

VIRTUS HIGH-QUALITY EQUITY FUNDS

KAYNE ANDERSON RUDNICK



Kayne Anderson Rudnick
A VIRTUS INVESTMENT PARTNER

Quality-Driven Strategies Across Market Caps and Borders

Kayne Anderson Rudnick's investment philosophy is rooted in quality, with a focus on wealth preservation. A rigorous definition of quality, gleaned from decades of management experience, guides where the firm invests, across market caps and geographic regions.

The firm believes that superior risk-adjusted returns can be achieved by investing in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

	U.S. SMALL-CAP			INTERNATIONAL SMALL-CAP		U.S. MID-CAP		GLOBAL LARGE-CAP	
Fund	VIRTUS KAR SMALL-CAP VALUE FUND	VIRTUS KAR SMALL-CAP CORE FUND	VIRTUS KAR SMALL-CAP GROWTH FUND	VIRTUS KAR INTERNATIONAL SMALL-CAP FUND	VIRTUS KAR EMERGING MARKETS SMALL-CAP FUND	VIRTUS KAR MID-CAP CORE FUND	VIRTUS KAR MID-CAP GROWTH FUND	VIRTUS KAR GLOBAL QUALITY DIVIDEND FUND*	VIRTUS KAR CAPITAL GROWTH FUND
Symbol	A: PQSAX C: PQSCX I: PXQSX R6: VQSRX	A: PKSAX C: PKSCX I: PKSFX R6: VSCRX	A: PSGAX C: PSGCX I: PXSGX	A: VISAX C: VCISX I: VIISX R6: VRISX	A: VAESX C: VCESX I: VIESX	A: VMACX C: VMCCX I: VIMCX	A: PHSKX C: PSKCX I: PICMX	A: PPTAX C: PPTCX I: PIPTX	A: PSTAX C: SSTFX I: PLXGX
Number of Holdings	25–35	25–35	25–35	30–60	30–60	25–35	25–50	20–40	30–50
Benchmark	Russell 2000® Value Index	Russell 2000® Index	Russell 2000® Growth Index	MSCI ACWI ex U.S. Small Cap Index (net)	MSCI Emerging Markets Small Cap Index (net)	Russell Midcap® Index	Russell Midcap® Growth Index	Russell Developed Large Cap Index (net)	Russell 1000® Growth Index
Investment Opportunity	<p>The small-cap portfolios offer access to “baby blue chips” – lesser-known companies with features KAR believes are similar to bigger, stable, well-managed firms.</p> <ul style="list-style-type: none"> Depending on the fund's style (growth, value, or core), each portfolio invests in a select group of small-cap companies that management believes are undervalued relative to their future growth potential. All KAR strategies emphasize owning companies that have a competitive advantage, strong management, and low financial risk and are able to grow over full market cycles. Over full market cycles, the funds seek to participate in the up market cycle while protecting principal in the down market cycle, relative to other fully invested managers. The international small-cap fund takes a broader view, investing in similar companies headquartered in developed and emerging markets, while the emerging markets small-cap fund focuses on the opportunities in developing regions. 					<ul style="list-style-type: none"> Both mid-cap funds leverage the KAR quality approach to home in on companies believed to be undervalued relative to their future growth potential. Each seeks lower or equal volatility as its respective peer index. The core fund strives to strike a balance between value and growth companies with superior risk-adjusted attributes. 		<ul style="list-style-type: none"> Global Quality Dividend is a globally diversified portfolio with a focus on high-quality, mature companies with high dividend yields. Capital Growth is a style-driven large-cap portfolio focusing on companies believed to be undervalued relative to their future growth potential. Both funds emphasize companies believed to have a sustainable competitive advantage, strong management and low financial risk, and to be able to grow over market cycles. 	

Effective February 1, 2017, the Virtus KAR Global Quality Dividend Fund changed its name and investment strategy. Performance and characteristics attained prior to that date reflect a different strategy. Effective May 8, 2017 all of the Funds shown changed their names to include KAR. The Virtus Quality Small-Cap Fund changed its name to Virtus KAR Small-Cap Value Fund, the Virtus Small-Cap Sustainable Growth Fund changed its name to Virtus KAR Small-Cap Growth Fund, and the Virtus Strategic Growth Fund changed its name to Virtus KAR Capital Growth Fund.

Kayne Anderson Rudnick (KAR) was founded in 1984, instituted its recognized Quality at a Reasonable Price™ philosophy in 1989, and introduced the small-cap strategy in 1992. Proprietary fundamental research is at the firm's core. KAR is one of the industry's deepest research organizations focusing exclusively on high-quality companies across market caps and world regions. The 14-member investment team averages 15 years of investment experience.¹

For more information about Kayne Anderson Rudnick's concentrated high-quality equity strategies, visit Virtus.com or call 1-800-243-4361.

The **Russell 2000® Value Index** is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Russell 2000® Index** is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Russell 2000® Growth Index** is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **MSCI ACWI ex U.S. Small Cap Index (net)** is a free float-adjusted market capitalization-weighted index that measures small cap equity performance of developed and emerging markets, excluding the U.S. The index is calculated on a total return basis with net dividends reinvested. The **MSCI Emerging Markets Small Cap Index (net)** is a free float-adjusted market capitalization-weighted index designed to measure small cap equity market performance in the global emerging markets. The index is calculated on a total return basis with net dividends reinvested. The **Russell Midcap® Index** is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Russell Midcap® Growth Index** is a market capitalization-weighted index of medium-capitalization, growth-oriented stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Russell Developed Large Cap Index** is a free-float market capitalization-weighted index constructed to provide a comprehensive and unbiased barometer for the large-cap segment in the developed world, calculated on a total return basis with net dividends reinvested. The **Russell 1000® Growth Index** is a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

¹As of 12/31/16.

IMPORTANT RISK CONSIDERATIONS

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. **Limited Number of Investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Prospectus:** For additional information on risks, please see the fund's prospectus.

Please carefully consider a Fund's investment objectives, risks, charges, and expenses before investing. For this and other information about any Virtus mutual fund, contact your financial representative, call 1-800-243-4361, or visit Virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

Not all products or marketing materials are available at all firms. Please check with your firm's compliance department for availability.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

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