



VIRTUS

Total Return Fund

FUND OVERVIEW

NYSE Ticker	DCA
Market Price	\$4.47
Net Asset Value	\$4.74
Discount to Net Asset Value	-5.70%
Number of Investments	592
Number of Shares Outstanding	27.5m
Total Net Assets	\$130.3m
Total Managed Assets	\$177.3m
Debt Leverage	\$47.0m
Dividends	Quarterly

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISERS

Duff & Phelps Investment Management Co.
Newfleet Asset Management, LLC

INVESTMENT PROFESSIONALS

Connie Luecke, CFA

Industry start date: 1983
Start date with Fund: 2011

Randle Smith, CFA

Industry start date: 1990
Start date with Fund: 2011

David L. Albrycht, CFA

Industry start date: 1985
Start date with Fund: 2011

INVESTMENT MANAGER OF THE FUND

The equity portion of the fund is managed by Duff & Phelps Investment Management Co., which offers a product mix comprised of Global Listed Infrastructure, Global Real Estate, Energy & MLPs, and International Equity. The product mix has emanated from the in-depth fundamental research expertise in listed infrastructure securities that the firm established in 1932.

The fixed income portion of the fund is managed by Newfleet Asset Management, which leverages the knowledge and skill 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 to portfolio construction, avoiding interest rate bets and remaining duration neutral to each strategy's stated benchmark.

INVESTMENT OPPORTUNITY

The Fund has a current target allocation of investing approximately 60% of its total assets in equity securities and 40% fixed income. The Fund's objective is total return, consisting of both capital appreciation and current income.

The equity portion of the Fund invests globally in owners/operators of infrastructure in the communications, utility, energy, and transportation industries.

The fixed income portion of the Fund is designed to generate high current income and total return through the application of extensive credit research and a time-tested approach that seeks to capitalize on opportunities across undervalued sectors of the bond market.

The Fund also pursues an options overlay strategy that 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 called), and seeks to exploit pricing inefficiencies in options on the S&P 500® Index.

AVERAGE ANNUAL TOTAL RETURNS as of 12/30/2016 in percent

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 02/24/2005
NAV	-3.12	16.49	16.49	8.40	11.20	-3.17	-0.40
MKT	-3.63	28.88	28.88	13.19	13.22	-3.89	-1.27
Index	-3.08	8.16	8.16	2.90	4.96	4.16	5.30

The fund gross expense ratio is 2.06%. Excluding interest expense on the line of credit, the expense ratio would have been 1.62%. Performance reflects the deduction of fund operating expenses. Performance does not reflect the incurrence of brokerage expenses, which typically apply to exchange traded products. Total return net of brokerage expenses would be lower than the total returns on market value shown in the table. Average annual total return is the annual compound return for the indicated period. It reflects the change in share price and the reinvestment of all dividends and capital gains.

ANNUAL PERFORMANCE in percent

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund	-41.23	-65.39	29.22	51.90	6.73	16.05	15.02	13.59	-3.72	16.49
MKT	-44.74	-69.55	32.67	53.38	5.61	17.60	9.08	21.98	-7.77	28.88
Index	14.53	-19.05	11.49	7.00	6.65	5.78	10.55	8.58	-7.22	8.16

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Please visit Virtus.com for performance data current to the most recent month-end.

Index: The composite index consists of 60% MSCI World Infrastructure Sector Capped Index (a market capitalization weighted index that measures performance of global infrastructure companies by capturing broad and diversified opportunities across telecommunication, utilities, energy, transportation, and social infrastructure sectors. The telecommunication, infrastructure, and utilities sectors each represent one-third of the index weight, while energy, transportation, and social infrastructure sectors have a combined weight of the remaining one-third of the index. The index is calculated on a total return basis with net dividends reinvested) and 40% Bloomberg Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis). The composite index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

NET ASSET VALUE VS. MARKET PRICE

Net Asset Value (NAV) represents the total value of all assets held by the Fund (minus its total liabilities), divided by the total number of common shares outstanding. The net asset value reflects the performance of the manager. Market price is the price at which investors may purchase or sell shares of the Fund on the New York Stock Exchange. Market price is determined in the open market by buyers and sellers, based on supply and demand. The Fund's Market Price fluctuates throughout the day and may differ from its underlying NAV. Shares of the Fund may trade at a premium (higher than) or a discount (lower than) to NAV. The difference between the market price and the NAV (Premium/Discount) is expressed as a percentage of NAV.

Virtus Total Return Fund

Data presented as of 12/30/2016

EQUITY SECTOR ALLOCATIONS	% Equity
Utilities	42.57
Industrials	27.35
Energy	19.77
Real Estate	7.09
Telecommunication Services	3.22

FIXED INCOME SECTOR ALLOCATIONS	% Fixed Invested Assets
Corporate - High Yield	33.14
Corporate - High Quality	15.28
Bank Loans	9.58
Non-Agency Residential MBS	8.80
Emerging Market - High Yield	8.52
Yankee - High Quality	5.07
Mortgage Backed Securities	4.79
Asset Backed Securities	3.96
Cash	3.94
Non-USD	3.11
Non-Agency Commercial MBS	2.40
Treasury	1.15
Municipals	0.15
Equity	0.09

DISTRIBUTION HISTORY

Ex-Date	Distribution
01/06/2016	\$0.1000
04/07/2016	\$0.1000
07/07/2016	\$0.1000
10/11/2016	\$0.1000

If and when sufficient investment income is not available on a quarterly basis, the fund will distribute capital gains and/or return capital to its shareholders.

The Fund estimates that 32 percent of the distribution is attributable to net investment income, 59 percent from excess gains taxable as ordinary income, and 9 percent from return of capital. All amounts are based on U.S. generally accepted accounting principles which may differ from federal income tax regulations. Any portion of the Fund's distribution that is a return of capital does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income." Please note, the amounts and sources of distributions reported in this notice 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 the fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Contact your financial representative for more information, or email or call Virtus Closed-End Funds for service at 1-866-270-7788. Information on the Fund is available at www.virtus.com.

RATINGS DISTRIBUTION	% Fixed Invested Assets
Aaa	11.51
Aa	4.12
A	7.49
Baa	27.27
Ba	21.11
B	21.76
Caa	4.74
Ca	0.00
C	0.00
D	0.50
Not Rated	1.50

RATINGS DISTRIBUTION METHODOLOGY

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government debt issues. The ratings apply to the fund's holdings and not the fund itself. The higher of the ratings between Moody's, Standard & Poor's, and Fitch is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are below-investment grade ratings.

FIXED CHARACTERISTICS	Fund
Duration	4.17

GLOSSARY

Duration: Represents the interest rate sensitivity of a fixed income fund. For example, if a fund's duration is five years, a 1% increase in interest rates would result in a 5% decline in the fund's price. Similarly, a 1% decline in interest rates would result in a 5% gain in the fund's price.

Holdings and Sector weightings are subject to change.

IMPORTANT RISK CONSIDERATIONS

Fundamental Risk of Investing: There can be no assurance that the Fund will achieve its investment objectives. An investment in the shares of the Fund is subject to the risk of loss of principal; shares may decrease in value. **Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **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, can limit upside participation and increase downside losses. **Market Price/NAV:** At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the fund's NAV, which may increase the investor's risk of loss.

TOP TEN HOLDINGS	% Fund
Transurban Group Ltd.	4.37
NextEra Energy, Inc.	3.31
American Tower Corporation	3.02
Atlantia S.p.A	2.87
TransCanada Corporation	2.85
Enbridge Inc.	2.62
Crown Castle International Corp.	2.52
Aena Sa	2.47
Sempra Energy	2.41
Kinder Morgan Inc Class P	2.30

TOP TEN COUNTRIES	% of Invested Assets
United States	60.25
Canada	8.26
Spain	6.15
Australia	5.39
United Kingdom	2.58
Italy	2.19
Netherlands	1.42
New Zealand	1.03
Mexico	0.99
Switzerland	0.99