

SEMIANNUAL REPORT
VIRTUS EQUITY TRUST



March 31, 2018

Virtus Strategic Allocation Fund

Not FDIC Insured
No Bank Guarantee
May Lose Value



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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 Strategic Allocation Fund unless preceded or accompanied by an effective prospectus which includes information concerning the sales charge, the Fund's record and other pertinent information.

MESSAGE TO SHAREHOLDERS

To My Fellow Shareholders of Virtus Mutual Funds:

I am pleased to present this semiannual report that reviews the performance of your fund for the six months ended March 31, 2018.

Economic growth and strong corporate earnings were driving forces in the U.S. during the period, capped off by the sweeping tax overhaul that was signed into law at year-end. The optimism carried over into the start of 2018. However, with growth heating up, inflation fears caused stock markets to plunge in early February, ushering in the return of volatility after being conspicuously absent throughout 2017. Concerns over a potential global trade war, sparked by tariff talk by the Trump administration, caused markets to remain unsettled. Meanwhile, persistent economic strength moved the Federal Reserve to hike its key interest rate in March from 1.50% to 1.75%, its highest level in nearly a decade.

For the six months ended March 31, 2018, U.S. large-cap stocks, as measured by the S&P 500® Index, returned 5.84%, outpacing small-cap stocks, which returned 3.25%, as measured by the Russell 2000® Index. Within international equities, emerging markets led their developed peers, with the MSCI Emerging Markets Index (net) up 8.96%, compared with the MSCI EAFE® Index (net), which returned 2.63%.

Demand for U.S. Treasuries remained strong, as foreign investors continued to favor their yield advantage and credit quality over many foreign government bonds. The yield on the 10-year Treasury was 2.74% at March 31, 2018, up from 2.33% at September 30, 2017. 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, declined 1.08% for the six months. Non-investment grade bonds also lost ground but to a lesser extent, down 0.39%, as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index.

Market uncertainty is an ever-present reminder of the importance of portfolio diversification, including exposure to traditional and alternative asset classes. While diversification cannot guarantee a profit or prevent a loss, owning a variety of asset classes may cushion your portfolio against inevitable market fluctuations. Your financial advisor can help you ensure that your portfolio is adequately diversified across asset classes and investment strategies, with a broad array of Virtus Funds available through your fund exchange privileges. These include distinctive equity, fixed income, international, and asset allocation funds managed by Virtus affiliates and select subadvisers. We invite you to learn more about the Virtus family of funds at Virtus.com.

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

Sincerely,



George R. Aylward
President, Virtus Mutual Funds

May 2018

Performance data quoted represents past results. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

**VIRTUS STRATEGIC ALLOCATION FUND
DISCLOSURE OF FUND EXPENSES (Unaudited)
FOR THE SIX-MONTH PERIOD OF OCTOBER 1, 2017 TO MARCH 31, 2018**

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

Please note that the expenses shown in the accompanying tables 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 accompanying tables are 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.

Actual Expenses

The table below provides information about the Fund's actual account values and actual expenses. You may use the information below, 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 table under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

	Beginning Account Value October 1, 2017	Ending Account Value March 31, 2018	Annualized Expense Ratio	Expenses Paid During Period*
Class A	\$1,000.00	\$1,057.90	1.08%	\$5.54
Class C	1,000.00	1,053.70	1.85	9.47

* 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 (182) expenses were accrued in the most recent fiscal half-year, then divided by 365 to reflect the one-half year period.

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

You can find more information about the Fund's expenses in the Financial Statements section that follows.

For additional information on operating expenses and other shareholder costs, refer to the Fund's prospectus.

**VIRTUS STRATEGIC ALLOCATION FUND
DISCLOSURE OF FUND EXPENSES (Unaudited) (Continued)
FOR THE SIX-MONTH PERIOD OF OCTOBER 1, 2017 TO MARCH 31, 2018**

Hypothetical Example for Comparison Purposes

The accompanying table below 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 this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds.

	Beginning Account Value October 1, 2017	Ending Account Value March 31 2018	Annualized Expense Ratio	Expenses Paid During Period*
Class A	\$1,000.00	\$1,019.55	1.08%	\$5.44
Class C	1,000.00	1,015.71	1.85	9.30

* 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 (182) expenses were accrued in the most recent fiscal half-year, then divided by 365 to reflect the one-half year period.

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

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VIRTUS STRATEGIC ALLOCATION FUND
KEY INVESTMENT TERMS (Unaudited)
MARCH 31, 2018

American Depositary Receipt (“ADR”)

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

Bloomberg Barclays U.S. Aggregate Bond Index

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

Bloomberg Barclays U.S. Corporate High Yield Bond Index

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

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

London Interbank Offered Rate (“LIBOR”)

A benchmark rate that some of the world’s leading banks charge each other for short-term loans and that serves as the first step to calculating interest rates on various loans throughout the world.

MSCI EAFE® Index (net)

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

MSCI Emerging Markets Index (net)

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

Real Estate Investment Trust (“REIT”)

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

VIRTUS STRATEGIC ALLOCATION FUND
KEY INVESTMENT TERMS (Unaudited) (Continued)
MARCH 31, 2018

Russell 2000® Index

The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

S&P 500® Index

The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Sponsored ADR

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

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited)
MARCH 31, 2018

(\$ reported in thousands)

<u>Asset Allocations</u>	
The following table presents the asset allocations within certain sectors as a percentage of total investments as of March 31, 2018.	
Common Stocks	61%
Information Technology	20%
Consumer Discretionary	12
Financials	8
All Other Sectors in Common Stocks	21
Corporate Bonds & Notes	20
Financials	6
Consumer Discretionary	2
Energy	2
All Other Sectors in Corporate Bonds and Notes	10
Mortgage-Backed Securities	7
Asset-Backed Securities	4
U.S. Government Securities	2
Leveraged Loans	2
Other (includes Short-Term investment)	<u>4</u>
Total	<u><u>100%</u></u>

	<u>PAR VALUE</u>	<u>VALUE</u>
U.S. GOVERNMENT SECURITIES—2.3%		
U.S. Treasury Bond 2.500%, 2/15/46	\$ 7,525	\$ 6,834
U.S. Treasury Note 1.125%, 2/28/19	2,110	2,091
1.625%, 2/15/26	2,065	1,904
TOTAL U.S. GOVERNMENT SECURITIES (Identified Cost \$10,729)		10,829
MUNICIPAL BONDS—1.0%		
California—0.4%		
State of California, Build America Bonds Taxable 7.600%, 11/1/40	1,275	<u>1,972</u>

	<u>PAR VALUE</u>	<u>VALUE</u>
Georgia—0.1%		
Rockdale County Water & Sewerage Authority Revenue Taxable 3.060%, 7/1/24	\$ 600	<u>\$ 597</u>
New York—0.4%		
Port Authority of New York & New Jersey, Consolidated Bonds Revenue 5.000%, 4/15/57	1,560	<u>1,763</u>

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Virginia—0.1%					
City of Bristol, General Obligation Taxable 4.210%, 1/1/42	\$ 640	\$ 651			
TOTAL MUNICIPAL BONDS (Identified Cost \$5,037)		4,983			
FOREIGN GOVERNMENT SECURITIES—0.9%					
Argentine Republic					
7.500%, 4/22/26	505	539			
5.875%, 1/11/28	165	155			
7.625%, 4/22/46	195	194			
6.875%, 1/11/48	165	151			
Dominican Republic					
144A, 5.950%, 1/25/27 ⁽³⁾	565	591			
Kingdom of Abu Dhabi					
144A, 2.500%, 10/11/22 ⁽³⁾	505	486			
Kingdom of Bahrain					
144A, 7.000%, 10/12/28 ⁽³⁾	485	467			
Republic of South Africa					
4.665%, 1/17/24	435	437			
4.300%, 10/12/28	445	416			
Republic of Turkey					
7.375%, 2/5/25	268	297			
Sultanate of Oman					
144A, 5.375%, 3/8/27 ⁽³⁾	240	234			
144A, 5.625%, 1/17/28 ⁽³⁾	200	195			
TOTAL FOREIGN GOVERNMENT SECURITIES (Identified Cost \$4,217)		4,162			
MORTGAGE-BACKED SECURITIES—6.9%					
Agency—1.9%					
Federal Home Loan Mortgage Corp.					
Pool #A46224, 5.000%, 7/1/35	144	156			
Pool #G01980, 5.000%, 12/1/35	480	523			
Pool #A62213, 6.000%, 6/1/37	224	254			
Pool #G08628, 4.000%, 2/1/45	424	436			
Pool #G08702, 3.500%, 4/1/46	648	650			
					<u>9,293</u>
			Agency (continued)		
			Federal National Mortgage Association		
			Pool #776432, 4.000%, 7/1/19	\$ 2	\$ 2
			Pool #254549, 6.000%, 12/1/32	37	41
			Pool #735061, 6.000%, 11/1/34	292	328
			Pool #880117, 5.500%, 4/1/36	4	4
			Pool #938574, 5.500%, 9/1/36	155	170
			Pool #310041, 6.500%, 5/1/37	229	259
			Pool #909092, 6.000%, 9/1/37	14	15
			Pool #972569, 5.000%, 3/1/38	172	186
			Pool #909175, 5.500%, 4/1/38	149	165
			Pool #929625, 5.500%, 6/1/38	178	196
			Pool #909220, 6.000%, 8/1/38	77	87
			Pool #931995, 5.000%, 9/1/39	196	212
			Pool #931983, 5.500%, 9/1/39	1,110	1,213
			Pool #AE2496, 4.500%, 9/1/40	413	440
			Pool #A08769, 3.500%, 8/1/42	617	623
			Pool #AL3000, 3.500%, 12/1/42	635	640
			Pool #MA2471, 3.500%, 12/1/45	139	140
			Pool #MA2495, 3.500%, 1/1/46	708	710
			Pool #AS6515, 4.000%, 1/1/46	361	371
			Pool #AS8483, 3.000%, 12/1/46	841	820
			Pool #AS9393, 4.000%, 4/1/47	635	<u>652</u>

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Non-Agency—5.0%			Non-Agency (continued)		
American Homes 4 Rent Trust			2017-SPL5, B1 144A, 4.000%, 6/28/57 ⁽²⁾⁽³⁾	\$ 100	\$ 103
2014-SFR2, C 144A, 4.705%, 10/17/36 ⁽³⁾	\$ 615	\$ 646	2017-SPL1, B1 144A, 4.250%, 10/28/64 ⁽²⁾⁽³⁾	277	283
2015-SFR2, C 144A, 4.691%, 10/17/45 ⁽³⁾	130	138	Bayview Opportunity Master Fund Ivb Trust		
2015-SFR1, A 144A, 3.467%, 4/17/52 ⁽³⁾	880	890	2016-SPL2, B1 144A, 4.250%, 6/28/53 ⁽²⁾⁽³⁾	145	150
Ameriquest Mortgage Securities, Inc. Pass-Through Certificates, 2003-AR3, M4, (5.850% minus 1 month LIBOR) 4.748%, 6/25/33 ⁽²⁾	381	378	2017-SPL3, B1 144A, 4.250%, 11/28/53 ⁽²⁾⁽³⁾	355	371
AMSR Trust 2016-SFR1, C 144A, (1 month LIBOR + 2.250%) 4.058%, 11/17/33 ⁽²⁾⁽³⁾	243	245	Caesars Palace Las Vegas Trust 2017-VICI, C 144A, 4.138%, 10/15/34 ⁽³⁾	270	275
Angel Oak Mortgage Trust I LLC 2018-1, A1 144A, 3.258%, 4/27/48 ⁽²⁾⁽³⁾	390	390	Citigroup Mortgage Loan Trust, Inc. 2018-RP1, A1 144A, 2.996%, 9/25/64 ⁽²⁾⁽³⁾	928	921
Aventura Mall Trust 2013-AVM, C 144A, 3.743%, 12/5/32 ⁽²⁾⁽³⁾	580	585	Colony Starwood Homes Trust 2016-2A, C 144A, (1 month LIBOR + 2.150%) 3.927%, 12/17/33 ⁽²⁾⁽³⁾	485	485
Banc of America Funding Trust 2004-B, 2A1, 3.778%, 11/20/34 ⁽²⁾	148	150	COLT Mortgage Loan Trust Funding LLC 2017-1, A3 144A, 3.074%, 5/27/47 ⁽²⁾⁽³⁾	104	104
2005-1, 1A1, 5.500%, 2/25/35	199	199	2018-1, A1 144A, 2.930%, 2/25/48 ⁽²⁾⁽³⁾	326	326
Banc of America Mortgage Trust 2005-3, 1A15 5.500%, 4/25/35	112	113	Credit Suisse Commercial Mortgage-Backed Trust 2006-8, 3A1 6.000%, 10/25/21	131	122
Bank of America (Merrill Lynch—Countrywide) Home Loan Mortgage Pass-Through-Trust 2004-6, 1A2 3.586%, 5/25/34 ⁽²⁾	377	376	Galton Funding Mortgage Trust 2017-1, A21 144A, 3.500%, 7/25/56 ⁽²⁾⁽³⁾	249	248
Bank of America (Merrill Lynch) Commercial Mortgage Securities Trust 2015-200P, A 144A, 3.218%, 4/14/33 ⁽³⁾	500	492	2018-1, A23 144A, 3.500%, 11/25/57 ⁽²⁾⁽³⁾	140	140
Bayview Opportunity Master Fund IVa Trust 2016-SPL1, B1 144A, 4.250%, 4/28/55 ⁽³⁾	390	402	GSA Home Equity Trust 2005-12, AF3W 4.999%, 9/25/35 ⁽²⁾	114	115
			Hilton USA Trust 2016-SFP, B 144A, 3.323%, 11/5/35 ⁽³⁾	500	492
			Jefferies Resecuritization Trust 2014-R1, 1A1 144A, 4.000%, 12/27/37 ⁽³⁾	27	27

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Non-Agency (continued)			Non-Agency (continued)		
JPMorgan Chase (WaMu)			2015-2A, A1 144A,		
Mortgage Pass-Through			3.750%, 8/25/55 ⁽²⁾⁽³⁾	\$ 352	\$ 355
Certificates 2003-S11,			2016-1A, A1 144A,		
3A5 5.950%, 11/25/33	\$ 293	\$ 297	3.750%, 3/25/56 ⁽²⁾⁽³⁾	174	175
JPMorgan Chase			2016-4A, B1A 144A,		
Commercial Mortgage			4.500%, 11/25/56 ⁽²⁾⁽³⁾	427	442
Securities Trust			2018-1A, A1A 144A,		
2014-C22, A4			4.000%, 12/25/57 ⁽²⁾⁽³⁾	252	258
3.801%, 9/15/47	300	307	NovaStar Mortgage		
JPMorgan Chase			Funding Trust		
Mortgage Trust			Series 2004-4, M5,		
2004-A4, 2A1,			(1 month LIBOR +		
3.584%, 9/25/34 ⁽²⁾	320	325	1.725%)		
2016-1, M2 144A,			3.597%, 3/25/35 ⁽²⁾	486	487
3.750%, 4/25/45 ⁽²⁾⁽³⁾	349	349	Oak Hill Advisors		
2016-2, M2 144A,			Residential Loan Trust		
3.750%, 12/25/45 ⁽²⁾⁽³⁾	370	369	2017-NPL2, A1 144A,		
2017-3, 2A2 144A,			3.000%, 7/25/57 ⁽²⁾⁽³⁾	376	373
2.500%, 8/25/47 ⁽²⁾⁽³⁾	238	231	One Market Plaza Trust		
2017-5, A1 144A,			2017-1MKT, A		
3.184%, 10/26/48 ⁽²⁾⁽³⁾	698	694	144A, 3.614%, 2/10/32 ⁽³⁾	360	363
2017-4, A3 144A,			Pretium Mortgage Credit		
3.500%, 11/25/48 ⁽²⁾⁽³⁾	239	237	Partners I LLC 2017-		
MASTR Alternative Loan			NPL5, A1 144A,		
Trust 2005-5, 2A3			3.327%, 12/30/32 ⁽²⁾⁽³⁾	155	155
5.500%, 7/25/25	172	163	Progress Residential Trust		
MASTR Specialized Loan			2018-SFR1, B		
Trust 2005-3, A2 144A,			144A, 3.484%, 3/17/35 ⁽³⁾	760	759
5.704%, 11/25/35 ⁽²⁾⁽³⁾	217	222	Residential Asset		
MetLife Securitization			Securitization Trust		
Trust 2017-1A, M1			2005-A1, A3		
144A,			5.500%, 4/25/35	357	366
3.640%, 4/25/55 ⁽²⁾⁽³⁾	100	101	RETL 2018-RVP, C144A,		
Morgan Stanley—Bank of			(1 month LIBOR +		
America (Merrill Lynch)			2.050%)		
Trust			3.827%, 3/15/33 ⁽²⁾⁽³⁾	470	473
2013-C13, AS,			Sequoia Mortgage Trust		
4.266%, 11/15/46	275	284	2013-8, B1		
2015-C22, AS,			3.533%, 6/25/43 ⁽²⁾	173	169
3.561%, 4/15/48	835	820	Towd Point Mortgage		
Motel 6 Trust 2017-			Trust		
MTL6, A 144A,			2015-1, A2 144A,		
(1 month LIBOR +			3.250%, 10/25/53 ⁽²⁾⁽³⁾	385	384
0.920%)			2016-1, A1B 144A,		
2.697%, 8/15/34 ⁽²⁾⁽³⁾	622	624	2.750%, 2/25/55 ⁽²⁾⁽³⁾	98	98
New Residential			2016-1, M1 144A,		
Mortgage Loan Trust			3.500%, 2/25/55 ⁽²⁾⁽³⁾	160	160
2014-1A, A 144A,			2015-5, A2 144A,		
3.750%, 1/25/54 ⁽²⁾⁽³⁾	491	495	3.500%, 5/25/55 ⁽²⁾⁽³⁾	480	483

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Non-Agency (continued)			Automobiles (continued)		
2015-2, 1M1 144A, 3.250%, 11/25/60 ⁽²⁾⁽³⁾	\$ 1,245	\$ 1,228	Capital Auto Receivables Asset Trust 2017-1, C 144A, 2.700%, 9/20/22 ⁽³⁾	\$ 430	\$ 424
Vericrest Opportunity Loan Trust LVI LLC 2017-NPL3, A1 144A, 3.500%, 3/25/47 ⁽²⁾⁽³⁾	290	290	CarMax Auto Owner Trust 2015-2, C 2.390%, 3/15/21	715	712
Vericrest Opportunity Loan Trust LXIV LLC 2017-NP11, A1 144A, 3.375%, 10/25/47 ⁽²⁾⁽³⁾	738	736	Centre Point Funding LLC 2012-2A, 1 144A, 2.610%, 8/20/21 ⁽³⁾	340	337
Verus Securitization Trust 2017-2A, A1 144A, 2.485%, 7/25/47 ⁽²⁾⁽³⁾	408	406	Drive Auto Receivables Trust 2015-DA, C 144A, 3.380%, 11/15/21 ⁽³⁾	421	423
2018-1, A1 144A, 2.929%, 2/25/48 ⁽²⁾⁽³⁾	319	319	2017-2, C, 2.750%, 9/15/23	525	522
Wells Fargo Commercial Mortgage Trust 2015-LC20, B 3.719%, 4/15/50	600	594	DT Auto Owner Trust 2016-4A, C 144A, 2.740%, 10/17/22 ⁽³⁾	585	584
		<u>23,757</u>	Exeter Automobile Receivables Trust 2015-2A, C 144A, 3.900%, 3/15/21 ⁽³⁾	615	620
TOTAL MORTGAGE-BACKED SECURITIES (Identified Cost \$32,829)		33,050	2017-1A, B 144A, 3.000%, 12/15/21 ⁽³⁾	470	470
ASSET-BACKED SECURITIES—3.5%			Flagship Credit Auto Trust 2017-3, C 144A, 2.910%, 9/15/23 ⁽³⁾	520	514
Auto Floor Plan—0.2%			Foursight Capital Automobile Receivables Trust 2017-1, B 144A, 3.050%, 12/15/22 ⁽³⁾	420	413
Navistar Financial Dealer Note Master Owner Trust II 2016-1, B 144A, (1 month LIBOR + 1.750%) 3.622%, 9/27/21 ⁽²⁾⁽³⁾	780	783	GLS Auto Receivables Trust 2017-1A, B 144A, 2.980%, 12/15/21 ⁽³⁾	530	526
Automobiles—2.0%			Hyundai Auto Lease Securitization Trust 2018-A, A2A 144A, 2.550%, 8/17/20 ⁽³⁾	470	469
American Credit Acceptance Receivables Trust 2017-2, C 144A, 2.860%, 6/12/23 ⁽³⁾	445	442	OneMain Direct Auto Receivables Trust 2017-2A, C 144A, 2.820%, 7/15/24 ⁽³⁾	420	413
AmeriCredit Automobile Receivables Trust 2014-1, D 2.540%, 6/8/20	705	705	Prestige Auto Receivables Trust 2017-1A, C 144A, 2.810%, 1/17/23 ⁽³⁾	520	511
Avis Budget Rental Car Funding LLC (AESOP) 2016-1A, A 144A, 2.990%, 6/20/22 ⁽³⁾	500	497	Tesla Auto Lease Trust 2018-A, A 144A, 2.320%, 12/20/19 ⁽³⁾	377	376

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

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	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Automobiles (continued)			Other (continued)		
Westlake Automobile Receivables Trust 2017-2A, C 144A, 2.590%, 12/15/22 ⁽³⁾	\$ 525	\$ 520	TGIF Funding LLC 2017-1A, A2 144A, 6.202%, 4/30/47 ⁽³⁾	\$ 443	\$ 445
		9,478			6,044
Other—1.2%			Student Loans—0.1%		
AXIS Equipment Finance Receivables IV LLC 2018-1A, A2 144A, 3.240%, 12/20/23 ⁽³⁾	470	469	Laurel Road Prime Student Loan Trust 2017-B, A2FX 144A, 2.770%, 8/25/42 ⁽³⁾	525	516
CCG Receivables Trust 2018-1, A2 144A, 2.500%, 6/16/25 ⁽³⁾	570	568	SoFi Professional Loan Program LLC 2015-A, A2 144A, 2.420%, 3/25/30 ⁽³⁾	147	146
DB Master Finance LLC 2017-1A, A2I 144A, 3.629%, 11/20/47 ⁽³⁾	429	427			662
Dell Equipment Finance Trust 2017-2, A3 144A, 2.190%, 10/24/22 ⁽³⁾	395	391	TOTAL ASSET-BACKED SECURITIES		
Diamond Resorts Owner Trust 2017-1A, A 144A, 3.270%, 10/22/29 ⁽³⁾	340	333	(Identified Cost \$17,070)		
Drug Royalty II LP 2 2014-1, A2 144A, 3.484%, 7/15/23 ⁽³⁾	240	239	CORPORATE BONDS AND NOTES—19.7%		
Mariner Finance Issuance Trust 2017-AA, A 144A, 3.620%, 2/20/29 ⁽³⁾	450	452	Consumer Discretionary—2.0%		
MVW Owner Trust 2016-1A, A 144A, 2.250%, 12/20/33 ⁽³⁾	360	351	Alice France S.A. 144A, 7.375%, 5/1/26 ⁽³⁾	465	443
2017-1A, A 144A, 2.420%, 12/20/34 ⁽³⁾	483	471	Beazer Homes USA, Inc. 6.750%, 3/15/25	350	347
OneMain Financial Issuance Trust 2018-1A, A 144A, 3.300%, 3/14/29 ⁽³⁾	470	471	Charter Communications Operating LLC 4.908%, 7/23/25	515	526
Prosper Marketplace Issuance Trust 2017-2A, B 144A, 3.480%, 9/15/23 ⁽³⁾	440	439	CSC Holdings LLC 144A, 5.375%, 2/1/28 ⁽³⁾	300	283
SoFi Consumer Loan Program LLC 2016-3, A 144A, 3.050%, 12/26/25 ⁽³⁾	521	521	Discovery Communications LLC 3.950%, 3/20/28	490	470
Taco Bell Funding LLC 2016-1A, A21 144A, 3.832%, 5/25/46 ⁽³⁾	464	467	Dollar General Corp. 4.125%, 5/1/28	548	553
			Ford Motor Credit Co., LLC 5.750%, 2/1/21	535	566
			Gateway Casinos & Entertainment Ltd. 144A, 8.250%, 3/1/24 ⁽³⁾	155	165
			General Motors Financial Co., Inc. 4.200%, 3/1/21	275	280
			4.350%, 4/10/22	100	99
			Horton (D.R.), Inc. 4.750%, 2/15/23	550	577

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

	PAR VALUE	VALUE		PAR VALUE	VALUE
Consumer Discretionary (continued)			Consumer Staples (continued)		
L Brands, Inc.			Safeway, Inc.		
6.875%, 11/1/35	\$ 187	\$ 181	7.250%, 2/1/31	\$ 335	\$ 271
Lear Corp.			Tops Holding LLC 144A,		
3.800%, 9/15/27	615	591	8.000%, 6/15/22 ⁽³⁾⁽¹⁰⁾	475	219
Lennar Corp.					3,502
144A, 5.250%, 6/1/26 ⁽⁹⁾	380	375			
144A, 4.750%, 11/29/27 ⁽⁹⁾	340	326	Energy—1.9%		
Live Nation Entertainment, Inc.			Andeavor Logistics LP		
144A, 5.625%, 3/15/26 ⁽⁹⁾	310	314	4.250%, 12/1/27	510	497
MDC Holdings, Inc.			Bristow Group, Inc.		
5.500%, 1/15/24	390	396	144A, 8.750%, 3/1/23 ⁽⁹⁾	65	66
Meredith Corp.			Cheniere Corpus Christi Holdings LLC		
144A, 6.875%, 2/1/26 ⁽³⁾	125	128	5.875%, 3/31/25	280	293
PulteGroup, Inc.			Crestwood Midstream Partners LP		
6.375%, 5/15/33	320	335	5.750%, 4/1/25	310	307
QVC, Inc.			Enbridge Energy Partners LP		
4.375%, 3/15/23	700	700	4.375%, 10/15/20	105	107
Scientific Games International, Inc.			5.875%, 10/15/25	415	455
6.625%, 5/15/21	295	302	Energy Transfer Partners LP		
Sirius XM Radio, Inc.			4.200%, 4/15/27	220	212
144A, 5.000%, 8/1/27 ⁽³⁾	365	343	EP Energy LLC		
TRI Pointe Group, Inc.			144A, 8.000%, 11/29/24 ⁽⁹⁾	175	176
5.875%, 6/15/24	280	284	Gazprom OAO		
William Lyon Homes, Inc.			144A, 4.950%, 2/6/28 ⁽³⁾⁽⁹⁾	485	481
144A, 6.000%, 9/1/23 ⁽³⁾	395	394	Helmerich & Payne International Drilling Co.		
Wyndham Worldwide Corp.			4.650%, 3/15/25	395	410
5.100%, 10/1/25	655	677	HollyFrontier Corp.		
4.500%, 4/1/27	140	139	5.875%, 4/1/26	475	511
		9,794	Kinder Morgan Energy Partners LP		
Consumer Staples—0.7%			7.500%, 11/15/40	595	742
Anheuser-Busch InBev Finance, Inc.			MPLX LP		
3.650%, 2/1/26	435	432	4.875%, 12/1/24	915	959
Anheuser-Busch Inbev Worldwide, Inc.			NuStar Logistics LP		
4.000%, 4/13/28	270	273	5.625%, 4/28/27	405	393
CVS Health Corp.			Parsley Energy LLC		
2.875%, 6/1/26	760	700	144A, 5.625%, 10/15/27 ⁽⁹⁾	390	390
4.300%, 3/25/28	409	412	Petrobras Global Finance BV		
Flowers Foods, Inc.			7.375%, 1/17/27	575	623
4.375%, 4/1/22	700	725	Petroleos Mexicanos		
Kraft Heinz Foods Co. (The)			6.500%, 3/13/27	490	523
3.000%, 6/1/26	510	470			

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Energy (continued)			Financials (continued)		
Range Resources Corp. 4.875%, 5/15/25	\$ 340	\$ 315	Bank of America Corp. 144A, 3.004%, 12/20/23 ⁽³⁾	\$ 712	\$ 698
Sabine Pass Liquefaction LLC 6.250%, 3/15/22	425	461	4.200%, 8/26/24	1,065	1,080
SM Energy Co. 5.625%, 6/1/25	100	95	Bank of Montreal 3.803%, 12/15/32	803	761
State Oil Co. of the Azerbaijan Republic RegS 6.950%, 3/18/30 ⁽⁴⁾	455	493	BrightSphere Investment Group plc 4.800%, 7/27/26	585	587
Sunoco LP 144A, 5.500%, 2/15/26 ⁽³⁾	155	150	Brookfield Finance LLC 4.000%, 4/1/24	671	676
TransMontaigne Partners LP 6.125%, 2/15/26	165	165	Capital One Financial Corp. 4.200%, 10/29/25	630	624
Valero Energy Partners LP 4.500%, 3/15/28	450	452	3.750%, 7/28/26	580	552
		<u>9,276</u>	Citigroup, Inc. 4.050%, 7/30/22	700	711
			Compass Bank 3.875%, 4/10/25	705	689
			Development Bank of Kazakhstan JSC 144A, 4.125%, 12/10/22 ⁽³⁾	640	638
Financials—6.1%			Discover Financial Services 3.950%, 11/6/24	665	658
AerCap Ireland Capital DAC 3.650%, 7/21/27	570	533	FS Investment Corp. 4.250%, 1/15/20	615	621
Allstate Corp. (The) Series B, 5.750% ⁽⁶⁾⁽⁷⁾	530	555	4.750%, 5/15/22	115	116
Apollo Management Holdings LP 144A, 4.000%, 5/30/24 ⁽³⁾	690	693	Goldman Sachs Group, Inc. (The) 5.750%, 1/24/22	1,020	1,103
Ares Capital Corp. 3.500%, 2/10/23	215	209	ICAHN Enterprises LP 6.375%, 12/15/25	335	337
4.250%, 3/1/25	395	384	Jefferies Group LLC 5.125%, 1/20/23	305	323
Ares Finance Co., LLC 144A, 4.000%, 10/8/24 ⁽³⁾	595	578	4.850%, 1/15/27	300	307
Athene Holding Ltd. 4.125%, 1/12/28	470	451	JPMorgan Chase & Co. 3.300%, 4/1/26	1,025	991
Aviation Capital Group LLC 144A, 3.500%, 11/1/27 ⁽³⁾	515	483	Kazakhstan Temir Zholy Finance BV 144A, 6.950%, 7/10/42 ⁽³⁾	480	537
Banco Bilbao Vizcaya Argentaria Bancomer S.A. 144A, 5.125%, 1/18/33 ⁽³⁾	340	326	Leucadia National Corp. 5.500%, 10/18/23	535	550
Banco de Credito e Inversiones 144A, 3.500%, 10/12/27 ⁽³⁾	645	603	Liberty Mutual Group, Inc. 144A, 4.250%, 6/15/23 ⁽³⁾	690	704
Banco Santander Chile 144A, 3.875%, 9/20/22 ⁽³⁾	430	433	Lincoln National Corp. 4.200%, 3/15/22	695	716
			Macquarie Group Ltd. 144A, 6.250%, 1/14/21 ⁽³⁾	570	612

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
Financials (continued)			Health Care—1.7%		
Manulife Financial Corp.			Abbott Laboratories		
4.150%, 3/4/26	\$ 570	\$ 578	3.400%, 11/30/23	\$125	\$124
Mizuho Financial Group, Inc.			3.750%, 11/30/26	730	726
3.549%, 3/5/23	200	199	AbbVie, Inc.		
Morgan Stanley			3.600%, 5/14/25	235	231
3.125%, 7/27/26	730	690	3.200%, 5/14/26	355	338
6.375%, 7/24/42	710	917	Allergan Sales LLC		
Navient Corp.			144A, 4.875%, 2/15/21 ⁽³⁾	226	234
7.250%, 9/25/23	100	104	AmerisourceBergen Corp.		
6.750%, 6/25/25	275	279	3.450%, 12/15/27	340	323
Powszechna Kasa Oszczednosci Bank Polski S.A. 144A, 4.630%, 9/26/22 ⁽³⁾⁽⁵⁾	375	390	Anthem, Inc.		
Prudential Financial, Inc.			3.650%, 12/1/27	134	129
5.625% ⁽⁶⁾⁽⁷⁾	680	712	4.101%, 3/1/28	480	481
S&P Global, Inc.			Becton Dickinson & Co. (3 month LIBOR + 0.875%)		
4.000%, 6/15/25	480	490	2.944%, 12/29/20 ⁽²⁾	125	125
Santander Holdings USA, Inc.			3.363%, 6/6/24	113	109
3.700%, 3/28/22	445	446	3.700%, 6/6/27	645	622
4.400%, 7/13/27	205	204	Cardinal Health, Inc.		
Societe Generale S.A. 144A, 4.750%, 11/24/25 ⁽⁴⁾	535	541	3.200%, 3/15/23	300	295
Springleaf Finance Corp.			3.079%, 6/15/24	25	24
6.875%, 3/15/25	185	186	3.410%, 6/15/27	195	184
Teachers Insurance & Annuity Association of America 144A, 4.375%, 9/15/54 ⁽⁸⁾	595	579	Community Health Systems, Inc.		
Trinity Acquisition plc			6.250%, 3/31/23	225	207
3.500%, 9/15/21	50	50	Envision Healthcare Corp.		
4.400%, 3/15/26	230	233	144A, 6.250%, 12/1/24 ⁽³⁾	85	88
Turkiye Vakiflar Bankasi TAO 144A, 5.625%, 5/30/22 ⁽³⁾	445	437	Fresenius U.S. Finance II, Inc. 144A, 4.500%, 1/15/23 ⁽⁹⁾	120	123
UBS AG			HCA, Inc.		
7.625%, 8/17/22	500	561	5.375%, 2/1/25	265	266
Wells Fargo & Co.			Mylan NV		
3.069%, 1/24/23 (3 month LIBOR + 1.230%)	240	236	3.150%, 6/15/21	160	158
3.002%, 10/31/23 ⁽²⁾	40	41	3.950%, 6/15/26	400	388
3.550%, 9/29/25	375	368	Owens & Minor, Inc.		
Series S, 5.900%, 8/15/27	715	736	3.875%, 9/15/21	110	109
		<u>28,816</u>	Shire Acquisitions		
			Investments Ireland DAC		
			2.400%, 9/23/21	230	222
			Surgery Center Holdings, Inc.		
			144A, 8.875%, 4/15/21 ⁽³⁾	295	308
			Tenet Healthcare Corp.		
			4.500%, 4/1/21	200	198
			144A, 4.625%, 7/15/24 ⁽⁹⁾	180	173

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
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	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Health Care (continued)			Information Technology—1.2%		
Teva Pharmaceutical Finance Netherlands III BV 3.150%, 10/1/26	\$215	\$ 173	Apple, Inc. 3.000%, 11/13/27	\$340	\$ 325
Valeant Pharmaceuticals International, Inc. 144A, 7.500%, 7/15/21 ⁽³⁾	60	60	Arrow Electronics, Inc. 3.875%, 1/12/28	525	508
144A, 6.500%, 3/15/22 ⁽³⁾	25	26	Broadcom Corp. 3.000%, 1/15/22	195	191
144A, 5.500%, 3/1/23 ⁽³⁾	155	135	3.625%, 1/15/24	370	364
144A, 7.000%, 3/15/24 ⁽³⁾	45	47	Citrix Systems, Inc. 4.500%, 12/1/27	455	450
Zimmer Biomet Holdings, Inc. (3 month LIBOR + 0.750%)			Dell International LLC 144A, 6.020%, 6/15/26 ⁽³⁾	100	108
2.928%, 3/19/21 ⁽²⁾	565	566	144A, 8.100%, 7/15/36 ⁽³⁾	210	255
3.550%, 4/1/25	725	703	Flex Ltd. 4.750%, 6/15/25	695	725
		<u>7,895</u>	Hewlett Packard Enterprise Co. 4.900%, 10/15/25	390	405
Industrials—0.9%			Jabil, Inc. 3.950%, 1/12/28	395	382
Ashtead Capital, Inc. 144A, 4.375%, 8/15/27 ⁽³⁾	350	332	VeriSign, Inc. 4.750%, 7/15/27	395	378
Bombardier, Inc. 144A, 6.125%, 1/15/23 ⁽³⁾	265	264	Verisk Analytics, Inc. 4.000%, 6/15/25	685	689
CNH Industrial N.V. 4.500%, 8/15/23	426	434	VMware, Inc. 2.950%, 8/21/22	223	214
3.850%, 11/15/27	225	218	3.900%, 8/21/27	240	227
Continental Airlines Pass-Through-Trust 1999-2, C2 6.236%, 3/15/20	168	170	Western Digital Corp. 4.750%, 2/15/26	410	<u>409</u>
Masco Corp. 5.950%, 3/15/22	291	315			<u>5,630</u>
4.450%, 4/1/25	220	225	Materials—1.5%		
Owens Corning 3.400%, 8/15/26	590	568	Anglo American Capital plc 144A, 4.000%, 9/11/27 ⁽³⁾	540	517
Penske Truck Leasing Co., LP 144A, 3.375%, 2/1/22 ⁽³⁾	225	224	BHP Billiton Finance USA Ltd. 144A, 6.750% ⁽³⁾⁽⁶⁾⁽⁷⁾	450	505
Pitney Bowes, Inc. 4.125%, 5/15/22	499	472	CRH America Finance, Inc. 144A, 3.400%, 5/9/27 ⁽³⁾	440	421
Standard Industries, Inc. 144A, 6.000%, 10/15/25 ⁽³⁾	365	374	FMG Resources August 2006 Pty Ltd. 144A, 5.125%, 3/15/23 ⁽³⁾	245	243
TransDigm, Inc. 6.000%, 7/15/22	275	280	Glencore Funding LLC 144A, 4.000%, 3/27/27 ⁽³⁾	520	502
6.500%, 5/15/25	140	141	GTL Trade Finance, Inc. 144A, 5.893%, 4/29/24 ⁽³⁾	305	325
USA Compression Partners LP 144A, 6.875%, 4/1/26 ⁽³⁾	260	264	INEOS Group Holdings S.A. 144A, 5.625%, 8/1/24 ⁽³⁾	495	501
		<u>4,281</u>			

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

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	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Materials (continued)			Real Estate (continued)		
Inversiones CMPC S.A.			3.875%, 12/15/27	\$ 200	\$ 192
144A, 4.375%, 5/15/23 ⁽³⁾	\$850	\$ 867	MPT Operating Partnership LP		
NewMarket Corp.			6.375%, 3/1/24	55	58
4.100%, 12/15/22	759	778	5.500%, 5/1/24	275	281
NOVA Chemicals Corp.			5.000%, 10/15/27	200	196
144A, 4.875%, 6/1/24 ⁽³⁾	185	177	National Retail Properties, Inc.		
144A, 5.000%, 5/1/25 ⁽³⁾	250	240	4.000%, 11/15/25	200	199
OCP SA			Physicians Realty LP		
144A, 5.625%, 4/25/24 ⁽³⁾	485	512	3.950%, 1/15/28	535	512
Rusal Capital DAC			Retail Opportunity Investments Partnership LP		
144A, 5.125%, 2/2/22 ⁽³⁾	455	448	4.000%, 12/15/24	485	467
Teck Resources Ltd.			Select Income REIT		
144A, 8.500%, 6/1/24 ⁽³⁾	105	117	4.500%, 2/1/25	690	682
United States Steel Corp.			Welltower, Inc.		
6.250%, 3/15/26	375	374	4.000%, 6/1/25	730	729
Vulcan Materials Co.					
3.900%, 4/1/27	520	511			
		<u>7,038</u>			<u>8,829</u>
Real Estate—1.8%			Telecommunication Services—0.9%		
Alexandria Real Estate Equities, Inc.			AT&T, Inc.		
3.950%, 1/15/27	345	337	3.900%, 8/14/27	230	231
American Tower Corp.			144A, 4.100%, 2/15/28 ⁽³⁾	1,462	1,451
3.000%, 6/15/23	231	223	Consolidated Communications, Inc.		
Brixmor Operating Partnership LP			6.500%, 10/1/22	267	239
3.875%, 8/15/22	160	161	Frontier Communications Corp.		
Corporate Office Properties LP			7.125%, 1/15/23	370	250
3.600%, 5/15/23	715	700	144A, 8.500%, 4/1/26 ⁽³⁾	175	170
Education Realty Operating Partnership LP			Level 3 Financing, Inc.		
4.600%, 12/1/24	595	603	5.375%, 1/15/24	330	322
EPR Properties			Qwest Corp.		
4.750%, 12/15/26	720	720	7.250%, 9/15/25	360	388
Healthcare Realty Trust, Inc.			Telefonica Emisiones SAU		
3.875%, 5/1/25	440	433	4.570%, 4/27/23	510	536
Healthcare Trust of America Holdings LP			Telenet Finance Luxembourg Notes S.a.r.l.		
3.750%, 7/1/27	540	521	144A, 5.500%, 3/1/28 ⁽³⁾	400	382
Hospitality Properties Trust			Verizon Communications, Inc.		
4.950%, 2/15/27	640	651	4.125%, 3/16/27	525	531
Kilroy Realty LP					
4.375%, 10/1/25	640	648			
LifeStorage LP					
3.500%, 7/1/26	540	516			<u>4,500</u>

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VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
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	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Utilities—1.0%			Consumer Non-Durables—0.0%		
American Electric Power Co., Inc. 3.200%, 11/13/27	\$465	\$ 443	HLF Financing S.a r.l. Senior Lien, (1 month LIBOR + 5.500%) 7.377%, 2/15/23	\$ 88	\$ 89
Duke Energy Corp. 2.650%, 9/1/26	605	552	Energy—0.1%		
Eskom Holdings SOC Ltd. 144A, 7.125%, 2/11/25 ⁽³⁾	440	449	Ultra Resources, Inc., (1 month LIBOR + 3.000%) 4.765%, 4/12/24	290	287
Exelon Corp. 3.497%, 6/1/22	725	718	Financial—0.0%		
FirstEnergy Transmission LLC 144A, 4.350%, 1/15/25 ⁽³⁾	735	756	Genworth Holdings, Inc., (1 month LIBOR + 4.500%) 6.202%, 3/7/23	15	15
PNM Resources, Inc. 3.250%, 3/9/21	420	419	Food / Tobacco—0.1%		
Southern Power Co. 4.150%, 12/1/25	590	606	Aramark Intermediate HoldCo Corp. Tranche B-1, (1 month LIBOR + 2.000%) 3.877%, 3/11/25	170	171
State Grid Overseas Investment 2014 Ltd. 144A, 4.125%, 5/7/24 ⁽³⁾	610	621	CHG PPC Parent LLC First Lien, (3 month LIBOR + 2.750%) 0.000%, 3/23/25 ⁽⁸⁾	25	25
TerraForm Power Operating LLC 144A, 5.000%, 1/31/28 ⁽³⁾	290	275	JBS USA Lux S.A., (3 month LIBOR + 2.500%) 4.678%, 10/30/22	272	271
		<u>4,839</u>			<u>467</u>
TOTAL CORPORATE BONDS AND NOTES (Identified Cost \$95,330)		94,400	Food and Drug—0.1%		
LEVERAGED LOANS⁽²⁾—1.8%			Albertson's LLC 2017-1, Tranche B-4, (1 month LIBOR + 2.750%) 4.627%, 8/25/21	322	318
Chemicals—0.0%			Gaming / Leisure—0.2%		
Tronox Blocked Borrower LLC First Lien, (3 month LIBOR + 3.000%) 5.302%, 9/23/24	20	20	Gateway Casinos & Entertainment Ltd., (1 month LIBOR + 3.000%) 4.750%, 3/13/25	85	86
Tronox Finance LLC First Lien, (3 month LIBOR + 3.000%) 5.302%, 9/23/24	45	45	GVC Holdings PLC, (3 month LIBOR + 2.500%) 0.000%, 3/15/24 ⁽⁸⁾	245	245
		<u>65</u>			
Consumer Durables—0.0%					
Global Appliance, Inc. Tranche B, (1 month LIBOR + 4.000%) 5.880%, 9/29/24	144	146			

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Gaming / Leisure (continued)					
Playa Resorts Holding B.V., (3 month LIBOR + 3.250%) 5.000%, 4/29/24	\$219	\$ 220			
Scientific Games International, Inc. Tranche B-5, (2 month LIBOR + 2.750%) 4.686%, 8/14/24	5	5			
Seminole Tribe of Florida Tranche B, (1 month LIBOR + 2.000%) 3.877%, 7/8/24	284	284			
UFC Holdings, LLC First Lien, (1 month LIBOR + 3.250%) 5.130%, 8/18/23	238	239			
Wyndham Hotels & Resorts, Inc. Tranche B, (3 month LIBOR + 1.750%) 0.000%, 3/29/25 ⁽⁶⁾	75	75			
		<u>1,154</u>			
Healthcare—0.2%					
CHG Healthcare Services, Inc. 2017, First Lien, (3 month LIBOR + 3.000%) 4.772%, 6/7/23	278	280			
Concentra, Inc. Tranche B-1, First Lien, (3 month LIBOR + 2.750%) 4.530%, 6/1/22	25	25			
Endo Luxembourg Finance Co. S.a.r.l., (1 month LIBOR + 4.250%) 6.188%, 4/29/24	129	128			
Envision Healthcare Corp., (1 month LIBOR + 3.000%) 4.880%, 12/1/23	28	28			
Parexel International Corp., (1 month LIBOR + 2.750%) 4.627%, 9/27/24	55	55			
Quorum Health Corp., (1 month LIBOR + 6.750%) 8.627%, 4/29/22	214	218			
		<u>734</u>			
Housing—0.1%					
Beacon Roofing Supply, Inc., (1 month LIBOR + 2.250%) 3.936%, 1/2/25	\$295	\$ 296			
Capital Automotive LP Tranche B-2, First Lien, (1 month LIBOR + 2.500%) 4.380%, 3/25/24	386	388			
		<u>684</u>			
Information Technology—0.2%					
Rackspace Hosting, Inc. Tranche B, First Lien, (3 month LIBOR + 3.000%) 4.787%, 11/3/23	393	391			
SS&C Technologies Holdings, Inc. Tranche B-3, (3 month LIBOR + 2.500%) 0.000%, 2/28/25 ⁽⁸⁾	287	289			
Tranche B-4, (3 month LIBOR + 2.500%) 0.000%, 2/28/25 ⁽⁸⁾	103	103			
		<u>783</u>			
Manufacturing—0.2%					
Accudyne Industries Borrower S.C.A., (1 month LIBOR + 3.250%) 5.127%, 8/18/24	199	200			
CPI Acquisition, Inc. First Lien, (3 month LIBOR + 4.500%) 6.358%, 8/17/22	395	270			
U.S. Farathane LLC Tranche B-4, (3 month LIBOR + 3.500%) 5.802%, 12/23/21	303	304			
Zodiac Pool Solutions LLC Tranche B-1, First Lien, (3 month LIBOR + 4.000%) 6.302%, 12/20/23	252	252			
Tranche B, (3 month LIBOR + 2.250%) 0.000%, 3/7/25 ⁽⁶⁾	95	95			
		<u>95</u>			
		<u>1,121</u>			

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
Media / Telecom - Broadcasting—0.0%					
Sinclair Television Group, Inc. Tranche B, (3 month LIBOR + 2.500%) 0.000%, 12/12/24 ⁽⁸⁾	220	221			
Media / Telecom - Cable/Wireless Video—0.0%					
Telenet Financing USD LLC, (3 month LIBOR + 2.500%) 0.000%, 3/1/26 ⁽⁸⁾	10	10			
Media / Telecom - Diversified Media—0.1%					
Crown Finance US, Inc., (1 month LIBOR + 2.500%) 4.377%, 2/28/25	195	195			
Meredith Corp., (1 month LIBOR + 3.000%) 4.877%, 1/31/25	215	216			
		411			
Media / Telecom - Telecommunications—0.1%					
CenturyLink, Inc. Tranche B, (1 month LIBOR + 2.750%) 4.627%, 1/31/25	\$264	\$260			
Level 3 Financing, Inc. 2024, Tranche B, (1 month LIBOR + 2.250%) 4.111%, 2/22/24	350	350			
		610			
Media / Telecom - Wireless Communications—0.0%					
Digicel International Finance Ltd. Tranche B, First Lien, (3 month LIBOR + 3.250%) 5.020%, 5/27/24	25	25			
Service—0.2%					
ASGN, Inc. Tranche B-2, (3 month LIBOR + 2.000%) 0.000%, 4/2/25 ⁽⁸⁾	80	80			
Delek US Holdings, Inc., (3 month LIBOR + 2.500%) 0.000%, 3/14/25 ⁽⁸⁾	75	75			
Red Ventures, LLC First Lien, (1 month LIBOR + 4.000%) 5.877%, 11/8/24	169	171			
Service (continued)					
Sedgwick Claims Management Services, Inc. Second Lien, (3 month LIBOR + 5.750%) 7.734%, 2/28/22	\$355		\$	356	
TKC Holdings, Inc. First Lien, (3 month LIBOR + 4.250%) 6.030%, 2/1/23	203	205			887
		887			
Transportation - Automotive—0.1%					
Navistar, Inc. Tranche B, (1 month LIBOR + 3.500%) 5.210%, 11/6/24	225	226			
Utility—0.1%					
NRG Energy, Inc., (3 month LIBOR + 1.750%) 4.052%, 6/30/23	263	263			
Vistra Operations Co. LLC (1 month LIBOR + 2.500%) 4.377%, 8/4/23	168	169			
Tranche C, (1 month LIBOR + 2.500%) 4.377%, 8/4/23	29	30			462
		462			
TOTAL LEVERAGED LOANS (Identified Cost \$8,781)					8,715
				<u>SHARES</u>	
PREFERRED STOCKS—1.2%					
Financials—0.9%					
Bank of New York Mellon Corp. (The Series E, 4.950%)		525 ⁽⁹⁾		538	
Citigroup, Inc. Series T, 6.250%		303 ⁽⁹⁾		320	
Huntington Bancshares, Inc. Series E 5.700% ⁽⁹⁾		480 ⁽⁹⁾		482	
JPMorgan Chase & Co. Series Z, 5.300% ⁽¹¹⁾		640 ⁽⁹⁾		657	
KeyCorp Series D, 5.000% ⁽¹¹⁾		490 ⁽⁹⁾		483	
M&T Bank Corp. Series F, 5.125% ⁽¹¹⁾		570 ⁽⁹⁾		569	

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
Financials (continued)			Energy (continued)		
MetLife, Inc.			Statoil ASA Sponsored ADR	111,114	\$ 2,628
Series D 5.875%	202 ⁽⁹⁾	\$ 205	TechnipFMC plc	72,896	2,147
PNC Financial Services Group, Inc. (The)					<u>13,651</u>
Series R, 4.850%	570 ⁽⁹⁾	571	Financials—7.6%		
Series S, 5.000%	570 ⁽⁹⁾	567	Bank of America Corp.	249,150	7,472
		<u>4,392</u>	BOC Hong Kong Holdings Ltd. Sponsored ADR	20,261	1,955
Industrials—0.3%			CaixaBank S.A. ADR	1,316,560	2,093
General Electric Co.			Charles Schwab Corp. (The)	63,440	3,313
Series D, 5.000%	1,488 ⁽⁹⁾	1,473	China Construction Bank Corp. ADR	117,033	2,446
TOTAL PREFERRED STOCKS (Identified Cost \$5,724)			Credit Agricole S.A. ADR	253,589	2,064
		5,865	DBS Group Holdings Ltd. Sponsored ADR	35,991	3,060
COMMON STOCKS—60.7%			ING Groep N.V. Sponsored ADR	124,395	2,106
Consumer Discretionary—12.5%			MarketAxess Holdings, Inc.	14,210	3,090
Amazon.com, Inc. ⁽¹⁾	9,340	13,518	Nomura Holdings, Inc. Sponsored ADR	362,540	2,121
Booking Holdings, Inc. ⁽¹⁾	1,650	3,433	ORIX Corp. Sponsored ADR	27,157	2,440
Ctrip.com International Ltd. ADR ⁽¹⁾	115,007	5,362	SEI Investments Co.	30,240	2,265
Home Depot, Inc. (The)	24,950	4,447	UBS Group AG Registered Shares ⁽¹⁾	124,786	<u>2,204</u>
Las Vegas Sands Corp.	91,880	6,606			<u>36,629</u>
McDonald's Corp.	18,760	2,934	Health Care—4.8%		
Netflix, Inc. ⁽¹⁾	29,700	8,772	Allergan plc	14,074	2,369
NIKE, Inc. Class B	63,990	4,251	BioMarin Pharmaceutical, Inc. ⁽¹⁾	19,235	1,559
Ross Stores, Inc.	50,960	3,974	Bluebird Bio, Inc. ⁽¹⁾	11,105	1,896
Sony Corp. Sponsored ADR	48,721	2,355	Danaher Corp.	34,340	3,362
Starbucks Corp.	71,670	4,149	HealthEquity, Inc. ⁽¹⁾	60,580	3,668
		<u>59,801</u>	ICON plc ⁽¹⁾	12,349	1,459
Consumer Staples—3.3%			Illumina, Inc. ⁽¹⁾	15,800	3,735
Fomento Economico Mexicano SAB de C.V. Sponsored ADR	20,866	1,908	Zoetis, Inc.	61,530	<u>5,138</u>
Marine Harvest ASA Sponsored ADR	94,341	1,897			<u>23,186</u>
Monster Beverage Corp. ⁽¹⁾	128,320	7,341	Industrials—6.0%		
Philip Morris International, Inc.	46,110	4,583	Airbus SE ADR	82,352	2,375
		<u>15,729</u>	Ashtead Group plc ADR	22,958	2,538
Energy—2.8%			Caterpillar, Inc.	28,300	4,171
Cabot Oil & Gas Corp.	137,290	3,292	CoStar Group, Inc. ⁽¹⁾	10,010	3,630
Core Laboratories N.V.	21,280	2,303	easyJet plc Sponsored ADR	107,069	2,404
Pioneer Natural Resources Co.	19,100	3,281	Golden Ocean Group Ltd.	202,902	1,613
			Kansas City Southern	29,430	3,233
			Nidec Corp. Sponsored ADR	66,419	2,560

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

	SHARES	VALUE		SHARES	VALUE	
Industrials (continued)						
Rockwell Automation, Inc.	10,970	\$ 1,911				
Roper Technologies, Inc.	16,040	4,502				
		28,937				
Information Technology—19.8%						
Accenture plc Class A	23,230	3,566				
Activision Blizzard, Inc.	57,070	3,850				
Alibaba Group Holding Ltd.						
Sponsored ADR ⁽¹⁾	74,420	13,659				
Alphabet, Inc. Class A ⁽¹⁾	2,340	2,427				
Amphenol Corp. Class A	71,930	6,195				
Arista Networks, Inc. ⁽¹⁾	8,020	2,048				
Broadcom Ltd.	8,191	1,930				
Check Point Software Technologies Ltd. ⁽¹⁾	17,615	1,750				
Facebook, Inc. Class A ⁽¹⁾	71,040	11,351				
Gartner, Inc. ⁽¹⁾	18,440	2,169				
Hitachi Ltd. ADR	33,754	2,467				
MercadoLibre, Inc.	6,810	2,427				
NVIDIA Corp.	37,100	8,592				
Paycom Software, Inc. ⁽¹⁾	45,590	4,896				
SAP SE Sponsored ADR	15,716	1,653				
Tencent Holdings Ltd. ADR	111,640	5,949				
Visa, Inc. Class A	72,290	8,647				
Workday, Inc. Class A ⁽¹⁾	41,690	5,299				
Yandex N.V. Class A ⁽¹⁾	153,580	6,059				
		94,934				
Materials—2.8%						
Anhui Conch Cement Co., Ltd. ADR	106,537	2,929				
Ecolab, Inc.	32,430	4,445				
Glencore plc ADR ⁽¹⁾	230,299	2,294				
HeidelbergCement AG ADR	98,822	1,941				
Toray Industries, Inc. ADR	106,409	2,024				
		13,633				
Real Estate—0.4%						
LendLease Group						
Sponsored ADR	136,042	1,832				
Telecommunication Services—0.3%						
BT Group plc Sponsored ADR	96,845	1,565				
		13,633				
Utilities—0.4%						
Veolia Environnement S.A. ADR	69,908	\$ 1,660				
TOTAL COMMON STOCKS (Identified Cost \$217,711)					291,557	
AFFILIATED MUTUAL FUND⁽¹²⁾—0.6%						
Virtus Newfleet Credit Opportunities Fund Class R6	287,054	2,770				
TOTAL AFFILIATED MUTUAL FUND (Identified Cost \$2,869)					2,770	
TOTAL LONG-TERM INVESTMENTS—98.6% (Identified Cost \$400,297)						473,298⁽¹³⁾
SHORT-TERM INVESTMENT—1.6%						
Money Market Mutual Fund⁽¹²⁾—1.6%						
Dreyfus Government Cash Management Fund – Institutional Shares (seven-day effective yield 1.540%)	7,871,498	7,871				
TOTAL SHORT-TERM INVESTMENT (Identified Cost \$7,871)					7,871	
TOTAL INVESTMENTS—100.2% (Identified Cost \$408,168)					481,169	
Other assets and liabilities, net—(0.2)%					(1,176)	
NET ASSETS—100.0%					\$479,993	

Abbreviations:

ADR American Depositary Receipt
LIBOR London Interbank Offered Rate
REIT Real Estate Investment Trust

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

Footnote Legend:

- ⁽¹⁾ Non-income producing.
- ⁽²⁾ Variable rate security. Rate disclosed is as of March 31, 2018. For leveraged loans, the rate shown may represent a weighted average interest rate. Information in parenthesis represents benchmark and reference rate for each security. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions, or, for mortgage-backed securities, are impacted by the individual mortgages which are paying off over time. These securities do not indicate a reference rate and spread in their descriptions.
- ⁽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 March 31, 2018, these securities amounted to a value of \$60,492 or 12.6% 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⁾ Interest payments may be deferred.
- ⁽⁷⁾ No contractual maturity date.
- ⁽⁸⁾ This loan will settle after March 31, 2018, at which time the interest rate, based on the LIBOR and the agreed upon spread on trade date, will be reflected.
- ⁽⁹⁾ Value shown as par value.
- ⁽¹⁰⁾ Security in default, no interest payments are being received during the bankruptcy proceedings.
- ⁽¹¹⁾ Interest may be forfeited.
- ⁽¹²⁾ Shares of this fund are publicly offered, and its prospectus and annual report are publicly available.
- ⁽¹³⁾ All or a portion of the Fund's assets have been segregated for delayed delivery security.

Country Weightings †

United States	74%
China	6
Japan	3
France	2
United Kingdom	2
Russia	1
Norway	1
Other	11
Total	100%
† % of total investments as of March 31, 2018.	

For information regarding the abbreviations, see Key Investment Terms starting on page 4

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
SCHEDULE OF INVESTMENTS (Unaudited) (Continued)
MARCH 31, 2018

(\$ reported in thousands)

The following table provides a summary of inputs used to value the Fund's investments as of March 31, 2018 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at March 31, 2018	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Debt Securities:			
Asset-Backed Securities	\$ 16,967	\$ —	\$ 16,967
Corporate Bonds and Notes	94,400	—	94,400
Foreign Government Securities	4,162	—	4,162
Leveraged Loans	8,715	—	8,715
Mortgage-Backed Securities	33,050	—	33,050
Municipal Bonds	4,983	—	4,983
U.S. Government Securities	10,829	—	10,829
Equity Securities:			
Affiliated Mutual Fund	2,770	2,770	—
Common Stocks	291,557	291,557	—
Preferred Stocks	5,865	—	5,865
Short-Term Investment	7,871	7,871	—
Total Investments	<u>\$481,169</u>	<u>\$302,198</u>	<u>\$178,971</u>

There were no securities valued using significant unobservable inputs (Level 3) at March 31, 2018.

There were no transfers between Level 1, Level 2, or Level 3 related to securities held at March 31, 2018.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES (Unaudited)
MARCH 31, 2018

(Reported in thousands except shares and per share amounts)

Assets	
Investment in unaffiliated securities at value ⁽¹⁾	\$ 478,399
Investment in affiliated fund at value ⁽²⁾	2,770
Cash	128
Receivables	
Investment securities sold	1,313
Fund shares sold	66
Dividends and interest receivable	1,689
Tax reclaims	27
Prepaid expenses	31
Prepaid trustee retainer	6
Other assets	24
Total assets	<u>484,453</u>
Liabilities	
Payables	
Fund shares repurchased	73
Investment securities purchased	3,743
Investment advisory fees	227
Distribution and service fees	123
Administration fees	48
Transfer agent and sub-transfer agent fees and expenses	163
Trustees' fees and expenses	— ⁽³⁾
Professional fees	15
Trustee deferred compensation plan	24
Other accrued expenses	44
Total liabilities	<u>4,460</u>
Net Assets	<u>\$ 479,993</u>
Net Assets Consist of:	
Capital paid in on shares of beneficial interest	\$ 393,934
Accumulated undistributed net investment income (loss)	(1,026)
Accumulated undistributed net realized gain (loss) from investments	14,084
Net unrealized appreciation (depreciation) on investments	73,001
Net Assets	<u>\$ 479,993</u>
Net Assets:	
Class A	\$ 450,932
Class C	\$ 29,061
Shares Outstanding (unlimited number of shares authorized, no par value):	
Class A	30,218,897
Class C	1,966,678
Net Asset Value and Redemption Price Per Share:	
Class A	\$ 14.92
Class C	\$ 14.78
Offering Price Per Share NAV/(1-5.75%):	
Class A	\$ 15.83
⁽¹⁾ Investment in unaffiliated securities at cost	\$ 405,299
⁽²⁾ Investment in affiliated fund at cost	2,869
⁽³⁾ Amount is less than \$500.	

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
STATEMENT OF OPERATIONS (Unaudited)
SIX MONTHS ENDED MARCH 31, 2018

(\$ reported in thousands)

Investment Income	
Dividends	\$ 1,404
Dividends from affiliated fund	83
Interest	3,420
Foreign taxes withheld	(36)
Total investment income	<u>4,871</u>
Expenses	
Investment advisory fees	1,335
Distribution and service fees, Class A	570
Distribution and service fees, Class C	148
Administration fees	231
Transfer agent fees and expenses	228
Sub-transfer agent fees and expenses, Class A	74
Sub-transfer agent fees and expenses, Class C	9
Sub-administration fees	35
Registration fees	24
Printing fees and expenses	28
Custodian fees	23
Professional fees	19
Trustees' fees and expenses	20
Miscellaneous expenses	16
Total expenses	<u>2,760</u>
Less expenses reimbursed and/or waived by investment adviser	(8)
Low balance account fees	(11)
Net expenses	<u>2,741</u>
Net investment income (loss)	<u>2,130</u>
Net Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) from:	
Unaffiliated investments	15,064
Net change in unrealized appreciation (depreciation) from:	
Unaffiliated investments	10,143
Affiliated investments	(40)
Foreign currency transactions	<u>—⁽¹⁾</u>
Net realized and unrealized gain (loss) on Investments	<u>25,167</u>
Net increase (decrease) in net assets resulting from operations	<u>\$27,297</u>

⁽¹⁾ Amount less than \$500.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
STATEMENTS OF CHANGES IN NET ASSETS

(\$ reported in thousands)

	Six Months Ended March 31, 2018 (Unaudited)	Fiscal Period Ended September 30, 2017 ⁽¹⁾	Year Ended March 31, 2017
INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS			
Net investment income (loss)	\$ 2,130	\$ 3,056	\$ 7,222
Net realized gain (loss)	15,064	5,108	34,480
Net change in unrealized appreciation (depreciation) ..	10,103	33,961	(9,141)
Increase (decrease) in net assets resulting from operations	<u>27,297</u>	<u>42,125</u>	<u>32,561</u>
Dividends and Distributions to Shareholders:			
Net Investment Income:			
Class A	(2,841)	(3,099)	(6,925)
Class B	—	—	(3)
Class C	(73)	(88)	(322)
Net Realized Gains:			
Class A	(3,103)	(10)	(33,970)
Class B	—	—	(27)
Class C	(203)	(1)	(2,686)
Dividends and distributions to shareholders	<u>(6,220)</u>	<u>(3,198)</u>	<u>(43,933)</u>
Change in Net Assets from Capital Transactions			
Sale of shares			
Class A (155, 382 and 485 shares, respectively)	2,300	5,244	6,467
Class B (0, 0 and — ⁽²⁾ shares, respectively)	—	—	— ⁽³⁾
Class C (34, 17 and 66 shares, respectively)	505	232	874
Reinvestment of distributions			
Class A (375, 204 and 3,012 shares, respectively)	5,507	2,852	38,224
Class B (0, 0 and 2 shares, respectively)	—	—	30
Class C (19, 6 and 212 shares, respectively)	269	86	2,658
Conversion of shares⁽⁴⁾			
To Class A (0, 0 and 21 shares, respectively)	—	—	279
From Class B (0, 0 and 21 shares, respectively)	—	—	(279)
Shares repurchased			
Class A (1,831, 2,079 and 4,545 shares, respectively) ..	(27,190)	(28,665)	(61,067)
Class B (0, 0 and 21 shares, respectively)	—	—	(284)
Class C (187, 401 and 694 shares, respectively)	(2,724)	(5,452)	(9,236)
Increase (decrease) in net assets from share transactions	<u>(21,333)</u>	<u>(25,703)</u>	<u>(22,334)</u>
Net increase (decrease) in net assets	(256)	13,224	(33,706)
Net Assets			
Beginning of period	480,249	467,025	500,731
End of period	<u><u>\$479,993</u></u>	<u><u>\$480,249</u></u>	<u><u>\$467,025</u></u>
Accumulated undistributed net investment income (loss) at end of period	\$ (1,026)	\$ (242)	\$ (129)

⁽¹⁾ Fund changed its fiscal year end to September 30 during the period.

⁽²⁾ Amount is less than 500 shares.

⁽³⁾ Amount is less than \$500.

⁽⁴⁾ See Note 1 in Notes to Financial Statements for more information.

See Notes to Financial Statements

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

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽¹⁾	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
Class A							
10/1/17 to 3/31/18 ⁽¹⁰⁾	\$14.29	0.07	0.75	0.82	(0.09)	(0.10)	(0.19)
4/1/17 to 9/30/17 ⁽⁷⁾	13.17	0.09	1.13	1.22	(0.10)	— ⁽⁴⁾	(0.10)
4/1/16 to 3/31/17	13.55	0.21	0.69	0.90	(0.21)	(1.07)	(1.28)
4/1/15 to 3/31/16	15.18	0.29	(1.22)	(0.93)	(0.25)	(0.45)	(0.70)
4/1/14 to 3/31/15	15.54	0.29	0.33	0.62	(0.30)	(0.68)	(0.98)
4/1/13 to 3/31/14	15.35	0.30	1.65	1.95	(0.29)	(1.47)	(1.76)
4/1/12 to 3/31/13	14.58	0.20	0.78	0.98	(0.21)	—	(0.21)
Class C							
10/1/17 to 3/31/18 ⁽¹⁰⁾	\$14.16	0.01	0.75	0.76	(0.04)	(0.10)	(0.14)
4/1/17 to 9/30/17 ⁽⁷⁾	13.04	0.04	1.12	1.16	(0.04)	— ⁽⁴⁾	(0.04)
4/1/16 to 3/31/17	13.44	0.11	0.68	0.79	(0.12)	(1.07)	(1.19)
4/1/15 to 3/31/16	15.06	0.18	(1.21)	(1.03)	(0.14)	(0.45)	(0.59)
4/1/14 to 3/31/15	15.43	0.17	0.33	0.50	(0.19)	(0.68)	(0.87)
4/1/13 to 3/31/14	15.26	0.18	1.63	1.81	(0.17)	(1.47)	(1.64)
4/1/12 to 3/31/13	14.50	0.09	0.77	0.86	(0.10)	—	(0.10)

See Notes to Financial Statements

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

Payments from Affiliates	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽¹⁾⁽⁹⁾	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets ⁽¹⁰⁾	Ratio of Gross Expenses to Average Net Assets ⁽¹⁰⁾	Ratio of Net Investment Income (Loss) to Average Net Assets ⁽⁸⁾	Portfolio Turnover Rate ⁽⁸⁾
—	0.63	\$14.92	5.79%	\$450,932	1.08%	1.09%	0.92%	22%
—	1.12	14.29	9.26	450,516	1.15	1.16	1.33	24
—	(0.38)	13.17	7.13 ⁽⁶⁾	434,712	1.16 ⁽⁵⁾⁽⁶⁾	1.16	1.46 ⁽⁶⁾	100
— ⁽⁴⁾	(1.63)	13.55	(6.37)	461,276	1.12	1.13	2.05	75
—	(0.36)	15.18	4.08	541,818	1.10	1.10	1.89	62
—	0.19	15.54	13.79	570,784	1.10	1.10	1.97	57
—	0.77	15.35	6.77	559,955	1.10	1.10	1.39	121
—	0.62	\$14.78	5.37%	\$ 29,061	1.85%	1.85%	0.16%	22%
—	1.12	14.16	8.91	29,733	1.92	1.92	0.58	24
—	(0.40)	13.04	6.33 ⁽⁶⁾	32,313	1.91 ⁽⁵⁾⁽⁶⁾	1.91	0.71 ⁽⁶⁾	100
— ⁽⁴⁾	(1.62)	13.44	(7.06)	38,913	1.87	1.88	1.31	75
—	(0.37)	15.06	3.29	47,131	1.85	1.85	1.12	62
—	0.17	15.43	12.89	41,713	1.85	1.85	1.22	57
—	0.76	15.26	5.95	40,937	1.85	1.85	0.64	121

⁽¹⁾ Calculated using average shares outstanding.

⁽²⁾ Sales charges, where applicable, are not reflected in total return calculation.

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

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

⁽⁵⁾ Net expense ratios includes extraordinary proxy expenses.

⁽⁶⁾ State Street Bank & Trust, custodian for the Fund through January 29, 2010, reimbursed the Fund for out-of-pocket custody expenses over billed for the period 1998 through January 29, 2010. Custody fees reimbursed were excluded from the Ratio of Net Expenses to Average Net Assets and the Ratio of Net Investment Income (Loss) to Average Net Assets. If it was included the impact would have been to lower the Ratio of Net Expenses and increase the Ratio of Net Investment Income (Loss) as follows:

Class A	Class C
0.09%	0.09%

Custody fees reimbursed were included in Total Return. If excluded the impact would have been to lower the Total Return as follows:

Class A	Class C
0.09%	0.09%

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

⁽⁸⁾ Annualized for periods less than one year.

⁽⁹⁾ Not annualized for periods less than one year.

⁽¹⁰⁾ Unaudited.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited)
MARCH 31, 2018

Note 1. Organization

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

As of the date of this report, 11 diversified funds of the Trust are offered for sale, of which the Strategic Allocation Fund (the "Fund") is reported in this semiannual report. The Fund has investment objectives of reasonable income, long-term capital growth and conservation of capital. *There is no guarantee that the Fund will achieve its objectives.*

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

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

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

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

Each class of shares has identical voting, dividend, liquidation and other rights and the same terms and conditions, except that each class bears any expenses attributable specifically to that class ("class-specific expenses") and has exclusive voting rights with respect to any Rule 12b-1 and/or shareholder service plan ("12b-1 Plan") approved by the Board. Class I shares and Class R6 shares are not subject to a 12b-1 Plan. Class-specific expenses may include shareholder servicing fees, sub-transfer agency fees, and fees under a 12b-1 Plan, as well as certain other expenses as designated by the Funds' Treasurer and approved by the Board. Investment income, common operating expenses and realized and unrealized gains and losses of each Fund are borne pro-rata by the holders of each class of shares.

Note 2. Significant Accounting Policies

The Trust is an investment company that follows the accounting and reporting guidance of Accounting Standards Certification Topic 946 applicable to Investment Companies. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

operations during the reporting period. Actual results could differ from those estimates, and those differences could be significant.

A. Security Valuation

Security valuation procedures for the Fund, which include nightly price variance, as well as back-testing items such as bi-weekly unchanged price, monthly secondary source and transaction analysis, have been approved by the Board. All internally fair valued securities are approved by a valuation committee appointed by the Board (the "Valuation Committee"). The Valuation Committee is comprised of certain members of management as identified to the Board and convenes independently from portfolio management. All internally fair valued securities are updated daily and reviewed in detail by the Valuation Committee monthly unless changes occur within the period. The Valuation Committee reviews the validity of the model inputs and any changes to the model. Fair valuations are reviewed by the Board at least quarterly.

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

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

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

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded or, if no closing price is available, at the last bid price and are categorized as Level 1 in the hierarchy. Restricted equity securities and private placements that are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

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

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

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

Claims are valued by brokers based on pricing models that take into account, among other factors, both cash and non-cash assets. The valuation is derived from expected cash flow of the claims and the non-cash assets, which include all real estate, private equity or other securities within the estate. To the extent that these inputs are observable, the values of the claims are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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 distributions as underlying by the underlying funds.

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

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

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 March 31, 2018, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2014 forward (with limited exceptions).

D. Distributions to Shareholders

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

E. Expenses

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

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

F. Foreign Currency Transactions

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. Leveraged Loans

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. Leveraged loans are generally non-investment grade and often involve borrowers that are highly leveraged. The Fund may invest in obligations of borrowers who are in

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

bankruptcy proceedings. Leveraged loans 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. Leveraged loans 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 leveraged loans 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 the LIBOR, the prime rate offered by one or more U.S. banks or the certificate of deposit rate. When a leveraged loan 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 leveraged loan. 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 March 31, 2018, all leveraged loans held by the Fund are assignment loans.

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

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

I. Securities Lending
(\$ reported in thousands)

The Fund is permitted to loan securities from its portfolio to qualifying brokers, dealers and other financial institutions deemed creditworthy and receive, as collateral, cash or United States government securities including agency securities which at all times while the loan is outstanding will be maintained in amounts equal to at least 100% of the current market value of the loaned securities.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

Any cash collateral will be invested in short-term securities expected to increase the current income of the Fund lending its securities. Lending portfolio securities involves a risk of delay in the recovery of the loaned securities or in the declining value of the collateral. During the period ended March 31, 2018, the Fund did not loan securities.

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

A. Adviser

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

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

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

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

B. Subadvisers

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

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

C. Distributor

VP Distributors, LLC (“VP Distributors”), an indirect, wholly-owned subsidiary of Virtus, serves as the distributor of the Fund’s shares. VP Distributors has advised the Fund that for the fiscal period (the “period”) ended March 31, 2018, it retained net commissions of \$11 for Class A shares and CDSC of \$—⁽¹⁾ and \$9 for Class A shares and Class C shares, respectively.

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

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

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.

⁽¹⁾ Amount is less than \$500.

D. Administrator and Transfer Agent

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

For the period ended March 31, 2018, the Fund incurred administration fees totaling \$231 which are included in the Statement of Operations within the line item "Administration fees".

For the period ended March 31, 2018, the Fund incurred transfer agent fees totaling \$186 which are included in the Statement of Operations within the line items "Transfer agent fees and expenses" and "Sub-transfer agent fees Class A and Class C". A portion of these fees were paid to outside entities that also provide services to the Trust.

E. Investments in Affiliates

A summary of total long-term and short-term purchases and sales of the affiliated underlying fund during the period ended March 31, 2018, is as follows:

	Value, beginning of period	Purchases	Sales	Realized gain (loss)	Net Change in Unrealized Appreciation (Depreciation)	Shares	Value, end of period	Dividend Income	Distributions of Realized Gains
Affiliated Mutual Fund—0.6%									
Virtus Newfleet Credit Opportunities Fund Class R6 ⁽¹⁾	\$2,810	\$—	\$—	—	(40)	287,054	\$2,770	\$83	\$—

⁽¹⁾ Shares of this fund are publicly offered, and its prospectus and annual report are publicly available.

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

F. Trustee Compensation

The Trust provides a deferred compensation plan for its Trustees who receive compensation from the Trust. Under the deferred compensation plan, Trustees may elect to defer all or a portion of their compensation. Amounts deferred are retained by the Trust, and then, to the extent permitted by the 1940 Act, in turn, may be invested in the shares of affiliated or unaffiliated mutual funds selected by the participating Trustees. Investments in such instruments are included in "Other assets" in the Statement of Assets and Liabilities at March 31, 2018.

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

Note 4. Purchases and Sales of Securities

(\$ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities and short-term securities) during the period ended March 31, 2018, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$96,355	\$120,704

Purchases and sales of long-term U.S. Government and agency securities during the period ended March 31, 2018, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$7,726	\$8,733

Note 5. Indemnifications

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

Note 6. Credit Risk and Asset Concentration

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

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

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

Note 7. Federal Income Tax Information

(\$ reported in thousands)

At March 31, 2018, 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>
\$408,711	\$78,523	\$(6,065)	\$72,458

VIRTUS STRATEGIC ALLOCATION FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)
MARCH 31, 2018

Note 8. Borrowings

(\$ reported in thousands)

On September 18, 2017, the Fund and certain other affiliated funds entered into a \$150,000 unsecured line of credit. This Credit Agreement as amended, is with a commercial bank that allows the funds to borrow cash from the bank to manage large unexpected redemptions and trade fails, up to a limit of one-third of each fund's total net assets in accordance with the terms of the agreement. This Credit Agreement has a term of 364 days. Interest is charged at the higher of the LIBOR or the Federal Funds rate plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance. The Fund and other affiliated funds that are parties are individually, and not jointly, liable for their particular advances, if any, under the line of credit. The lending bank has the ability to require repayment of outstanding borrowings under this Credit Agreement upon certain circumstances such as an event of default.

The Fund had no borrowings at any time during the period ended March 31, 2018.

Note 9. Illiquid and Restricted Securities

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

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

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

At March 31, 2018, the Fund did not hold any securities that were restricted.

Note 10. Regulatory Matters and Litigation

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

Note 11. Recent Accounting Pronouncement

In March 2017, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities (the "ASU") which amends the amortization period for certain purchased callable debt securities held at a premium, shortening such period to the earliest call date. The ASU does not require any accounting change for debt securities held at a discount; the discount continues to be amortized to maturity. The ASU is effective for fiscal years, and interim periods within

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those fiscal years, beginning after December 15, 2018. At this time, management is evaluating the implications of these changes on the financial statements.

Note 12. Subsequent Events

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

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS FOR VIRTUS STRATEGIC ALLOCATION FUND BY THE BOARD OF TRUSTEES

The Board of Trustees (the “Board”) of Virtus Equity Trust (the “Trust”) is responsible for determining whether to approve the continuation of the investment advisory agreement (the “Advisory Agreement”) between the Trust and Virtus Investment Advisers, Inc. (“VIA”) and of each subadvisory agreement (each, a “Subadvisory Agreement” and collectively, the “Subadvisory Agreements”) (together with the Advisory Agreement, the “Agreements”) with respect to the funds of the Trust, including Virtus Strategic Allocation Fund (the “Fund”). At in-person meetings held on November 3, 2017 and November 15-16, 2017 (the “Meetings”), the Board, including a majority of the Trustees who are not interested persons of the Trust as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (such Act, the “1940 Act” and such Trustees, the “Independent Trustees”), considered and approved the continuation of each Agreement due for renewal, as further discussed below. In addition, prior to the Meetings, the Independent Trustees met with their independent legal counsel to discuss and consider the information provided by management and submitted questions to management, and they considered the responses provided.

In connection with the approval of the Agreements, the Board requested and evaluated information provided by VIA and each subadviser (each, a “Subadviser” and collectively, the “Subadvisers”) which, in the Board’s view, constituted information necessary for the Board to form a judgment as to whether the renewal of each of the Agreements would be in the best interests of the Fund and its shareholders. The Board also considered information furnished throughout the year at regular Board meetings with respect to the services provided by VIA and the Subadvisers, including quarterly performance reports prepared by management containing reviews of investment results and periodic presentations from the Subadvisers with respect to the Fund. The Board noted the affiliation of the Subadvisers with VIA and any potential conflicts of interest.

The Board was separately advised by independent legal counsel throughout the process. For each Agreement, the Board considered all the criteria separately with respect to the Fund and its shareholders. In their deliberations, the Board considered various factors, including those discussed below, none of which were controlling, and each Trustee may have attributed different weights to the various factors. The Independent Trustees also discussed the proposed approval of the Agreements in private sessions with their independent legal counsel at which no representatives of management were present.

In considering whether to approve the renewal of the Agreements, the Board reviewed and analyzed the factors it deemed relevant, including: (1) the nature, extent and quality of the services to be provided to the Fund by VIA and each of the Subadvisers; (2) the performance of the Fund as compared to an appropriate peer group and an appropriate index; (3) the level and method of computing the Fund’s advisory and subadvisory fees, and comparisons of the Fund’s advisory fee rates with those of a group of funds with similar investment objective(s); (4) the profitability of VIA under the Advisory Agreement; (5) any “fall-out” benefits to VIA, the Subadvisers and their affiliates (*i.e.*, ancillary benefits realized by VIA, the Subadvisers or their affiliates from VIA’s or the applicable Subadviser’s relationship with the Trust); (6) the anticipated effect of growth in size on the Fund’s performance and expenses; (7) fees paid to VIA and the Subadvisers by comparable accounts, as applicable; (8) possible conflicts of interest; and (9) the terms of the Agreements.

Nature, Extent and Quality of Services

The Trustees received in advance of the Meetings information from VIA and each Subadviser, including completed questionnaires concerning a number of topics, including such company’s investment philosophy, resources, operations and compliance structure. The Trustees also

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS FOR VIRTUS STRATEGIC ALLOCATION FUND BY THE BOARD OF TRUSTEES (Continued)

received a presentation by VIA's senior management personnel, during which among other items, VIA's history, investment process, investment strategies, personnel, compliance procedures and the firm's overall performance were reviewed and discussed. The Trustees noted that the Fund is managed using a "manager of managers" structure that generally involves the use of one or more subadvisers to manage some or all of the Fund's portfolio. Under this structure, VIA is responsible for the oversight of the Fund's investment programs and day-to-day operations and for evaluating and selecting subadvisers on an ongoing basis and making any recommendations to the Board regarding hiring, retaining or replacing subadvisers. In considering the Advisory Agreement with VIA, the Board considered VIA's process for supervising and managing the Fund's subadvisers, including (a) VIA's ability to select and monitor the subadvisers; (b) VIA's ability to provide the services necessary to monitor the subadvisers' compliance with the Fund's investment objectives, policies and restrictions as well as provide other oversight activities; and (c) VIA's ability and willingness to identify instances in which a subadviser should be replaced and to carry out the required changes. The Trustees also considered: (a) the experience and capability of VIA's management and other personnel; (b) the financial condition of VIA, and whether it had the financial wherewithal to provide a high level and quality of services to the Fund; (c) the quality of VIA's own regulatory and legal compliance policies, procedures and systems; (d) the nature, extent and quality of administrative, transfer agency and other services provided by VIA and its affiliates to the Fund; (e) VIA's supervision of the Fund's other service providers; and (f) VIA's risk management processes. It was noted that affiliates of VIA serve as administrator, transfer agent and distributor to the Fund. The Board also took into account its knowledge of VIA's management and the quality of the performance of VIA's duties through Board meetings, discussions and reports during the preceding year, as well as information from the Trust's Chief Compliance Officer regarding the Fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act.

With respect to the services provided by each of the Subadvisers, the Board considered information provided to the Board by each Subadviser, including each Subadviser's Form ADV, as well as information provided throughout the past year. With respect to the Subadvisory Agreements, the Board noted that each Subadviser provided portfolio management, compliance with the Fund's investment policies and procedures, compliance with applicable securities laws and assurances thereof. The Board also noted that VIA's and the Subadvisers' management of the Fund is subject to the oversight of the Board and must be carried out in accordance with the investment objective(s), policies and restrictions set forth in the Fund's prospectus and statement of additional information. In considering the renewal of the Subadvisory Agreements, the Board also considered each Subadviser's investment management process, including (a) the experience and capability of the Subadviser's management and other personnel committed by the Subadviser to the Fund; (b) the financial condition of the Subadviser; (c) the quality of the Subadviser's regulatory and legal compliance policies, procedures and systems; and (d) the Subadviser's brokerage and trading practices, including with respect to best execution and soft dollars. The Board also took into account each Subadviser's risk assessment and monitoring process. The Board noted each Subadviser's regulatory history, including whether it was currently involved in any regulatory actions or investigations as well as material litigation, and any settlements and amelioratory actions undertaken, as appropriate.

After considering all of the information provided to them, the Trustees concluded that the nature, extent and quality of the services provided by VIA and each Subadviser were satisfactory and that there was a reasonable basis on which to conclude that each would continue to provide a high quality of investment services to the Fund.

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS FOR VIRTUS STRATEGIC ALLOCATION FUND BY THE BOARD OF TRUSTEES (Continued)

Investment Performance

The Board considered performance reports and discussions at Board meetings throughout the year, as well as a report (the "Lipper Report") for the Fund prepared by Broadridge, an independent third party provider of investment company data, furnished in connection with the contract renewal process. The Lipper Report presented the Fund's performance relative to a peer group of other mutual funds (the "Performance Universe") and relevant indexes, as selected by Broadridge. The Board also considered performance information presented by management and took into account management's discussion of the same, including the effect of market conditions on the Fund's performance. The Board evaluated the Fund's performance in the context of the considerations that a "manager of managers" structure requires. The Board noted that it also reviews on a quarterly basis detailed information about the Fund's performance results and portfolio composition, as well as each Subadviser's investment strategy. The Board noted VIA's expertise and resources in monitoring the performance, investment style and risk-adjusted performance of each Subadviser. The Board also noted each Subadviser's performance record with respect to the Fund. The Board was mindful of VIA's focus on each Subadviser's performance and noted VIA's performance in monitoring and responding to any performance issues with respect to the Fund. The Board also took into account its discussions with management regarding factors that contributed to the performance of the Fund.

The Board considered, among other performance data, the information set forth below with respect to the performance of the Fund for the period ended June 30, 2017.

The Board noted that the Fund underperformed the median of its Performance Universe for the 3-, 5- and 10- year periods and underperformed its benchmark for the 1-, 3-, 5- and 10- year periods. The Board also noted that the Fund outperformed the median of its Performance Universe for the 1- year period.

The Board considered that the Fund had recently replaced one of the Subadvisers, so that the longer-term performance shown included that of the prior subadviser, as well as management's discussion about the reasons for the Fund's underperformance. After reviewing these and related factors, the Board concluded that the Fund's overall performance, or reasons discussed for underperformance, were satisfactory.

Management Fees and Total Expenses

The Board considered the fees charged to the Fund for advisory services as well as the total expense levels of the Fund. This information included comparisons of the Fund's net management fee and total expense level to those of its peer group (the "Expense Group"). In comparing the Fund's net management fee to that of comparable funds, the Board noted that in the materials presented such fee included both advisory and administrative fees. The Board also noted that the subadvisory fees were paid by VIA out of its management fees rather than paid separately by the Fund. In this regard, the Board took into account management's discussion with respect to the advisory/subadvisory fee structure, including the amount of the advisory fee retained by VIA after payment of the subadvisory fee. The Board also took into account the size of the Fund and the impact on expenses. The Subadvisers provided, and the Board considered, fee information of comparable accounts managed by the Subadvisers, as applicable.

In addition to the foregoing, the Board considered, among other data, the information set forth below with respect to the Fund's fees and expenses. In each case, the Board took into account management's discussion of the Fund's expenses, including the type and size of the Fund relative to the other funds in its Expense Group.

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS FOR VIRTUS STRATEGIC ALLOCATION FUND BY THE BOARD OF TRUSTEES (Continued)

The Board considered that the Fund's net management fee was slightly higher than the median of the Expense Group, while the Fund's net total expenses were below the median of the Expense Group.

The Board concluded that the advisory and subadvisory fees, including with any proposed amendments, were fair and reasonable in light of the usual and customary charges made for services of the same nature and quality and the other factors considered.

Profitability

The Board also considered certain information relating to profitability that had been provided by VIA. In this regard, the Board considered information regarding the overall profitability, as well as on a fund-by-fund basis, of VIA for its management of the Fund and other funds of the Trust, as well as its profits and those of its affiliates for managing and providing other services to the Trust, such as distribution, transfer agency and administrative services provided to the Fund by a VIA affiliate. In addition to the fees paid to VIA and its affiliates, including the Subadvisers, the Board considered any other benefits derived by VIA or its affiliates from their relationships with the Fund. The Board reviewed the methodology used to allocate costs to the Fund, taking into account the fact that allocation methodologies are inherently subjective and various allocation methodologies may each be reasonable while producing different results. The Board concluded that the profitability to VIA and its affiliates from the Fund was reasonable in light of the quality of the services rendered to the Fund by VIA and its affiliates as well as other factors.

In considering the profitability to the Subadvisers in connection with their relationship to the Fund, the Board noted that the fees under the Subadvisory Agreements are paid by VIA out of the fees that VIA receives under the Advisory Agreement, so that Fund shareholders are not directly impacted by those fees. In considering the reasonableness of the fees payable by VIA to the affiliated Subadvisers, the Board noted that, because the Subadvisers are affiliates of VIA, such profitability might be directly or indirectly shared by VIA. For each of the above reasons, the Board concluded that the profitability to the Subadvisers and their affiliates from their relationship with the Fund was not a material factor in approval of the Subadvisory Agreements.

Economies of Scale

The Board received and discussed information concerning whether VIA realizes economies of scale as the Fund's assets grow. The Board noted that the management fee for the Fund included breakpoints based on assets under management. The Board also took into account management's discussion of the Fund's management fee and subadvisory fee structure. The Board also took into account the current size of the Fund. The Board concluded that no change to the advisory fee structure of the Fund was necessary at this time. The Board noted that VIA and the Fund may realize certain economies of scale if the assets of the Fund were to increase, particularly in relationship to certain fixed costs, and that shareholders of the Fund would have an opportunity to benefit from these economies of scale.

For similar reasons as stated above with respect to the Subadvisers' profitability, and based upon the current size of the portion of the Fund managed by each Subadviser, the Board concluded that the potential for economies of scale in the Subadvisers' management of the Fund was not a material factor in the approval of the Subadvisory Agreements at this time.

Other Factors. The Board considered other benefits that may be realized by VIA and each Subadviser and their respective affiliates from their relationships with the Fund. Among them, the Board recognized that VP Distributors, LLC, an affiliate of VIA, serves as the distributor for the Trust, and, as such, receives payments pursuant to Rule 12b-1 from the Fund to compensate it

**CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS
FOR VIRTUS STRATEGIC ALLOCATION FUND
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for performing selling activities, which could lead to growth in the Trust's assets and corresponding benefits from such growth, including economies of scale. The Board noted that an affiliate of VIA also provides administrative and transfer agency services to the Trust. The Board noted management's discussion of the fact that, while the Subadvisers are affiliates of VIA, there are no other direct benefits to the Subadvisers or VIA in providing investment advisory services to the Fund, other than the fee to be earned under the applicable Agreement. There may be certain indirect benefits gained, including to the extent that serving the Fund could provide the opportunity to provide advisory services to additional portfolios of the Trust or certain reputational benefits.

Conclusion

Based on all of the foregoing considerations, the Board, including a majority of the Independent Trustees, determined that approval of each Agreement, as amended, was in the best interests of the Fund and its shareholders. Accordingly, the Board, and the Independent Trustees voting separately, approved the Agreements, as amended, with respect to the Fund.

VIRTUS EQUITY TRUST

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W. Patrick Bradley, Executive Vice
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Treasurer
Kevin J. Carr, Senior Vice President, Chief
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Important Notice to Shareholders

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



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