



VIRTUS  
Global Multi-Sector Income Fund

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## ANNUAL REPORT

**Not FDIC Insured  
No Bank Guarantee  
May Lose Value**

November 30, 2016

## FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

In March 2015, the Board of Directors of the Virtus Global Multi-Sector Income Fund (“the Fund”) adopted a Managed Distribution Plan (the “Plan”) which provides for the Fund to make a monthly distribution rate of \$0.156 per share. Under the terms of the Plan, the Fund seeks to maintain a consistent distribution level that may be paid in part or in full from net investment income, realized capital gains, and a return of capital, or a combination thereof.

You should not draw any conclusions about the Fund’s investment performance from the amount of the distributions or from the terms of the Fund’s Managed Distribution Plan.

The Fund estimates that it has distributed more than its income and net realized capital gains in the fiscal year to date; therefore, a portion of your distributions may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund’s investment performance and should not be confused with “yield” or “income.”

The amounts and sources of distributions reported in Section 19(a) notices of the 1940 Act are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund’s investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send shareholders a Form 1099-DIV for the calendar year that will tell you how to report distributions for federal income tax purposes.

The Board may amend, suspend or terminate the Managed Distribution Plan at any time, without prior notice to shareholders, if it deems such action to be in the best interest of the Fund and its shareholders.

Information on the Virtus Global Multi-Sector Income Fund is available through the closed end fund section on the web at [www.Virtus.com](http://www.Virtus.com). Section 19(a) notices are posted on the website at <https://www.virtus.com/our-products/closed-end-fund-details/VGI>.

## MESSAGE TO SHAREHOLDERS

Dear Virtus Global Multi-Sector Income Fund Shareholder:



I am pleased to share with you the annual report for the Virtus Global Multi-Sector Income Fund which discusses performance for the 12 months ended November 30, 2016. This report contains commentary from the portfolio management team at Newfleet Asset Management on how the fixed income markets and the fund performed during the period, including the contribution of the options overlay strategy.

For the fiscal year ended November 30, 2016, the fund's net asset value (NAV) gained 12.45%, including \$1.872 in reinvested distributions. For the same period, the fund's benchmark, the Bloomberg Barclays Global Aggregate Bond Index, gained 3.10%, including reinvested dividends.

On behalf of Newfleet Asset Management and Virtus Investment Partners, I welcome our new investors and thank all shareholders for entrusting your assets to us. Should you have any questions or require support, the Virtus customer service team is ready to assist at 1-866-270-7788 or through the closed-end fund section of our website, [www.virtus.com](http://www.virtus.com).

Sincerely,



George R. Aylward  
President and Trustee  
Virtus Global Multi-Sector Income Fund

January 2017

*This information does not represent an offer, or the solicitation of an offer, to buy or sell securities of the Fund.*

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

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**MANAGER'S DISCUSSION OF FUND PERFORMANCE**  
**NOVEMBER 30, 2016**  
**(Unaudited)**

**About the Fund**

The Virtus Global Multi-Sector Income Fund's (NYSE: VGI) (the "Fund") investment objective is to maximize current income while preserving capital. The Fund seeks to achieve its investment objective by applying an approach; and extensive credit research, to capitalize on opportunities across undervalued areas of the global bond market. *There is no guarantee that the Fund will achieve its investment objective.*

The use of leverage enables the Fund to borrow at short-term rates and invest at higher yields on its investments. As of November 30, 2016, the Fund's leverage consisted of \$69 million of borrowings pursuant to a line of credit, which represented approximately 27% of the Fund's total assets.

**Portfolio Review – Newfleet Asset Management LLC (Newfleet)**

*Newfleet's multi-sector fixed income strategies team manages the Fund, leveraging the knowledge and skills of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management for portfolio construction, avoiding interest rate bets and remaining duration neutral. Newfleet also manages the Fund's options overlay strategy. The options overlay strategy seeks to generate additional income through the purchase and sale of paired out-of-the-money puts and calls. The following commentary is provided by the portfolio team at Newfleet and covers the Fund's fixed income portfolio and options overlay strategy for the fiscal year ended November 30, 2016.*

**How did global fixed income markets perform during the fiscal year ended November 30, 2016?**

Most spread sectors outperformed U.S. Treasuries during the fiscal year. The Federal Reserve's ("the Fed") dovish stance in mid-February sparked a rally that turned around a volatile period that began with fresh concerns over China, plummeting oil prices, and fears that the Fed had raised rates too soon.

In late June, volatility returned briefly with fallout from the U.K.'s decision to leave the European Union ("EU"). Bond yields in the U.S., Japan, and across Europe fell to historic lows in early July as investors fled to the safety of bonds on global growth concerns fueled by the Brexit decision. Markets recovered rather quickly, however, from the initial shock of the Brexit vote. Easing by major central banks and a weaker U.S. dollar helped to improve global risk sentiment and stabilize markets.

September brought heightened concerns over the ability and willingness of central banks to fight chronic low inflation and weak growth, as the decision by the European Central Bank ("ECB") to leave interest rates and its stimulus program unchanged was a precipitating factor in a widespread market sell-off, reinforced by fears that the Bank of Japan ("BOJ") had run out of quantitative easing tools. Hawkish signals from the Fed added to the volatility. The BOJ subsequently decided not to change rates but to shift its focus to stabilizing the long end of the yield curve. This bolstered market sentiment, as did the Fed's eventual decision to stand pat at its September meeting.

The unexpected election of Donald Trump as the 45<sup>th</sup> president of the U.S. sparked another bout of volatility in early November. President-elect Trump's campaign which focused on immigration, trade, tax cuts, and infrastructure spending was largely

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
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perceived by the market as supportive of faster economic growth, leading to increased inflation expectations and causing the yield on the 10-year U.S. Treasury to rise 0.52% by the end of November. Also in late November, oil prices benefited from OPEC's decision to cut production for the first time in eight years.

Over the past 12 months, yields increased across the U.S. Treasury curve, more so for shorter maturity bonds, and the curve flattened slightly.

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

The underperformance of U.S. Treasuries (and the Fund's underweight in U.S. Treasuries) relative to most fixed income spread sectors was the key driver of the Fund's outperformance for the fiscal year ended November 30, 2016. Among fixed income sectors, the Fund's allocation to corporate high yield bonds and our issue selection within the emerging market high yield and corporate high quality sectors were the largest positive contributors to performance for the fiscal year.

Though exposure to the high yield sector contributed to the Fund's overall performance, our bias toward higher quality securities detracted from returns during a period in which lower quality securities outperformed.

**How did the options overlay strategy perform for the Fund during the fiscal year?**

The Fund benefited from the options overlay strategy both from an income and total return perspective. This strategy seeks to generate additional income through the use of index-based, out-of-the money put and call spreads. This strategy is driven by implied volatility, as measured by the CBOE Volatility Index (or "VIX" as it's also known), and seeks to exploit pricing inefficiencies in options on the S&P 500® Index.

Overall, 2016 was a year characterized by range-bound prices and low volatility. While a tight trading range is generally good for the options overlay strategy, the reduced volatility can lead to losses when occasional price gap events occur. Strategy positioning that was influenced by the low volatility environment of late 2015 had adverse consequences during the historically bad first two weeks of 2016, and January was the worst month in the strategy's track record. The strategy had no more negative trade results after that event, and enhanced the Fund's total return by 2.02% (gross of fees) for the full year.

**What is your outlook for fixed income markets?**

The surprise victory of Donald Trump in the 2016 U.S. presidential election is an appropriate starting point for laying out our 2017 outlook. To a large degree, it is too early to tell what the market impact of a Trump presidency ultimately will be. Details of the president-elect's economic plan have been sparse, but early indications are for growth-oriented policies that involve tax cuts, infrastructure spending, and a tax holiday for repatriation of cash held abroad. Trump's protectionist stance on trade is a potential offset to growth. Regardless of his policies, we believe that the uncertainty created by the Trump presidency will drive market volatility higher. As we have consistently demonstrated over time, we will seek to take advantage of that volatility.

Post-election Treasury yields have surged dramatically as a result of increased expectations for higher growth and higher inflation under the new political regime. Potential policies that promote a turn away from globalization will be important to monitor, as the evolution of global trade has broad implications for inflation, commodity prices, growth, and trends in credit quality. In general, our overweight to credit sectors

For information regarding the indexes and certain key investment terms see the Key Investment Terms starting on page 8.

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**MANAGER'S DISCUSSION OF FUND PERFORMANCE (Continued)**  
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should perform well in a growth-driven, rising-rate environment given the excess yield over Treasuries and expectations of further spread tightening. We continue to maintain our up-in-quality bias in leveraged finance based on current valuations, and seek to take advantage of market dislocations as increased volatility should create greater opportunities for alpha generation. Additionally, we continue to be favorable on valuations in residential mortgage-backed securities (RMBS) and out-of-index asset-backed securities (ABS). These securities tend to be less sensitive to interest rates given lack of extension risk in RMBS and the short duration nature and excess spread of ABS.

We continue to believe that the Fed's rate increases will be gradual and transparent and that the central bank will remain cautious and data dependent throughout 2017. Increased infrastructure spending, regulatory relief in certain industries, and potential tax cuts have all contributed to expectations for higher inflation, as evidenced by the 17 basis point spike in the 10-year U.S. Treasury yield breakeven rate post the election. Fiscal spending should translate into higher growth and increased borrowing at both the federal and municipal levels. The potential for a fiscal boost to growth is offset by the expected negative impact of Trump's proposed trade restrictions on global GDP. Overall, Fed futures were effectively pricing in a December rate hike (showing a 92% probability as of November 2016) a week after the election. Together, the stimulus-driven boost to growth and the risk of increased inflation have accelerated the assumed pace of rate hikes over the next few years, though we continue to stress that these hikes will be gradual. We believe that one or two rate hikes potentially may happen in 2017, but it will be dependent on the markets, the economy, and Trump's policies. Worthy of note, Trump has been critical of Fed Chair Janet Yellen and has

taken a fairly hawkish tone on monetary policy. Whether this posture changes now that he is president-elect is yet to be determined.

As we look ahead to 2017, what does this mean for the fixed income markets? We believe opportunities exist and effective credit selection is of the utmost importance and will drive returns for 2017.

*The preceding information is the opinion of portfolio management only through the end of the period of the report as stated on the cover. Any such opinions are subject to change at any time based upon market conditions and should not be relied upon as investment advice.*

*There can be no assurance that the Fund will achieve its investment objective.*

*The Fund's portfolio holdings are subject to change and may not be representative of the portfolio managers' current or future investments. The mention of individual securities held by the Fund is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional.*

**Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities.

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

**High Yield-High Risk Fixed Income Securities:** There is a greater level of credit

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**MANAGER'S DISCUSSION OF FUND PERFORMANCE (Continued)**  
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risk and price volatility involved with high yield securities than investment grade securities.

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

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

**Leverage:** When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded.

**Call/Put Spreads:** Buying and selling call and put option spreads on the SPX Index risks the loss of the premium when buying and may increase downside losses.

**Market Price/NAV:** Shares of closed-end funds often trade at a discount to their net asset value, which may increase investors' risk of loss. At the time of sale, an investor's shares may have a market value that is above or below the fund's NAV.

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOVEMBER 30, 2016**  
**(Unaudited)**

The following tables present the portfolio holdings within certain sectors or countries as a percentage of total investments net of written options at November 30, 2016.

<u>Asset Allocation</u>	
Corporate Bonds and Notes	59%
Financials	19%
Energy	15
Industrials	6
Total of all others	19
Foreign Government Securities	14
Loan Agreements	10
Mortgage-Backed Securities	9
Asset-Backed Securities	4
Preferred Stocks	3
Other	1
	<u>100%</u>

<u>Country Weightings</u>	
United States	50%
Mexico	5
Argentina	3
Brazil	3
Chile	3
Russia	2
Turkey	2
Other	32
Total	<u>100%</u>



**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**KEY INVESTMENT TERMS**  
**NOVEMBER 30, 2016 (Unaudited)**

***Bloomberg Barclays Global Aggregate Bond Index***

The Bloomberg Barclays Global Aggregate Bond Index is a market-weighted index of global government, government-related agencies, corporate and securitized fixed income investments. 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.

***Brexit***

A combination of the words “Britain” and “exit” which refers to Britain’s withdrawal from the European Union.

***Chicago Board Options Exchange (CBOE) Volatility Index***

The Chicago Board Options Exchange (CBOE) Volatility Index (“VIX<sup>®</sup>”) shows the market’s expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500<sup>®</sup> index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX<sup>®</sup> is a widely used measure of market risk and is often referred to as the “investor fear gauge.” The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

***European Central Bank (“ECB”)***

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

***European Union (“EU”)***

The European Union (“EU”) is a unique economic and political union of 28 European countries. The EU was created in the aftermath of the Second World War that has become a single market for goods and services and it created the single currency the euro.

***Exchange-Traded Funds (ETF)***

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

***Federal Reserve (the “Fed”)***

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

***Organization of the Petroleum Exporting Countries (OPEC)***

The Organization of the Petroleum Exporting Countries was originally organized in September 1960 with 5 member countries and there are currently 12 member countries. The organization’s objective is to co-ordinate and unify petroleum policies among member countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**KEY INVESTMENT TERMS (Continued)**  
**NOVEMBER 30, 2016 (Unaudited)**

***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.

***Yield Curve***

A line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
<b>U.S. GOVERNMENT SECURITIES—0.3%</b>			<b>FOREIGN GOVERNMENT SECURITIES (continued)</b>		
U.S. Treasury Bond			Islamic Republic of Pakistan		
2.500%, 2/15/46	\$ 650	\$ 579	144A 8.250%, 9/30/25 <sup>(3)</sup>	\$ 600	\$ 657
<b>TOTAL U.S. GOVERNMENT SECURITIES (Identified Cost \$680)</b>		<b>579</b>	Kingdom of Bahrain		
<b>MUNICIPAL BONDS—0.8%</b>			144A		
<b>California—0.4%</b>			7.000%, 10/12/28 <sup>(3)</sup>	795	804
State of California Build America Bond Taxable			Kingdom of Jordan		
7.500%, 4/1/34	570	810	144A 5.750%, 1/31/27 <sup>(3)</sup>	1,085	1,023
<b>Illinois—0.4%</b>			Kingdom of Morocco		
State of Illinois Build America Bond Taxable			144A 5.500%, 12/11/42 <sup>(3)</sup>	800	810
6.900%, 3/1/35	700	717	Kingdom of Qatar		
<b>TOTAL MUNICIPAL BONDS (Identified Cost \$1,494)</b>		<b>1,527</b>	144A 4.625%, 6/2/46 <sup>(3)</sup>	300	298
<b>FOREIGN GOVERNMENT SECURITIES—19.1%</b>			Kingdom of Saudi Arabia		
Argentine Republic			144A		
144A 7.500%, 4/22/26 <sup>(3)</sup>	1,290	1,302	3.250%, 10/26/26 <sup>(3)</sup>	555	525
144A 7.875%, 6/15/27 <sup>(3)</sup>	1,165	1,136	Mongolia		
8.280%, 12/31/33	1,269	1,304	144A 10.875%, 4/6/21 <sup>(3)</sup>	355	358
144A 7.125%, 7/6/36 <sup>(3)</sup>	780	718	144A 5.125%, 12/5/22 <sup>(3)</sup>	345	283
144A 7.625%, 4/22/46 <sup>(3)</sup>	590	561	RegS 5.125%, 12/5/22 <sup>(4)</sup>	345	283
Bermuda RegS			Provincia de Buenos Aires		
4.854%, 2/6/24 <sup>(4)</sup>	700	734	144A 9.125%, 3/16/24 <sup>(3)</sup>	730 <sup>EUR</sup>	774
Bolivarian Republic of Venezuela RegS			Republic of Armenia		
7.650%, 4/21/25 <sup>(4)</sup>	1,845	784	144A 7.150%, 3/26/25 <sup>(3)</sup>	700	716
City of Buenos Aires			Republic of Chile		
144A 7.500%, 6/1/27 <sup>(3)</sup>	320	321	5.500%, 8/5/20	547,000 <sup>CLP</sup>	845
Dominican Republic			Republic of Colombia		
144A 6.875%, 1/29/26 <sup>(3)</sup>	155	161	Treasury Note, Series B,		
144A 6.850%, 1/27/45 <sup>(3)</sup>	800	760	11.250%, 10/24/18	998,500 <sup>CDP</sup>	353
Federative Republic of Brazil			9.850%, 6/28/27	824,000 <sup>CDP</sup>	313
Treasury Note Series F, 10.000%, 1/1/23	2,560 <sup>BRL</sup>	733	Republic of Costa Rica		
8.500%, 1/5/24	1,405 <sup>BRL</sup>	378	144A 7.000%, 4/4/44 <sup>(3)</sup>	800	738
Treasury Note Series F, 10.000%, 1/1/25	1,960 <sup>BRL</sup>	552	RegS 7.000%, 4/4/44 <sup>(4)</sup>	1,000	919
5.625%, 1/7/41	725	636	Republic of Cote d'Ivoire		
Hungary			144A 6.375%, 3/3/28 <sup>(3)</sup>	840	814
5.375%, 3/25/24	530	582	Republic of El Salvador		
			144A 6.375%, 1/18/27 <sup>(3)</sup>	1,320	1,165
			Republic of Indonesia		
			Series FR63,		
			5.625%, 5/15/23	7,482,000 <sup>IDR</sup>	482
			Series FR56,		
			8.375%, 9/15/26	5,996,000 <sup>IDR</sup>	453
			Republic of Iraq RegS		
			5.800%, 1/15/28 <sup>(4)</sup>	890	710
			Republic of Kazakhstan		
			144A 5.125%, 7/21/25 <sup>(3)</sup>	260	275
			Republic of Romania		
			144A 6.750%, 2/7/22 <sup>(3)</sup>	670	766

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>FOREIGN GOVERNMENT SECURITIES (continued)</b>			<b>Non-Agency—5.6%</b>		
Republic of South Africa			American Homes 4 Rent		
Series R203,			14-SFR2, C 144A		
8.250%, 9/15/17	8,060 <sup>ZAR</sup>	\$ 574	4.705%, 10/17/36 <sup>(3)</sup>	\$ 770	\$ 808
Series R208,			Ameriquest Mortgage		
6.750%, 3/31/21	1,940 <sup>ZAR</sup>	129	Securities, Inc.		
4.300%, 10/12/28	\$ 810	750	03-AR3, M4		
Republic of Sri Lanka			4.385%, 6/25/33 <sup>(2)</sup>	855	824
144A 6.850%, 11/3/25 <sup>(3)</sup>	900	908	AMSR Trust 16-SFR1, D		
Republic of Turkey			144A		
9.000%, 3/8/17	1,090 <sup>TRY</sup>	318	2.950%, 11/17/33 <sup>(2)(3)</sup>	665	665
6.250%, 9/26/22	340	356	Bayview Opportunity		
4.875%, 10/9/26	2,535	2,360	Master Fund Iva Trust		
4.875%, 4/16/43	935	743	16-SPL1, B1 144A		
Republic of Uruguay			4.250%, 4/28/55 <sup>(3)</sup>	540	550
5.100%, 6/18/50	500	449	CIT Group Home Equity		
Russian Federation			Loan Trust 03-1, A5		
144A 7.850%, 3/10/18 <sup>(3)</sup>	55,000 <sup>RUB</sup>	847	5.480%, 7/20/34 <sup>(2)</sup>	1,450	1,457
Sultanate of Oman			Credit Suisse Commercial		
144A 4.750%, 6/15/26 <sup>(3)</sup>	1,280	1,239	Mortgage-Backed Trust		
Ukraine			07-C5, A1AM		
144A 7.750%, 9/1/26 <sup>(3)</sup>	730	653	5.870%, 9/15/40 <sup>(2)</sup>	490	456
United Mexican States			Credit Suisse Mortgage-		
Series M,			Backed Trust		
6.500%, 6/9/22	9,038 <sup>MXN</sup>	428	06-08, 3A1		
4.750%, 3/8/44	1,006	893	6.000%, 10/25/21	299	285
			Deutsche Bank-UBS		
<b>TOTAL FOREIGN GOVERNMENT SECURITIES</b>			Mortgage Trust		
<b>(Identified Cost \$39,331)</b>		<b>35,673</b>	11-LC3A, D 144A		
			5.510%, 8/10/44 <sup>(2)(3)</sup>	660	682
<b>MORTGAGE-BACKED SECURITIES—12.1%</b>			GAHR Commercial		
<b>Agency—6.5%</b>			Mortgage Trust 15-NRF,		
FHLMC 3.500%, 4/1/46	414	425	CFX 144A		
FNMA			3.495%, 12/15/34 <sup>(2)(3)</sup>	525	530
3.500%, 11/1/42	632	651	GSAA Home Equity Trust		
3.000%, 5/1/43	639	639	05-12, AF3W		
3.500%, 1/1/45	1,153	1,183	4.999%, 9/25/35 <sup>(2)</sup>	397	402
3.500%, 8/1/45	810	831	Home Equity Loan Trust		
3.500%, 9/1/45	2,025	2,079	07-HSA3, A14		
3.000%, 12/1/45	2,062	2,053	6.110%, 6/25/37 <sup>(2)</sup>	1,131	1,137
3.500%, 12/1/45	1,253	1,286	JPMorgan Chase		
3.500%, 12/1/45	544	558	Commercial Mortgage		
3.500%, 1/1/46	737	757	Securities Trust		
3.000%, 2/1/46	1,074	1,069	07-LDPX, AM		
3.000%, 5/1/46	602	599	5.464%, 1/15/49 <sup>(2)</sup>	367	361
		<u>12,130</u>	MASTR Alternative Loan		
			Trust 04-6, 7A1		
			6.000%, 7/25/34	786	775

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
<b>MORTGAGE-BACKED SECURITIES (continued)</b>			<b>ASSET-BACKED SECURITIES (continued)</b>		
<b>Non-Agency (continued)</b>			16-1, E2 144A		
Towd Point Mortgage Trust 15-2, 1M1 144A			6.000%, 6/15/24 <sup>(3)</sup>	\$ 250	\$ 230
3.250%, 11/25/60 <sup>(2)(3)</sup>	\$ 915	\$ 841	Taco Bell Funding LLC		
Wells Fargo (Wachovia Bank) Commercial Mortgage Trust 15-LC20, B			16-1A, A21 144A		
3.719%, 4/15/50	690	694	3.832%, 5/25/46 <sup>(3)</sup>	758	764
		10,467	Wendy's Funding LLC		
			15-1A, A2II 144A		
			4.080%, 6/15/45 <sup>(3)</sup>	777	775
			<b>TOTAL ASSET-BACKED SECURITIES (Identified Cost \$9,041)</b>		
					<b>9,025</b>
<b>TOTAL MORTGAGE-BACKED SECURITIES (Identified Cost \$22,860)</b>			<b>CORPORATE BONDS AND NOTES—79.1%</b>		
		<b>22,597</b>	<b>Consumer Discretionary—6.3%</b>		
<b>ASSET-BACKED SECURITIES—4.8%</b>			AMC Entertainment Holdings, Inc.		
CarFinance Capital Auto Trust 14-1A, D 144A			144A 5.875%, 11/15/26 <sup>(3)</sup>	130	131
4.900%, 4/15/20 <sup>(3)</sup>	1,750	1,750	Brookfield Residential Properties, Inc.		
Cheesecake Restaurant Holdings, Inc.			144A 6.125%, 7/1/22 <sup>(3)</sup>	215	217
13-1A, A2 144A			Cablevision Systems Corp. 5.875%, 9/15/22	720	673
4.474%, 3/20/43 <sup>(3)</sup>	782	775	Caesars Entertainment Operating Co., Inc.		
Citi Held For Asset Issuance 15-PM3, B			9.000%, 2/15/20 <sup>(12)</sup>	480	497
144A 4.310%, 5/16/22 <sup>(3)</sup>	1,000	1,004	Caesars Entertainment Resort Properties LLC		
DB Master Finance LLC 15-A1, A2II 144A			8.000%, 10/1/20	500	525
3.980%, 2/20/45 <sup>(3)</sup>	285	286	Caesars Growth Properties Holdings LLC		
DT Auto Owner Trust 15-3A, C			9.375%, 5/1/22	665	715
144A 3.250%, 7/15/21 <sup>(3)</sup>	645	651	Clear Channel Worldwide Holdings, Inc. Series B		
Exeter Automobile Receivables Trust 14-3A, D 144A			7.625%, 3/15/20	655	648
5.690%, 4/15/21 <sup>(3)</sup>	730	744	Dana Financing Luxembourg S.a.r.l.		
Fairway Outdoor Funding LLC 12-1A, A2 144A			144A 6.500%, 6/1/26 <sup>(3)</sup>	200	207
4.212%, 10/15/42 <sup>(3)</sup>	424	427	Diamond Resorts International, Inc.		
Flagship Credit Auto Trust 16-3, D 144A			144A 7.750%, 9/1/23 <sup>(3)</sup>	55	55
3.890%, 11/15/22 <sup>(3)</sup>	785	773	DISH DBS Corp.		
Greater Capital Association of Realtors 15-1A, C			7.750%, 7/1/26	40	44
9.790%, 10/15/25	420	434	Grupo Televisa SAB		
LEAF Receivables Funding 9 LLC 15-1, E2 144A			4.625%, 1/30/26	525	526
6.000%, 6/15/23 <sup>(3)</sup>	425	412	7.250%, 5/14/43	8,000 <sup>MXN</sup>	292
			International Game Technology plc		
			144A 6.250%, 2/15/22 <sup>(3)</sup>	400	427

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
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(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>					
<b>Consumer Discretionary (continued)</b>					
Landry's, Inc. 144A 6.750%, 10/15/24 <sup>(3)</sup>	\$ 190	\$ 190			
M/I Homes, Inc. 6.750%, 1/15/21	395	413			
MDC Holdings, Inc. 5.500%, 1/15/24	655	683			
MGM Resorts International 6.000%, 3/15/23	355	382			
MPG Holdco I, Inc. 7.375%, 10/15/22	100	103			
New York University 4.142%, 7/1/48	420	389			
QVC, Inc. 5.125%, 7/2/22	690	705			
Scientific Games International, Inc. 144A 7.000%, 1/1/22 <sup>(3)</sup>	465	493			
SFR (Numericable) Group S.A. 144A 7.375%, 5/1/26 <sup>(3)</sup>	200	200			
TI Group Automotive Systems LLC 144A 8.750%, 7/15/23 <sup>(3)</sup>	415	430			
Toll Brothers Finance Corp. 4.875%, 11/15/25	740	731			
TRI Pointe Group, Inc. 5.875%, 6/15/24	830	846			
VTR Finance BV 144A 6.875%, 1/15/24 <sup>(3)</sup>	555	565			
Ziggo Bond Finance BV 144A 6.000%, 1/15/27 <sup>(3)</sup>	300	289			
Ziggo Secured Finance BV 144A 5.500%, 1/15/27 <sup>(3)</sup>	485	467			
		<u>11,843</u>			
<b>Consumer Staples—1.2%</b>					
Pilgrim's Pride Corp. 144A 5.750%, 3/15/25 <sup>(3)</sup>	270	271			
Rite Aid Corp. 144A 6.125%, 4/1/23 <sup>(3)</sup>	195	209			
Safeway, Inc. 7.250%, 2/1/31	655	638			
<b>Consumer Staples (continued)</b>					
Tops Holding LLC (Tops Markets II Corp.) 144A 8.000%, 6/15/22 <sup>(3)</sup>	\$ 795	\$ 690			
Whole Foods Market Inc 5.200%, 12/3/25	425	445			
				<u>2,253</u>	
<b>Energy—19.7%</b>					
Afren plc 144A 10.250%, 4/8/19 <sup>(3)(9)</sup>	635	— <sup>(16)</sup>			
144A 6.625%, 12/9/20 <sup>(3)(9)</sup>	732	— <sup>(16)</sup>			
Alberta Energy Co., Ltd. 8.125%, 9/15/30	280	323			
Anadarko Petroleum Corp. 4.850%, 3/15/21	130	139			
5.550%, 3/15/26	180	197			
6.600%, 3/15/46	390	456			
Blue Racer Midstream LLC 144A 6.125%, 11/15/22 <sup>(3)</sup>	235	228			
Callon Petroleum Co. 144A 6.125%, 10/1/24 <sup>(3)</sup>	230	237			
Carrizo Oil & Gas, Inc. 6.250%, 4/15/23	565	579			
Cheniere Corpus Christi Holdings LLC 144A 7.000%, 6/30/24 <sup>(3)</sup>	605	651			
Cimarex Energy Co. 4.375%, 6/1/24	380	389			
Continental Resources, Inc. 5.000%, 9/15/22	435	436			
4.500%, 4/15/23	260	254			
Diamondback Energy, Inc. 144A 4.750%, 11/1/24 <sup>(3)</sup>	95	95			
Ecopetrol S.A. 5.875%, 9/18/23	535	553			
4.125%, 1/16/25	865	788			
5.375%, 6/26/26	280	270			
Enbridge Energy Partners LP 4.375%, 10/15/20	155	162			
Encana Corp. 3.900%, 11/15/21	275	272			

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Energy (continued)</b>		
<b>Energy (continued)</b>			NGL Energy Partners LP		
EnLink Midstream Partners LP			5.125%, 7/15/19	\$ 520	\$ 510
4.850%, 7/15/26	\$ 65	\$ 64	Odebrecht Offshore Drilling Finance Ltd.		
Enquest plc			144A 6.750%, 10/1/22 <sup>(3)</sup>	1,309	301
7.000%, 4/15/22	969	637	Parker Drilling Co.		
EP Energy LLC (Everest Acquisition Finance, Inc.)			6.750%, 7/15/22	350	284
144A 8.000%, 11/29/24 <sup>(3)</sup>	30	31	Parsley Energy LLC		
Fermaca Enterprises S de RL de CV			144A 6.250%, 6/1/24 <sup>(3)</sup>	855	889
144A 6.375%, 3/30/38 <sup>(3)</sup>	1,335	1,312	Pertamina Persero PT		
FTS International, Inc.			144A 4.300%, 5/20/23 <sup>(3)</sup>	1,200	1,209
6.250%, 5/1/22	620	415	144A 6.000%, 5/3/42 <sup>(3)</sup>	1,200	1,179
Gazprom OAO (Gaz Capital S.A.)			144A 5.625%, 5/20/43 <sup>(3)</sup>	410	389
144A			Petrobras Global Finance BV		
6.000%, 11/27/23 <sup>(3)(7)</sup>	335	352	8.750%, 5/23/26	880	946
144A 4.950%, 2/6/28 <sup>(3)(7)</sup>	1,300	1,238	6.750%, 1/27/41	1,800	1,473
Helmerich & Payne International Drilling Co.			Petroleos de Venezuela S.A		
4.650%, 3/15/25	405	412	RegS 8.500%, 11/2/17 <sup>(4)</sup>	359	269
Holly Energy Partners LP			144A 6.000%, 5/16/24 <sup>(3)</sup>	2,120	803
144A 6.000%, 8/1/24 <sup>(3)</sup>	70	73	Petroleos de Venezuela SA		
KazMunayGas National Co.			144A		
144A 6.375%, 4/9/21 <sup>(3)</sup>	460	490	8.500%, 10/27/20 <sup>(3)</sup>	717	514
Kinder Morgan, Inc.			Petroleos Mexicanos		
7.750%, 1/15/32	795	940	4.250%, 1/15/25	700	623
Kunlun Energy Co., Ltd.			144A 6.875%, 8/4/26 <sup>(3)</sup>	700	722
144A 3.750%, 5/13/25 <sup>(3)</sup>	700	696	6.500%, 6/2/41	700	616
Lukoil International Finance BV			6.375%, 1/23/45	800	688
144A 4.563%, 4/24/23 <sup>(3)</sup>	800	795	QEP Resources, Inc.		
Lukoil OAO International Finance BV			5.250%, 5/1/23	325	317
144A 6.125%, 11/9/20 <sup>(3)(7)</sup>	1,100	1,180	Range Resources Corp.		
Midcontinent Express Pipeline LLC			144A 5.000%, 3/15/23 <sup>(3)</sup>	700	674
144A			Regency Energy Partners LP		
6.700%, 9/15/19 <sup>(3)(11)</sup>	1,000	1,042	5.000%, 10/1/22	650	687
MPLX LP			Sabine Pass Liquefaction LLC		
4.875%, 12/1/24	1,025	1,035	5.625%, 2/1/21	675	717
Newfield Exploration Co.			SM Energy Co.		
5.625%, 7/1/24	745	768	6.125%, 11/15/22	290	292
			6.500%, 1/1/23	345	348
			Southern Gas Corridor CJSC		
			144A 6.875%, 3/24/26 <sup>(3)</sup>	655	698
			State Oil Co. of The Azerbaijan Republic		
			6.950%, 3/18/30	780	787

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
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(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Financials (continued)</b>		
<b>Energy (continued)</b>			Banco de Credito del Peru		
Sunoco LP (Sunoco Finance Corp.)			144A		
6.375%, 4/1/23	\$ 1,015	\$ 1,023	6.125%, 4/24/27 <sup>(2)(3)</sup>	\$ 1,225	\$ 1,308
Transocean, Inc.			Banco de Credito e Inversiones		
144A 9.000%, 7/15/23 <sup>(3)</sup>	185	188	144A 4.000%, 2/11/23 <sup>(3)</sup>	1,860	1,881
6.800%, 3/15/38	215	153	Banco Internacional del Peru SAA Interbank		
Transportadora de Gas del Peru SA			144A		
144A 4.250%, 4/30/28 <sup>(3)</sup>	1,350	1,340	6.625%, 3/19/29 <sup>(2)(3)</sup>	1,260	1,323
Weatherford International Ltd.			Banco Nacional de Comercio Exterior SVC		
144A 9.875%, 2/15/24 <sup>(3)</sup>	215	223	144A		
YPF S.A.			4.375%, 10/14/25 <sup>(3)</sup>	510	500
144A 8.500%, 3/23/21 <sup>(3)</sup>	510	539	Banco Santander Chile		
		<u>36,910</u>	144A		
			3.875%, 9/20/22 <sup>(3)(11)</sup>	1,600	1,631
<b>Financials—25.1%</b>			Banco Santander Mexico SA		
Africa Finance Corp.			144A		
144A 4.375%, 4/29/20 <sup>(3)</sup>	800	820	5.950%, 1/30/24 <sup>(2)(3)(6)</sup>	1,000	1,018
Akbank TAS			Banco Votorantim S.A.		
144A 7.500%, 2/5/18 <sup>(3)</sup>	1,900 <sup>TRY</sup>	524	144A 7.375%, 1/21/20 <sup>(3)</sup>	381	396
Allstate Corp. (The)			Bancolumbia S.A.		
5.750%, 8/15/53 <sup>(2)(6)</sup>	1,710	1,793	5.125%, 9/11/22	1,220	1,220
ALROSA Finance S.A.			Bank of China Hong Kong Ltd.		
144A 7.750%, 11/3/20 <sup>(3)</sup>	750	844	144A 5.550%, 2/11/20 <sup>(3)</sup>	1,500	1,605
Apollo Management Holdings LP			Bank of China Ltd.		
144A 4.000%, 5/30/24 <sup>(3)</sup>	785	783	144A		
Ares Capital Corp.			5.000%, 11/13/24 <sup>(3)</sup>	675	701
3.625%, 1/19/22	415	404	Barclays plc		
Ares Finance Co., LLC			3.200%, 8/10/21	450	443
144A 4.000%, 10/8/24 <sup>(3)</sup>	830	766	Bonos del Banco Central de Chile En Pesos		
Australia & New Zealand Banking Group Ltd.			4.500%, 6/1/20	160,000 <sup>CLP</sup>	246
144A 4.400%, 5/19/26 <sup>(3)</sup>	755	759	Citizens Financial Group, Inc.		
Banco Bilbao Vizcaya Argentaria Bancomer S.A.			5.500%, 12/29/49 <sup>(2)</sup>	845	820
144A			Compass Bank		
6.500%, 3/10/21 <sup>(3)(11)</sup>	1,750	1,847	3.875%, 4/10/25	945	894
Banco Continental S.A. RegS			Development Bank of Kazakhstan OJSC		
5.500%, 11/18/20 <sup>(4)(7)</sup>	1,000	1,090	144A		
Banco de Bogota SA			4.125%, 12/10/22 <sup>(3)</sup>	845	799
144A 6.250%, 5/12/26 <sup>(3)</sup>	760	753	Drawbridge Special Opportunities Fund LP		
			144A 5.000%, 8/1/21 <sup>(3)</sup>	925	886

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Financials (continued)</b>		
<b>Financials (continued)</b>			Teachers Insurance & Annuity Association Asset Management Finance Co., LLC		
Eurasian Development Bank			144A 4.125%, 11/1/24 <sup>(3)</sup>	\$ 985	\$ 996
144A 4.767%, 9/20/22 <sup>(3)</sup>	\$ 1,600	\$ 1,654	Teachers Insurance & Annuity Association of America		
FS Investment Corp.			144A		
4.750%, 5/15/22	225	224	4.375%, 9/15/54 <sup>(2)(3)</sup>	640	648
Genworth Holdings, Inc.			Turkiye Garanti Bankasi AS		
4.900%, 8/15/23	530	440	144A		
GrupoSura Finance S.A.			5.250%, 9/13/22 <sup>(3)</sup>	1,095	1,053
144A 5.500%, 4/29/26 <sup>(3)</sup>	755	762	Ukreximbank Via Biz Finance plc		
Guanay Finance Ltd.			144A		
144A 6.000%, 12/15/20 <sup>(3)</sup>	1,654	1,660	9.625%, 4/27/22 <sup>(3)</sup>	870	818
ICAHN Enterprises LP			Woodside Finance Ltd.		
5.875%, 2/1/22	680	660	144A 3.700%, 9/15/26 <sup>(3)</sup>	145	139
ICICI Bank Ltd.					<u>46,940</u>
144A 4.000%, 3/18/26 <sup>(3)</sup>	530	518	<b>Health Care—2.0%</b>		
ING Groep NV			Abbott Laboratories		
6.000% <sup>(2)(5)(6)</sup>	815	778	3.400%, 11/30/23	145	143
Kazakhstan Temir Zholy Finance BV			3.750%, 11/30/26	505	497
144A 6.950%, 7/10/42 <sup>(3)</sup>	800	754	Concordia Healthcare Corp.		
Macquarie Group Ltd.			144A 7.000%, 4/15/23 <sup>(3)</sup>	110	42
144A 6.000%, 1/14/20 <sup>(3)(11)</sup>	1,100	1,194	Concordia International Corp.		
144A 6.250%, 1/14/21 <sup>(3)</sup>	325	361	144A 9.000%, 4/1/22 <sup>(3)</sup>	160	148
Manulife Financial Corp.			Inventiv Group Holdings Inc (Inventiv Health Clinical, Inc.)		
4.150%, 3/4/26	600	627	144A 7.500%, 10/1/24 <sup>(3)</sup>	265	269
Morgan Stanley			MEDNAX, Inc.		
144A 10.090%, 5/3/17 <sup>(3)</sup>	3,050 <sup>BRL</sup>	888	144A 5.250%, 12/1/23 <sup>(3)</sup>	310	315
4.350%, 9/8/26	360	368	MPH Acquisition Holdings LLC		
Navient Corp.			144A 7.125%, 6/1/24 <sup>(3)</sup>	580	611
7.250%, 9/25/23	165	167	Surgery Center Holdings, Inc.		
OM Asset Management plc			144A		
4.800%, 7/27/26	675	642	8.875%, 4/15/21 <sup>(3)</sup>	495	518
Oversea-Chinese Banking Corp Ltd.			Tenet Healthcare Corp.		
144A 4.250%, 6/19/24 <sup>(3)</sup>	1,500	1,528	144A 7.500%, 1/1/22 <sup>(3)</sup>	30	31
PKO Finance AB			8.125%, 4/1/22	300	275
144A					
4.630%, 9/26/22 <sup>(3)(7)(11)</sup>	1,805	1,899			
Prudential Financial, Inc.					
5.875%, 9/15/42 <sup>(2)</sup>	1,385	1,465			
Sberbank of Russia Via SB Capital S.A.					
144A					
5.500%, 2/26/24 <sup>(2)(3)(7)</sup>	650	643			

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Industrials (continued)</b>		
<b>Health Care (continued)</b>			Prime Security Services		
Universal Health Services, Inc.			Borrower LLC (Prime Finance, Inc.)		
144A 5.000%, 6/1/26 <sup>(3)</sup>	\$ 285	\$ 283	144A		
Valeant Pharmaceuticals International, Inc.			9.250%, 5/15/23 <sup>(3)</sup>	\$ 265	\$ 286
144A			SCF Capital Ltd.		
6.375%, 10/15/20 <sup>(3)</sup>	695	591	144A		
144A 5.875%, 5/15/23 <sup>(3)</sup>	80	60	5.375%, 6/16/23 <sup>(3)</sup>	430	436
		<u>3,783</u>	Standard Industries, Inc.		
			144A 5.500%, 2/15/23 <sup>(3)</sup>	190	195
			Transnet SOC Ltd.		
<b>Industrials—7.9%</b>			144A		
Air Canada Pass-Through-Trust 13-1, B			4.000%, 7/26/22 <sup>(3)</sup>	1,000	926
144A 5.375%, 5/15/21 <sup>(3)</sup>	1,057	1,084	UAL Pass-Through-Trust 07-01, A		
Alfa SAB de CV			6.636%, 7/2/22	1,879	1,997
144A 5.250%, 3/25/24 <sup>(3)</sup>	1,200	1,198	United Airlines Pass-Through Trust 14-1, B		
America West Airlines Pass-Through-Trust 01-1, G			4.750%, 4/11/22	473	485
7.100%, 4/2/21	1,050	1,133	Wheels Up Finance I LLC		
Bombardier, Inc.			16-01, A		
144A 6.125%, 1/15/23 <sup>(3)</sup>	555	481	0.500%, 6/30/17 <sup>(2)(10)(17)</sup>	131	130
CEB, Inc.			16-01, A		
144A 5.625%, 6/15/23 <sup>(3)</sup>	530	515	7.500%, 6/30/24 <sup>(10)</sup>	615	608
Cemex Finance LLC					<u>14,826</u>
144A 6.000%, 4/1/24 <sup>(3)</sup>	645	645	<b>Information Technology—1.8%</b>		
Delhi International Airport Pvt Ltd.			Blackboard, Inc.		
144A			144A		
6.125%, 10/31/26 <sup>(3)</sup>	250	258	9.750%, 10/15/21 <sup>(3)</sup>	436	429
DP World Ltd.			Diamond 1 Finance Corp. (Diamond 2 Finance Corp.)		
144A 6.850%, 7/2/37 <sup>(3)</sup>	1,000	1,020	144A 5.450%, 6/15/23 <sup>(3)</sup>	135	141
Harland Clarke Holdings Corp.			144A 7.125%, 6/15/24 <sup>(3)</sup>	140	153
144A 6.875%, 3/1/20 <sup>(3)</sup>	940	895	144A 6.020%, 6/15/26 <sup>(3)</sup>	125	131
JBS Investments GmbH			144A 8.100%, 7/15/36 <sup>(3)</sup>	120	136
144A 7.250%, 4/3/24 <sup>(3)</sup>	780	787	144A 8.350%, 7/15/46 <sup>(3)</sup>	135	157
Navistar International Corp.			Flex Ltd.		
8.250%, 11/1/21	400	402	4.750%, 6/15/25	850	893
Northwest Airlines Pass-Through-Trust 02-1, G2			Hewlett Packard Enterprise Co.		
6.264%, 11/20/21	476	511	144A		
Pelabuhan Indonesia II PT			5.150%, 10/15/25 <sup>(3)</sup>	325	332
144A 4.250%, 5/5/25 <sup>(3)</sup>	870	834			

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**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
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(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Materials (continued)</b>		
<b>Information Technology—(continued)</b>			Reynolds Group Issuer, Inc.		
Inception Merger Sub, Inc. (Rackspace Hosting, Inc.)			144A		
144A 8.625%, 11/15/24 <sup>(3)</sup>	950	\$ 952	7.000%, 7/15/24 <sup>(3)</sup>	\$ 20	\$ 21
		<u>3,324</u>	Severstal OAO Via Steel Capital SA		
			144A		
			5.900%, 10/17/22 <sup>(3)(7)</sup>	1,100	1,171
<b>Materials—7.7%</b>			Standard Industries, Inc.		
AK Steel Corp.			144A		
7.500%, 7/15/23	340	371	6.000%, 10/15/25 <sup>(3)</sup>	410	426
Aleris International, Inc.			Teck Resources Ltd.		
144A 9.500%, 4/1/21 <sup>(3)</sup>	420	451	144A 8.000%, 6/1/21 <sup>(3)</sup>	60	66
Alpek SAB de C.V.			144A 8.500%, 6/1/24 <sup>(3)</sup>	165	193
144A 5.375%, 8/8/23 <sup>(3)</sup>	1,230	1,242	Vale Overseas Ltd.		
ArcelorMittal			5.875%, 6/10/21	585	615
6.125%, 6/1/25	865	947	Vedanta Resources plc		
BHP Billiton Finance USA Ltd.			144A 6.000%, 1/31/19 <sup>(3)</sup>	825	834
144A					<u>14,534</u>
6.750%, 10/19/75 <sup>(2)(3)(6)</sup>	405	449	<b>Real Estate—0.9%</b>		
Boise Cascade Co.			Hospitality Properties Trust		
144A 5.625%, 9/1/24 <sup>(3)</sup>	525	517	4.500%, 3/15/25	745	723
Eldorado Gold Corp.			MPT Operating Partnership LP		
144A 6.125%, 12/15/20 <sup>(3)</sup>	415	420	6.375%, 3/1/24	140	144
Equate Petrochemical BV			5.500%, 5/1/24	145	142
144A 4.250%, 11/3/26 <sup>(3)</sup>	790	746	5.250%, 8/1/26	35	33
Fibria Overseas Finance Ltd.			Select Income REIT		
5.250%, 5/12/24	435	428	4.500%, 2/1/25	690	670
Fortescue Metals Group (FMG) Resources August 2006 Pty Ltd.					<u>1,712</u>
144A 9.750%, 3/1/22 <sup>(3)</sup>	510	591	<b>Telecommunication Services—3.5%</b>		
Freeport-McMoRan			Altice Financing S.A.		
Copper & Gold, Inc.			144A		
3.550%, 3/1/22	400	381	6.625%, 2/15/23 <sup>(3)</sup>	460	468
3.875%, 3/15/23	330	310	America Movil SAB de C.V. Series 12		
Gerdau Holdings, Inc.			6.450%, 12/5/22	8,000 <sup>MXN</sup>	360
144A 7.000%, 1/20/20 <sup>(3)</sup>	585	630	Bharti Airtel International Netherlands BV		
Gerdau Trade, Inc.			144A		
144A 5.750%, 1/30/21 <sup>(3)</sup>	500	517	5.125%, 3/11/23 <sup>(3)(11)</sup>	1,430	1,496
Inversiones CMPC S.A.			Digicel Group Ltd.		
144A 4.375%, 5/15/23 <sup>(3)</sup>	1,000	995	144A		
Novelis Corp.			8.250%, 9/30/20 <sup>(3)</sup>	720	609
144A 6.250%, 8/15/24 <sup>(3)</sup>	50	52			
144A 5.875%, 9/30/26 <sup>(3)</sup>	615	616			
Office Cherifien des Phosphates S.A. (OCP)					
144A 5.625%, 4/25/24 <sup>(3)</sup>	1,500	1,545			

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>CORPORATE BONDS AND NOTES (continued)</b>			<b>Utilities (continued)</b>		
<b>Telecommunication Services (continued)</b>			TerraForm Power		
Empresa Nacional de			Operating LLC		
Telecomunicaciones			144A		
S.A.			9.375%, 2/1/23 <sup>(2)(3)</sup>	\$ 750	\$ 771
144A					5,575
4.875%, 10/30/24 <sup>(3)</sup>	\$ 415	\$ 415	<hr/>		
Frontier Communications			<b>TOTAL CORPORATE BONDS AND NOTES</b>		
Corp.			<b>(Identified Cost \$152,029)</b>		
6.250%, 9/15/21	330	311	<b>148,203</b>		
10.500%, 9/15/22	545	563	<hr/>		
GTH Finance BV			<b>LOAN AGREEMENTS<sup>(2)</sup>—13.4%</b>		
144A			<b>Consumer Discretionary—2.7%</b>		
7.250%, 4/26/23 <sup>(3)</sup>	600	640	Bass Pro Group LLC		
Neptune Finance Corp.			0.000%, 11/4/23 <sup>(8)</sup>		
144A			790		
10.125%, 1/15/23 <sup>(3)</sup>	200	231	Caesars Entertainment		
Qwest Corp.			Operating Co., Inc.		
7.250%, 9/15/25	345	371	Tranche B-4,		
Sprint Communications,			1.500%, 10/31/17 <sup>(12)</sup>		
Inc.			539		
6.000%, 11/15/22	335	324	Caesars Entertainment		
Sprint Corp.			Resort Properties LLC		
7.250%, 9/15/21	200	205	Tranche B,		
Windstream Services LLC			7.000%, 10/11/20		
7.750%, 10/15/20	500	510	Caesars Growth		
		<u>6,503</u>	Properties Holdings		
			LLC Tranche B, First		
			Lien,		
			6.250%, 5/8/21		
			308		
			Cengage Learning, Inc.		
			5.250%, 6/7/23		
			211		
			Floor & Decor Outlets of		
			America, Inc.		
			5.250%, 9/30/23		
			436		
			Graton Resort & Casino		
			Tranche B,		
			4.750%, 9/1/22		
			185		
			Harbor Freight Tools		
			USA, Inc.		
			4.137%, 8/18/23		
			294		
			Laureate Education, Inc.		
			2021 Extended,		
			8.868%, 3/17/21		
			466		
			Leslie's Poolmart, Inc.		
			Tranche B		
			5.250%, 8/16/23		
			264		
			Scientific Games		
			International, Inc.		
			Tranche B-2,		
			5.779%, 10/1/21		
			526		
			531		

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<u>PAR VALUE</u>	<u>VALUE</u>		<u>PAR VALUE</u>	<u>VALUE</u>
<b>LOAN AGREEMENTS (continued)</b>			<b>Health Care—1.2%</b>		
<b>Consumer Discretionary (continued)</b>			21st Century Oncology Holdings, Inc. Tranche B, 7.125%, 4/30/22		
UFC Holdings LLC First Lien 5.000%, 8/18/23	\$ 318	\$ 320		\$ 227	\$ 206
		<u>4,966</u>	CHG Healthcare Services, Inc. First Lien, 4.750%, 6/7/23	377	380
<b>Consumer Staples—0.6%</b>			InVentiv Health, Inc. 4.750%, 11/9/23	197	198
Albertson's LLC Tranche B-5, 4.750%, 12/21/22	514	517	MMM Holdings, Inc. 9.750%, 12/12/17 <sup>(10)(12)</sup>	174	172
Chobani LLC First Lien, 5.250%, 10/9/23	126	127	MPH Acquisition Holdings LLC 5.000%, 6/7/23	179	181
Kronos, Inc. Second Lien, 9.250%, 11/1/24	166	170	MSO of Puerto Rico, Inc. 9.750%, 12/12/17 <sup>(10)(12)</sup>	127	125
Milk Specialties Co. 6.000%, 8/16/23	328	<u>332</u>	Quorum Health Corp. 6.750%, 4/29/22	354	342
		<u>1,146</u>	Surgery Center Holdings, Inc. First Lien, 4.750%, 11/3/20	481	482
<b>Energy—0.9%</b>			U.S. Renal Care, Inc. First Lien, 5.250%, 12/30/22	150	<u>141</u>
California Resources Corp. 11.375%, 12/31/21	360	392			<u>2,227</u>
Chesapeake Energy Corp. Tranche A, 8.500%, 8/23/21	106	114	<b>Industrials—1.9%</b>		
EP Energy LLC 9.750%, 6/30/21	660	672	84 Lumber Co. 6.750%, 10/25/23		
Jonah Energy LLC Second Lien, 7.500%, 5/12/21	456	<u>431</u>		660	653
		<u>1,609</u>	Coinstar LLC Tranche B, First Lien 5.250%, 9/27/23	246	249
<b>Financials—1.1%</b>			Husky Injection Molding Systems Ltd. 4.250%, 6/30/21	1,016	1,016
iStar Financial, Inc. 5.500%, 7/1/20	1,029	1,043	McGraw-Hill Global Education Holdings LLC Tranche B, First Lien, 5.000%, 5/4/22	384	382
Lonestar Intermediate Super Holdings LLC 10.000%, 8/31/21	395	399	Navistar, Inc. Tranche B, 6.500%, 8/7/20	414	418
Walter Investment Management Corp. Tranche B, 4.750%, 12/18/20	580	<u>548</u>	PAE Holding Corp. First Lien, 6.500%, 10/20/22	218	219
		<u>1,990</u>			

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE
<b>LOAN AGREEMENTS (continued)</b>					
<b>Industrials (continued)</b>					
Sedgwick Claims Management Services, Inc. Second Lien, 6.750%, 2/28/22	\$ 570	\$ 569			
		3,506			
<b>Information Technology—2.3%</b>					
Applied Systems, Inc. Second Lien, 7.500%, 1/24/22	235	238			
Avaya, Inc. 0.000%, 5/29/20 <sup>(8)</sup>	320	279			
Blackboard, Inc. Tranche B-4 First Lien, 6.000%, 6/30/21	495	493			
Donnelley Financial Solutions 5.000%, 9/29/23	172	173			
First Data Corp. Tranche 2021C, 3.584%, 3/24/21	1,227	1,234			
Tranche 2022, 4.334%, 7/8/22	450	452			
Inception Merger Sub, Inc. 0.000%, 11/3/23 <sup>(8)</sup>	104	105			
Mitchell International, Inc. Second Lien, 8.500%, 10/11/21	259	257			
NXP BV Tranche F 3.405%, 12/7/20	284	285			
ON Semiconductor Corp. 2016 New Replacement Term Loan 3.783%, 3/31/23	194	196			
Presidio, Inc. Refinancing Term, 5.250%, 2/2/22	640	646			
Western Digital Corp. Tranche B-1, 4.500%, 4/29/23	47	48			
		4,406			
<b>Materials—1.3%</b>					
Anchor Glass Container Corp. Tranche B, 5.250%, 7/1/22	449	452			
<b>Materials (continued)</b>					
0.000%, 11/22/23 <sup>(8)</sup>	\$ 161	\$ 162			
0.000%, 11/22/24 <sup>(8)</sup>	173	176			
CPI Acquisition, Inc. First Lien, 5.500%, 8/17/22	405	372			
Macdermid, Inc. (Platform Speciality Products Corp.) Tranche B-3, 5.500%, 6/7/20	632	633			
Omnova Solutions, Inc. Tranche B-2, 5.250%, 8/25/23	518	522			
PQ Corp. Tranche B-1, 5.250%, 11/4/22	107	108			
		2,425			
<b>Real Estate—0.2%</b>					
Capital Automotive LP Second Lien, 6.000%, 4/30/20	454	459			
<b>Utilities—1.2%</b>					
Atlantic Power LP 6.000%, 4/13/23	594	601			
Dynegy Finance IV, Inc. 5.000%, 6/27/23	647	651			
NRG Energy, Inc. 3.500%, 6/30/23	713	715			
Vistra Operations Company LLC (Tex Operations Co. LLC) 5.000%, 8/4/23	286	289			
Tranche C, 5.000%, 8/4/23	66	67			
		2,323			
<b>TOTAL LOAN AGREEMENTS (Identified Cost \$24,782)</b>					<b>25,057</b>
					<b>SHARES</b>
<b>PREFERRED STOCKS—4.1%</b>					
<b>Energy—0.6%</b>					
PTT Exploration & Production PCL 144A, 4.875% <sup>(2)(3)(11)</sup>	110 <sup>(14)</sup>	1,101			

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	SHARES	VALUE		CONTRACTS	VALUE
<b>PREFERRED STOCKS (continued)</b>					
<b>Financials—2.8%</b>					
Citigroup, Inc.					
Series J, 7.125% <sup>(2)(5)</sup>	30,800	\$ 846			
Citigroup, Inc.					
Series T, 6.250% <sup>(2)</sup>	875 <sup>(14)</sup>	900			
JPMorgan Chase & Co.					
Series Z, 5.300% <sup>(2)</sup>	160 <sup>(14)</sup>	162			
KeyCorp.					
Series D, 5.000% <sup>(2)</sup>	650 <sup>(14)</sup>	609			
M&T Bank Corp. Series F					
5.125% <sup>(2)</sup>	315 <sup>(14)</sup>	304			
SunTrust Bank, Inc.					
5.625% <sup>(2)</sup>	60 <sup>(14)</sup>	61			
Wells Fargo & Co.					
Series K, 7.980% <sup>(2)</sup>	840 <sup>(14)</sup>	861			
Zions Bancorp 6.950% <sup>(2)</sup>					
		1,377			
		<u>5,120</u>			
<b>Industrials—0.7%</b>					
General Electric Co.					
Series D, 5.000% <sup>(2)</sup>	1,248 <sup>(14)</sup>	1,286			
<b>TOTAL PREFERRED STOCKS</b>					
<b>(Identified Cost \$7,222)</b>					
		<b>7,507</b>			
<b>COMMON STOCKS—0.1%</b>					
<b>Energy—0.1%</b>					
Hercules Offshore, Inc. <sup>(13)</sup>					
	10,017	12			
Pacific Exploration and					
Production Corp. <sup>(13)</sup>	3,612	141			
Sabine Oil & Gas LLC					
	457	22			
<b>TOTAL COMMON STOCKS</b>					
<b>(Identified Cost \$782)</b>					
		<b>175</b>			
	<b>CONTRACTS</b>				
<b>PURCHASED OPTIONS—0.1%</b>					
<b>Call Options—0.0%</b>					
S&P 500 <sup>®</sup> Index					
expiration 12/02/16					
strike price \$2,295	666	3			
S&P 500 <sup>®</sup> Index					
expiration 12/07/16					
strike price \$2,325	275	3			
S&P 500 <sup>®</sup> Index					
expiration 12/09/16					
strike price \$2,320	665	13			
<b>Call Options (continued)</b>					
S&P 500 <sup>®</sup> Index					
expiration 12/14/16					
strike price \$2,325	325	\$ 10			
		<u>29</u>			
<b>Put Options—0.1%</b>					
S&P 500 <sup>®</sup> Index					
expiration 12/02/16					
strike price \$2,065	666	3			
S&P 500 <sup>®</sup> Index					
expiration 12/07/16					
strike price \$2,055	275	11			
S&P 500 <sup>®</sup> Index					
expiration 12/09/16					
strike price \$2,065	665	60			
S&P 500 <sup>®</sup> Index					
expiration 12/14/16					
strike price \$2,075	325	<u>63</u>			
		137			
<b>TOTAL PURCHASED OPTIONS—0.1%</b>					
<b>(Premiums Paid \$300)</b>					
					<b>166</b>
<b>WARRANT—0.0%</b>					
Sabine Oil & Gas LLC					
	1,450	11			
Sabine Oil & Gas LLC					
	258	2			
<b>TOTAL WARRANT</b>					
<b>(Identified Cost \$12)</b>					
					<b>13</b>
<b>TOTAL LONG TERM INVESTMENTS—133.9%</b>					
<b>(Identified Cost \$258,533)</b>					
					<b>250,522<sup>(15)</sup></b>
<b>TOTAL INVESTMENTS, BEFORE WRITTEN</b>					
<b>OPTIONS—133.9%</b>					
<b>(Identified Cost \$258,533)</b>					
					<b>250,522<sup>(1)(15)</sup></b>
<b>WRITTEN OPTIONS—(0.2)%</b>					
<b>Call Options—(0.0)%</b>					
S&P 500 <sup>®</sup> Index					
expiration 12/02/16					
strike price \$2,245	666	(10)			
S&P 500 <sup>®</sup> Index					
expiration 12/07/16					
strike price \$2,260	275	(12)			
S&P 500 <sup>®</sup> Index					
expiration 12/09/16					
strike price \$2,270	665	(33)			

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

	<b>CONTRACTS</b>	<b>VALUE</b>
<b>WRITTEN OPTIONS (continued)</b>		
<b>Call Options (continued)</b>		
S&P 500 <sup>®</sup> Index		
expiration 12/14/16		
strike price \$2,280	325	\$ (20)
		(75)
<b>Put Options—(0.2)%</b>		
S&P 500 <sup>®</sup> Index		
expiration 12/02/16		
strike price \$2,115	666	(10)
S&P 500 <sup>®</sup> Index		
expiration 12/07/16		
strike price \$2,120	275	(32)
S&P 500 <sup>®</sup> Index		
expiration 12/09/16		
strike price \$2,115	665	(126)
S&P 500 <sup>®</sup> Index		
expiration 12/14/16		
strike price \$2,130	325	(117)
		(285)
<b>TOTAL WRITTEN OPTIONS—(0.2)%</b>		
<b>(Premiums Received \$706)</b>		<b>(360)<sup>(1)</sup></b>
<b>TOTAL INVESTMENTS NET OF WRITTEN</b>		
<b>OPTIONS—133.7%</b>		
<b>(Identified Cost \$257,827)</b>	<b>250,162</b>	
Other assets and liabilities, net—(33.7)%		(62,987)
<b>NET ASSETS—100.0%</b>		<b>\$187,175</b>

**Abbreviations:**

FHLMC Federal Home Loan Mortgage Corporation  
("Freddie Mac").  
FNMA Federal National Mortgage Association  
("Fannie Mae").  
REIT Real Estate Investment Trust

**Footnote Legend:**

- <sup>(1)</sup> Federal Income Tax Information: For tax information at November 30, 2016, see Note 12 Federal Income Tax Information in the Notes to Financial Statements.
- <sup>(2)</sup> Variable or step coupon security; interest rate shown reflects the rate in effect at November 30, 2016.

- <sup>(3)</sup> 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 November 30, 2016, these securities amounted to a value of \$124,571 or 66.6% of net assets.
- <sup>(4)</sup> 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.
- <sup>(5)</sup> No contractual maturity date.
- <sup>(6)</sup> Interest payments may be deferred.
- <sup>(7)</sup> 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.
- <sup>(8)</sup> This loan will settle after November 30, 2016, at which time the interest rate, based on the London Interbank Offered Rate ("LIBOR") and the agreed upon spread on trade date, will be reflected.
- <sup>(9)</sup> Security in default, no interest payments are being received.
- <sup>(10)</sup> Illiquid security.
- <sup>(11)</sup> All or a portion of the security is segregated as collateral for written options.
- <sup>(12)</sup> Security in default, interest payments are being received during the bankruptcy proceedings.
- <sup>(13)</sup> Non-income producing.
- <sup>(14)</sup> Value shown as par value.
- <sup>(15)</sup> All or a portion of the portfolio is segregated as collateral for borrowings.
- <sup>(16)</sup> Amounts are less than \$500 (not reported in 000s).
- <sup>(17)</sup> Represents unfunded portion of security and commitment fee earned on this portion.

**Foreign Currencies:**

BRL Brazilian Real  
CLP Chilean Peso  
COP Colombian Peso  
EUR Euro  
IDR Indonesian Rupiah  
MXN Mexican Peso  
RUB Russian Ruble  
TRY Turkish Lira  
ZAR South African Rand

See Notes to Financial Statements



**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

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

	Total Value at November 30, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Debt Securities:				
Asset-Backed Securities	\$ 9,025	\$ —	\$ 8,591	\$ 434
Corporate Bonds and Notes	148,203	—	147,465	738
Foreign Government Securities	35,673	—	35,673	—
Loan Agreements	25,057	—	25,057	—
Mortgage-Backed Securities	22,597	—	22,597	—
Municipal Bonds	1,527	—	1,527	—
U.S. Government Securities	579	—	579	—
Equity Securities:				
Common Stocks	175	153	—	22
Preferred Stocks	7,507	2,223	5,284	—
Purchased Options	166	166	—	—
Warrants	13	—	—	13
Total Investments before Written Options	<u>\$250,522</u>	<u>\$2,542</u>	<u>\$246,773</u>	<u>\$1,207</u>
Written Options	(360)	(360)	—	—
Total Investments Net of Written Options	<u><u>\$250,162</u></u>	<u><u>\$2,182</u></u>	<u><u>\$246,773</u></u>	<u><u>\$1,207</u></u>

Securities held by the Fund were transferred from Level 2 to Level 1 with an end of period value of \$1,377 since starting to use an exchange price.

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**NOVEMBER 30, 2016**

(\$ reported in thousands)

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

Investments in Securities	Total	Loan Agreements	Asset-Backed Securities	Common Stocks	Corporate Bonds and Notes	Warrants
<b>Balance as of November 30,</b>						
<b>2015:</b>	\$ 1,851	\$ 1,435	\$416	\$—	\$ —	\$—
Accrued discount (premium)	— <sup>(e)</sup>	— <sup>(e)</sup>	—	—	— <sup>(e)</sup>	—
Realized gain (loss)	2	2	—	—	—	—
Change in unrealized appreciation/ (depreciation) <sup>(c)</sup>	100	81	18	— <sup>(e)</sup>	— <sup>(e)</sup>	1
Purchases	1,399	—	—	22	1,365	12
Sales <sup>(b)</sup>	(1,714)	(1,087)	—	—	(627)	—
Transfers into Level 3 <sup>(a)(d)</sup>	— <sup>(e)</sup>	—	—	—	— <sup>(e)</sup>	—
Transfers from Level 3 <sup>(a)(d)</sup>	(431)	(431)	—	—	—	—
<b>Balance as of November 30,</b>						
<b>2016</b>	<b>\$ 1,207</b>	<b>\$ —</b>	<b>\$434</b>	<b>\$22</b>	<b>\$ 738</b>	<b>\$13</b>

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

(b) Includes paydowns on securities.

(c) Included in the related net change in unrealized appreciation (depreciation) on investments in the Statement of Operations. The change in unrealized appreciation (depreciation) on securities still held at November 30, 2016, was \$19.

(d) The transfers are due to increase and/or (decrease) in trading activities at period end.

(e) Amount is less than \$500.

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

None of the securities in this table are internally fair valued.

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**NOVEMBER 30, 2016**

(Reported in thousands except shares and per share amounts)

**Assets**

Investment in securities at value (Identified cost \$258,533) .....	\$250,522
Foreign currency at value (Identified cost \$1) .....	1
Cash .....	1,618
Deposits with prime broker .....	3,855
Receivables	
Investment securities sold .....	425
Dividends and interest .....	3,034
Tax reclaims .....	61
Prepaid expenses .....	17
Prepaid trustee retainer .....	19
Total assets .....	<u>259,552</u>

**Liabilities**

Written options at value (Premiums received \$706)(Note 3) .....	360
Payables	
Borrowings (Note 8) .....	69,000
Investment securities purchased .....	2,623
Investment advisory fees .....	201
Administration and accounting fees .....	22
Professional fees .....	43
Interest payable on borrowings .....	82
Transfer agent fees and expenses .....	5
Trustees' fees and expenses .....	9
Other accrued expenses .....	32
Total liabilities .....	<u>72,377</u>

**Net Assets** .....

**\$187,175**

**Net Assets Consist of:**

Capital paid in on shares of beneficial interest .....	\$197,580
Accumulated undistributed net investment income (loss) .....	(692)
Accumulated undistributed net realized gain (loss) .....	(2,034)
Net unrealized appreciation (depreciation) on investments .....	(8,025)
Net unrealized appreciation (depreciation) on written options .....	346

**Net Assets** .....

**\$187,175**

**Net Asset Value Per Share**

(Net assets/shares outstanding) Shares outstanding, no par value 11,255,236 .....

\$ 16.63

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED NOVEMBER 30, 2016**

(\$ reported in thousands)

**Investment Income**

Interest .....	\$ 14,501
Dividends .....	139
Foreign taxes withheld .....	(3)
Total investment income .....	14,637

**Expenses**

Investment advisory fees .....	2,411
Administration and accounting fees .....	335
Trustee's fees and expenses .....	177
Printing fees and expenses .....	113
Professional fees .....	108
Transfer agent fees and expenses .....	23
Custodian fees .....	15
Miscellaneous .....	76
Total expenses before interest expense .....	3,258
Interest expense .....	892
Total expenses after interest expense .....	4,150
Earnings credit from custodian .....	(4)

Net expenses .....

4,146

**Net investment income (loss) .....**

**10,491**

**Net Realized and Unrealized Gain (Loss) on Investments**

Net realized gain (loss) on investments .....	(12,613)
Net realized gain (loss) on foreign currency transactions .....	(19)
Net realized gain (loss) on written options .....	9,887
Net change in unrealized appreciation (depreciation) on investments .....	11,401
Net change in unrealized appreciation (depreciation) on foreign currency translations .....	(5)
Net change in unrealized appreciation (depreciation) on written options .....	110

**Net realized and unrealized gain (loss) on investments .....**

**8,761**

**Net increase (decrease) in net assets resulting from operations .....**

**\$ 19,252**

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**

(\$ reported in thousands)

	Year Ended November 30, 2016	Fiscal Period Ended November 30, 2015 <sup>(1)</sup>	Year Ended December 31, 2014
<b>INCREASE/(DECREASE) IN NET ASSETS</b>			
<b>From Operations</b>			
Net investment income (loss) .....	\$ 10,491	\$ 10,239	\$ 13,793
Net realized gain (loss) .....	(2,745)	38	5,451
Net increase in payments by affiliates .....	—	4	—
Net change in unrealized appreciation (depreciation) .....	<u>11,506</u>	<u>(4,262)</u>	<u>(10,961)</u>
<b>Increase (decrease) in net assets resulting from operations .....</b>	<u>19,252</u>	<u>6,019</u>	<u>8,283</u>
<b>From Distributions to Shareholders</b>			
Net investment income .....	(10,078)	(7,892)	(13,105)
Net realized short-term gains .....	—	(2,114)	(4,003)
Net realized long-term gains .....	—	(5,291)	(1,148)
Return of capital .....	<u>(10,992)</u>	<u>(5,953)</u>	<u>—</u>
<b>Decrease in net assets from distributions to shareholders .....</b>	<u>(21,070)</u>	<u>(21,250)</u>	<u>(18,256)</u>
<b>Net increase (decrease) in net assets .....</b>	<u>(1,818)</u>	<u>(15,231)</u>	<u>(9,973)</u>
<b>Net Assets</b>			
Beginning of period .....	<u>188,993</u>	<u>204,224</u>	<u>214,197</u>
<b>End of period .....</b>	<b><u>\$187,175</u></b>	<b><u>\$188,993</u></b>	<b><u>\$204,224</u></b>
Accumulated undistributed net investment income (loss) at end of period .....	\$ (692)	\$ (233)	\$ (75)

<sup>(1)</sup> The Fund changed its fiscal year end to November 30 during the period.

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

(\$ reported in thousands)

**Increase (Decrease) in cash**

**Cash Flows Provided by (Used for) Operating Activities:**

Net increase (decrease) in net assets resulting from operations ..... \$ 19,252

**Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided/(used by) operating activities:**

Proceeds from sales and paydowns of long-term investments .....	154,328
(Increase) Decrease in investment securities sold receivable .....	1,041
Purchases of long-term investments .....	(148,823)
Increase (Decrease) in investment securities purchased payable .....	(1,612)
Net (purchases) or sales of short-term securities .....	1,416
Net (purchases) or sales in purchased options .....	(6,828)
Net purchases or (sales) in written options .....	9,910
Net change in unrealized (appreciation)/depreciation on long-term investments .....	(11,401)
Net change in unrealized (appreciation)/depreciation on written options .....	(110)
Net realized (gain)/loss from sales of long-term investments .....	12,613
Net realized (gain)/loss from written options .....	(9,887)
Amortization of premium and accretion of discounts on investments .....	74
(Increase) Decrease in deposits with prime broker .....	(527)
(Increase) Decrease in tax reclaims receivable .....	1
(Increase) Decrease in dividends and interest receivable .....	195
(Increase) Decrease in prepaid trustee retainer .....	(7)
Increase (Decrease) in interest payable on borrowings .....	80
Increase (Decrease) in trustees' fees and expenses payable .....	(16)
Increase (Decrease) in administration and accounting fees payable .....	(6)
Increase (Decrease) in other accrued expenses payable .....	(3)

Cash provided by (used for) operating activities ..... 19,690

**Cash provided by (used for) financing activities:**

Cash received from borrowings .....	2,000
Cash payments to reduce borrowings .....	(1,000)
Cash dividends paid to shareholders .....	(21,070)

Cash provided by (used for) financing activities ..... (20,070)

**Net increase (decrease) in cash** ..... (380)

**Cash:**

Cash and foreign currency at beginning of period ..... 1,999

**Cash and foreign currency at end of period** ..... **\$ 1,619**

**Supplemental cash flow information:**

Cash paid during the period for interest ..... \$ 812

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**FINANCIAL HIGHLIGHTS**

(Selected per share data and ratios for a share outstanding throughout each period)

	Year Ended November 30, 2016	Period Ended November 30 <sup>(1)</sup> 2015	Year Ended December 31,	
			2014	2013
<b>PER SHARE OPERATING DATA:</b>				
Net Asset Value, Beginning of Period . . . .	\$ 16.79	\$ 18.14	\$ 19.03	\$ 20.32
<b>Income from investment operations:</b>				
Net Investment Income/(Loss) <sup>(2)</sup> . . . . .	0.93	0.91	1.23	1.34
Net Realized and Unrealized Gain/(Loss) . . . . .	0.78	(0.37)	(0.50)	(1.10)
Total from Investment Operations . . . . .	1.71	0.54	0.73	0.24
<b>Dividends and/or Distributions to Shareholders:</b>				
Dividends from Net Investment Income . . . . .				
	(0.89)	(0.70)	(1.16)	(1.29)
Dividends from Net Realized Gains . . . . .				
	—	(0.66)	(0.46)	(0.24)
Distributions from Return of Capital . . . . .				
	(0.98)	(0.53)	—	—
Total Dividends and Distributions to Shareholders . . . . .	(1.87)	(1.89)	(1.62)	(1.53)
Payment from Affiliate . . . . .				
	—	— <sup>(3)</sup>	—	—
Net Asset Value, End of Period . . . . .	\$ 16.63	\$ 16.79	\$ 18.14	\$ 19.03
Market Price, End of Period <sup>(3)</sup> . . . . .	\$ 14.96	\$ 14.26	\$ 15.85	\$ 16.92
Total Return on Net Asset Value <sup>(4)</sup> . . . . .	12.45%	4.34% <sup>(7)</sup>	4.81%	1.89%
Total Return on Market Value <sup>(5)</sup> . . . . .	19.11%	1.47% <sup>(7)</sup>	2.94%	(2.55)%
Net Assets, End of Period (000's) . . . . .	\$187,175	\$188,993	\$204,224	\$214,197
<b>RATIOS/SUPPLEMENTAL DATA:</b>				
Ratio of Total Expenses After Interest Expense to Average Net Assets <sup>(6)</sup> . . . . .				
	2.24%	2.08% <sup>(6)</sup>	2.13%	2.16%
Ratio of Net Investment Income/(Loss) to Average Net Assets . . . . .				
	5.65%	5.62% <sup>(6)</sup>	6.37%	6.87%
Portfolio Turnover Rate . . . . .				
	60%	50% <sup>(7)</sup>	45%	48%
<b>Bank Borrowings:</b>				
Loan Outstanding, End of Period (000's) . . . . .				
	\$ 69,000	\$ 68,000	\$ 80,000	\$ 93,000
Asset Coverage for Loan Outstanding . . . . .				
	371%	376%	357%	330%

<sup>(1)</sup> Fund commenced operations on February 23, 2012, the date which its initial public offering shares were issued.

<sup>(2)</sup> Based on average number of shares of common stock outstanding.

<sup>(3)</sup> Closing price – New York Stock Exchange (“NYSE”).

<sup>(4)</sup> Total Return on NAV is calculated using the Net Asset Value of common stock on the first business day and the closing Net Asset Value on the last business day of the period. Dividends and distributions, if any, are assumed for the purpose of this calculation, to be reinvested at prices obtained under the Fund’s Automatic Reinvestment and Cash Purchase Plan.

See Notes to Financial Statements

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**FINANCIAL HIGHLIGHTS (Continued)**

(Selected per share data and ratios for a share outstanding throughout each period)

	From Inception <sup>1</sup> to December 31, 2012
<b>PER SHARE OPERATING DATA:</b>	
Net Asset Value, Beginning of Period .....	\$ 19.10 <sup>(1)</sup>
<b>Income from investment operations:</b>	
Net Investment Income/(Loss) <sup>(2)</sup> .....	1.08
Net Realized and Unrealized Gain/(Loss) .....	1.19
Total from Investment Operations .....	<u>2.27</u>
<b>Dividends and/or Distributions to Shareholders:</b>	
Dividends from Net Investment Income .....	(0.93)
Dividends from Net Realized Gains .....	(0.12)
Distributions from Return of Capital .....	—
Total Dividends and Distributions to Shareholders .....	<u>(1.05)</u>
Payment from Affiliate .....	—
Net Asset Value, End of Period .....	<u>\$ 20.32</u>
Market Price, End of Period <sup>(3)</sup> .....	<u>\$ 18.90</u>
Total Return on Net Asset Value <sup>(4)</sup> .....	12.61% <sup>(7)</sup>
Total Return on Market Value <sup>(5)</sup> .....	(0.02)% <sup>(7)</sup>
Net Assets, End of Period (000's) .....	\$228,749
<b>RATIOS/SUPPLEMENTAL DATA:</b>	
Ratio of Total Expenses After Interest Expense to Average Net Assets <sup>(6)</sup> .....	2.19% <sup>(8)</sup>
Ratio of Net Investment Income/(Loss) to Average Net Assets .....	6.65% <sup>(8)</sup>
Portfolio Turnover Rate .....	46% <sup>(7)</sup>
<b>Bank Borrowings:</b>	
Loan Outstanding, End of Period (000's) .....	\$ 93,000
Asset Coverage for Loan Outstanding .....	346%

<sup>(5)</sup> Total investment return is calculated assuming a purchase of common shares of the opening of the first day and sale on the closing of the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's Automatic Reinvestment and Cash Purchase Plan. Total investment return is not annualized for periods of less than one year. Brokerage commissions that a shareholder may pay are not reflected. Total return does not reflect the deduction of taxes that a shareholder may pay on fund distributions or the sale of fund shares.

<sup>(6)</sup> Ratio of operating expenses, excluding interest expense on the line of credit, was 1.76% for the year ended November 30, 2016, 1.71% for the fiscal period ended November 30, 2015, 1.74% and 1.73% for the years ended December 31, 2014 and 2013, respectively, and 1.74% from inception<sup>(1)</sup> to December 31, 2012.

<sup>(7)</sup> Not annualized.

<sup>(8)</sup> Annualized.

<sup>(9)</sup> Amount is less than \$0.005.

<sup>(10)</sup> During the period the Fund changed its fiscal year end from December 31 to November 30.

See Notes to Financial Statements



**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**Note 1. Organization**

The Fund was incorporated as a statutory trust under the laws of the State of Delaware on November 9, 2011. The Fund commenced operations on February 23, 2012, as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's investment objective is to maximize current income while preserving capital.

**Note 2. Significant Accounting Policies**

The significant accounting policies consistently followed by the Fund in the preparation of its financial statements are summarized below and for derivatives, included in Note 3 below. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates, and those differences could be significant.

**A. Security Valuation**

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

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. 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

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

securities and private placements that are not widely traded, are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

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

Debt securities, including restricted securities, are valued based on evaluated quotations received from independent pricing services or from dealers who make markets in such securities. For most bond types, the pricing service utilizes matrix pricing that considers one or more of the following factors: yield or price of bonds of comparable quality, coupon, maturity, current cash flows, type, and current day trade information, as well as dealer supplied prices. These valuations are generally categorized as Level 2 in the hierarchy. Structured debt instruments, such as mortgage-backed and asset-backed securities, may also incorporate collateral analysis and utilize cash flow models for valuation and are generally categorized as Level 2 in the hierarchy. Pricing services do not provide pricing for all securities and therefore indicative bids from dealers are utilized which are based on pricing models used by market makers in the security and are generally categorized as Level 2 in the hierarchy. Debt securities that are not widely traded, are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

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

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

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

## **B. Security Transactions and Investment Income**

Security transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined on the identified cost basis. Dividend income is

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

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.

**C. Income Taxes**

The Fund is treated as a separate taxable entity. It is the Fund's intention 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 November 30, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2013 forward (with limited exceptions).

**D. Distributions to Shareholders**

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America.

The Fund has a Managed Distribution Plan which provides for the Fund to make a monthly distribution of \$0.156 per share. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. Shareholders should not draw any conclusions about the Fund's investment performance from the terms of the Fund's Managed Distribution Plan.

**E. Foreign Currency Translation**

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

**F. When-issued Purchases and Forward Commitments (Delayed-Delivery)**

The Fund may engage in when-issued or forward commitment transactions. Securities purchased on a when-issued or forward commitment basis are also known as delayed delivery transactions. Delayed delivery transactions involve a commitment by the Fund to purchase or sell a security at a future date (ordinarily up to 90 days later). When-issued or

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

forward commitments enable the Fund to lock in what is believed to be an attractive price or yield on a particular security for a period of time, regardless of future changes in interest rates. The Fund records when-issued and delayed delivery securities on the trade date. The Fund maintains collateral for the securities purchased. Securities purchased on a when-issued or delayed delivery basis begin earning interest on the settlement date.

**G. Loan Agreements**

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

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

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

At November 30, 2016, all loan agreements held by the Fund were assignment loans.

**H. Expenses**

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

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

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 open- and closed-end funds in which the Fund invests.

**Note 3. Derivative Financial Instruments and Transactions**

**(\$ reported in thousands)**

Disclosures about derivative instruments and hedging activities are intended to enable investors to understand how and why the Fund uses derivatives, how derivatives are accounted for, and how derivative instruments affect the Fund's results of operations and financial position. Summarized below is a specific type of derivative instrument used by the Fund.

**A. Options contracts**

An options contract provides the purchaser with the right, but not the obligation, to buy (call option) or sell (put option) a financial instrument at an agreed upon price. The Fund pursues an option income strategy whereby it purchases and sells out-of-the-money puts and calls, creating an options spread designed to generate a consistent level of option cash flow which should result in additional yield. The Fund is subject to equity price risk in the normal course of pursuing its investment objectives.

When the Fund purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When the Fund writes an option, it receives a premium and an amount equal to that premium is recorded as a liability. The asset or liability is adjusted daily to reflect the current market value of the option. Holdings of the Fund designated to cover outstanding written options are noted in the Schedule of Investments. Purchased options are reported as an asset within "Investment in securities at value" in the Statement of Assets and Liabilities. Options written are reported as a liability within "Written options outstanding at value". Changes in value of the purchased option is included in "Net change in unrealized appreciation (depreciation) on investments" in the Statement of Operations. Changes in value of written options is included in "Net change in unrealized appreciation (depreciation) on written options".

If an option expires unexercised, the Fund realizes a gain or loss to the extent of the premium received or paid. If an option is exercised, the premium received or paid is recorded as an adjustment to the proceeds from the sale or the cost basis of the purchase. The difference between the premium and the amount received or paid on effecting a closing purchase or sale transaction is also treated as a realized gain or loss. Gain or loss on purchased options is included in "Net realized gain (loss) on investments" in the Statement of Operations. Gain or loss on written options is presented separately as "Net realized gain (loss) on written options" in the Statement of Operations.

The risk in writing covered put options is that the Fund may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying options is that the Fund pays a premium whether or not the option is exercised. The use of such instruments may involve certain additional risks as a result of unanticipated movements in the market. Writers (sellers) of options are normally subject to unlimited risk of loss, as the seller will be obligated to deliver or take delivery of the security at a predetermined price which may, upon exercise of the option, be significantly different

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

from the then-market value. However, the Fund may limit its risk of loss when writing an option by purchasing an option similar to the one that is sold, except for the fact it is further "out of the money".

The Fund invested in derivative instruments during the fiscal period in the form of writing put/call options and buying put/call options on the S&P 500® Index. The primary risk associated with these derivative instruments is equity risk.

The Fund had transactions in written options for the period ended November 30, 2016, as follows:

	Calls		Puts	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Written Options outstanding at November 30, 2015	1,582	\$ 50	1,582	\$ 633
Options written	46,685	2,185	46,685	16,850
Options closed	(36,951)	(1,677)	(37,721)	(14,002)
Options expired	(9,385)	(439)	(8,615)	(2,894)
Options exercised	—	—	—	—
Written Options outstanding at November 30, 2016	<u>1,931</u>	<u>\$ 119</u>	<u>1,931</u>	<u>\$ 587</u>

The following is a summary of the Fund's options contracts as presented in the Statement of Assets and Liabilities as of November 30, 2016:

Assets: Purchased options at value	\$ 166 <sup>(1)</sup>
Liabilities: Written options at value	<u>(360)</u>
Net asset (liability) balance	<u>\$(194)</u>

The following is a summary of the Fund's options contracts as presented in the Statements of Operations.

	<u>2016</u>
Net realized gain (loss) on purchased options	\$(6,879) <sup>(2)</sup>
Net realized gain (loss) on written options	9,887
Net change in unrealized appreciation (depreciation) on purchased options	(5) <sup>(3)</sup>
Net change in unrealized appreciation (depreciation) on written options	<u>110</u>
Total realized and unrealized gain (loss) on purchased and written options	<u>\$ 3,113</u>

<sup>(1)</sup> Amount included in Investment in securities at value.

<sup>(2)</sup> Amount included in Net realized gain (loss) on investments.

<sup>(3)</sup> Amount included in Net change in unrealized appreciation (depreciation) on investments.

For the period ended November 30, 2016, the average daily premiums paid by the Fund for purchased options was \$165 and the average daily premiums received by the Fund from written options was \$(407).

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

**Note 4. Investment Advisory Fees and Related Party Transactions**

(\$ reported in thousands)

**A. Adviser**

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

As compensation for its services to the Fund, the Adviser receives a monthly fee at an annual rate of 0.95% as a percentage of the average daily managed assets which is defined as the value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness, entered into for the purpose of constituting financial leverage).

**B. Subadviser**

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

**C. Administrator**

Virtus Fund Services, LLC ("VFS"), an indirect wholly owned subsidiary of Virtus, serves as administrator to the Fund.

For the year (the "period") ended November 30, 2016, the Fund incurred administration fees totaling \$254 which are included in the Statement of Operations.

**D. Trustees**

For the period ended November 30, 2016, the Fund incurred Trustees fees totaling \$151 which are included in the Statement of Operations.

**Note 5. Purchases and Sales of Securities**

(\$ reported in thousands)

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

<u>Purchases</u>	<u>Sales</u>
\$125,542	\$133,326

The purchases and sales of long term U.S. Government and agency securities for the fiscal period ended November 30, 2016, were as follows:

<u>Purchases</u>	<u>Sales</u>
\$23,281	\$21,002

**Note 6. Illiquid and Restricted Securities**

Investments generally are 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

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

market making activity in the investment and the nature of the market for investment. Illiquid securities are footnoted as such at the end of the Fund's Schedule of Investments, where applicable. However, a portion of such footnoted securities could be liquid where it is determined that some, though not all, of the position could be disposed of within seven days in the ordinary course of business at the approximate amount at which such securities have been valued by the Fund.

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

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

The Fund held securities considered to be illiquid at November 30, 2016, with an aggregate value of \$1,035 representing 0.6% of the Fund's net assets.

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

**Note 7. Credit Risk and Asset Concentrations**

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

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

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

The Fund borrows through its line of credit for the purpose of leveraging its portfolio. While leverage presents opportunities for increasing the Fund's total return, it also has the effect of potentially increasing losses. Accordingly, any event which adversely affects the value of an investment held by the Fund would be magnified to the extent the Fund is leveraged.

**Note 8. Borrowings**

**(\$ reported in thousands)**

On March 14, 2016, the Fund renewed its Credit Agreement (the "Agreement") with a commercial bank (the "Bank") that allows the Fund to borrow cash from the Bank, up to a limit of \$90,000, which may be increased to \$110,000 under certain circumstances ("Commitment Amount"). Borrowings under the Agreement are collateralized by investments of the Fund. The Agreement results in the Fund being subject to certain covenants including asset coverage and portfolio composition (among others). If the Fund fails to meet or maintain certain covenants as required under the Agreement, the Fund may be required to



**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

repay immediately, in part or in full, the loan balance outstanding under the Agreement, necessitating the sale of securities at potentially inopportune times. Interest is charged at LIBOR (London Interbank Offered Rate) plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance, if less than 75% of the Commitment Amount is outstanding as a loan to the Fund. There were no commitment fees paid or accrued for the period ended November 30, 2016. The Agreement is renewable by the Fund with the Bank's consent and approval of the Board. The Agreement can also be converted to a 180 day fixed term facility, one time at the Fund's option. From December 1, 2015 – November 30, 2016, the average daily borrowings under the Agreement and the weighted daily average interest rate were \$68,342 and 1.277%, respectively. At November 30, 2016, the amount of such outstanding borrowings was as follows:

<u>Outstanding Borrowings</u>	<u>Interest Rate</u>
\$69,000	1.384%

**Note 9. Indemnifications**

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

**Note 10. Capital Transactions**

At November 30, 2016, the Fund had one class of common stock, no par value shares, of which unlimited shares are authorized and 11,255,236 shares are outstanding. Registered shareholders may elect to have all distributions paid by check mailed directly to the shareholder by Computershare as dividend paying agent. Pursuant to the Automatic Reinvestment and Cash Purchase Plan (the "Plan"), shareholders not making such election will have all such amounts automatically reinvested by Computershare, as the Plan agent, in whole or fractional shares of the Fund, as the case may be. During the periods ended November 30, 2016, November 30, 2015, and December 31, 2014, there were no shares issued pursuant to the Plan, respectively.

On December 2, 2016, the Fund announced a distribution of \$0.156 to shareholders of record on December 12, 2016. This distribution has an ex-dividend date of December 8, 2016, and is payable on December 19, 2016.

**Note 11. Regulatory Matters and Litigation**

From time to time, the Fund, 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.

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

**Note 12. Federal Income Tax Information**

(\$ reported in thousands)

At November 30, 2016, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

	<u>Federal Tax Cost</u>	<u>Unrealized Appreciation</u>	<u>Unrealized (Depreciation)</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
Investments (including purchased options)	\$258,608	\$5,445	\$(13,531)	\$(8,086)
Written Options	(360)	—	—	—

The Fund has capital loss carryovers which, may be used to offset future capital gains, as follows:

<u>No Expiration</u>		
<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
\$—	\$898	\$898

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

Capital losses realized after October 31 and certain late year losses may be deferred and treated as occurring on the first day of the following fiscal year. For the fiscal period ended November 30, 2016, the Fund deferred post-October capital losses of \$921 and qualified late year ordinary losses of \$487 and recognized post-October capital losses of \$0 and qualified late year ordinary losses of \$7.

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) which are disclosed above) consist of undistributed ordinary income of \$0 and undistributed long-term capital gains of \$0.

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes. These differences may include the treatment of non-taxable dividends, foreign currency gain or loss, derivatives, passive foreign investment companies, partnerships, operating losses, losses deferred due to wash sales and other differences. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

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

The tax character of dividends and distributions paid during the fiscal periods ended November 30, 2016, November 30, 2015, and December 31, 2014, was as follows:

	<u>Period Ended</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ordinary Income . . . . .	\$10,078	\$10,006	\$14,814
Long-term capital gains . . . . .	—	1,014	4,658
Return of Capital . . . . .	10,992	5,953	—
Total . . . . .	<u>\$21,070</u>	<u>\$16,973</u>	<u>\$19,472</u>

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**NOVEMBER 30, 2016**

The difference between the distributions reported on the Statement of Changes and this table is due to distributions that are declared in the current fiscal year and paid in the following fiscal year that qualify to be treated, for tax purposes, as paid in the year the distribution was declared.

For financial reporting purposes, book basis capital accounts are adjusted to reflect the tax character of permanent book/tax differences. The reclassifications have no impact on the net assets or net asset value of the Fund. As of November 30, 2016, the Fund recorded reclassifications to increase (decrease) the accounts as listed below:

<b>Capital Paid in on Shares of Beneficial Interest</b>	<b>Undistributed Net Investment Income (Loss)</b>	<b>Accumulated Net Realized Gain (Loss)</b>
\$—	\$(872)	\$872

**Note 13. New Accounting Pronouncements**

On October 13, 2016, the SEC amended existing rules intended to modernize reporting and disclosure of information. Certain of these amendments relate to Regulation S-X which sets forth the requisite form and content of financial statements. At this time, management is evaluating the implications of adopting these amendments and their impact on the financial statements and accompanying notes.

**Note 14. Subsequent Events**

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



## **Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of  
Virtus Global Multi-Sector Income Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets, and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Virtus Global Multi-Sector Income Fund (the "Fund") as of November 30, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of November 30, 2016 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania  
January 23, 2017

**VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**  
**TAX INFORMATION NOTICE**  
**NOVEMBER 30, 2016**  
**(Unaudited)**

For the fiscal period ended November 30, 2016, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentage, or the maximum amount allowable, of its ordinary income dividends to qualify for the lower tax rates ("QDI") applicable to individual shareholders, and the percentage of ordinary income dividends earned by the Fund which qualifies for the dividends received deduction ("DRD") for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in year-end tax statements. The Fund designates the amount below as long-term capital gains dividends ("LTCG") taxable at a 20% rate, or lower depending on the shareholder's income (\$ reported in thousands). LTCG amount, if subsequently different, will be designated in the next annual report.

<u>QDI</u>	<u>DRD</u>	<u>LTCG</u>
—%	—%	\$—

## CERTIFICATION

The Fund's Chief Executive Officer ("CEO") will file the required annual CEO certification regarding compliance with the NYSE's listing standards no more than 30 days after the Fund's annual shareholder meeting. The Fund also has included the certifications of the Fund's CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund's Form N-CSR filed with the SEC for the period of this report.

## KEY INFORMATION

### **Virtus Global Multi-Sector Income Fund Shareholder Relations: 1-866-270-7788**

For general information and literature, as well as updates on net asset value, share price, major industry groups and other key information

## REINVESTMENT PLAN

The Reinvestment Plan (the "Plan") offers shareholders a convenient way to acquire additional shares of the Fund. Registered holders will be automatically placed in the Plan. If shares are held at a brokerage firm, contact your broker about participation in the Plan.

## REPURCHASE OF SECURITIES

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that the Fund may from time to time purchase its shares of common stock in the open market when Fund shares are trading at a discount from their net asset value.

## PROXY VOTING INFORMATION (FORM N-PX)

The Adviser and subadviser vote proxies relating to portfolio securities in accordance with procedures that have been approved by the Fund's 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 1-866-270-7788. This information is also available through the SEC's website at <http://www.sec.gov>.

## FORM N-Q INFORMATION

The Fund files a complete schedule of portfolio holdings 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.

## AUTOMATIC REINVESTMENT AND CASH PURCHASE PLAN

The Virtus Global Multi-Sector Income Fund (the “Fund”) allows you to conveniently reinvest distributions quarterly in additional Fund shares thereby enabling you to compound your returns from the Fund. By choosing to reinvest, you’ll be able to invest money regularly and automatically, and watch your investment grow.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### **Enrollment in the Reinvestment Plan**

It is the policy of the Fund to automatically reinvest distributions payable to shareholders. A “registered” shareholder automatically becomes a participant in the Fund’s Automatic Dividend Reinvestment and Cash Purchase Plan. (the “Plan”). The Plan authorizes the Fund to credit all shares of common stock to participants upon a distribution regardless of whether the shares are trading at a discount or premium to the net asset value. Registered shareholders may terminate their participation and receive distributions in cash by contacting Computershare Trust Company, N.A. (the “Plan Administrator”). The termination will become effective with the next distribution if the Plan Administrator is notified at least 7 business days prior to the distribution payment date. Registered shareholders that wish to change their distribution option from cash payment to reinvest may do so by contacting the Plan Administrator at 1-866-270-7788.

In the case of banks, brokers, or other nominees which hold your shares for you as the beneficial owner, the Plan Administrator will administer the Plan based on the information provided by the bank, broker or nominee. To the extent that you wish to participate in the Plan, you should contact the broker, bank or nominee holding your shares to ensure that your account is properly represented. If necessary, you may have your shares taken out of the name of the broker, bank or nominee and register them in your own name.

### **How shares are purchased through the Reinvestment Plan**

When a distribution is declared, nonparticipants in the plan will receive cash. Participants in the plan will receive shares of the Fund valued as described below:

If on the payable date of the distribution, the market price of the Fund’s common stock is less than the net asset value, the Plan Administrator will buy Fund shares on behalf of the Participant in the open market, on the New York Stock Exchange (NYSE) or elsewhere. The price per share will be equal to the weighted average price of all shares purchased, including commissions. Commission rates are currently \$0.02 per share, although the rate is subject to change and may vary. If, following the commencement of purchases and before the Plan Administrator has completed its purchases, the trading price equals or exceeds the most recent net asset value of the common shares, the Plan Administrator may cease purchasing shares on the open market and the Fund may issue the remaining shares at a price equal to the greater of (a) the net asset value on the last day the Plan Administrator purchased shares or (b) 95% of the market price on such day. In the case where the Plan Administrator has terminated open market purchase and the Fund has issued the remaining shares, the number of shares received by the Participant in respect of the cash distribution will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issued the remaining shares. Under certain circumstances, the rules and regulations of the Securities and Exchange Commission may require limitation or temporary suspension of market purchases of shares under the Plan. The Plan Administrator will not be accountable for its inability to make a purchase during such a period.

If on the payable date of the distribution, the market price is equal to or exceeds the net asset value, Participants will be issued new shares by the Fund at the greater of the (a) the net asset value on the payable date or (b) 95% of the market price on such date.

## **AUTOMATIC REINVESTMENT AND CASH PURCHASE PLAN (Continued)**

The automatic reinvestment of distributions will not relieve Participants of any income tax which may be payable on such distributions. A Participant in the Plan will be treated for federal income tax purposes, as having received on a payment date, a distribution in an amount equal to the cash the participant could have received instead of shares. If you participate in the Plan, you will receive a Form 1099-DIV concerning the Federal tax status of distributions paid during the year.

### **Charges to Participate in the Plan**

As a Participant in the Plan you will not pay any charge to have your distributions reinvested in additional shares. The Plan Administrator's fees for handling the reinvestment of distributions will be paid by the Fund. There will be no brokerage commissions for shares issued directly by the Fund in payment of distributions. However, each Participant will pay a pro rata share of brokerage commissions incurred (currently \$0.02 per share, but may vary and is subject to change) with respect to the Plan Administrator's open market purchases in connection with the reinvestment of distributions.

### **Voluntary Cash Purchase Plan**

Participants in the Plan have the option of making additional cash payments for investment in shares of the Fund. Such payments can be made in any amount from \$100 per payment to \$3,000 per month. The Plan Administrator will use the funds received to purchase Fund shares in the open market on the 15th of each month or the next business day if the 15th falls on a weekend or holiday (the "Investment Date"). The purchase price per share will be equal to the weighted average price of all shares purchased on the Investment Date, including commissions. There is no charge to shareholders for Cash Purchases. The plan administrator's fee will be paid by the Fund. However, each participating shareholder will pay pro rata share of brokerage commissions incurred (currently \$0.02 per share, but may vary and is subject to change) with respect to the Plan Administrator's open market purchases in connection with all cash investments. Voluntary cash payments should be sent to Computershare Trust Company, N.A., PO Box 43078, Providence, RI 02940-3078.

Participants have an unconditional right to obtain the return of any cash payment if the Plan Administrator receives written notice at least 5 business days before such payment is to be invested.

### **Automatic Monthly Investment**

Participants in the Plan may purchase additional shares by means of an Automatic Monthly Investment of not less than \$100 nor more than \$3,000 per month by electronic funds transfer from a predesignated U.S bank account. If a Participant has already established a Plan account and wishes to initiate Automatic Monthly Investments, the Participant must complete and sign an automatic monthly investment form and return it to the Plan Administrator together with a voided check or deposit slip for the account from which funds are to be withdrawn. Automatic monthly investment forms may be obtained from the Plan Administrator by calling 1-866-270-7788.

### **Termination of Shares**

Shareholders wishing to liquidate shares held with the Plan Administrator must do so in writing or by calling 1-866-270-7788. The Plan Administrator does not charge a fee for liquidating your shares; however, currently a brokerage commission of \$0.02 will be charged. This charge may vary and is subject to change.

Once terminated, you may re-enroll in the Plan (provided you still have shares registered in your name) by contacting the Plan Administrator at 1-866-270-7788.



## **AUTOMATIC REINVESTMENT AND CASH PURCHASE PLAN (Continued)**

### **Additional Information**

For more information regarding the Automatic Reinvestment and Cash Purchase Plan, please contact the Plan Administrator at 1-866-270-7788 or visit our website at [Virtus.com](http://Virtus.com).

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such distribution. The Plan also may be amended or terminated by the Plan Administrator with at least 90 days written notice to participants in the Plan.

## FUND MANAGEMENT TABLES

Information pertaining to the Trustees and Officers of the Company as of December 31, 2016, is set forth below.

The address of each individual, unless otherwise noted, is c/o Virtus Global Multi-Sector Income Fund, 100 Pearl Street, Hartford, CT 06103.

### Disinterested Trustees

Name Year of Birth Year Elected # of Portfolios in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past 5 Years and Other Trusteeships Held by Trustee
Philip R. McLoughlin YOB: 1946 Elected: 2011 Chairman 74 Portfolios	Retired. Director and Chairman (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee and Chairman (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Trustee/Director and Chairman (since 2011), Virtus Closed-End Funds (3 funds); Chairman and Trustee (since 2003), Virtus Variable Insurance Trust (9 portfolios); Director (since 1995), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director (since 1991) and Chairman (since 2010), Lazard World Trust Fund (closed-end investment firm in Luxembourg); and Trustee (since 1989) and Chairman (since 2002), Virtus Mutual Fund Complex (52 portfolios).
William R. Moyer YOB: 1944 Elected: 2012 4 Portfolios	Financial and Operations Principal (2006 to present), Newcastle Distributors LLC (broker dealer); Partner (2006 to 2012), CrossPond Partners, LLC (strategy consulting firm); Director and Treasurer, CT Invention Convention (1986 to present); and former Chief Financial Officer, Phoenix Investment Partners. Director (since 2016), Virtus Global Dividend & Income Fund Inc.; Advisory Board Member (since 2016), The Zweig Fund, Inc.; Trustee (2013 to 2016), Virtus Alternative Solutions Trust; Trustee/Director (since 2011), Virtus Closed-End Funds (3 Funds).
James M. Oates YOB: 1946 Elected: 2013 70 Portfolios	Managing Director (since 1994), Wydown Group (consulting firm). Director (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios); Trustee/Director (since 2013), Virtus Closed-End Funds (3 funds); Trustee (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Chairman and Trustee (since 2005), John Hancock Fund Complex (228 portfolios); Director (2002 to 2014), New Hampshire Trust Company; Chairman (since 2000), Emerson Investment Management, Inc.; Non-Executive Chairman (2000 to 2014), Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.) (financial services); Chairman and Director (1999 to 2014), Connecticut River Bank; Director (since 1996), Stifel Financial; and Trustee (since 1987), Virtus Mutual Fund Complex (52 portfolios).
James B. Rogers, Jr. YOB: 1942 Elected: 2016 5 Portfolios	Director (since 1986), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee/Director (since 2016), Virtus Closed-End Funds (3 funds); Non-Executive Director, Crusader Resources Limited (since 2016); Director, First China Financial Network Holdings Limited (since 2014); Director, Phos Agro (since 2014); Director, Spanish Mountain Gold Limited (since 2014); Director, Genagro Services, Ltd. (since 2011); Director, FAB Universal Corp. (2013-2014); Chairman, Beeland Interests (Media and Investments) (since 1980).
R. Keith Walton YOB: 1964 Elected: 2016 5 Portfolios	Trustee/Director (since 2016), Virtus Closed-End Funds (3 funds); Director (since 2004), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc. (since 2013); Director, Blue Crest Capital Management Funds (since 2006).
Brian T. Zino YOB: 1952 Elected: 2016 4 Portfolios	Retired President, J&W Seligman Co. Inc. (1994-2008); Trustee (since 2016), Virtus Global Multi-Sector Income Fund; Director (since 2016), Duff & Phelps Select Energy MLP Fund Inc.; Advisory Board Member (since 2016), Virtus Total Return Fund; Director (since 2014), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee, Bentley University (since 2011); Director, J&W Seligman Co. Inc. (1986-2008); Director, ICI Mutual Ins Co (1998-2009); Member, Board of Governors of Investment Company Institute (1998-2008).

## FUND MANAGEMENT TABLES (Continued)

### Interested Trustee

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

Name Year of Birth Year Elected # of Portfolios in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
George R. Aylward* Trustee and President YOB: 1964 Elected: 2012 70 Portfolios	Director, President and Chief Executive Officer (since 2008), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions with Virtus affiliates (since 2005). Chairman and Trustee (since 2015), Virtus ETF Trust II (1 fund); Trustee and President (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Director (since 2013), Virtus Global Funds, PLC (2 portfolios); Trustee (since 2012) and President (since 2010), Virtus Variable Insurance Trust (9 portfolios); Trustee and President (since 2011), Virtus Closed-End Funds (3 funds); Trustee (since 2006), Virtus Mutual Funds (52 portfolios); and Director, President and Chief Executive Officer (since 2006), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.

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

### Advisory Board Member

Name Year of Birth Year Elected # of Portfolios in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
William H. Wright II YOB: 1960 Advisory Member Appointed: 2016	Director (since 1999) and Chairman (since 2010), Josiah Macy Foundation; Director of Mount Sinai Health Systems (since 1999); Retired Managing Director of Morgan Stanley (1982-2010); Member of Yale University Council (2001-2012); Chairman of the Board of Yale Alumni Fund (2004-2006).

## FUND MANAGEMENT TABLES (Continued)

### Officers of the Trust Who Are Not Trustees

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
Francis G. Waltman YOB: 1962	Executive Vice President (since 2013); Senior Vice President (2011 to 2013).	Executive Vice President, Product Development (since 2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2013), Senior Vice President (2008 to 2013), Virtus Mutual Fund Complex; Executive Vice President (since 2013), Senior Vice President (2010 to 2013), Virtus Variable Insurance Trust; Executive Vice President (since 2013), Senior Vice President (2011 to 2013), Virtus Closed-End Funds; Director (since 2013), Virtus Global Funds PLC; and Executive Vice President (since 2013), Virtus Alternative Solutions Trust.
Nancy J. Engberg YOB: 1956	Vice President and Chief Compliance Officer since 2011.	Vice President (since 2008) and Chief Compliance Officer (2008 to 2011 and since 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Vice President and Chief Compliance Officer (since 2011), Virtus Mutual Fund Complex; Vice President (since 2010) and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Closed-End Funds; Vice President and Chief Compliance Officer (since 2012), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Vice President and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Chief Compliance Officer (since 2015), ETFis Series Trust I; and Chief Compliance Officer (since 2015), Virtus ETF Trust II.

## FUND MANAGEMENT TABLES (Continued)

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
<p>W. Patrick Bradley YOB: 1972</p>	<p>Executive Vice President (since 2016); Senior Vice President (2013 to 2016); Vice President (2011 to 2013), Chief Financial Officer and Treasurer since 2011.</p>	<p>Executive Vice President, Fund Services (since 2016), Senior Vice President, Fund Services (2010 to 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2004), Virtus Variable Insurance Trust; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2006), Virtus Mutual Fund Complex; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2012 to 2013) and Treasurer (Chief Financial Officer) (since 2007), The Zweig Fund, Inc. and Virtus Global Dividend &amp; Income Fund Inc.; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2011), Virtus Closed-End Funds; Vice President and Assistant Treasurer (since 2011), Duff &amp; Phelps Global Utility Income Fund Inc.; Director (since 2013), Virtus Global Funds, PLC; and Executive Vice President (since 2016), Senior Vice President, Chief Financial Officer and Treasurer (2013 to 2016), Virtus Alternative Solutions Trust.</p>
<p>William Renahan YOB: 1970</p>	<p>Vice President, Chief Legal Officer, Counsel and Secretary since 2012.</p>	<p>Vice President, Chief Legal Officer, and Secretary of various Virtus-affiliated closed-end funds (since 2012); Vice President and Secretary of Duff &amp; Phelps Global Utility Income Fund Inc. (since 2012), DNP Select Income Funds Inc., Duff &amp; Phelps Utility and Corporate Bond Trust, Inc., and DTF Tax-Free Income Funds Inc. (since 2015); Secretary (since 2014) and General Counsel (since 2015) of Duff &amp; Phelps Investment Management Co.; and Managing Director, Legg Mason, Inc. and predecessor firms (1999-2012).</p>

## Report on Special Meeting of Shareholders

The Special Meeting of Shareholders of Virtus Global Multi-Sector Income Fund was held on September 16, 2016. The meeting was held for purposes of electing one (1) nominee to the Board of Directors.

The results were as follows:

<u>Election of Trustee</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Brian T. Zino .....	10,000,887	169,065

Based on the foregoing, Brian T. Zino was elected as Trustee. The Fund's other Trustees who continue in office are George R. Aylward, Philip R. McLoughlin, William R. Moyer, James M. Oates, James B. Rodgers, Jr. and R. Keith Walton.

## **AMENDED AND RESTATED BYLAWS**

Effective April 7, 2016, the Fund's Board amended and restated in its entirety the Bylaws of the Fund (the "Amended and Restated Bylaws"). The Amended and Restated Bylaws include, among other revisions, a revised advanced notice provision for shareholder nominees for Trustees and proposals for other business that provides for a window of 150 to 120 days prior to the anniversary of the prior year's proxy statement date. The foregoing description of any revisions made in the Amended and Restated Bylaws is qualified in its entirety by the full text of the Amended and Restated Bylaws effective as of April 7, 2016, which are available by writing to the Secretary of the Fund at 101 Munson Street, Greenfield, MA 01301-9668.

# VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

101 Munson Street  
Greenfield, MA 01301-9668

## Board of Trustees

Philip R. McLoughlin, Chairman  
George R. Aylward  
William R. Moyer  
James M. Oates  
James B. Rogers, Jr.  
R. Keith Walton  
Brian T. Zino  
William H. Wright II, Advisory member

## Officers

George R. Aylward, President  
Francis G. Waltman, Executive Vice  
President  
W. Patrick Bradley, Executive Vice  
President, Chief Financial Officer and  
Treasurer  
Nancy J. Engberg, Vice President and  
Chief Compliance Officer  
William Renahan, Vice President, Chief  
Legal Officer and Secretary

## Investment Adviser

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

## Administrator

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

## Custodian

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

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
2 Commerce Square Suite 1700  
2001 Market Street  
Philadelphia, PA 19103-7042

## Transfer Agent

Computershare Trust Company NA  
P.O. Box 43078  
Providence, RI 02940-3078

## How to Contact Us

Shareholder Services 1-866-270-7788  
Website [www.Virtus.com](http://www.Virtus.com)

### Important Notice to Shareholders

The Securities and Exchange Commission has modified mailing regulations for semiannual and annual shareholder fund reports to allow mutual fund companies to send a single copy of these reports to shareholders who share the same mailing address. If you would like additional copies, please call Mutual Fund Services at 1-866-270-7788.





VIRTUS  
Global Multi-Sector Income Fund

c/o Computershare Investor Services  
P.O. Box 43078  
Providence, RI 02940

For more information about  
Virtus Closed-End Funds, please  
contact us at **1-866-270-7788**  
or [closedendfunds@virtus.com](mailto:closedendfunds@virtus.com)  
or visit [Virtus.com](http://Virtus.com).