11/21	4,981	4,988
3.250%, 10/10/21	10,886	10,921	NXP BV Tranche F 3.405%, 12/7/20	4,763	4,669
Tranche B, 3.502%, 4/28/23	16,065	16,128	On Semiconductor 0.000%, 3/31/23 ⁽¹²⁾	6,743	6,782
AWAS Finance Luxembourg S.A. 3.500%, 7/16/18	6,808	6,843	Presidio, Inc. Refinancing, 5.250%, 2/2/22	3,399	3,419
Brock Holdings III, Inc. First Lien, 7.000%, 3/16/17	7,025	6,965	Press Ganey Holdings, Inc. 0.000%, 9/29/23 ⁽¹²⁾	8,441	8,451
Husky Injection Molding Systems Ltd. 4.250%, 6/30/21	5,186	5,185	SS&C European Holdings S.a.r.l. Tranche A-1, 3.274%, 7/8/20	911	913
McGraw-Hill Global Education Holdings LLC Tranche B, First Lien, 5.000%, 5/4/22	10,813	10,899	Tranche A-2, 3.274%, 7/8/20	849	851
U.S. Airways, Inc. Tranche B-1, 3.500%, 5/23/19	6,695	6,711	Tranche B-2, 4.000%, 7/8/22	1,317	1,320
				629	634

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>	
LOAN AGREEMENTS (continued)				Telecommunication Services—0.3%		
Information Technology (continued)				Level 3 Financing, Inc.		
Tranche B-1, 4.000%, 7/8/22	\$ 5,059	\$ 5,105		Tranche B-III, 4.000%, 8/1/19	\$ 6,319	\$ 6,358
Western Digital Corp. Tranche B-1, 4.500%, 4/29/23	4,782	4,838		Tranche B-II, 3.500%, 5/31/22	5,842	5,883
		<u>94,364</u>		UPC Financing Partnership 4.080%, 8/31/24	5,560	<u>5,588</u>
						<u>17,829</u>
Materials—0.5%				Utilities—0.8%		
Berry Plastics Corp. Tranche H, 3.750%, 10/1/22	7,493	7,527		Calpine Construction Finance Co. LP Tranche B-1, 3.090%, 5/3/20	8,257	8,210
CPI Acquisition, Inc. First Lien, 5.500%, 8/17/22	7,121	6,975		Dynegy Finance IV, Inc. 5.000%, 6/27/23	9,128	9,213
Fortescue Metals Group (FMG) Resources Property Ltd. 3.750%, 6/30/19	5,107	5,108		Energy Future Holdings Corp. 5.000%, 10/31/17 ⁽¹⁰⁾	6,017	6,070
Huntsman International LLC Tranche 16-B, 4.250%, 4/1/23	3,904	3,937		Tranche C 5.000%, 10/31/17 ⁽¹⁰⁾	1,373	1,385
INEOS U.S. Finance LLC Tranche 2022, 4.250%, 3/31/22	5,682	5,714		NRG Energy, Inc. 3.500%, 6/30/23	17,777	17,840
PolyOne Corp. Tranche B-1, 3.500%, 11/11/22	6,839	6,916		State of Santa Catarina (The) 4.000%, 12/27/22	12,561	11,318
		<u>36,177</u>		Texas Competitive Electric Holdings Co. LLC 2017 Extended, 4.998%, 10/10/17 ⁽¹⁰⁾	5,925	<u>1,723</u>
						<u>55,759</u>
Real Estate—0.3%				TOTAL LOAN AGREEMENTS		
Capital Automotive LP Tranche B-1, 4.000%, 4/10/19	2,566	2,588		(Identified Cost \$839,570)		
Second Lien, 6.000%, 4/30/20	6,047	6,108		<u>SHARES</u>		
ESH Hospitality, Inc. 3.750%, 8/30/23	2,497	2,519		PREFERRED STOCKS—1.0%		
Realogy Group LLC 3.750%, 7/20/22	9,141	9,263		Energy—0.1%		
		<u>20,478</u>		PTT Exploration & Production PCL 144A, 4.875% ⁽²⁾⁽³⁾		
					8,645 ⁽⁸⁾	<u>8,812</u>

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

	SHARES	VALUE
PREFERRED STOCKS (continued)		
Financials—0.9%		
Banco Bilbao Vizcaya Argentaria S.A. International S.A. Unipersonal 5.919% ⁽²⁾	2,295 ⁽⁶⁾	\$ 2,289
Bank of New York Mellon Corp. (The) Series E, 4.950% ⁽²⁾	12,070 ⁽⁶⁾	12,312
Citigroup, Inc. Series J, 7.125% ⁽²⁾	17,805	19,201
JPMorgan Chase & Co. Series Z, 5.300% ⁽²⁾	3,985 ⁽⁶⁾	4,050
Wells Fargo & Co. Series K, 7.980% ⁽²⁾	16,155 ⁽⁶⁾	16,884
XLIT Ltd. Series E, 6.50% ⁽²⁾	12,790 ⁽⁶⁾	9,591
		<u>64,327</u>
TOTAL PREFERRED STOCKS (Identified Cost \$74,582)		73,139
AFFILIATED MUTUAL FUND—1.0%		
Virtus Credit Opportunities Fund Class R6 ⁽¹¹⁾	6,989,143	68,703
TOTAL AFFILIATED MUTUAL FUND (Identified Cost \$69,865)		68,703
TOTAL LONG TERM INVESTMENTS—99.2% (Identified Cost \$7,062,660)		
		7,095,296⁽¹⁴⁾
TOTAL INVESTMENTS—99.2% (Identified Cost \$7,062,660)		
		7,095,296⁽¹¹⁾
Other assets and liabilities, net—0.8%		57,032
NET ASSETS—100.0%		<u>\$7,152,328</u>

FOOTNOTE LEGEND:

- ⁽¹⁾ Federal Income Tax Information: For tax information at September 30, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.
- ⁽²⁾ Variable or step coupon security; interest rate shown reflects the rate in effect at September 30, 2016.
- ⁽³⁾ 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, 2016, these securities amounted to a value of \$2,839,881 or 39.7% of net assets.
- ⁽⁴⁾ Regulation S security. Security is offered and sold outside of the United States, therefore, it is exempt from registration with the SEC under Rules 903 and 904 of the Securities Act of 1933.
- ⁽⁵⁾ 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.
- ⁽⁶⁾ No contractual maturity date.
- ⁽⁷⁾ Interest payments may be deferred.
- ⁽⁸⁾ Value shown as par value.
- ⁽⁹⁾ Security in default no interest payments are being received during bankruptcy proceedings.
- ⁽¹⁰⁾ Security in default, interest payments are being received during the bankruptcy proceedings.
- ⁽¹¹⁾ Shares of this fund are publicly offered and its prospectus and annual report are publicly available.
- ⁽¹²⁾ This loan will settle after September 30, 2016, 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.
- ⁽¹³⁾ Illiquid security.
- ⁽¹⁴⁾ All or a portion of the Fund's assets have been segregated for delayed delivery security.
- ⁽¹⁵⁾ Security in default, a portion of the interest payments are being received during the bankruptcy proceedings.

Foreign Currencies:

BRL Brazilian Real
CLP Chilean Peso
COP Colombian Peso

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ reported in thousands)

IDR Indonesian Rupiah
 MXN Mexican Peso
 TRY Turkish Lira
 ZAR South African Rand
 RUB Russian Ruble

Country Weightings† (Unaudited)

United States	80%
Turkey	2
Australia	1
Brazil	1
Canada	1
India	1
Luxembourg	1
Other	13
Total	100%
† % of total investments as of September 30, 2016	

The following table provides a summary of inputs used to value the Fund's investments as of September 30, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at September 30, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Debt Securities:				
Asset-Backed Securities	\$1,341,950	\$ —	\$1,333,587	\$ 8,363
Corporate Bonds and Notes	2,478,042	—	2,475,447	2,595
Foreign Government Securities	405,573	—	405,573	—
Loan Agreements	829,043	—	817,725	11,318
Mortgage-Backed Securities	1,797,728	—	1,797,728	—
Municipal Bonds	3,981	—	3,981	—
U.S. Government Securities	97,137	—	97,137	—
Equity Securities:				
Affiliated Mutual Fund	68,703	68,703	—	—
Preferred Stocks	73,139	—	73,139	—
Total Investments	\$7,095,296	\$68,703	\$7,004,317	\$22,276

There were no transfers between Level 1 and Level 2 related to securities held at September 30, 2016.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
SCHEDULE OF INVESTMENTS (Continued)
SEPTEMBER 30, 2016

(\$ 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.

	Total	Asset- Backed Securities	Corporate Bonds and Notes	Loan Agreements
Investments in Securities				
Balance as of September 30, 2015:	\$24,541	\$12,296	\$ —	\$12,245
Accrued discount/(premium)	(120)	—	—	(120)
Realized gain (loss)	(77)	7	—	(84)
Change in unrealized appreciation/(depreciation) ^(c)	827	181	—	646
Purchases	—	—	—	—
Sales ^(b)	(5,490)	(4,121)	—	(1,369)
Transfers into Level 3 ^(a)	2,595 ^(d)	—	2,595 ^(d)	—
Transfers from Level 3 ^(a)	—	—	—	—
Balance as of September 30, 2016	<u>\$22,276^(e)</u>	<u>\$ 8,363^(e)</u>	<u>\$2,595^(e)</u>	<u>\$11,318^(e)</u>

^(a) "Transfers into and/or from" represent the ending value as of September 30, 2016, for any investment security where a change in the pricing level occurred from the beginning to the end of the period.

^(b) Includes paydown on securities.

^(c) Included in the related net change in unrealized appreciation/(depreciation) in the Statement of Operations. The change in unrealized appreciation/(depreciation) on investments still held as of September 30, 2016 was \$985.

^(d) The transfers into Level 3 are due to a decrease in trading activities at period end.

^(e) The Fund's investments that are 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 could result in a significantly lower or higher value of Level 3 investments.

None of the securities in this table are fair valued.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2016

(Reported in thousands except shares and per share amounts)

Assets	
Investment in unaffiliated securities at value ⁽¹⁾	\$ 7,026,593
Investment in affiliated securities at value ⁽²⁾	68,703
Foreign currency at value ⁽³⁾	— ⁽⁴⁾
Cash	32,134
Receivables	
Investment securities sold	43,195
Fund shares sold	17,668
Dividends and interest receivable	53,120
Prepaid expenses	193
Prepaid trustee retainer	147
Other assets	95
Total assets	<u>7,241,848</u>
Liabilities	
Payables	
Fund shares repurchased	22,778
Investment securities purchased	59,443
Dividend distributions	1,024
Investment advisory fees	2,729
Distribution and service fees	1,211
Administration fees	710
Transfer agent fees and expenses	1,137
Trustee deferred compensation plan	95
Trustees' fees and expenses	70
Professional fees	46
Other accrued expenses	277
Total liabilities	<u>89,520</u>
Net Assets	<u>\$ 7,152,328</u>
Net Assets Consist of:	
Capital paid in on shares of beneficial interest	\$ 7,212,310
Accumulated undistributed net investment income (loss)	13,224
Accumulated undistributed net realized gain (loss)	(105,889)
Net unrealized appreciation (depreciation) on investments	32,683
Net Assets	<u>\$ 7,152,328</u>
Class A	
Net asset value (net assets/shares outstanding) per share	\$ 4.78
Maximum offering price per share NAV/(1-2.25%)	\$ 4.89
Shares of beneficial interest outstanding, no par value, unlimited authorization	273,614,622
Net Assets	\$ 1,307,484
Class B	
Net asset value (net assets/shares outstanding) and offering price per share	\$ 4.75
Shares of beneficial interest outstanding, no par value, unlimited authorization	22,717
Net Assets	\$ 108
Class C	
Net asset value (net assets/shares outstanding) and offering price per share	\$ 4.84
Shares of beneficial interest outstanding, no par value, unlimited authorization	273,004,072
Net Assets	\$ 1,321,202
Class T	
Net asset value (net assets/shares outstanding) and offering price per share	\$ 4.83
Shares of beneficial interest outstanding, no par value, unlimited authorization	101,528,260
Net Assets	\$ 489,924
Class I	
Net asset value (net assets/shares outstanding) and offering price per share	\$ 4.78
Shares of beneficial interest outstanding, no par value, unlimited authorization	843,089,081
Net Assets	\$ 4,033,610

⁽¹⁾ Investment in unaffiliated securities at cost	\$ 6,992,795
⁽²⁾ Investment in affiliated securities at cost	69,865
⁽³⁾ Foreign currency at cost	— ⁽⁴⁾
⁽⁴⁾ Amount is less than \$500.	

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2016

(\$ reported in thousands)

Investment Income

Dividends	\$ 932
Dividends from affiliated fund	2,610
Interest	300,142
Foreign taxes withheld	(192)
Total investment income	303,492

Expenses

Investment advisory fees	34,064
Service fees, Class A	3,556
Distribution and service fees, Class B	1
Distribution and service fees, Class C	6,738
Distribution and service fees, Class T	5,270
Administration fees	9,105
Transfer agent fees and expenses	8,203
Registration fees	277
Printing fees and expenses	1,390
Custodian fees	139
Professional fees	157
Trustees' fees and expenses	629
Miscellaneous expenses	791
Total expenses	70,320
Less expenses reimbursed and/or waived by investment adviser	(305)
Earnings credit from custodian	(58)
Low balance account fees	(1)
Net expenses	69,956

Net investment income (loss) **233,536**

Net Realized and Unrealized Gain (Loss) on Investments

Net realized gain (loss) on unaffiliated investments	(49,665)
Net realized gain (loss) on foreign currency transactions	(478)
Net change in unrealized appreciation (depreciation) on unaffiliated investments	153,322
Net change in unrealized appreciation (depreciation) on affiliated investments	425
Net change in unrealized appreciation (depreciation) on foreign currency translation	254

Net gain (loss) on investments **103,858**

Net increase (decrease) in net assets resulting from operations **\$337,394**

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
STATEMENTS OF CHANGES IN NET ASSETS

(Reported in thousands)

	Year Ended September 30, 2016	Year Ended September 30, 2015
INCREASE/(DECREASE) IN NET ASSETS		
From Operations		
Net investment income (loss)	\$ 233,536	\$ 269,183
Net realized gain (loss)	(50,143)	(127,914)
Net change in unrealized appreciation (depreciation)	154,001	(150,759)
	337,394	(9,490)
Increase (decrease) in net assets resulting from operations		
From Distributions to Shareholders		
Net investment income, Class A	(40,862)	(42,497)
Net investment income, Class B	(4)	(18)
Net investment income, Class C	(34,858)	(34,290)
Net investment income, Class T	(11,050)	(10,794)
Net investment income, Class I	(122,921)	(119,152)
Return of capital Class A	—	(8,732)
Return of capital Class B	—	(4)
Return of capital Class C	—	(7,997)
Return of capital Class T	—	(3,261)
Return of capital Class I	—	(22,250)
	(209,695)	(248,995)
Decrease in net assets from distributions to shareholders		
From Share Transactions		
Sale of shares		
Class A (56,640 and 91,590 shares, respectively)	265,248	438,116
Class B (0 and 9 shares, respectively)	—	45
Class C (47,747 and 82,833 shares, respectively)	226,847	401,212
Class T (6,103 and 9,811 shares, respectively)	28,792	47,392
Class I (259,826 and 269,095 shares, respectively)	1,217,904	1,287,295
Reinvestment of distributions		
Class A (8,038 and 9,714 shares, respectively)	37,677	46,369
Class B (1 and 4 shares, respectively)	4	21
Class C (7,272 and 8,562 shares, respectively)	34,521	41,374
Class T (1,526 and 1,870 shares, respectively)	7,223	9,014
Class I (22,702 and 25,004 shares, respectively)	106,611	119,514
Shares repurchased		
Class A (127,042 and 157,118 shares, respectively)	(594,535)	(750,068)
Class B (60 and 227 shares, respectively)	(280)	(1,080)
Class C (89,555 and 135,370 shares, respectively)	(424,109)	(654,153)
Class T (29,391 and 35,882 shares, respectively)	(138,732)	(172,911)
Class I (311,788 and 406,378 shares, respectively)	(1,457,914)	(1,940,913)
	(690,743)	(1,128,773)
Increase (decrease) in net assets from share transactions		
Net increase (decrease) in net assets		
	(563,044)	(1,387,258)
Net Assets		
Beginning of period	7,715,372	9,102,630
End of period	\$ 7,152,328	\$ 7,715,372
Accumulated undistributed net investment income (loss) at end of period	\$ 13,224	\$ (3,391)

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND 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⁾	Capital Gain Distributions Received from Affiliated Funds	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Return of Capital
Class A								
10/1/15 to 9/30/16	\$4.69	0.15	—	0.08	0.23	(0.14)	—	—
10/1/14 to 9/30/15	4.84	0.15	—	(0.16)	(0.01)	(0.11)	—	(0.03)
10/1/13 to 9/30/14	4.85	0.16	—	(0.01)	0.15	(0.16)	— ⁽⁴⁾	— ⁽⁴⁾
10/1/12 to 9/30/13	4.94	0.18	—	(0.09)	0.09	(0.18)	—	— ⁽⁴⁾
10/1/11 to 9/30/12	4.67	0.21	—	0.27	0.48	(0.21)	—	— ⁽⁴⁾
Class B								
10/1/15 to 9/30/16	\$4.66	0.12	—	0.08	0.20	(0.11)	—	—
10/1/14 to 9/30/15	4.81	0.13	—	(0.16)	(0.03)	(0.09)	—	(0.03)
10/1/13 to 9/30/14	4.82	0.14	—	(0.02)	0.12	(0.13)	— ⁽⁴⁾	— ⁽⁴⁾
10/1/12 to 9/30/13	4.91	0.16	—	(0.09)	0.07	(0.16)	—	— ⁽⁴⁾
10/1/11 to 9/30/12	4.65	0.18	—	0.27	0.45	(0.19)	—	— ⁽⁴⁾
Class C								
10/1/15 to 9/30/16	\$4.75	0.14	—	0.07	0.21	(0.12)	—	—
10/1/14 to 9/30/15	4.89	0.14	—	(0.15)	(0.01)	(0.10)	—	(0.03)
10/1/13 to 9/30/14	4.90	0.15	—	(0.02)	0.13	(0.14)	— ⁽⁴⁾	— ⁽⁴⁾
10/1/12 to 9/30/13	4.99	0.17	—	(0.09)	0.08	(0.17)	—	— ⁽⁴⁾
10/1/11 to 9/30/12	4.72	0.20	—	0.27	0.47	(0.20)	—	— ⁽⁴⁾

The footnote legend is at the end of the financial highlights

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
FINANCIAL HIGHLIGHTS
SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING
THROUGHOUT EACH PERIOD

Total Distributions	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽¹⁾	Net Assets, End of Period (000's)	Ratio of Expenses to Average Net Assets ⁽²⁾	Ratio of Gross Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate
(0.14)	0.09	\$4.78	4.90%	\$1,307,484	1.00% ⁽⁵⁾⁽⁶⁾	1.01%	3.19%	53%
(0.14)	(0.15)	4.69	(0.23)	1,575,629	0.97	0.97	3.15	37
(0.16)	(0.01)	4.84	3.03	1,894,633	0.99	0.99	3.30	39
(0.18)	(0.09)	4.85	1.84	3,574,450	0.99	0.99	3.65	49
(0.21)	0.27	4.94	10.58	3,038,093	1.01	1.01	4.31	52
(0.11)	0.09	\$4.75	4.41%	\$ 108	1.49% ⁽⁵⁾⁽⁶⁾	1.50%	2.64%	53%
(0.12)	(0.15)	4.66	(0.73)	382	1.46	1.47	2.67	37
(0.13)	(0.01)	4.81	2.53	1,421	1.49	1.49	2.80	39
(0.16)	(0.09)	4.82	1.34	2,572	1.49	1.49	3.17	49
(0.19)	0.26	4.91	9.87	3,590	1.51	1.51	3.86	52
(0.12)	0.09	\$4.84	4.58%	\$1,321,202	1.25% ⁽⁵⁾⁽⁶⁾	1.26%	2.94%	53%
(0.13)	(0.14)	4.75	(0.27)	1,460,120	1.22	1.22	2.90	37
(0.14)	(0.01)	4.89	2.73	1,720,245	1.24	1.24	3.03	39
(0.17)	(0.09)	4.90	1.56	1,567,725	1.24	1.24	3.40	49
(0.20)	0.27	4.99	10.19	1,067,276	1.27	1.27	4.04	52

The footnote legend is at the end of the financial highlights

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
FINANCIAL HIGHLIGHTS (Continued)
SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING
THROUGHOUT EACH PERIOD

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽²⁾	Capital Gain Distributions Received from Affiliated Funds	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Return of Capital
Class T								
10/1/15 to 9/30/16	\$4.73	0.12	—	0.08	0.20	(0.10)	—	—
10/1/14 to 9/30/15	4.88	0.12	—	(0.17)	(0.05)	(0.07)	—	(0.03)
10/1/13 to 9/30/14	4.89	0.12	—	(0.01)	0.11	(0.12)	— ⁽⁴⁾	— ⁽⁴⁾
10/1/12 to 9/30/13	4.98	0.14	—	(0.09)	0.05	(0.14)	—	— ⁽⁴⁾
10/1/11 to 9/30/12	4.71	0.17	—	0.28	0.45	(0.18)	—	— ⁽⁴⁾
Class I								
10/1/15 to 9/30/16	\$4.69	0.16	—	0.08	0.24	(0.15)	—	—
10/1/14 to 9/30/15	4.84	0.16	—	(0.16)	—	(0.12)	—	(0.03)
10/1/13 to 9/30/14	4.85	0.17	—	(0.01)	0.16	(0.17)	— ⁽⁴⁾	— ⁽⁴⁾
10/1/12 to 9/30/13	4.94	0.19	—	(0.09)	0.10	(0.19)	—	— ⁽⁴⁾
10/1/11 to 9/30/12	4.68	0.22	—	0.27	0.49	(0.23)	—	— ⁽⁴⁾

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
FINANCIAL HIGHLIGHTS (Continued)
SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING
THROUGHOUT EACH PERIOD

Total Distributions	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽¹⁾	Net Assets, End of Period (000's)	Ratio of Expenses to Average Net Assets ⁽²⁾	Ratio of Gross Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate
(0.10)	0.10	\$4.83	4.29%	\$ 489,924	1.75% ⁽⁵⁾⁽⁶⁾	1.76%	2.44%	53%
(0.10)	(0.15)	4.73	(0.98)	583,694	1.72	1.72	2.40	37
(0.12)	(0.01)	4.88	2.23	719,840	1.74	1.74	2.53	39
(0.14)	(0.09)	4.89	1.06	751,220	1.74	1.74	2.91	49
(0.18)	0.27	4.98	9.67	704,225	1.76	1.76	3.56	52
(0.15)	0.09	\$4.78	5.16%	\$4,033,610	0.75% ⁽⁵⁾⁽⁶⁾	0.76%	3.44%	53%
(0.15)	(0.15)	4.69	0.02	4,095,547	0.72	0.72	3.40	37
(0.17)	(0.01)	4.84	3.28	4,766,491	0.74	0.74	3.51	39
(0.19)	(0.09)	4.85	2.09	2,418,863	0.74	0.74	3.90	49
(0.23)	0.26	4.94	10.62	1,606,957	0.77	0.77	4.55	52

Footnote Legend

- ⁽¹⁾ Sales charges, where applicable, are not reflected in the total return calculation.
⁽²⁾ Computed using average shares outstanding.
⁽³⁾ The Fund may invest in other funds and the annualized expense ratios do not reflect fees and expenses associated with the underlying funds.
⁽⁴⁾ Amount is less than \$0.005.
⁽⁵⁾ For the period ended September 30, 2016, the ratio of net expenses includes the effect of the earnings credit from Custodian reflected in the Statement of Operations and had no impact on the Financial Highlights.
⁽⁶⁾ Net expense ratio includes extraordinary proxy expenses.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Note 1. Organization

Virtus Opportunities Trust (the "Trust") is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended ("1940 Act"), as an open-end management investment company.

As of the date of this report, 31 funds of the Trust are offered for sale, of which the Virtus Multi-Sector Short Term Bond Fund (the "Fund") is reported in this annual report. The Fund's investment objective is outlined in the Fund Summary Page. *There is no guarantee the Fund will achieve its objective.*

The Fund offers Class A shares, Class C shares, Class T shares and Class I shares. Class B shares are no longer available for purchase by new or existing shareholders, except by existing shareholders through Qualifying Transactions. (For information regarding Qualifying Transactions refer to the Trust's prospectus.)

Class A shares are sold with a front-end sales charge of up to 2.25%. Generally, Class A shares are not subject to any charges by the Fund when redeemed; however, a 0.50% 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 B shares generally were sold with a CDSC which declines from 2% to zero depending on the period of time the shares are held. Class C shares are sold without a sales charge. Class T shares are sold with a 1% CDSC, applicable if redeemed within one year of purchase. Class I shares are sold without a front-end sales charge or CDSC.

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 prospectuses and/or statements 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 Board-approved Rule 12b-1 and/or shareholder service plan ("12b-1 plan") and has exclusive voting rights with respect to such plans. Class I shares are not subject to a 12b-1 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 Trust in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

A. Security Valuation

Security valuation procedures for the Fund, which include nightly price variance, as well as back-testing such as bi-weekly unchanged price, monthly secondary source and transaction analysis, have been approved by the Board of Trustees (the "Board", or the "Trustees"). All internally fair valued securities are approved by a valuation committee (the "Valuation Committee") appointed by the Board. 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. Quarterly fair valuations are reviewed by the Board.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. It is the Fund's policy to recognize transfers at the end of 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 New York Stock Exchange ("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 American Depositary Receipts, 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

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 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, are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

Listed derivatives 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 disbursements as designated by the underlying fund.

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.

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, 2016, the

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2013 forward (with limited exceptions).

D. Distributions to Shareholders

Distributions are recorded by the Fund on the ex-dividend date. Income distributions are recorded daily. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. These differences may include the treatment of non-taxable dividends, market premium and discount, non-deductible expenses, expiring capital loss carryovers, foreign currency gain or loss, gain or loss on futures contracts, partnerships, operating losses and losses deferred due to wash sales. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

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 expense 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. When-issued Purchases 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 also known as delayed delivery transactions. Delayed delivery transactions involve a commitment by a fund to purchase or sell a security at a future date, ordinarily up to 90 days later. When-issued or forward commitments enable a 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

H. 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. 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 LIBOR (London Interbank Offered Rate), 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, 2016, all loan agreements held by the Fund are assignment loans.

I. Earnings Credit and Interest

Through arrangements with the Fund's custodian, the Fund either receives 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

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 adviser to the Trust. The Adviser manages the Fund’s investment program and general operations of the Fund, including oversight of the Fund’s subadviser.

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 – 10 Billion</u>	<u>\$10+ Billion</u>
0.55%	0.50%	0.45%	0.425%

During the period covered by these financial statements, the Fund invested a portion of its assets in Virtus 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 Credit Opportunities Fund. For the period covered by these financial statements, the waiver amounted to \$305. This waiver is in addition to the expense limitation and/or fee waiver covered elsewhere in these financial statements and is included in the Statement of Operations in “expenses reimbursed and/or waived by the investment adviser”.

B. Subadviser

Newfleet Asset Management, LLC (the “Subadviser”), an indirect, wholly owned subsidiary of Virtus, is the subadviser to the Fund. The subadviser manages the investments of the Fund for which the Subadviser is paid a fee by the Adviser.

C. Expense Limitations

The Adviser has contractually agreed to limit the Fund’s total operating expenses (excluding dividend and interest expenses, taxes, brokerage commissions, leverage expenses, extraordinary expenses and acquired fund fees and expenses, if any) so that such expenses do not exceed, on an annualized basis, the following percentages of the Fund’s average net asset values: 1.10% for Class A shares, 1.60% for Class B shares, 1.35% for Class C shares, 1.85% for Class T shares, and 0.85% for Class I shares through January 31, 2017. The Fund is currently below its expense cap.

D. 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 year (the “period”) ended September 30, 2016, it retained net commissions of \$21 for Class A shares and deferred sales charges of \$26, \$0, \$1 and \$22 for Class A shares, Class B shares, Class C shares and Class T shares, respectively.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

In addition, the Fund pays VP Distributors distribution and/or service fees under a 12b-1 plan as a percentage of the average daily net assets of each respective class, at the annual rate of 0.25% for Class A shares, 0.75% for Class B shares, 0.50% for Class C shares, and 1.00% for Class T shares. Class I shares are not subject to a 12b-1 plan.

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.

E. Administrator and Transfer Agent

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

For the period ended September 30, 2016, the Fund incurred administration fees totaling \$7,075 which are included in the Statement of Operations.

For the period ended September 30, 2016, the Fund incurred transfer agent fees totaling \$8,080 which are included in the Statement of Operations. A portion of these fees is paid to outside entities that also provide services to the Trust.

F. Affiliated Shareholders

At September 30, 2016, Virtus and its affiliates, and the retirement plans of Virtus and its affiliates, held shares of the Fund which may be redeemed at any time that aggregated to the following:

	Shares	Aggregate Net Asset Value
Class I Shares	761,105	\$3,638

G. Investments in Affiliates

A summary of the Fund's total long-term and short-term purchases and sales of an affiliated fund Virtus Credit Opportunities Fund, during the period ended September 30, 2016, is as follows:

	Value, beginning of period	Purchases	Sales Proceeds	Value, end of period	Dividend Income	Distributions of Realized Gains
Virtus Credit Opportunities Fund	\$67,751	\$527	\$—	\$68,703	\$2,610	\$—

The Fund does not invest in the underlying fund for the purpose of exercising management or control; however the investments made by the Fund within each of its principal investment strategies may represent a significant portion of the underlying fund's net assets. At September 30, 2016, the Fund was the owner of record of approximately 72% of the Virtus Credit Opportunities Fund.

H. 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

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

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" on the Statement of Assets and Liabilities at September 30, 2016.

Note 4. Purchases and Sales of Securities

(\$ reported in thousands)

Purchases and sales of securities for the Fund (excluding U.S. Government and agency securities, and short-term securities) during the period ended September 30, 2016, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$3,279,174	\$4,105,071

Purchases and sales of long-term U.S. Government and agency securities for the Fund during the period ended September 30, 2016, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$499,316	\$350,698

Note 5. Borrowings

(\$ reported in thousands)

On June 29, 2016, the Fund and other affiliated funds renewed a \$50,000 secured line of credit. The Credit Agreement (the "Agreement") is with a commercial bank (the "Bank") that allows the Fund to borrow cash from the Bank to manage large unexpected redemptions and trade fails, up to a limit of one-third of the Fund's total net assets in accordance with the Agreement. The agreement has a term of 364 days and is renewable by the Fund with the Bank's consent. Interest is charged at the higher of the LIBOR (London Interbank Offered Rate) 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 are individually, and not jointly, liable for their particular advances, if any, under the line of credit. The Bank has the ability to require repayment of outstanding borrowings under the Agreement upon certain circumstances such as an event of default.

The Fund had no outstanding borrowings at any time during the period ended September 30, 2016.

Note 6. 10% Shareholders

As of September 30, 2016, the Fund had individual shareholder account(s) and/or omnibus shareholder account(s) (comprised of a group of individual shareholders), which individually amounted to more than 10% of the total shares outstanding of the Fund as detailed below.

<u>% of Shares Outstanding</u>	<u>Number of Accounts</u>
32%	2*

*. The shareholders are not affiliated with Virtus.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

Note 7. Credit Risk and Asset Concentrations

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 Subadviser 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 objective. 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 8. Illiquid and Restricted Securities

Investments generally are considered illiquid if they cannot be disposed of in 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 illiquidity: 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. Illiquid securities are footnoted as such at the end of the Fund's Schedule of Investments where applicable. However, a portion of such footnoted securities could be liquid where the Subadviser determines that some, though not all, of the position could 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.

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, 2016 with an aggregate value of \$168 representing 0.00% of the Fund's net assets.

At September 30, 2016, the Fund did not hold any securities that are both illiquid and restricted.

Note 9. Indemnifications

Under the Trust's organizational documents, its Trustees and officers are indemnified against certain liabilities arising out of the performance of their duties to the Fund. Each Trustee has also entered into an indemnification agreement with the Trust. 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

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

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 10. Federal Income Tax Information

(\$ reported in thousands)

At September 30, 2016, 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>
\$7,064,261	\$152,047	\$(121,012)	\$31,035

The Fund has capital loss carryovers available to offset future realized gains as follows:

<u>No Expiration</u>		
<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
\$49,295	\$25,236	\$74,531

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized for tax years beginning after December 22, 2010, may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses.

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, 2016, the Fund deferred and recognized qualified late year losses as follows:

<u>Late Year Ordinary Losses Deferred</u>	<u>Late Year Ordinary Losses Recognized</u>	<u>Capital Loss Deferred</u>	<u>Capital Loss Recognized</u>
\$—	\$—	\$30,985	\$56,744

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

<u>Undistributed Ordinary Income</u>	<u>Undistributed Long-term Capital Gains</u>
\$14,452	\$—

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes. 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.

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

The tax character of dividends and distributions paid during the years ended September 30, 2016 and 2015 was as follows:

	Year Ended	
	2016	2015
Ordinary Income	\$209,695	\$206,751
Long-Term Capital Gains	—	—
Return of Capital	—	42,244
Total	\$209,695	\$248,995

Note 11. Reclassifications of Capital Accounts

(\$ reported in thousands)

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. The reclassifications have no impact on the net assets or net asset value of the Fund. As of September 30, 2016, the Fund recorded reclassifications to increase (decrease) the accounts as listed below:

Capital Paid in on Shares of Beneficial Interest	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)
\$—	\$(7,227)	\$7,227

Note 12. Regulatory Matters and Litigation

From time to time, the Trust, the 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 Adviser believes that the outcomes of such matters are not likely, either individually or in the aggregate, to be material to these financial statements.

On February 20, 2015, a putative class action complaint (*In re Virtus Investment Partners, Inc. Securities Litigation; formerly styled as Tom Cummins v. Virtus Investment Partners Inc. et al.*) alleging violation of the federal securities laws was filed by an individual shareholder against Virtus and certain of its officers (the “defendants”) in the United States District Court for the Southern District of New York. On August 21, 2015, the lead plaintiff filed a Consolidated Class Action Complaint (the “Consolidated Complaint”) amending the originally filed complaint and adding the Trust as a defendant. The Consolidated Complaint was purportedly filed on behalf of all purchasers of Virtus common stock between January 25, 2013 and May 11, 2015 (the “Class Period”). The Consolidated Complaint alleges that during the Class Period, the defendants disseminated materially false and misleading statements and concealed material adverse facts relating to certain funds previously subadvised by F-Squared Investments, Inc. and/or its affiliates (“F-Squared”). The plaintiff seeks to recover unspecified damages. A motion to dismiss the Consolidated

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2016

Complaint was filed on behalf of the defendants on October 21, 2015. Pursuant to an Opinion & Order (“Order”) filed on July 1, 2016, the court granted in part and denied in part the defendants’ motion to dismiss. Although the Order narrows the scope of the claims asserted, claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 thereunder survive the motion. The defendants filed an Answer to the Consolidated Complaint on August 5, 2016. Virtus and its affiliates, including the Adviser, believe that the suit is without merit and intend to defend it vigorously. The Trust believes that the risk of loss to the Fund as a result of this suit is remote. The Adviser does not believe that the suit will have any impact on its ability to provide services to the Fund.

On May 8, 2015, a putative class action complaint (*Mark Youngers v. Virtus Investment Partners, Inc. et al.*) alleging violations of certain provisions of the federal securities laws was filed in the United States District Court for the Central District of California. The complaint, which was purportedly filed on behalf of purchasers of certain Virtus Funds previously subadvised by F-Squared between May 8, 2010 and December 22, 2014, inclusive (the “Class Period”), alleged claims against Virtus, certain Virtus officers and affiliates (including the Adviser, Euclid Advisors LLC (“Euclid”) and VP Distributors, LLC), the trustees and certain officers of the Trust, and certain other parties (the “defendants”). The complaint alleges that during the Class Period the defendants disseminated materially false and misleading statements and concealed or omitted material facts necessary to make the statements made not misleading. On October 1, 2015, the plaintiff filed a First Amended Class Action Complaint which, among other things, added a derivative claim for breach of fiduciary duty on behalf of the Trust. On October 19, 2015, the United States District Court for the Central District of California entered an order transferring the action to the Southern District of New York. On January 4, 2016, Plaintiffs filed a Second Amended Complaint. Motions to dismiss were filed on behalf of Virtus, its officers and affiliates and the independent trustees on February 1, 2016. An Opinion & Order (“Order”) granting in part and denying in part the defendants’ motions to dismiss was issued on July 1, 2016. The Order dismissed all claims against the Adviser, Euclid, the independent trustees and certain of the other individual defendants and narrowed the claims asserted against the remaining defendants. The remaining defendants filed an Answer to the Second Amended Complaint on August 5, 2016. The defendants filed a motion to certify an interlocutory appeal of the July 1, 2016 order to the Court of Appeals for the Second Circuit on August 26, 2016. Oral argument on the motion is scheduled for October 7, 2016. Virtus and its affiliates, including the Adviser, believe that the suit has no basis in law or fact and intend to defend it vigorously. The Trust believes that the risk of loss to the Fund as a result of this suit is remote. The Adviser does not believe that the suit will have any impact on its ability to provide services to the Fund.

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 the following subsequent event requires recognition or disclosure in the financial statements.

Effective November 3, 2016, the Fund began offering Class R6 shares.



Report of Independent Registered Public Accounting Firm

To the Board of Trustees of
Virtus Opportunities Trust and Shareholders of
Virtus Multi-Sector Short Term Bond 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 the Virtus Multi-Sector Short Term Bond Fund (one of the funds constituting Virtus Opportunities Trust, hereafter referred to as the "Fund") at September 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, 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 at September 30, 2016 by correspondence with the custodian, brokers, and transfer agent of the investee funds, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
November 22, 2016

VIRTUS MULTI-SECTOR SHORT TERM BOND FUND
TAX INFORMATION NOTICE
SEPTEMBER 30, 2016 (Unaudited)

For the fiscal year ended September 30, 2016, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentage, 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>
—%	—%	\$—

**RESULTS OF SHAREHOLDER MEETING
VIRTUS OPPORTUNITIES TRUST
MAY 19, 2016 (Unaudited)**

At a special meeting of shareholders of all series of Virtus Equity Trust, Virtus Insight Trust and Virtus Opportunities Trust, held on May 19, 2016, shareholders of Virtus Opportunities Trust (the "Trust") voted on the following proposals:

Proposal 1.

	Number of Eligible Votes:		
	FOR	AGAINST	ABSTAIN
To elect six Trustees to serve on the Board of Trustees until the next meeting of shareholders at which Trustees are elected.			
George R. Aylward	1,145,056,198.477	24,756,597.221	0
Thomas J. Brown	1,144,160,222.050	25,652,573.650	0
Donald C. Burke	1,145,758,834.912	24,053,960.790	0
Roger A. Gelfenbien	1,144,297,795.833	25,514,999.865	0
John R. Mallin	1,144,938,076.292	24,874,719.410	0
Hassell H. McClellan	1,143,864,433.134	25,948,362.566	0

Shareholders of the Trust voted to approve the above proposal.

Proposal 2.

	Number of Eligible Votes:		
	FOR	AGAINST	ABSTAIN
To approve a proposal to permit Virtus Investment Advisers, Inc., as the investment adviser to all the Funds, to hire and replace subadvisers or to modify subadvisory agreements without shareholder approval.			
Virtus CA Tax Exempt Bond Fund	1,258,194.893	91,895.368	41,271.245
Virtus Emerging Markets Debt Fund . . .	3,015,152.206	198.283	0
Virtus Emerging Markets Equity Income Fund	3,672,832.400	0	0
Virtus Emerging Markets Opportunities Fund	620,793,093.034	25,302,093.728	9,306,937.262
Virtus Emerging Markets Small-Cap Fund	494,281.793	0	0
Virtus Essential Resources Fund	504,931.913	0	0
Virtus Foreign Opportunities Fund	27,726,679.250	666,663.374	564,703.507
Virtus Greater European Opportunities Fund	818,457.900	37,502.974	15,676.215
Virtus International Small-Cap Fund . . .	3,074,638.276	5,991.041	10,261.000
Virtus International Wealth Masters Fund	518,044.295	0	0
Virtus Low Duration Income Fund	10,449,114.393	779,684.940	311,840.943
Virtus Multi-Sector Intermediate Bond Fund	11,147,670.008	724,253.699	406,427.672
Virtus Multi-Sector Short Term Bond Fund	618,834,424.483	21,316,032.964	14,819,955.463

Shareholders of the Funds listed above voted to approve the above proposal.

RESULTS OF SHAREHOLDER MEETING (Continued)
VIRTUS OPPORTUNITIES TRUST
MAY 19, 2016 (Unaudited)

Proposal 6.

	Number of Eligible Votes:		
	FOR	AGAINST	ABSTAIN
To approve a proposal to amend the fundamental restrictions of the Fundamental Restriction Funds with respect to loans.			
Virtus Foreign Opportunities Fund . . .	27,568,524.708	741,409.046	648,118.377
Virtus Multi-Sector Short Term Bond Fund	615,281,810.614	22,749,361.497	16,939,237.795

Shareholders of the Funds listed above voted to approve the above proposal.

FUND MANAGEMENT TABLES (UNAUDITED)

Information pertaining to the Trustees and officers of the Trust as of September 30, 2016, 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) 243-1574. The address of each individual, unless otherwise noted, is 100 Pearl Street, Hartford, CT 06103-4506. There is no stated term of office for Trustees of the Trust.

Independent Trustees

Name, Year of Birth, Year Elected and Number of Funds Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Thomas J. Brown YOB: 1945 Elected: 2016 65 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 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: 1961 Elected: 2016 69 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios), Virtus Variable Insurance Trust (9 portfolios) and Virtus Alternative Solutions Trust (4 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).
Roger A. Gelfenbien YOB: 1943 Elected: 2016 65 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2000), Virtus Variable Insurance Trust (9 portfolios); and Director (since 1999), USAllianz Variable Insurance Product Trust (42 portfolios).
John R. Mallin YOB: 1950 Elected: 2016 65 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 Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Director (since 2013), Horizon, Inc. (non-profit); and Trustee (since 1999), Virtus Variable Insurance Trust (9 portfolios).
McClellan, Hassell H. YOB: 1945 Elected: 2015 65 Portfolios	Retired (since 2013); and Professor (1984 to 2013), Wallace E. Carroll School of Management, Boston College. Trustee (since 2016), Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2015), Virtus Mutual Fund Complex (52 portfolios); and Director (since 2010), Barnes Group, Inc. (diversified global components manufacturer and logistical services company); Trustee, Virtus Variable Insurance Trust (9 portfolios) (since 2008); and Trustee, John Hancock Fund Complex (since 2000) (collectively, 228 portfolios).
McLoughlin, Philip YOB: 1946 Elected: 1999 74 Portfolios	Retired. Director and Chairman (since 2016), The Zweig Fund and Virtus Global Dividend & Income Fund Inc.; Trustee and Chairman (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Trustee/Director and Chairman (since 2011), Virtus Closed-End Funds (3 funds); 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 Complex (52 portfolios).
McNamara, Geraldine M. YOB: 1951 Elected: 2001 69 Portfolios	Retired. Trustee (since 2016) Virtus Alternative Solutions Trust (4 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 Complex (52 portfolios).

FUND MANAGEMENT TABLES (UNAUDITED) (Continued)

Independent Trustees (Continued)

Name, Year of Birth, Year Elected and Number of Funds Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Oates, James M. YOB: 1946 Elected: 2000 70 Portfolios	Managing Director (since 1994), Wydown Group (consulting firm). Director (since 2016), The Zweig Fund and Virtus Global Dividend & Income Fund Inc.; Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios); Trustee/Director (since 2013), Virtus Closed-End Funds (3 funds); Trustee (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Chairman and Trustee (since 2005), John Hancock Fund Complex (228 portfolios); Director (2002 to 2014), New Hampshire Trust Company; Chairman (since 2000), 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 Complex (52 portfolios).
Segerson, Richard E. YOB: 1948 Elected: 2000 65 Portfolios	Retired; and Managing Director (1998 to 2013), Northway Management Company. Trustee (since 2016) Virtus Alternative Solutions Trust (4 portfolios) and Virtus Variable Insurance Trust (9 portfolios); and Trustee (since 1983), Virtus Mutual Fund Complex (52 portfolios).
Verdonck, Ferdinand L.J. YOB: 1942 Elected: 2005 65 Portfolios	Vice Chairman (since 2014), Affirmed Therapeutics (biotechnology); 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; 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 (4 portfolios); and Trustee (since 2002), Virtus Mutual Fund Complex (52 portfolios).

Interested Trustee

The individual listed below is an “interested person” of the Trust, as defined in Section 2(a)(19) of the 1940 Act, as amended, and the rules and regulations thereunder.

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 70 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; Trustee and President (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Director (since 2013), Virtus Global Funds, PLC (2 portfolios); Trustee (since 2012) and President (since 2010), Virtus Variable Insurance Trust (9 portfolios); Trustee and President (since 2011), Virtus Closed-End Funds (3 funds); Trustee (since 2006), Virtus Mutual Funds (52 portfolios); and Director, President and Chief Executive Officer (since 2006), The Zweig Fund and Virtus Global Dividend & Income Fund Inc.

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 Complex; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2012 to 2013) and Treasurer (Chief Financial Officer) (since 2007), The Zweig Fund 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 Closed-End Funds; 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 Complex; Senior Vice President (2013 to 2014), Vice President (2012 to 2013) and Assistant Secretary (since 2012), Secretary and Chief Legal Officer (2005 to 2012), The Zweig Fund and Virtus Global Dividend & Income Fund Inc.; 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; and Assistant Secretary (since 2013), Virtus Alternative Solutions Trust.

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	Vice President and Chief Compliance Officer since 2011.	Vice President (since 2008) 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; Vice President and Chief Compliance Officer (since 2011), Virtus Mutual Fund Complex; Vice President (since 2010) and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Closed-End Funds; Vice President and Chief Compliance Officer (since 2012), The Zweig Fund and Virtus Global Dividend & Income Fund Inc.; Vice President and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Chief Compliance Officer (since 2015), ETFis Series Trust I; and Chief Compliance Officer (since 2015), Virtus ETF Trust II.
Waltman, Francis G. YOB: 1962	Executive Vice President (since 2013); Senior Vice President (2008-2013).	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 Complex; 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 Closed-End Funds; Director (since 2013), Virtus Global Funds PLC; and Executive Vice President (since 2013), Virtus Alternative Solutions Trust.

VIRTUS OPPORTUNITIES TRUST

101 Munson Street
Greenfield, MA 01301-9668

Trustees

George R. Aylward
Thomas J. Brown
Donald C. Burke
Roger A. Gelfenbein
John R. Mallin
Hassell H. McClellan
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, Vice President and
Chief Compliance Officer

Investment Adviser

Virtus Investment Advisers, Inc.
100 Pearl Street
Hartford, CT 06103-4506

Principal Underwriter

VP Distributors, LLC
100 Pearl Street
Hartford, CT 06103-4506

Administrator and Transfer Agent

Virtus Fund Services, LLC
100 Pearl Street
Hartford, CT 06103-4506

Custodian

JPMorgan Chase Bank, NA
1 Chase Manhattan Plaza
New York, NY 10005-1401

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
2001 Market Street
Philadelphia, PA 19103-7042

How to Contact Us

Mutual Fund Services 1-800-243-1574
Adviser Consulting Group 1-800-243-4361
Website **Virtus.com**

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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For more information about
Virtus Mutual Funds, please call
your financial representative, or
contact us at **1-800-243-1574**
or **Virtus.com**