

## Virtus Equity Trust

Supplement dated June 12, 2017 to the Prospectus dated April 10, 2017, as supplemented

### Important Notice to Investors

The disclosure describing eligible purchasers of Class R6 Shares on page 82 of the statutory prospectus is hereby replaced in its entirety with the following:

**Class R6 Shares. (Virtus Contrarian Value Fund, Virtus KAR Small-Cap Core Fund and Virtus KAR Small-Cap Value Fund, only).** Class R6 Shares are available only to funds advised or subadvised by VIA or one of its affiliates, employer sponsored retirement plans, including profit-sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans, and plans described in Section 401(k), 403(b) and 457 of the Internal Revenue Code, where the employer, administrator, sponsor or related person has entered into an agreement with the fund's Transfer Agent to make Class R6 Shares available to plan participants where plan level or omnibus accounts are held on the books of the fund. Class R6 Shares are not available to traditional or Roth IRAs, Coverdell Savings Accounts, Keoghs, SEPs, SARSEPs, or Simple IRAs and are not available through retail, advisory fee-based wrap platforms. Individual shareholders who purchase Class R6 Shares through retirement platforms or other intermediaries are not eligible to hold Class R6 Shares outside of their respective plan or intermediary platform. If you are eligible to purchase and do purchase Class R6 Shares, you will pay no sales charge at any time. There are no distribution and service fees applicable to Class R6 Shares.

Further, the last bullet of the "Exchange Privileges" section on page 92 of the statutory prospectus is hereby replaced in its entirety with the following:

In certain circumstances, a fund, the Distributor or the Transfer Agent may enter into an agreement with a financial intermediary to permit exchanges from one class of a fund into another class of the same fund, subject to certain conditions. Such exchanges will only be permitted if, among other things, the financial intermediary agrees to follow procedures established by the fund, the Distributor or the Transfer Agent, which generally will require that the exchanges be carried out (i) within accounts maintained and controlled by the intermediary, (ii) on behalf of all or a particular segment of beneficial owners holding shares of the affected fund within those accounts, and (iii) all at once or within a given time period, or as agreed upon in writing by the fund, the Distributor or the Transfer Agent, and the financial intermediary. Shareholders owning shares of a fund through accounts established directly with the Transfer Agent (i.e., not using a financial intermediary) may be permitted to exchange shares of one class of the fund into another class of the same fund, at the discretion of the fund or the Transfer Agent. A shareholder's ability to make this type of exchange may be limited by operational or other limitations of his or her financial intermediary or the fund. Under the Code, generally if a shareholder exchanges shares from one class of a fund into another class of the same fund, the transaction should not be subject to U.S. federal income taxes; however, each shareholder should consult both the relevant financial intermediary and the shareholder's tax advisor regarding the treatment of any specific exchange carried out under the terms of this paragraph.

**Investors should retain this supplement with the Prospectus for future reference.**

**Virtus Alternative Solutions Trust**

Supplement dated April 10, 2017 to the Prospectuses and Statement of Additional Information (“SAI”) dated April 10, 2017

**Virtus Equity Trust**

Supplement dated April 10, 2017 to the Prospectuses and SAI dated April 10, 2017

**Virtus Opportunities Trust**

Supplement dated April 10, 2017 to the Prospectuses and SAI dated April 10, 2017

**Virtus Retirement Trust**

Supplement dated April 10, 2017 to the Prospectuses and SAI dated April 10, 2017

**IMPORTANT NOTICE**

**Availability of Shares**

Class T Shares are not currently available for purchase.

**Investors should retain this supplement for future reference.**

AllTrusts/ClassTNotAvailable (4/2017)

# VIRTUS

MUTUAL FUNDS

## Prospectus

FUND	TICKER SYMBOL BY CLASS				
	A	C	I	R6	T
Virtus Contrarian Value Fund	FMIVX	FMICX	PIMVX	VMVRX	VCVTX
Virtus KAR Capital Growth Fund	PSTAX	SSTFX	PLXGX		VSTGX
Virtus KAR Global Quality Dividend Fund	PPTAX	PPTCX	PIPTX		VGQTX
Virtus KAR Mid-Cap Core Fund	VMACX	VMCCX	VIMCX		VTMCX
Virtus KAR Mid-Cap Growth Fund	PHSKX	PSKCX	PICMX		VMGTX
Virtus KAR Small-Cap Core Fund	PKSAX	PKSCX	PKSFX	VSCRX	VTSCX
Virtus KAR Small-Cap Growth Fund	PSGAX	PSGCX	PXSGX		VSGTX
Virtus KAR Small-Cap Value Fund	PQSAX	PQSCX	PXQSX	VQSRX	VQSTX
Virtus Rampart Enhanced Core Equity Fund	PDIAX	PGICX	PXIIIX		VTECX
Virtus Strategic Allocation Fund	PHBLX	PSBCX			VSATX
Virtus Tactical Allocation Fund	NAINX	POICX			VXTTX

TRUST NAME  
VIRTUS EQUITY TRUST

April 10, 2017, as supplemented May 8, 2017

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This prospectus contains important information that you should know before investing in Virtus Mutual Funds. Please read it carefully and retain it for future reference.*

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



# Virtus Mutual Funds

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# Virtus Contrarian Value Fund

## Investment Objective

The fund has an investment objective of long-term growth of capital.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class R6	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class R6	Class T
Management Fees	0.75%	0.75%	0.75%	0.75%	0.75%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	None	0.25%
Other Expenses	0.41%	0.41%	0.41%	0.24%	0.41% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.41%	2.16%	1.16%	0.99%	1.41%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$710	\$996	\$1,302	\$2,169
Class C	Sold	\$319	\$676	\$1,159	\$2,493
	Held	\$219	\$676	\$1,159	\$2,493
Class I	Sold or Held	\$118	\$368	\$638	\$1,409
Class R6	Sold or Held	\$101	\$315	\$547	\$1,213
Class T	Sold or Held	\$390	\$685	\$1,002	\$1,899

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund's portfolio turnover rate was 13% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

Using a contrarian investment approach, the subadviser searches for successful business segments buried in distressed or restructuring companies. The subadviser targets established companies that, based on independent research, are believed to offer promising future growth prospects. Extensive valuation and security analysis provides the basis for construction of a concentrated portfolio designed to have low turnover.

The fund typically invests in the securities of medium to large capitalization companies, but it is not limited to investing in the securities of companies of any particular size.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Medium Market Capitalization Companies Risk.** The risk that the fund's investments in medium market capitalization companies will increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.
- > **Value Stocks Risk.** The risk that the fund will underperform when value investing is out of favor or that the fund's investments will not appreciate in value as anticipated.

### Performance Information

The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

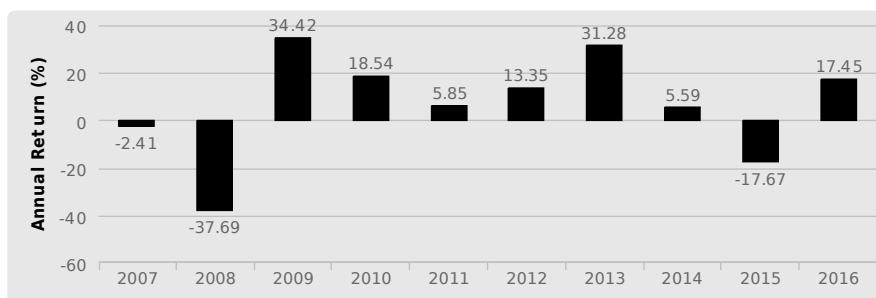
Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.



### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 24.10% Worst Quarter: Q4/2008: -27.12% Year to date (3/31/17): 2.98%

### Average Annual Total Returns (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception	
				Class I (3/10/2008)	Class R6 (11/12/2014)
<b>Class A Shares</b>					
Return Before Taxes	10.70%	7.45%	3.92%	—	—
Return After Taxes on Distributions	10.50%	7.32%	3.70%	—	—
Return After Taxes on Distributions and Sale of Fund Shares	6.20%	5.86%	3.09%	—	—
<b>Class C Shares</b>					
Return Before Taxes	16.56%	7.92%	3.75%	—	—
<b>Class I Shares</b>					
Return Before Taxes	17.75%	9.00%	—	6.93%	—
<b>Class R6 Shares</b>					
Return Before Taxes	17.91%	—	—	—	-1.52%
Russell Midcap <sup>®</sup> Value Index (reflects no deduction for fees, expenses or taxes)	20.00%	15.70%	7.59%	10.42%	7.32%

The Russell Midcap<sup>®</sup> Value Index is a market capitalization-weighted index of medium-capitalization, value-oriented stocks of U.S. companies. The index is calculated on a total-return basis with dividends reinvested. The index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA")

The fund's subadviser is Sasco Capital Inc. ("Sasco").

## Portfolio Managers

- > **Bruce Bottomley**, Managing Director of Sasco. Mr. Bottomley has served as a Portfolio Manager of the fund since 1997.

- > **Mark Helderman**, Managing Director of Sasco. Mr. Helderman has served as a Portfolio Manager of the fund since 2004.
- > **Daniel Leary**, Managing Director of Sasco. Mr. Leary has served as a Portfolio Manager of the fund since 1997.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

For Class R6 Shares, there is no minimum initial investment and there is no minimum for additional purchases. Class R6 Shares are available only to certain employer-sponsored retirement plans, including Section 401(k), 403(b) and 457, profit-sharing, money purchase pension and defined benefit plans and non-qualified deferred compensation plans, in each case provided that plan level or omnibus accounts are held on the books of the fund.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment.

No compensation, administrative payments, sub-transfer agency payments or service payments are paid to brokers or other entities from fund assets or the Distributor's or an affiliate's resources on sales of or investments in Class R6 Shares. Class R6 Shares do not carry sales commissions or pay Rule 12b-1 fees, or make payments to brokers or other entities to assist in, or in connection with, the sale of the fund's shares.

Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Capital Growth Fund

## Investment Objective

The fund has an investment objective of long-term capital growth.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class T
Management Fees	0.70%	0.70%	0.70%	0.70%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.35%	0.35%	0.35%	0.35% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.30%	2.05%	1.05%	1.30%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$700	\$963	\$1,247	\$2,053
Class C	Sold	\$308	\$643	\$1,103	\$2,379
	Held	\$208	\$643	\$1,103	\$2,379
Class I	Sold or Held	\$107	\$334	\$579	\$1,283
Class T	Sold or Held	\$379	\$652	\$945	\$1,779

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 20% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund invests in a select group of large market capitalization growth companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies the subadvisers believe to have a sustainable competitive advantage, strong management and low financial risk, and to be able to grow over market cycles. Although the fund invests primarily in U.S. countries, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 65% of its assets in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 1000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 1000<sup>®</sup> Index over the past three years was \$486 million to \$610 billion. Generally, the fund invests in approximately 30 to 50 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Growth Stocks Risk.** The risk that the fund's investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- > **Limited Number of Investments Risk.** The risk that the fund's portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund's portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.

### Performance Information

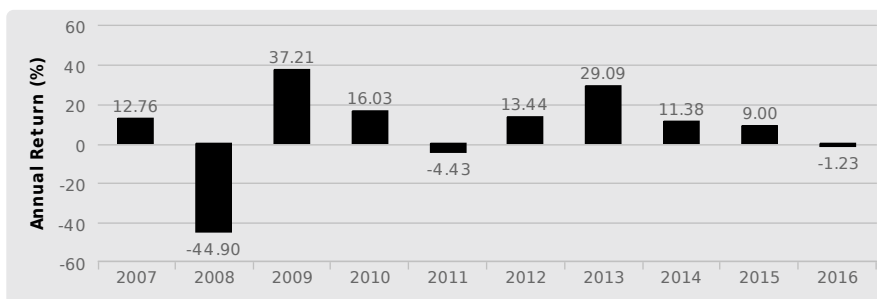
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at *virtus.com* or by calling 800-243-1574.

**Calendar year total returns for Class A Shares** (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 16.61% Worst Quarter: Q4/2008: -25.38% Year to date (3/31/17): 10.59%

**Average Annual Total Returns** (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years
<b>Class A Shares</b>			
Return Before Taxes	-6.91%	10.60%	4.58%
Return After Taxes on Distributions	-8.71%	9.72%	4.06%
Return After Taxes on Distributions and Sale of Fund Shares	-2.39%	8.43%	3.60%
<b>Class C Shares</b>			
Return Before Taxes	-2.01%	11.07%	4.41%
<b>Class I Shares</b>			
Return Before Taxes	-1.00%	12.19%	5.47%
Russell 1000 <sup>®</sup> Growth Index (reflects no deduction for fees, expenses or taxes)	7.08%	14.50%	8.33%

The Russell 1000<sup>®</sup> 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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

**Management**

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

**Portfolio Managers**

- > **Doug Foreman, CFA**, Chief Investment Officer at KAR. Mr. Foreman has served as a Portfolio Manager of the fund since 2011.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

### Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Global Quality Dividend Fund

## Investment Objective

The fund has an investment objective of total return, consisting of both capital appreciation and current income.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under "Sales Charges" on page 81 of the fund's prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund's prospectus, entitled "Intermediary Sales Charge Discounts and Waivers;" and (iv) under "Alternative Purchase Arrangements" on page 87 of the fund's statement of additional information ("SAI").

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class T
Management Fees	0.75%	0.75%	0.75%	0.75%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.44%	0.44%	0.44%	0.44% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.44%	2.19%	1.19%	1.44%
Less: Expense Reimbursement <sup>(c)</sup>	(0.09)%	(0.09)%	(0.09)%	(0.09)%
Total Annual Fund Operating Expenses After Expense Reimbursement <sup>(c)</sup>	1.35%	2.10%	1.10%	1.35%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The fund's investment adviser has contractually agreed to limit the fund's total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) so that such expenses do not exceed 1.35% for Class A Shares, 2.10% for Class C Shares, 1.10% for Class I Shares and 1.35% for Class T Shares through April 30, 2018. Following the contractual period, the adviser may discontinue these expense reimbursement arrangements at any time. Under certain conditions, the adviser may recapture operating expenses reimbursed under these arrangements for a period of three years following the time such reimbursement occurred.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year, that the fund's operating expenses remain the same and that the expense reimbursement arrangement remains in place for the contractual period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$705	\$996	\$1,309	\$2,193
Class C	Sold	\$313	\$677	\$1,166	\$2,517
	Held	\$213	\$677	\$1,166	\$2,517
Class I	Sold or Held	\$112	\$369	\$646	\$1,435
Class T	Sold or Held	\$384	\$686	\$1,009	\$1,924

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 25% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund invests in a globally diversified portfolio of primarily high-quality, mature companies with high dividend yields. The investment strategy emphasizes companies the subadviser believes to have a sustainable competitive advantage, strong management and low financial risk and to be able to grow over market cycles. The fund invests in dividend paying equity securities of companies that are tied economically to a number of countries throughout the world, including American Depositary Receipts. The fund typically invests in the securities of medium to large capitalization companies, but it is not limited to investing in the securities of companies of any particular size. Under normal circumstances, the fund invests at least 80% of its assets in dividend paying equity securities.

Under normal conditions, the fund invests at least 80% of its assets in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund’s subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations of greater than \$7 billion. Generally, the fund invests in approximately 20 to 40 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund’s investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund’s investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund’s transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund’s shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund’s portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- > **Limited Number of Investments Risk.** The risk that the fund’s portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund’s portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Small and Medium Market Capitalization Risk.** The risk that the fund’s investments in small and medium market capitalization companies will increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.



## Performance Information

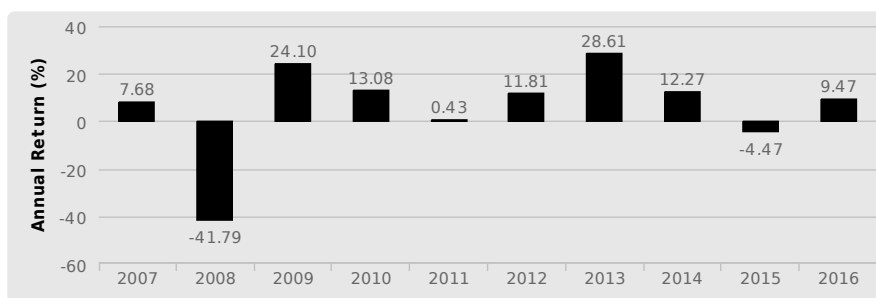
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of two broad-based securities market indexes and a composite benchmark that reflects the target allocation of the fund. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q3/2009: 17.13% Worst Quarter: Q4/2008: -19.67% Year to date (3/31/17): 5.92%

### Average Annual Total Returns (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception Class I (6/6/08)
<b>Class A Shares</b>				
Return Before Taxes	3.17%	9.73%	3.86%	—
Return After Taxes on Distributions	2.95%	9.54%	3.23%	—
Return After Taxes on Distributions and Sale of Fund Shares	1.97%	7.71%	2.70%	—
<b>Class C Shares</b>				
Return Before Taxes	8.63%	10.22%	3.29%	—
<b>Class I Shares</b>				
Return Before Taxes	9.79%	11.34%	—	5.65%
Russell Developed Large Cap Index (net) (reflects no deduction for fees, expenses or taxes)	7.70%	10.68%	4.06%	4.24%
Russell 1000® Value Index (reflects no deduction for fees, expenses or taxes)	17.34%	14.80%	5.72%	7.69%
Global Quality Dividend Benchmark (reflects no deduction for fees, expenses or taxes)	17.34%	14.80%	5.72%	7.69%

Effective February 1, 2017, the funds' primary benchmark is The Russell Developed Large Cap Index (net). The 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. The index is calculated on a total return basis with net dividends reinvested. Also effective February 1, 2017, the fund added the Global Quality Dividend Linked Benchmark. Performance of the Global Quality Dividend Linked benchmark prior to February 1, 2017 is that of the Russell 1000®

Value Index and beginning February 1, 2017 it is that of the Russell Developed Large Cap Index (net). Prior to February 1, 2017, the fund's primary benchmark was The Russell 1000<sup>®</sup> Value Index. The fund will no longer use the Russell 1000<sup>®</sup> Value Index as an index for performance comparisons. The indexes are unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Manager

- > **Richard Sherry, CFA**, Senior Research Analyst at KAR. Mr. Sherry has served as a Portfolio Manager of the fund since 2009.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Mid-Cap Core Fund

## Investment Objective

The fund has an investment objective of long-term capital appreciation.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under "Sales Charges" on page 81 of the fund's prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund's prospectus, entitled "Intermediary Sales Charge Discounts and Waivers;" and (iv) under "Alternative Purchase Arrangements" on page 87 of the fund's statement of additional information ("SAI").

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class T
Management Fees	0.80%	0.80%	0.80%	0.80%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.59%	0.59%	0.59%	0.59% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.64%	2.39%	1.39%	1.64%
Less: Expense Reimbursement <sup>(c)</sup>	(0.44)%	(0.44)%	(0.44)%	(0.44)%
Total Annual Fund Operating Expenses After Expense Reimbursement <sup>(c)</sup>	1.20%	1.95%	0.95%	1.20%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The fund's investment adviser has contractually agreed to limit the fund's total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) so that such expenses do not exceed 1.20% for Class A Shares, 1.95% for Class C Shares, 0.95% for Class I Shares and 1.20% for Class T Shares through April 30, 2018. Following the contractual period, the adviser may discontinue these expense reimbursement arrangements at any time. Under certain conditions, the adviser may recapture operating expenses reimbursed under these arrangements for a period of three years following the time such reimbursement occurred.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year, that the fund's operating expenses remain the same and that the expense reimbursement arrangement remains in place for the contractual period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$705	\$1,036	\$1,390	\$2,384
Class C	Sold	\$313	\$718	\$1,249	\$2,704
	Held	\$213	\$718	\$1,249	\$2,704
Class I	Sold or Held	\$112	\$412	\$733	\$1,643
Class T	Sold or Held	\$369	\$712	\$1,079	\$2,109

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 21% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund pursues long-term capital appreciation in the medium capitalization sector while seeking to provide the risk characteristics of the less volatile large capitalization S&P 500<sup>®</sup> Index. The fund invests in a select group of medium market capitalization companies believed by the subadviser to be undervalued relative to their future growth potential. The investment strategy emphasizes companies believed by the subadviser to have a sustainable competitive advantage, strong management and low financial risk and to be able to grow over market cycles. Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 80% of its assets in equity securities of medium market capitalization companies. As of the date of this Prospectus, the fund’s subadviser considers medium market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell Midcap<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell Midcap<sup>®</sup> Index over the past three years was \$159 million to \$57.6 billion. Generally, the fund invests in approximately 25 to 35 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund’s investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund’s investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund’s transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund’s shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund’s portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Limited Number of Investments Risk.** The risk that the fund’s portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund’s portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Medium Market Capitalization Companies Risk.** The risk that the fund’s investments in medium market capitalization companies will increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.

## Performance Information

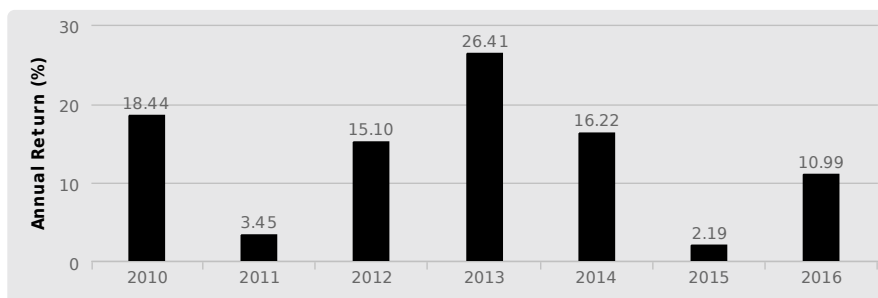
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows the fund's performance from year to year over the life of the fund. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q4/2010: 12.09% Worst Quarter: Q3/2011: -15.18% Year to date (3/31/17): 5.58%

### Average Annual Total Returns (for the periods ended 12/31/16)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Year	Since Inception (6/22/2009)
<b>Class A Shares</b>			
Return Before Taxes	4.60%	12.57%	13.66%
Return After Taxes on Distributions	4.60%	12.07%	13.23%
Return After Taxes on Distributions and Sale of Fund Shares	2.61%	10.00%	11.20%
<b>Class C Shares</b>			
Return Before Taxes	10.20%	13.06%	13.70%
<b>Class I Shares</b>			
Return Before Taxes	11.29%	14.18%	14.83%
Russell Midcap <sup>®</sup> Index (reflects no deduction for fees, expenses or taxes)	13.80%	14.72%	17.02%

The Russell Midcap<sup>®</sup> 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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Managers

- > **Jon Christensen, CFA**, Portfolio Manager and Senior Research Analyst at KAR. Mr. Christensen has served as a Portfolio Manager of the fund since 2009.
- > **Craig Stone**, Portfolio Manager and Senior Research Analyst at KAR. Mr. Stone has served as a Portfolio Manager of the fund since 2009.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Mid-Cap Growth Fund

## Investment Objective

The fund has an investment objective of capital appreciation.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under "Sales Charges" on page 81 of the fund's prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund's prospectus, entitled "Intermediary Sales Charge Discounts and Waivers;" and (iv) under "Alternative Purchase Arrangements" on page 87 of the fund's statement of additional information ("SAI").

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class T
Management Fees	0.80%	0.80%	0.80%	0.80%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.44%	0.44%	0.44%	0.44% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.49%	2.24%	1.24%	1.49%
Less: Expense Reimbursement <sup>(c)</sup>	(0.09)%	(0.09)%	(0.09)%	(0.09)%
Total Annual Fund Operating Expenses After Expense Reimbursement <sup>(c)</sup>	1.40%	2.15%	1.15%	1.40%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The fund's investment adviser has contractually agreed to limit the fund's total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) so that such expenses do not exceed 1.40% for Class A Shares, 2.15% for Class C Shares, 1.15% for Class I Shares and 1.40% for Class T Shares through April 30, 2018. Following the contractual period, the adviser may discontinue these expense reimbursement arrangements at any time. Under certain conditions, the adviser may recapture operating expenses reimbursed under these arrangements for a period of three years following the time such reimbursement occurred.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year, that the fund's operating expenses remain the same and that the expense reimbursement arrangement remains in place for the contractual period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$709	\$1,011	\$1,333	\$2,245
Class C	Sold	\$318	\$692	\$1,192	\$2,568
	Held	\$218	\$692	\$1,192	\$2,568
Class I	Sold or Held	\$117	\$385	\$672	\$1,492
Class T	Sold or Held	\$389	\$701	\$1,035	\$1,978

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 26% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund invests in a select group of medium market capitalization growth companies believed by the subadviser to be undervalued relative to their future growth potential. The investment strategy emphasizes companies believed by the subadviser to have a sustainable competitive advantage, strong management and low financial risk, and to be able to grow over market cycles. Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 80% of its assets in equity securities of medium market capitalization companies. As of the date of this Prospectus, the fund’s subadviser considers medium market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell Midcap<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell Midcap<sup>®</sup> Index over the past three years was \$159 million to \$57.6 billion. Generally, the fund invests in approximately 25 to 50 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund’s investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund’s investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund’s transaction costs. The principal risks of investing in the fund are:

- > ***Depositary Receipts Risk.*** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > ***Equity Securities Risk.*** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund’s shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > ***Foreign Investing Risk.*** The risk that the prices of foreign securities in the fund’s portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > ***Growth Stocks Risk.*** The risk that the fund’s investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.
- > ***Limited Number of Investments Risk.*** The risk that the fund’s portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund’s portfolio than would a fund holding a greater number of securities.
- > ***Market Volatility Risk.*** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.



- > **Medium Market Capitalization Companies Risk.** The risk that the fund's investments in medium market capitalization companies will increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.

## Performance Information

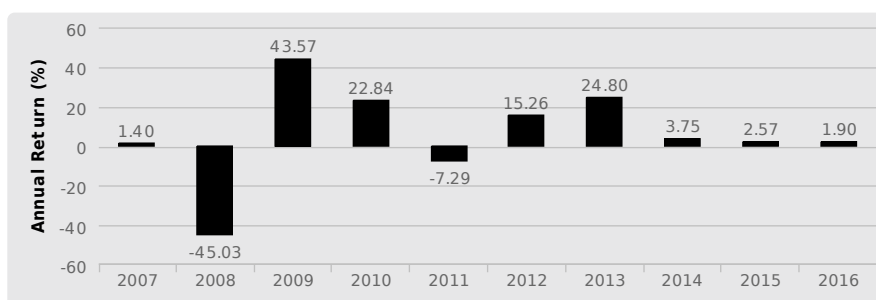
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 21.06% Worst Quarter: Q4/2008: -27.72% Year to date (3/31/17): 11.59%

### Average Annual Total Returns (for the periods ended 12/31/15; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception Class I (9/13/2007)
<b>Class A Shares</b>				
Return Before Taxes	-3.96%	8.01%	2.97%	—
Return After Taxes on Distributions	-4.31%	7.70%	2.82%	—
Return After Taxes on Distributions and Sale of Fund Shares	-1.94%	6.31%	2.33%	—
<b>Class C Shares</b>				
Return Before Taxes	1.14%	8.48%	2.81%	—
<b>Class I Shares</b>				
Return Before Taxes	2.17%	9.57%	—	3.60%
Russell Midcap <sup>®</sup> Growth Index (reflects no deduction for fees, expenses or taxes)	7.33%	13.51%	7.83%	7.42%

The Russell Midcap<sup>®</sup> 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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by

non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Managers

- > *Doug Foreman, CFA*, Chief Investment Officer at KAR. Mr. Foreman has served as a Portfolio Manager of the fund since 2012.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Small-Cap Core Fund

## Investment Objective

The fund has an investment objective of long-term capital appreciation, with dividend income a secondary consideration.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class R6	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class R6	Class T
Management Fees	0.75%	0.75%	0.75%	0.75%	0.75%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	None	0.25%
Other Expenses	0.37%	0.37%	0.37%	0.24%	0.37% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.37%	2.12%	1.12%	0.99%	1.37%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$706	\$984	\$1,282	\$2,127
Class C	Sold	\$315	\$664	\$1,139	\$2,452
	Held	\$215	\$664	\$1,139	\$2,452
Class I	Sold or Held	\$114	\$356	\$617	\$1,363
Class R6	Sold or Held	\$101	\$315	\$547	\$1,213
Class T	Sold or Held	\$386	\$673	\$981	\$1,855

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund's portfolio turnover rate was 33% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund pursues long-term capital appreciation in the small market capitalization sector while seeking to provide the risk characteristics of the less volatile large capitalization S&P 500<sup>®</sup> Index. The fund invests in a select group of small market capitalization companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies the subadviser believes to have a sustainable competitive advantage, strong management and low financial risk and to be able to grow over market cycles. Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. Generally, the fund invests in approximately 20 to 40 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Limited Number of Investments Risk.** The risk that the fund's portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund's portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Small Market Capitalization Companies Risk.** The risk that the fund's investments in small market capitalization companies may be less liquid and more vulnerable to adverse business or economic developments, which may increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.

### Performance Information

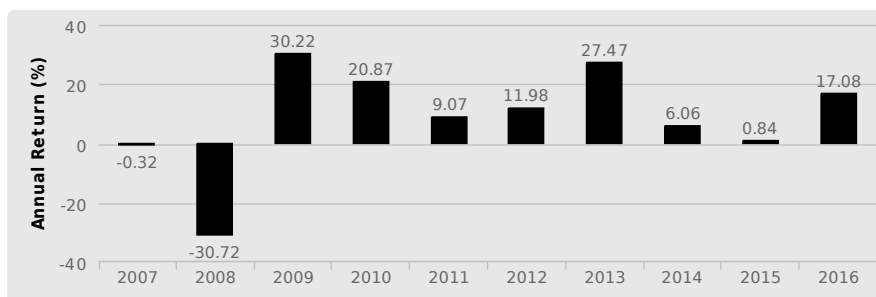
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

**Calendar year total returns for Class A Shares** (includes returns of a predecessor fund)

Returns do not reflect sales charges applicable to other classes and would be lower if they did.



Best Quarter: Q2/2009: 19.87% Worst Quarter: Q4/2008: -17.66% Year to date (3/31/17): 5.66%

**Average Annual Total Returns** (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception Class R6 (11/12/14)
<b>Class A Shares</b>				
Return Before Taxes	10.35%	11.00%	7.16%	—
Return After Taxes on Distributions	8.78%	8.59%	5.97%	—
Return After Taxes on Distributions and Sale of Fund Shares	7.04%	7.50%	5.68%	—
<b>Class C Shares</b>				
Return Before Taxes	16.22%	11.48%	6.99%	—
<b>Class I Shares</b>				
Return Before Taxes	17.37%	12.59%	8.07%	—
<b>Class R6 Shares</b>				
Return Before Taxes	17.54%	—	—	9.50%
Russell 2000® Index (reflects no deduction for fees, expenses or taxes)	21.31%	14.46%	7.07%	8.07%

The Russell 2000® Index is a market capitalization-weighted index 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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Managers

- > *Todd Beiley, CFA*, Portfolio Manager and Senior Research Analyst at KAR. Mr. Beiley has served as a Portfolio Manager of the fund since 2009.
- > *Jon Christensen, CFA*, Portfolio Manager and Senior Research Analyst at KAR. Mr. Christensen has served as a Portfolio Manager of the fund since 2008.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

For Class R6 Shares, there is no minimum initial investment and there is no minimum for additional purchases. Class R6 Shares are available only to certain employer-sponsored retirement plans, including Section 401(k), 403(b) and 457, profit-sharing, money purchase pension and defined benefit plans and non-qualified deferred compensation plans, in each case provided that plan level or omnibus accounts are held on the books of the fund.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment.

No compensation, administrative payments, sub-transfer agency payments or service payments are paid to brokers or other entities from fund assets or the Distributor's or an affiliate's resources on sales of or investments in Class R6 Shares. Class R6 Shares do not carry sales commissions or pay Rule 12b-1 fees, or make payments to brokers or other entities to assist in, or in connection with, the sale of the fund's shares.

Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Small-Cap Growth Fund

## Investment Objective

The fund has an investment objective of long-term capital appreciation.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under "Sales Charges" on page 81 of the fund's prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund's prospectus, entitled "Intermediary Sales Charge Discounts and Waivers;" and (iv) under "Alternative Purchase Arrangements" on page 87 of the fund's statement of additional information ("SAI").

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class T
Management Fees	0.90%	0.90%	0.90%	0.90%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.38%	0.38%	0.38%	0.38% <sup>(b)</sup>
Acquired Fund Fees and Expenses	0.01%	0.01%	0.01%	0.01%
Total Annual Fund Operating Expenses <sup>(c)</sup>	1.54%	2.29%	1.29%	1.54%
Less: Expense Reimbursement <sup>(d)</sup>	(0.03)%	(0.03)%	(0.03)%	(0.03)%
Total Annual Fund Operating Expenses After Expense Reimbursement <sup>(c)(d)</sup>	1.51%	2.26%	1.26%	1.51%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The Total Annual Fund Operating Expenses do not correlate to the ratio of expenses to average net assets appearing in the Financial Highlights tables, which tables reflect only the operating expenses of the fund and do not include acquired fund fees and expenses.

(d) The fund's investment adviser has contractually agreed to limit the fund's total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) so that such expenses do not exceed 1.50% for Class A Shares, 2.25% for Class C Shares, 1.25% for Class I Shares and 1.50% for Class T Shares through April 30, 2018. Following the contractual period, the adviser may discontinue these expense reimbursement arrangements at any time. Under certain conditions, the adviser may recapture operating expenses reimbursed under these arrangements for a period of three years following the time such reimbursement occurred.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year, that the fund's operating expenses remain the same and that the expense reimbursement arrangement remains in place for the contractual period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$720	\$1,031	\$1,363	\$2,302
Class C	Sold	\$329	\$712	\$1,222	\$2,623
	Held	\$229	\$712	\$1,222	\$2,623
Class I	Sold or Held	\$128	\$406	\$705	\$1,554
Class T	Sold or Held	\$400	\$721	\$1,066	\$2,036

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 27% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund pursues long-term capital appreciation in the small market capitalization sector while seeking to incur less risk than the small-cap market. The fund invests in a select group of small market capitalization growth companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies assessed by the subadviser as having a sustainable competitive advantage and able to grow over an extended period of time. Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund’s subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. Generally, the fund invests in approximately 20 to 35 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund’s investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund’s investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund’s transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund’s shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund’s portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Growth Stocks Risk.** The risk that the fund’s investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.



- > **Limited Number of Investments Risk.** The risk that the fund's portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund's portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Small Market Capitalization Companies Risk.** The risk that the fund's investments in small market capitalization companies may be less liquid and more vulnerable to adverse business or economic developments, which may increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.

## Performance Information

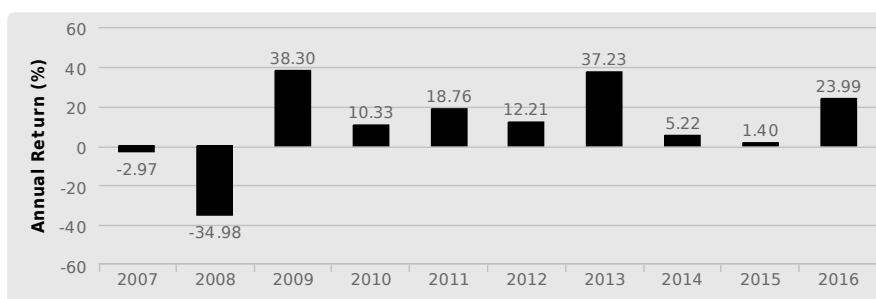
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 22.90% Worst Quarter: Q4/2008: -28.17% Year to date (3/31/17): 5.93%

### Average Annual Total Returns (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years
<b>Class A Shares</b>			
Return Before Taxes	16.86%	13.93%	8.18%
Return After Taxes on Distributions	16.02%	12.91%	7.68%
Return After Taxes on Distributions and Sale of Fund Shares	10.09%	11.01%	6.59%
<b>Class C Shares</b>			
Return Before Taxes	23.09%	14.03%	8.00%
<b>Class I Shares</b>			
Return Before Taxes	24.25%	15.58%	9.00%
Russell 2000 <sup>®</sup> Growth Index (reflects no deduction for fees, expenses or taxes)	11.32%	13.74%	7.76%

The Russell 2000<sup>®</sup> 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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Managers

- > *Todd Beiley, CFA*, Portfolio Manager and Senior Research Analyst at KAR. Mr. Beiley has served as a Portfolio Manager of the fund since 2008.
- > *Jon Christensen, CFA*, Portfolio Manager and Senior Research Analyst at KAR. Mr. Christensen has served as a Portfolio Manager of the fund since 2009.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus KAR Small-Cap Value Fund

## Investment Objective

The fund has an investment objective of long-term capital appreciation.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class I	Class R6	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class I	Class R6	Class T
Management Fees	0.70%	0.70%	0.70%	0.70%	0.70%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	None	0.25%
Other Expenses	0.35%	0.35%	0.35%	0.24% <sup>(b)</sup>	0.35% <sup>(b)</sup>
Total Annual Fund Operating Expenses	1.30%	2.05%	1.05%	0.94%	1.30%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$700	\$963	\$1,247	\$2,053
Class C	Sold	\$308	\$643	\$1,103	\$2,379
	Held	\$208	\$643	\$1,103	\$2,379
Class I	Sold or Held	\$107	\$334	\$579	\$1,283
Class R6	Sold or Held	\$96	\$300	\$520	\$1,155
Class T	Sold or Held	\$379	\$652	\$945	\$1,779

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund's portfolio turnover rate was 15% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund pursues long-term capital appreciation in the small market capitalization sector while seeking to provide the risk characteristics of the less volatile large capitalization S&P 500<sup>®</sup> Index. The fund invests in a select group of small market capitalization value companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies the subadviser believes to have a sustainable competitive advantage, strong management and low financial risk and to be able to grow over market cycles. Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. Generally, the fund invests in approximately 20 to 35 securities at any given time.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Limited Number of Investments Risk.** The risk that the fund's portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund's portfolio than would a fund holding a greater number of securities.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Small Market Capitalization Companies Risk.** The risk that the fund's investments in small market capitalization companies may be less liquid and more vulnerable to adverse business or economic developments, which may increase the volatility and risk of loss to the fund, as compared with investments in larger, more established companies.
- > **Value Stocks Risk.** The risk that the fund will underperform when value investing is out of favor or that the fund's investments will not appreciate in value as anticipated.

### Performance Information

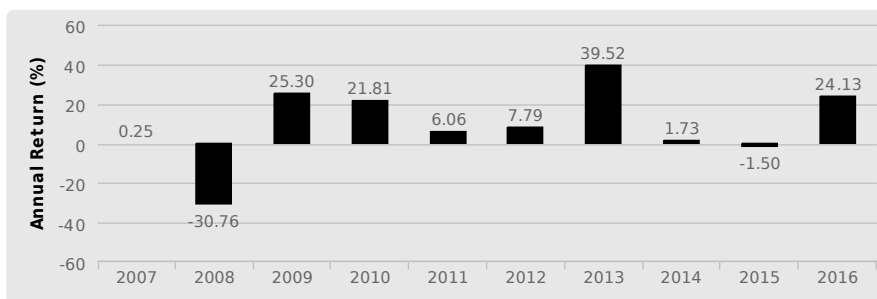
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at *virtus.com* or by calling 800-243-1574.

**Calendar year total returns for Class A Shares** (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 21.71%    Worst Quarter: Q4/2008: -19.75%    Year to date (3/31/17): 4.57%

**Average Annual Total Returns** (for the periods ended 12/31/16 includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception Class R6 (11/3/16)
<b>Class A Shares</b>				
Return Before Taxes	17.00%	12.01%	7.07%	--
Return After Taxes on Distributions	14.59%	10.60%	6.30%	--
Return After Taxes on Distributions and Sale of Fund Shares	11.33%	9.41%	5.63%	--
<b>Class C Shares</b>				
Return Before Taxes	23.19%	12.49%	6.91%	--
<b>Class I Shares</b>				
Return Before Taxes	24.48%	13.63%	7.98%	--
<b>Class R6</b>				
Return Before Taxes	--	--	--	16.20%
Russell 2000® Value Index (reflects no deduction for fees, expenses or taxes)	31.74%	15.07%	6.26%	21.00%

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 index is unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Kayne Anderson Rudnick Investment Management, LLC ("KAR"), an affiliate of VIA.

## Portfolio Managers

- > **Julie Kutasov**, Portfolio Manager and Senior Research Analyst at KAR. Ms. Kutasov has served as a Portfolio Manager of the fund since 2008.
- > **Craig Stone**, Portfolio Manager and Senior Research Analyst at KAR. Mr. Stone has served as a Portfolio Manager of the fund since 2009.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

For Class R6 Shares, there is no minimum initial investment and there is no minimum for additional purchases. Class R6 Shares are available only to certain employer-sponsored retirement plans, including Section 401(k), 403(b) and 457, profit-sharing, money purchase pension and defined benefit plans and non-qualified deferred compensation plans, in each case provided that plan level or omnibus accounts are held on the books of the fund.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus Rampart Enhanced Core Equity Fund

## Investment Objective

The fund has investment objectives of capital appreciation and current income.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under "Sales Charges" on page 81 of the fund's prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund's prospectus, entitled "Intermediary Sales Charge Discounts and Waivers;" and (iv) under "Alternative Purchase Arrangements" on page 87 of the fund's statement of additional information ("SAI").

<b>Shareholder Fees</b> (fees paid directly from your investment)	<b>Class A</b>	<b>Class C</b>	<b>Class I</b>	<b>Class T</b>
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None	None

<b>Annual Fund Operating Expenses</b> (expenses that you pay each year as a percentage of the value of your investment)	<b>Class A</b>	<b>Class C</b>	<b>Class I</b>	<b>Class T</b>
Management Fees	0.75%	0.75%	0.75%	0.75%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	None	0.25%
Other Expenses	0.38%	0.38%	0.38%	0.38% <sup>(b)</sup>
Acquired Fund Fees and Expenses	0.16%	0.16%	0.16%	0.16%
Total Annual Fund Operating Expenses <sup>(c)</sup>	1.54%	2.29%	1.29%	1.54%
Less: Expense Reimbursement <sup>(d)</sup>	(0.13)%	(0.13)%	(0.13)%	(0.13)%
<b>Total Annual Fund Operating Expenses After Expense Reimbursement<sup>(c)(d)</sup></b>	<b>1.41%</b>	<b>2.16%</b>	<b>1.16%</b>	<b>1.41%</b>

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The Total Annual Fund Operating Expenses do not correlate to the ratio of expenses to average net assets appearing in the Financial Highlights tables, which tables reflect only the operating expenses of the fund and do not include acquired fund fees and expenses.

(d) The fund's investment adviser has contractually agreed to limit the fund's total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) so that such expenses do not exceed 1.25% for Class A Shares, 2.00% for Class C Shares, 1.00% for Class I Shares and 1.25% for Class T Shares through April 30, 2018. Following the contractual period, the adviser may discontinue these expense reimbursement arrangements at any time. Under certain conditions, the adviser may recapture operating expenses reimbursed under these arrangements for a period of three years following the time such reimbursement occurred.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year, that the fund's operating expenses remain the same and that the expense reimbursement arrangement remains in place for the contractual period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$710	\$1,021	\$1,355	\$2,294
Class C	Sold	\$319	\$703	\$1,213	\$2,616
	Held	\$219	\$703	\$1,213	\$2,616
Class I	Sold or Held	\$118	\$396	\$695	\$1,545
Class T	Sold or Held	\$390	\$712	\$1,056	\$2,028

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 312% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund seeks to achieve its investment objective by investing in ETFs, and/or securities representing the S&P 500<sup>®</sup> Index and the primary sectors of the S&P 500<sup>®</sup> Index including consumer discretionary, consumer staples, energy, financials, healthcare, industrials, materials, technology, and utilities. The fund will also invest in exchange-traded funds (“ETFs”) representing market segments that include low volatility and high beta securities. Allocations are based on a proprietary rules-based momentum model that looks to overweight those sectors and market segments that experienced stronger recent relative-performance.

An options strategy is employed for the purpose of seeking to generate additional income. The strategy utilizes index-based, out-of-the-money put and call credit spreads. The strategy is driven by implied volatility, as measured by the CBOE Volatility Index<sup>®</sup> (VIX<sup>®</sup>), and seeks to exploit pricing inefficiencies in the S&P 500<sup>®</sup> Index.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Derivatives Risk.** The risk that the fund will incur a loss greater than the fund's investment in, or will experience greater share price volatility as a result of investing in, a derivative contract. Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or to attempt to increase yield.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Exchange-Traded Funds (ETFs) Risk.** The risk that the value of an ETF will be more volatile than the underlying portfolio of securities the ETF is designed to track, or that the costs to the fund of owning shares of the ETF will exceed those the fund would incur by investing in such securities directly.
- > **Fund of Funds Risk.** The risk that the fund's performance will be adversely affected by the assets owned by the other mutual funds in which it invests, and that the layering of expenses associated with the fund's investment in such other funds will cost shareholders more than direct investments would have cost.



- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Portfolio Turnover Risk.** The risk that the fund's principal investment strategies will result in a consistently high portfolio turnover rate. See the "Portfolio Turnover" section above for more information about the impact that portfolio turnover can have on your investment.
- > **Sector Focused Investing Risk.** The risk that events negatively affecting a particular market sector in which the fund focuses its investments will cause the value of the fund's shares to decrease, perhaps significantly.

## Performance Information

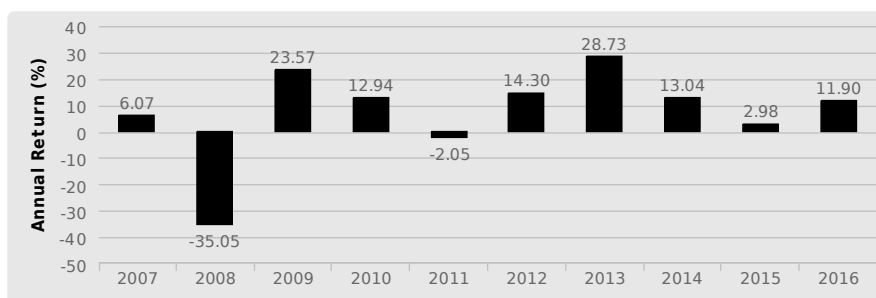
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of a broad-based securities market index. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 17.89% Worst Quarter: Q4/2008: -20.00% Year to date (3/31/17): 4.97%

### Average Annual Total Returns (for the periods ended 12/31/16 includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years	Since Inception Class I (11/13/07)
<b>Class A Shares</b>				
Return Before Taxes	5.47%	12.56%	5.46%	—
Return After Taxes on Distributions	4.40%	9.98%	4.18%	—
Return After Taxes on Distributions and Sale of Fund Shares	3.64%	9.44%	4.08%	—
<b>Class C Shares</b>				
Return Before Taxes	11.11%	13.06%	5.29%	—
<b>Class I Shares</b>				
Return Before Taxes	12.20%	14.17%	—	6.25%
S&P 500 <sup>®</sup> Index (reflects no deduction for fees, expenses or taxes)	11.96%	14.66%	6.95%	6.93%

The S&P 500<sup>®</sup> Index is a free-float adjusted 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 and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadviser is Rampart Investment Management Company, LLC ("Rampart"), an affiliate of VIA (since December 2014).

## Portfolio Managers

- > **Michael Davis**, a Portfolio Manager at Rampart, is a manager of the fund. Mr. Davis has served as a Portfolio Manager of the fund since September 2016.
- > **Brendan R. Finneran**, Portfolio Manager and Trader at Rampart, is a manager of the fund. Mr. Finneran has served as a Portfolio Manager of the fund since December 2014.
- > **Robert F. Hofeman, Jr.**, Portfolio Manager and Trader at Rampart, is a manager of the fund. Mr. Hofeman has served as a Portfolio Manager of the fund since December 2014.
- > **Warun Kumar**, Chief Investment Officer and Portfolio Manager at Rampart, is a manager of the fund. Mr. Kumar has served as a Portfolio Manager of the fund since September 2016.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

For Class I Shares, the minimum initial purchase is \$100,000; there is no minimum for additional purchases.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

## Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus Strategic Allocation Fund

## Investment Objective

The fund has investment objectives of reasonable income, long-term capital growth and conservation of capital.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class T
Management Fees	0.55%	0.55%	0.55%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	0.25%
Other Expenses	0.33%	0.33%	0.33% <sup>(b)</sup>
Acquired Fund Fees and Expenses <sup>(c)</sup>	0.01%	0.01%	0.01%
Total Annual Fund Operating Expenses <sup>(c)</sup>	1.14%	1.89%	1.14%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The Total Annual Fund Operating Expenses do not correlate to the ratio of expenses to average net assets appearing in the Financial Highlights tables, which tables reflect only the operating expenses of the fund and do not include acquired fund fees and expenses.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$685	\$916	\$1,167	\$1,881
Class C	Sold	\$292	\$594	\$1,021	\$2,212
	Held	\$192	\$594	\$1,021	\$2,212
Class T	Sold or Held	\$363	\$603	\$862	\$1,601

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 75% of the average value of its portfolio.

## Investments, Risks and Performance

### Principal Investment Strategies

The fund targets an asset allocation consisting of approximately 45% in U.S. equity securities, 15% in non-U.S. equity securities and 40% in fixed income securities. For the fund's U.S. equity allocation, the subadviser invests in a select group of large market capitalization growth companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies the subadviser believes to have a sustainable competitive advantage, strong management and low financial risk, and to be able to grow over market cycles. For the fund's non-U.S. equity exposure, which may be implemented through American Depositary Receipts (ADRs), the subadviser's process is driven by bottom-up fundamental research and informed by top-down macro views. For the fixed income allocation, the subadviser employs a time-tested approach of active sector rotation, extensive credit research, and disciplined risk management designed to capitalize on opportunities across the fixed income markets. Allocation percentages are measured at time of purchase.

Under normal market circumstances, the fund invests at least 65% of its assets in common stocks and fixed income securities of both U.S. and foreign issuers, including issuers in emerging market countries, and may invest in issuers of any size. The fund invests the fixed income portion of its portfolio in all sectors of fixed income securities, primarily in investment grade bonds; however, it may invest in high-yield/high-risk fixed income securities ("junk bonds"), including bank loans (which are generally floating rate). These sectors include, but are not limited to mortgage- and asset-backed, government, corporate, and municipal debt obligations. Normally, the fund's fixed income allocation has a dollar-weighted average duration of between two and eight years.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadvisers expect. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Credit Risk.** The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline.
- > **Currency Rate Risk.** The risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the fund's shares.
- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Emerging Market Investing Risk.** The risk that prices of emerging markets securities will be more volatile, or will be more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.
- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Growth Stocks Risk.** The risk that the fund's investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.

- > **High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk.** The risk that the issuers of high-yield/high-risk securities in the fund's portfolio will default, that the prices of such securities will be volatile, and that the securities will not be liquid.
- > **Interest Rate Risk.** The risk that when interest rates rise, the values of the fund's debt securities, especially those with longer maturities, will fall.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- > **Loan Risk.** The risks that, in addition to the risks typically associated with high-yield/high-risk fixed income securities, loans (including floating rate loans) in which the fund invests may be unsecured or not fully collateralized, may be subject to restrictions on resale, and/or some loans may trade infrequently on the secondary market. Loans settle on a delayed basis, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans.
- > **Long-Term Maturities/Durations Risk.** The risk of greater price fluctuations than would be associated with securities having shorter maturities or durations.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Mortgage-Backed and Asset-Backed Securities Risk.** The risk that changes in interest rates will cause both extension and prepayment risks for mortgage-backed and asset-backed securities in which the fund invests, or that an impairment of the value of collateral underlying such securities will cause the value of the securities to decrease.
- > **U.S. Government Securities Risk.** The risk that U.S. Government securities in the fund's portfolio will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.

## Performance Information

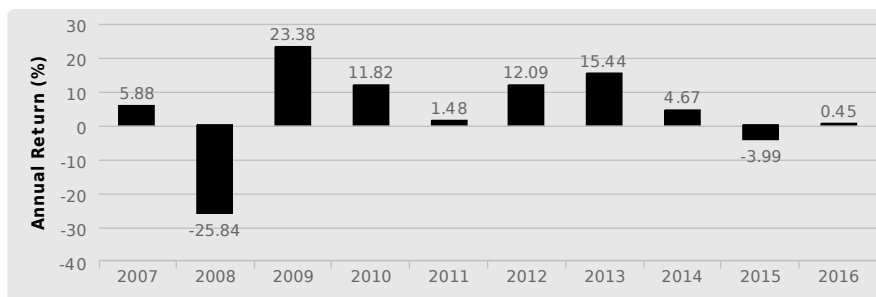
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of two broad-based securities market indexes and a composite benchmark that reflects the target allocation of the fund. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter:	Q2/2009:	13.92%	Worst Quarter:	Q4/2008:	-14.51%	Year to date (3/31/17):	6.19%
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### Average Annual Total Returns (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years
<b>Class A</b>			
Return Before Taxes	-5.33%	4.25%	3.07%
Return After Taxes on Distributions	-7.71%	2.44%	1.77%
Return After Taxes on Distributions and Sale of Fund Shares	-1.54%	3.12%	2.25%
<b>Class C</b>			
Return Before Taxes	-0.28%	4.70%	2.91%
Bloomberg Barclays U.S. Aggregate Bond Index (reflects no deduction for fees, expenses or taxes)	0.55%	3.25%	4.52%
S&P 500 <sup>®</sup> Index (reflects no deduction for fees, expenses or taxes)	11.96%	14.66%	6.95%
Strategic Allocation Benchmark (reflects no deduction for fees, expenses or taxes)	2.65%	2.23%	4.35%

The Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. The index is calculated on a total-return basis. The S&P 500<sup>®</sup> Index is a free-float adjusted 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 Strategic Allocation Linked Benchmark consists of 45% Russell 1000<sup>®</sup> Growth Index (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, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE<sup>®</sup> Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, 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). Performance of the Strategic Allocation Linked Benchmark prior to September 7, 2016 represents an allocation consisting of 60% S&P 500<sup>®</sup> Index and 50% Bloomberg Barclays U.S. Aggregate Bond Index. The indexes are unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadvisers are Duff & Phelps Investment Management Co. ("Duff & Phelps") (international equity portion), Kayne Anderson Rudnick Investment Management, LLC ("KAR") (domestic equity portion) and Newfleet Asset Management, LLC ("Newfleet") (fixed income portion), each an affiliate of VIA.

## Portfolio Managers

- > **David L. Albrycht, CFA**, President and Chief Investment Officer at Newfleet. Mr. Albrycht has served as a Portfolio Manager of the fund since 2012.
- > **Frederick A. Brimberg**, Senior Managing Director and International Equity Portfolio Manager at Duff & Phelps, is the manager of the fund. Mr. Brimberg has served as the Portfolio Manager of the fund since 2012.
- > **Doug Foreman, CFA**, Chief Investment Officer at KAR. Mr. Foreman has served as a Portfolio Manager of the fund since September 2016.
- > **Stephen H. Hooker, CFA**, Managing Director and Portfolio Manager at Newfleet. Mr. Hooker has served as a Portfolio Manager of the fund since April 2017.

## Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

### Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

# Virtus Tactical Allocation Fund

## Investment Objective

The fund has investment objectives of capital appreciation and income.

## Fees and Expenses

The tables below illustrate all fees and expenses that you may pay if you buy and hold shares of the fund. You may qualify for sales charge discounts in Class A Shares if you and your family invest, or agree to invest in the future, at least \$50,000 in Virtus Funds. You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in the fund. More information on these and other discounts is available: (i) from your financial advisor or other financial intermediary; (ii) under “Sales Charges” on page 81 of the fund’s prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” on page 87 of the fund’s statement of additional information (“SAI”).

Shareholder Fees (fees paid directly from your investment)	Class A	Class C	Class T
Maximum Sales Charge (load) Imposed on Purchases (as a percentage of offering price)	5.75%	None	2.50%
Maximum Deferred Sales Charge (load) (as a percentage of the lesser of purchase price or redemption proceeds)	None	1.00% <sup>(a)</sup>	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	Class A	Class C	Class T
Management Fees	0.70%	0.70%	0.70%
Distribution and Shareholder Servicing (12b-1) Fees	0.25%	1.00%	0.25%
Other Expenses	0.38%	0.38%	0.38% <sup>(b)</sup>
Acquired Fund Fees and Expenses	0.01%	0.01%	0.01%
Total Annual Fund Operating Expenses <sup>(c)</sup>	1.34%	2.09%	1.34%

(a) The deferred sales charge is imposed on Class C Shares redeemed during the first year only.

(b) Estimated for current fiscal year, as annualized.

(c) The Total Annual Fund Operating Expenses do not correlate to the ratio of expenses to average net assets appearing in the Financial Highlights tables, which tables reflect only the operating expenses of the fund and do not include acquired fund fees and expenses.

## Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes an investment of \$10,000 in the fund for the time periods indicated. It shows your costs if you sold your shares at the end of the period or continued to hold them. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	Share Status	1 Year	3 Years	5 Years	10 Years
Class A	Sold or Held	\$704	\$975	\$1,267	\$2,095
Class C	Sold	\$312	\$655	\$1,124	\$2,421
	Held	\$212	\$655	\$1,124	\$2,421
Class T	Sold or Held	\$383	\$664	\$966	\$1,822

## Portfolio Turnover

The fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund’s performance. During the most recent fiscal year, the fund’s portfolio turnover rate was 81% of the average value of its portfolio.



## Investments, Risks and Performance

### Principal Investment Strategies

Diversified across equity and fixed income securities, the fund's tactical allocation approach seeks to generate a combination of capital appreciation and income. For the fund's U.S. equity allocation, the subadviser invests in a select group of large market capitalization growth companies believed to be undervalued relative to their future growth potential. The investment strategy emphasizes companies the subadviser believes to have a sustainable competitive advantage, strong management and low financial risk, and to be able to grow over market cycles. For the fund's non-U.S. equity exposure, which may be implemented through American Depositary Receipts (ADRs), the subadviser's process is driven by bottom-up fundamental research and informed by top-down macro views. For the fixed income allocation, the subadviser employs a time-tested approach of active sector rotation, extensive credit research, and disciplined risk management designed to capitalize on opportunities across the fixed income markets.

The fund invests in U.S. equity, non-U.S. equity and fixed income securities using a tactical allocation approach. Generally, the following percentages apply: 25% to 60% invested in U.S. equity securities, 5% to 30% invested in non-U.S. equity securities and 35% to 60% invested in fixed income securities. The equity allocation is invested in common, preferred, and ADR securities. The fixed income allocation may be invested in all sectors of fixed income securities, including high-yield/high-risk ("junk bonds"), bank loans (which are generally floating rate), mortgage-backed and asset-backed, government, corporate, and municipal debt obligations. Normally, the fund's fixed income allocation has a dollar-weighted average duration of between two and eight years. The fund may invest in both U.S. and foreign (non-U.S.) securities, including those of issuers in emerging market countries, and may invest in issuers of any size. Allocation percentages are measured at time of purchase.

Generally, the fund's U.S. equity investments are in large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization of companies included in the Russell 1000<sup>®</sup> Index was \$486 million to \$610 billion.

### Principal Risks

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadvisers expect. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund including by accelerating the realization of capital gains and increasing the fund's transaction costs. The principal risks of investing in the fund are:

- > **Credit Risk.** The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline.
- > **Currency Rate Risk.** The risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the fund's shares.
- > **Depositary Receipts Risk.** The risk that investments in foreign companies through depositary receipts will expose the fund to the same risks as direct investments in securities of foreign issuers.
- > **Emerging Market Investing Risk.** The risk that prices of emerging markets securities will be more volatile, or will be more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.
- > **Equity Securities Risk.** The risk that events negatively affecting issuers, industries or financial markets in which the fund invests will impact the value of the stocks held by the fund and, thus, the value of the fund's shares over short or extended periods. Investments in a particular style or in small or medium-sized companies may enhance that risk.

- > **Foreign Investing Risk.** The risk that the prices of foreign securities in the fund's portfolio will be more volatile than those of domestic securities, or will be negatively affected by currency fluctuations, less regulated or liquid securities markets, or economic, political or other developments.
- > **Growth Stocks Risk.** The risk that the fund's investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.
- > **High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk.** The risk that the issuers of high-yield/high-risk securities in the fund's portfolio will default, that the prices of such securities will be volatile, and that the securities will not be liquid.
- > **Interest Rate Risk.** The risk that when interest rates rise, the values of the fund's debt securities, especially those with longer maturities, will fall.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- > **Loan Risk.** The risks that, in addition to the risks typically associated with high-yield/high-risk fixed income securities, loans (including floating rate loans) in which the fund invests may be unsecured or not fully collateralized, may be subject to restrictions on resale, and/or some loans may trade infrequently on the secondary market. Loans settle on a delayed basis, potentially leading to the sale proceeds of loans not being available to meet redemptions for a substantial period of time after the sale of the loans.
- > **Long-Term Maturities/Durations Risk.** The risk of greater price fluctuations than would be associated with securities having shorter maturities or durations.
- > **Market Volatility Risk.** The risk that the value of the securities in which the fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.
- > **Mortgage-Backed and Asset-Backed Securities Risk.** The risk that changes in interest rates will cause both extension and prepayment risks for mortgage-backed and asset-backed securities in which the fund invests, or that an impairment of the value of collateral underlying such securities will cause the value of the securities to decrease.
- > **Municipal Bond Market Risk.** The risk that events negatively impacting a particular municipal security, or the municipal bond market in general, will cause the value of the fund's shares to decrease, perhaps significantly.
- > **Preferred Stock Risk.** The risk that a preferred stock will decline in price, fail to pay dividends when expected, or be illiquid.
- > **U.S. Government Securities Risk.** The risk that U.S. Government securities in the fund's portfolio will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.

## Performance Information

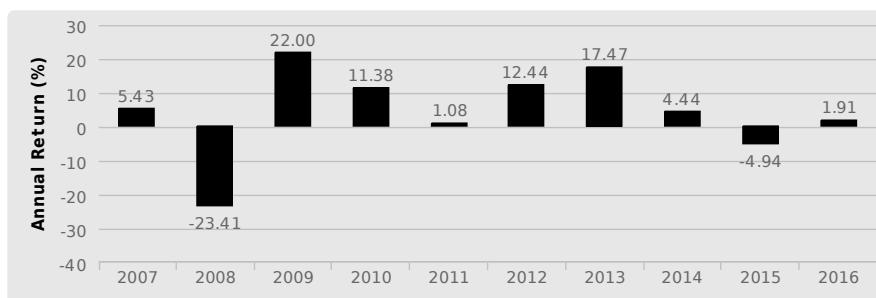
The bar chart and table below provide some indication of the potential risks of investing in the fund. The fund's past performance, before and after taxes, is not necessarily an indication of how the fund will perform in the future.

Performance for Class T Shares is not shown here as Class T Shares were not available prior to the date of this prospectus.

The bar chart shows changes in the fund's performance from year to year over a 10-year period. The table shows how the fund's average annual returns compare to those of two broad-based securities market indexes and a composite benchmark that reflects the target allocation of the fund. Updated performance information is available at [virtus.com](http://virtus.com) or by calling 800-243-1574.

### Calendar year total returns for Class A Shares (includes returns of a predecessor fund)

Returns do not reflect sales charges and would be lower if they did.



Best Quarter: Q2/2009: 12.69% Worst Quarter: Q4/2008: -13.01% Year to date (3/31/17): 6.43%

### Average Annual Total Returns (for the periods ended 12/31/16; includes returns of a predecessor fund)

Returns reflect deduction of maximum sales charges and full redemption at end of periods shown.

	1 Year	5 Years	10 Years
<b>Class A Shares</b>			
Return Before Taxes	-3.95%	4.72%	3.40%
Return After Taxes on Distributions	-6.53%	2.62%	1.93%
Return After Taxes on Distributions and Sale of Fund Shares	-0.72%	3.44%	2.47%
<b>Class C Shares</b>			
Return Before Taxes	1.17%	5.18%	3.24%
S&P 500 <sup>®</sup> Index (reflects no deduction for fees, expenses or taxes)	11.96%	14.66%	6.95%
Bloomberg Barclays U.S. Aggregate Bond Index (reflects no deduction for fees, expenses or taxes)	2.65%	2.23%	4.35%
Tactical Allocation Fund Linked Benchmark (reflects no deduction for fees, expenses or taxes)	5.98%	8.16%	5.82%

The S&P 500<sup>®</sup> Index is a free-float adjusted 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 Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. The index is calculated on a total-return basis. The Tactical Allocation Fund Linked Benchmark consists of 45% Russell 1000<sup>®</sup> Growth Index (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, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE<sup>®</sup> Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, 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). Performance of the Tactical Allocation Fund Linked Benchmark prior to September 7, 2016 represents an allocation consisting of 50% S&P 500<sup>®</sup> Index and 50% Bloomberg Barclays U.S. Aggregate Bond Index. The indexes are unmanaged and not available for direct investment.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. After-tax returns are shown only for Class A Shares; after-tax returns for other classes will vary. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. In certain cases, the Return After Taxes on Distributions and Sale of Fund Shares for a period may be higher than other return figures for the same period. This will occur when a capital loss is realized upon the sale of fund shares and provides an assumed tax benefit that increases the return.

## Management

The fund's investment adviser is Virtus Investment Advisers, Inc. ("VIA").

The fund's subadvisers are Duff & Phelps Investment Management Co. ("Duff & Phelps") (international equity portion), Kayne Anderson Rudnick Investment Management, LLC ("KAR") (domestic equity portion) and Newfleet Asset Management, LLC ("Newfleet") (fixed income portion), each an affiliate of VIA.

### Portfolio Managers

- > **David L. Albrycht, CFA**, President and Chief Investment Officer at Newfleet. Mr. Albrycht has served as a Portfolio Manager of the fund since 2012.
- > **Frederick A. Brimberg**, Senior Managing Director and International Equity Portfolio Manager at Duff & Phelps, is the manager of the fund. Mr. Brimberg has served as the Portfolio Manager of the fund since 2012.
- > **Doug Foreman, CFA**, Chief Investment Officer at KAR. Mr. Foreman has served as a Portfolio Manager of the fund since September 2016.

### Purchase and Sale of Fund Shares

Minimum initial investments applicable to Class A, Class C and Class T Shares:

- \$2,500, generally
- \$100 for Individual Retirement Accounts (IRAs), systematic purchase or exchange accounts
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans

Minimum additional investments applicable to Class A, Class C and Class T Shares:

- \$100, generally
- No minimum for defined contribution plans, asset-based fee programs, profit-sharing plans or employee benefit plans.

In general, you may buy or sell shares of the fund by mail or telephone on any business day. You also may buy and sell shares through a financial advisor, broker-dealer or other financial intermediary.

### Taxes

The fund's distributions are taxable to you as either ordinary income or capital gains, except when your investment is through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your financial advisor to recommend the fund over another investment. Ask your financial advisor or visit your financial intermediary's Web site for more information.

## More Information About Fund Expenses

VIA has contractually agreed to limit the total operating expenses (excluding certain expenses, such as front-end or contingent deferred sales charges, taxes, interest, brokerage commissions, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any) through April 30, 2018 of certain of the funds so that such expenses do not exceed, on an annualized basis, the amounts indicated in the following table.

	<b>Class A</b>	<b>Class C</b>	<b>Class I</b>	<b>Class R6</b>	<b>Class T</b>
Virtus Contrarian Value Fund <sup>(1)</sup>	1.48%	2.23%	1.23%	1.06%	1.48%
Virtus KAR Capital Growth Fund <sup>(1)</sup>	1.47%	2.22%	1.22%	N/A	1.47%
Virtus KAR Global Quality Dividend Fund <sup>(1)</sup>	1.35%	2.10%	1.10%	N/A	1.35%
Virtus KAR Mid-Cap Core Fund <sup>(2)</sup>	1.20%	1.95%	0.95%	N/A	1.20%
Virtus KAR Mid-Cap Growth Fund	1.40%	2.15%	1.15%	N/A	1.40%
Virtus KAR Small-Cap Growth Fund	1.50%	2.25%	1.25%	N/A	1.50%
Virtus KAR Small-Cap Value Fund <sup>(1)</sup>	1.42%	2.17%	1.17%	1.06%	1.42%
Virtus Rampart Enhanced Core Equity Fund	1.25%	2.00%	1.00%	N/A	1.25%

(1) Fund expenses currently below the capped level.

(2) Amounts shown are effective July 29, 2016.

Following the contractual period, VIA may discontinue these reimbursement arrangements at any time. Under certain conditions, VIA may recapture operating expenses reimbursed under these arrangements for a period of three years following the end of the fiscal year in which such reimbursements occurred.

For those funds operating under an expense reimbursement arrangement for the prior fiscal year, total (net) fund operating expenses, including acquired fund fees and expenses, if any, after effect of any expense reimbursement or recoupment were:

	<b>Class A</b>	<b>Class C</b>	<b>Class I</b>	<b>Class R6</b>
Virtus Contrarian Value Fund <sup>(3)</sup>	1.41%	2.16%	1.16%	0.99%
Virtus KAR Capital Growth Fund <sup>(3)</sup>	1.30%	2.05%	1.05%	N/A
Virtus KAR Global Quality Dividend Fund	1.35%	2.10%	1.10%	N/A
Virtus KAR Mid-Cap Core Fund <sup>(4)</sup>	1.35%	2.10%	1.10%	N/A
Virtus KAR Mid-Cap Growth Fund	1.40%	2.15%	1.15%	N/A
Virtus KAR Small-Cap Growth Fund	1.51%	2.26%	1.26%	N/A
Virtus KAR Small-Cap Value Fund <sup>(3)</sup>	1.30%	2.05%	1.05%	0.94% <sup>(5)</sup>
Virtus Rampart Enhanced Core Equity Fund	1.41%	2.16%	1.16%	N/A

(3) Fund expenses currently below capped level.

(4) Amounts shown are based on prior expense limitation agreements.

(5) Estimated based on then-existing shares.

## More Information About Investment Objectives and Principal Investment Strategies

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The investment objectives and principal strategies of each fund are described in this section. Each of the funds has a non-fundamental investment objective. A non-fundamental investment objective may be changed by the Board of Trustees without shareholder approval. If a fund's investment objective is changed, the prospectus will be supplemented to reflect the new investment objective. To the extent that there is a material change in a fund's investment objective, shareholders will be provided with reasonable notice. There is no guarantee that a fund will achieve its objective.

Please see the statement of additional information ("SAI") for additional information about the securities and investment strategies described in this prospectus and about additional securities and investment strategies that may be used by the funds.

# Virtus Contrarian Value Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term growth of capital.

## **Principal Investment Strategies**

Extensive valuation and security analysis provides the basis for construction of a concentrated portfolio designed to have low turnover. The fund typically invests in the securities of medium to large capitalization companies, but it is not limited to investing in the securities of companies of any particular size.

The subadviser utilizes a “bottom-up” investment approach. The subadviser looks for companies that are both selling at a substantial discount to their private market value and are believed to have restructuring and turnaround potential. The subadviser also looks for companies where there is believed to be potential for significant increase in earnings over a three-year period and for significant price appreciation over a three-year period.

The subadviser employs a sell discipline pursuant to which it will sell a position when the price of the stock reaches the subadviser’s target price, when it has diminished confidence that management can execute the turnaround strategy, or when key management departs.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see “More Information About Risks Related to Principal Investment Strategies” for information about the risks of investing in the fund. Please refer to “Additional Investment Techniques” for other investment techniques of the fund.*

# Virtus KAR Capital Growth Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term capital growth.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 65% of its assets in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 1000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 1000<sup>®</sup> Index over the past three years was \$486 million to \$610 billion. The fund's policy of investing 65% of its assets in large market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows, which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry, and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 30 to 50 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*



# Virtus KAR Global Quality Dividend Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of total return, consisting of both capital appreciation and current income.

## **Principal Investment Strategies**

The fund invests in dividend paying equity securities of companies that are tied economically to a number of countries throughout the world, including American Depositary Receipts. The fund intends to diversify its investments among countries and normally to have represented in the portfolio business activities of a number of different countries. The fund typically invests in the securities of medium to large capitalization companies, but it is not limited to investing in the securities of companies of any particular size.

Under normal circumstances, the fund invests at least 80% of its assets in dividend paying equity securities. The fund's policy of investing 80% of its assets in dividend paying equity securities may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing companies that exhibit financial strength and durable earnings growth, which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 25 to 40 securities at any given time.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus KAR Mid-Cap Core Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term capital appreciation.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 80% of its assets in equity securities of medium market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers medium market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell Midcap<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell Midcap<sup>®</sup> Index over the past three years was \$159 million to \$57.6 billion. The fund's policy of investing at least 80% of its assets in medium market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing highly profitable, consistently growing companies with low debt and rising cash flows. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, its relative competitive position in the industry and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 25 to 35 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus KAR Mid-Cap Growth Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of capital appreciation.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 80% of its assets in equity securities of medium market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers medium market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell Midcap<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell Midcap<sup>®</sup> Index over the past three years was \$159 million to \$57.6 billion. The fund's policy of investing 80% of its assets in medium market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows, which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry, and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 25 to 50 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, are the subject of negative developments individually or as an industry; or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements; or for valuation reasons.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus KAR Small-Cap Core Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term capital appreciation, with dividend income a secondary consideration.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. The fund's policy of investing 80% of its assets in small market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a blended growth and value strategy when selecting securities for investment. The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry and its financial structure. The subadviser uses proprietary models to assist in its analysis. Generally, the fund invests in approximately 20 to 40 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus KAR Small-Cap Growth Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term capital appreciation.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. The fund's policy of investing 80% of its assets in small market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 20 to 35 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus KAR Small-Cap Value Fund

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## **Non-Fundamental Investment Objective**

The fund has an investment objective of long-term capital appreciation.

## **Principal Investment Strategies**

Under normal circumstances, the fund invests at least 80% of its assets in common stocks of small market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers small market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations generally within the range of companies included in the Russell 2000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 2000<sup>®</sup> Index over the past three years was \$5.5 million to \$11.3 billion. The fund's policy of investing 80% of its assets in small market capitalization companies may be changed only upon 60 days' written notice to shareholders.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies in mature industries with rising cash flows which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry and its financial structure. A proprietary model is used to determine relative value. Generally, the fund invests in approximately 20 to 35 securities at any given time.

Although the fund invests primarily in U.S. companies, it may invest in foreign securities and American Depositary Receipts.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus Rampart Enhanced Core Equity Fund

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## Non-Fundamental Investment Objective

The fund has investment objectives of capital appreciation and current income.

## Principal Investment Strategies

The fund seeks to achieve its investment objective by investing in ETFs, and/or securities representing the S&P 500<sup>®</sup> and the primary sectors of the S&P 500<sup>®</sup> Index, including the consumer discretionary, consumer staples, energy, financials, healthcare, industrials, materials, technology, and utilities sectors. The fund will also invest in ETFs and/or securities representing market segments that include low volatility and high beta securities (the prices of low volatility securities have historically moved less than the broader market, while those of high beta securities have been more volatile than the broader market). Allocations are based on a proprietary rules-based momentum model that looks to overweight those sectors and market segments that experienced stronger recent relative-performance.

An options strategy is employed for the purpose of seeking to generate additional income. The strategy utilizes index-based, out-of-the-money put and call credit spreads. (A call option is out of the money if the current price of the underlying stock is below the strike price of the option, while a put option is out of the money if the current price of the underlying stock is above the strike price of the option.) The strategy is driven by implied volatility, as measured by the Chicago Board Options Exchange (CBOE<sup>®</sup>) Volatility Index (VIX<sup>®</sup>), and seeks to exploit pricing inefficiencies in S&P 500<sup>®</sup> Index options.

To the extent the fund invests primarily in ETFs it will be considered a “fund of funds.” The term “fund of funds” is typically used to describe mutual funds, such as the fund, whose primary investment strategy involves investing in other investment companies, such as ETFs and other mutual funds. Investments in securities of other investment companies, including ETFs, are subject to statutory limitations prescribed in the Investment Company Act of 1940, as amended. Absent an available exemption, a fund may not: (i) acquire more than 3% of the voting securities of any other investment company, (ii) invest more than 5% of its total assets in securities of any one investment company, or (iii) invest more than 10% of its assets in securities of all investment companies. The fund has obtained exemptive relief from the Securities and Exchange Commission (“SEC”) to permit it to invest in affiliated and unaffiliated funds, including ETFs, beyond these statutory limitations, subject to certain conditions. Many ETFs also have obtained exemptive relief from the SEC to permit unaffiliated funds to invest in the ETF’s shares beyond these statutory limitations, subject to certain conditions. The fund may rely on the various exemptive orders to invest in ETFs.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see “More Information About Risks Related to Principal Investment Strategies” for information about the risks of investing in the fund. Please refer to “Additional Investment Techniques” for other investment techniques of the fund.*

# Virtus Strategic Allocation Fund

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## Non-Fundamental Investment Objective

The fund has investment objectives of reasonable income, long-term capital growth and conservation of capital.

## Principal Investment Strategies

Under normal circumstances, the fund invests at least 65% of its assets in common stocks and fixed income securities of both U.S. and foreign issuers, including issuers in emerging market countries, and may invest in issuers of any size. The fund targets an asset allocation consisting of approximately 45% in U.S. equity securities, 15% in non-U.S. equity securities and 40% in fixed income securities. Allocation percentages are measured at time of purchase.

For the fund's U.S. equity allocation, the fund invests in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 1000<sup>®</sup> Index over the past three years was \$486 million to \$610 billion.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows, which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company's strength of management, relative competitive position in the industry, and its financial structure. A proprietary model is used to determine relative value.

The subadviser's sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

For the fund's non-U.S. equity allocation, which may be implemented through ADRs, the subadviser's process is driven by bottom-up fundamental research and informed by top-down macro views. Generally, the fund invests in non-U.S. issuers having capitalizations that fall within the range of companies included in the MSCI EAFE<sup>®</sup> Index; however, the fund may invest in medium and small capitalization issuers as well. Top-down research is utilized to make global and regional decisions, country selection, and sector selection. As part of the process, the subadviser takes into account, among other things, monetary policy, geo-political factors, direction of interest rate movements, economic growth and outlook, and valuation. In evaluating non-U.S. securities for inclusion in the fund, the subadviser applies a Cash Flow Return on Capital approach to valuation as well as fundamental analysis to assess the financial strength, franchise quality, and management capabilities of individual securities. As of March 31, 2016, the market capitalization of companies included in the MSCI EAFE<sup>®</sup> Index was \$822 million to \$239 billion.

In determining which equity securities to sell, the subadviser considers several factors. Among those factors are: whether a security has become fully valued, if there has been a material change in the assessment of the company's fundamentals or original thesis, changes in the macro-economic environment, whether there is a better alternative available, and/or a portfolio rebalancing.

Under normal circumstances, the fixed income portion of the fund is invested in the following sectors of fixed income securities:

- Securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities, including collateralized mortgage obligations ("CMOs"), real estate mortgage investment conduits ("REMICs") and other pass-through securities;
- Debt securities issued by foreign issuers, including foreign governments and their political subdivisions and issuers located in emerging market countries;
- Investment grade securities (primarily of U.S. issuers, secondarily of non-U.S. issuers), which are securities with credit ratings within the four highest rating categories of a nationally recognized statistical rating organization, or if unrated, those that the subadviser determines, pursuant to procedures reviewed and approved by the Board of Trustees, are of comparable quality, including short-term securities; and
- High yield debt instruments, including bank loans (which are generally floating rate), of U.S. issuers.

The fund may invest in all or some of these sectors. If after the time of investment the rating declines, the fund is not obligated to sell the security.



The fixed income portion of the fund employs active sector rotation and disciplined risk management to portfolio construction. The fund's fixed income assets are typically allocated among various sectors of the fixed income market using a top-down, relative value approach that looks at factors such as yield and spreads, supply and demand, investment environment, and sector fundamentals. The subadviser then selects particular investments using a bottom-up, fundamental research-driven analysis that includes assessment of credit risk, company management, issue structure, technical market conditions, and valuations. Securities selected for investment are those that the subadviser believes offer the best potential to achieve the fund's investment objective of providing a high level of total return, including a competitive level of current income. The subadviser seeks to adjust the proportion of fixed income investments primarily in the sectors described above and the selections within sectors to obtain higher relative returns. The subadviser regularly reviews the fund's portfolio construction, endeavoring to minimize risk exposure by closely monitoring portfolio characteristics such as sector concentration and portfolio duration and by investing no more than 5% of the fixed income portion of the fund's total assets in securities of any single issuer (excluding the U.S. government, its agencies, authorities or instrumentalities).

The fixed income portion of the fund utilizes a duration neutral strategy. Duration measures the interest rate sensitivity of a fixed income security by assessing and weighting the present value of the security's payment pattern. Generally, the longer the maturity the greater the duration and, therefore, the greater effect interest rate changes have on the price of the security. Under normal circumstances, the fund's fixed income portion will have an average duration maintained at a level similar to that of its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. As of March 31, 2016, the modified adjusted duration of the Bloomberg Barclays U.S. Aggregate Bond Index was 6.71 years; the modified adjusted duration of the fund is expected to be similar in duration to the benchmark. Typically, for a fund maintaining a modified adjusted duration of 6.71 years, a one percent increase in interest rates would cause a 6.71% decrease in the value of the fund's fixed income assets. Similarly, a one percent decrease in interest rates typically would cause the value of the fund's fixed income assets to increase by 6.71%.

Fixed income securities generally will be sold if, in the opinion of the subadviser, they become overvalued, fundamentals change, or portfolio management considerations warrant.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

# Virtus Tactical Allocation Fund

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## Non-Fundamental Investment Objective

The fund has investment objectives of capital appreciation and income.

## Principal Investment Strategies

The fund invests in U.S. equity, non-U.S. equity and fixed income securities using a tactical allocation approach. Generally, the following percentages apply: 25% to 60% invested in U.S. equity securities, 5% to 30% invested in non-U.S. equity securities and 35% to 60% invested in fixed income securities. The equity allocation is invested in common, preferred, and ADR securities. The fixed income allocation may be invested in all sectors of fixed income securities, including high-yield, high-risk (“junk bonds”), mortgage-backed and asset-backed, government, corporate, and municipal debt obligations. The fund may invest in both U.S. and foreign (non-U.S.) securities, including those of issuers in emerging market countries, and may invest in issuers of any size. Allocation percentages are measured at time of purchase.

For the fund’s U.S. equity allocation, the fund invests in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund’s subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index on a rolling three-year basis. On this basis, as of December 31, 2016, the market capitalization range of companies included in the Russell 1000<sup>®</sup> Index over the past three years was \$486 million to \$610 billion. The fund’s policy of investing 65% of its assets in large market capitalization companies may be changed only upon 60 days’ written notice to shareholders.

The subadviser uses a strategy emphasizing consistently growing, highly profitable, low-debt companies with rising cash flows, which the subadviser deems to be of high quality. If a company meets these criteria, the subadviser researches and analyzes that company’s strength of management, relative competitive position in the industry, and its financial structure. A proprietary model is used to determine relative value.

The subadviser’s sell discipline seeks to dispose of holdings that, among other things, achieve a target price, or are the subject of negative developments individually or as an industry, or as necessary to provide funding to upgrade and improve portfolio holdings or meet diversification requirements.

For the fund’s non-U.S. equity allocation, which may be implemented through ADRs, the subadviser’s process is driven by bottom-up fundamental research and informed by top-down macro views. Generally, the fund invests in non-U.S. issuers having capitalizations that fall within the range of companies included in the MSCI EAFE<sup>®</sup> Index; however, the fund may invest in medium and small capitalization issuers as well. Top-down research is utilized to make global and regional decisions, country selection, and sector selection. As part of the process, the subadviser takes into account, among other things, monetary policy, geo-political factors, direction of interest rate movements, economic growth and outlook, and valuation. In evaluating non-U.S. securities for inclusion in the fund, the subadviser applies a Cash Flow Return on Capital approach to valuation as well as fundamental analysis to assess the financial strength, franchise quality, and management capabilities of individual securities. As of March 31, 2016, the market capitalization of companies included in the MSCI EAFE<sup>®</sup> Index was \$822 million to \$239 billion.

In determining which equity securities to sell, the subadviser considers several factors. Among those factors are: whether a security has become fully valued, if there has been a material change in the assessment of the company’s fundamentals or original thesis, changes in the macro-economic environment, whether there is a better alternative available, and/or a portfolio rebalancing.

Under normal circumstances, the fixed income portion of the fund is invested in the following sectors of fixed income securities:

- Securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities, including collateralized mortgage obligations (“CMOs”), real estate mortgage investment conduits (“REMICs”) and other pass-through securities;
- Debt securities issued by foreign issuers, including foreign governments and their political subdivisions and issuers located in emerging market countries;

- Investment grade securities, which are securities with credit ratings within the four highest rating categories of a nationally recognized statistical rating organization, or if unrated, those that the subadviser determines, pursuant to procedures reviewed and approved by the Board of Trustees, are of comparable quality, including short-term securities; and
- High yield debt instruments, including bank loans (which are generally floating rate), of U.S. issuers.

The fund may invest in all or some of these sectors. If after the time of investment the rating declines, the fund is not obligated to sell the security.

Securities are selected using a sector rotation approach. The fixed income subadviser seeks to adjust the proportion of the fund's fixed income investments in the sectors described above and the selections within sectors to obtain higher relative returns. Sectors are analyzed by the subadviser for attractive values. Securities within sectors are selected based on general economic and financial conditions, and the issuer's business, management, cash, assets, earnings and stability. Securities selected for investment are those that the subadviser believes offer the best potential for total return based on risk-reward tradeoff.

The fixed income portion of the fund utilizes a duration neutral strategy. Duration measures the interest rate sensitivity of a fixed income security by assessing and weighting the present value of the security's payment pattern. Generally, the longer the maturity the greater the duration and, therefore, the greater effect interest rate changes have on the price of the security. Under normal circumstances, the average duration of the fixed income portion of the fund is maintained at a level similar to that of its fixed income benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. As of March 31, 2016, the modified adjusted duration of the Bloomberg Barclay's U.S. Aggregate Bond Index was 6.71 years. Typically, for a fund maintaining a modified adjusted duration of 6.71 years, a one percent increase in interest rates would cause a 6.71% decrease in the value of the fund's fixed income assets. Similarly, a one percent decrease in interest rates typically would cause the value of the fund's fixed income assets to increase by 6.71%.

Fixed income securities generally will be sold if, in the opinion of the subadviser, they become overvalued, fundamentals change, or portfolio management considerations warrant.

*Temporary Defensive Strategy:* During periods of adverse market conditions, the fund may take temporary defensive positions that are inconsistent with its principal investment strategies by holding all or part of its assets in cash or short-term money market instruments including obligations of the U.S. Government, high-quality commercial paper, certificates of deposit, bankers acceptances, bank interest-bearing demand accounts, and repurchase agreements secured by U.S. Government securities. When this allocation happens, the fund may not achieve its objective.

*Please see "More Information About Risks Related to Principal Investment Strategies" for information about the risks of investing in the fund. Please refer to "Additional Investment Techniques" for other investment techniques of the fund.*

## More Information About Risks Related to Principal Investment Strategies

Each fund may not achieve its objective, and each fund is not intended to be a complete investment program.

Generally, the value of a fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of such fund's investments decreases, you will lose money.

Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected and investments may fail to perform as the adviser or a subadviser expects. As a result, the value of your shares may decrease.

Specific risks of investing in each fund are identified in the below table and described in detail following the table. For certain funds, the indicated risks apply indirectly through the fund's investments in other funds.

Risks	Virtus Contrarian Value Fund	Virtus KAR Capital Growth Fund	Virtus KAR Global Quality Dividend	Virtus KAR Mid-Cap Core Fund	Virtus KAR Mid-Cap Growth Fund	Virtus KAR Small-Cap Core Fund	Virtus KAR Small-Cap Growth Fund	Virtus KAR Small-Cap Value Fund	Virtus Rampart Enhanced Core Equity Fund	Virtus Strategic Allocation Fund	Virtus Tactical Allocation Fund
Debt Securities										X	X
Credit										X	X
Interest Rate										X	X
Long-Term Maturities/Durations										X	X
Depository Receipts		X	X	X	X	X	X	X		X	X
Derivatives									X		
Equity Securities	X	X	X	X	X	X	X	X	X	X	X
Growth Stocks		X			X		X			X	X
Large Market Capitalization Companies	X	X	X						X	X	X
Medium Market Capitalization Companies	X			X	X						
Small Market Capitalization Companies						X	X	X			
Small and Medium Market Capitalization Companies			X						X	X	X
Value Stocks	X							X			
Exchange-Traded Funds ("ETFs")									X		
Foreign Currency Transactions										X	X
Foreign Investing		X	X	X	X	X	X	X		X	X
Currency Rate		X	X	X	X	X	X	X		X	X
Emerging Market Investing										X	X
Fund of Funds									X		
High-Yield/High-Risk Fixed Income Securities (Junk Bonds)										X	X
Limited Number of Investments		X	X	X	X	X	X	X			
Loans										X	X
Market Volatility	X	X	X	X	X	X	X	X	X	X	X
Mortgage-Backed and Asset-Backed Securities										X	X
Municipal Securities											X
Portfolio Turnover									X		
Preferred Stocks											X
Sector Focused Investing									X		
Short-Term Investments									X		
U.S. Government Securities										X	X

### Debt Securities

Debt securities are subject to various risks, the most prominent of which are credit risk and interest rate risk. These risks can affect a security's price volatility to varying degrees, depending upon the nature of the instrument. Risks associated with investing in debt securities include the following:

- **Credit Risk.** There is a risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.
- **Interest Rate Risk.** The values of debt securities usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of interest income paid to a fund, but will affect the value of the fund's shares. Interest rate risk is generally greater for investments with longer maturities.

Certain securities pay interest at variable or floating rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly, but reset based on formulas that can produce an effect similar to leveraging; others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change.

Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore it might not benefit from any increase in value as a result of declining interest rates.

- **Long-Term Maturities/Durations Risk.** Fixed income securities with longer maturities or durations may be subject to greater price fluctuations due to interest rate, tax law, and general market changes than securities with shorter maturities or durations.

### Depository Receipts

Certain funds may invest in American Depositary Receipts (ADRs) sponsored by U.S. banks, European Depositary Receipts (EDRs), Global Depositary Receipts (GDRs), ADRs not sponsored by U.S. banks, other types of depository receipts (including non-voting depository receipts), and other similar instruments representing securities of foreign companies.

Although certain depository receipts may reduce or eliminate some of the risks associated with foreign investing, these types of securities generally are subject to many of the same risks as direct investment in securities of foreign issuers.

### Derivatives

Derivative transactions are contracts whose value is derived from the value of an underlying asset, index or rate, including futures, options, non-deliverable forwards, forward foreign currency exchange contracts and swap agreements. A fund may use derivatives to hedge against factors that affect the value of its investments, such as interest rates and foreign currency exchange rates. A fund may also utilize derivatives as part of its overall investment technique to gain or lessen exposure to various securities, markets, volatility, dividend payments and currencies.

Derivatives typically involve greater risks than traditional investments. It is generally more difficult to ascertain the risk of, and to properly value, derivative contracts. Many derivatives, and particularly those that are privately negotiated, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the fund. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Derivatives are usually less liquid than traditional securities and are subject to counterparty risk (the risk that the other party to the contract will default or otherwise not be able to perform its contractual obligations). In addition, some derivatives transactions may involve potentially unlimited losses.

Derivative contracts entered into for hedging purposes may also subject a fund to losses if the contracts do not correlate with the assets, indexes or rates they were designed to hedge. Gains and losses derived from hedging transactions are, therefore, more dependent upon the subadviser's ability to correctly predict the movement of the underlying asset prices, indexes or rates.

As an investment company registered with the SEC, each fund is required to identify on its books (often referred to as "asset segregation") liquid assets, or engage in other SEC-approved measures, to "cover" open positions with respect to certain kinds of derivative instruments. If a fund investing in such instruments has insufficient cash to meet such requirements, it may have to sell other investments, including at disadvantageous times.

Governments, agencies and/or other regulatory bodies may adopt or change laws or regulations that could adversely affect a fund's ability to invest in derivatives as the fund's subadviser intends. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, grants the Commodity Futures Trading Commission (the "CFTC") and SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act including comprehensive regulation of the over-the-counter ("OTC") derivatives market. The implementation of the Dodd-Frank Act could adversely affect a fund by placing limits on derivative transactions, and/or increasing transaction and/or regulatory compliance costs. For example, the CFTC has recently adopted new rules that will apply a new aggregation standard for position limit purposes, which may further limit a fund's ability to trade futures contracts and swaps.

There are also special tax rules applicable to certain types of derivatives, which could affect the amount, timing and character of a fund's income or loss and hence of its distributions to shareholders by causing holding period adjustments, converting short-term capital losses into long-term capital losses, and accelerating a fund's income or deferring its losses. A fund's use of derivatives may also increase the amount of taxes payable by shareholders or the resources required by the fund or its adviser and/or subadviser(s) to comply with particular regulatory requirements.

### Equity Securities

Generally, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, equity securities will respond to events that affect entire financial markets or industries (such as changes in inflation or consumer demand) and to events that affect particular issuers (such as news about the success or failure of a new product). Equity securities also are subject to "stock market risk," meaning that stock prices in general may decline over short or extended periods of time. When the value of the stocks held by the fund goes down, the value of the fund's shares will be affected.

- **Growth Stocks Risk.** Growth stocks can react differently to issuer, political, market, and economic developments than the market as a whole and other types of stocks. Growth stocks also tend to be more expensive relative to their earnings or assets compared to other types of stocks, and as a result they tend to be sensitive to changes in their earnings and more volatile than other types of stocks.
- **Large Market Capitalization Companies Risk.** The value of investments in larger companies may not rise as much as smaller companies, or larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.
- **Medium Market Capitalization Companies Risk.** Medium-sized companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of medium-sized companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund.
- **Small Market Capitalization Companies Risk.** Small companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of small companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund.
- **Small and Medium Market Capitalization Companies Risk.** Small and medium-sized companies often have narrower markets, fewer products or services to offer, and more limited managerial and financial resources than larger, more established companies. As a result, the performance of small and medium-sized companies may be more volatile, and they may face a greater risk of business failure, which could increase the volatility and risk of loss to the fund.
- **Value Stocks Risk.** A company may be undervalued due to market or economic conditions, temporary earnings declines, unfavorable developments affecting the company and other factors, or because it is associated with a market sector that generally is out of favor with investors. Undervalued stocks tend to be inexpensive relative to their earnings or assets compared to other types of stock. However, these stocks can continue to be inexpensive for long periods of time and may not realize their full economic value.

### Exchange-Traded Funds (ETFs)

ETFs invest in a portfolio of securities designed to track a particular market segment or index. The risks associated with investing in ETFs generally reflect the risks of owning shares of the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities. Assets invested in ETFs incur a layering of expenses, including operating costs and advisory fees that fund shareholders indirectly bear; such expenses may exceed the expenses the fund would incur if it invested directly in the

underlying portfolio of securities the ETF is designed to track. Shares of ETFs trade on a securities exchange and may trade at, above, or below their net asset value.

### **Foreign Currency Transactions**

A fund may engage in foreign currency transactions, including foreign currency forward contracts, options, swaps and other similar strategic transactions. These transactions may be for the purposes of hedging or efficient portfolio management, or may be for investment purposes, and they may be exchange traded or traded directly with market counterparties. Such transactions may not prove successful or may have the effect of limiting gains from favorable markets movements.

A fund may use derivatives to acquire positions in various currencies, which presents the risk that the fund could lose money on its exposure to a particular currency and also lose money on the derivative. A fund also may take positions in currencies that do not correlate to the currency exposure presented by the fund's other investments. As a result, the fund's currency exposure may differ, in some cases significantly, from the currency exposure of its other investments and/or its benchmarks.

### **Foreign Investing**

Investing in securities of non-U.S. companies involves special risks and considerations not typically associated with investing in U.S. companies, and the values of non-U.S. securities may be more volatile than those of U.S. securities. The values of non-U.S. securities are subject to economic and political developments in countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies, and to changes in currency exchange rates. Values may also be affected by restrictions on receiving the investment proceeds from a non-U.S. country.

In general, less information is publicly available about non-U.S. companies than about U.S. companies. Non-U.S. companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. Certain foreign issuers classified as passive foreign investment companies may be subject to additional taxation risk.

- **Currency Rate Risk.** Because the foreign securities in which a fund invests generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the fund's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. Because the value of each fund's shares is calculated in U.S. dollars, it is possible for a fund to lose money by investing in a foreign security if the local currency of a foreign market depreciates against the U.S. dollar, even if the local currency value of the fund's holdings goes up. Generally, a strong U.S. dollar relative to such other currencies will adversely affect the value of the fund's holdings in foreign securities.
- **Emerging Market Investing Risk.** The risks of foreign investments are generally greater in countries whose markets are still developing than they are in more developed markets. Emerging market countries typically have economic and political systems that are less fully developed, and can be expected to be less stable than those of more developed countries. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation. Since these markets are often small, they may be more likely to suffer sharp and frequent price changes or long-term price depression because of adverse publicity, investor perceptions or the actions of a few large investors. They may also have policies that restrict investment by foreigners, or that prevent foreign investors from withdrawing their money at will. Certain emerging markets may also face other significant internal or external risks, including the risk of war and civil unrest. For all of these reasons, investments in emerging markets may be considered speculative. To the extent that a fund invests a significant portion of its assets in a particular emerging market, the fund will be more vulnerable to financial, economic, political and other developments in that country, and conditions that negatively impact that country will have a greater impact on the fund as compared with a fund that does not have its holdings concentrated in a particular country.

### **Fund of Funds**

Achieving the fund's objective will depend on the performance of the underlying mutual funds, which depends on the particular securities in which the underlying mutual funds invest. Indirectly, the fund is subject to all risks associated with the underlying mutual funds. Since the fund's performance depends on that of each underlying mutual fund, it may be subject to increased volatility.

Assets invested in other mutual funds incur a layering of expenses, including operating costs, advisory fees and administrative fees that you, as a shareholder in the fund, indirectly bear. Such fees and expenses may exceed the fees and expenses the fund would have incurred if it invested in the underlying fund's assets directly. As the underlying funds

or the fund's allocations among the underlying funds change from time to time, or to the extent that the expense ratio of the underlying funds changes, the weighted average operating expenses borne by the fund may increase or decrease. If the fund invests in closed-end funds, it may incur added expenses such as additional management fees and trading costs and additional risks associated with trading at a discount to NAV and use of leverage.

The underlying funds may change their investment objective or policies without the approval of the fund, and the fund might be forced to withdraw its investment from the underlying fund at a time that is unfavorable to the fund.

Each underlying fund may be subject to risks other than those described because the types of investments made by an underlying fund can change over time. For further description of the risks associated with the underlying funds, please consult the underlying funds' prospectus.

### **High-Yield/High-Risk Fixed Income Securities (Junk Bonds)**

Securities rated "BB" or below by S&P or Fitch, or "Ba" or below by Moody's, may be known as "high-yield" securities and commonly referred to as "junk bonds." The highest of the ratings among S&P, Fitch and Moody's is used to determine the security's classification. Such securities entail greater price volatility and credit and interest rate risk than investment-grade securities. Analysis of the creditworthiness of high-yield/high-risk issuers is more complex than for higher-rated securities, making it more difficult for a fund's subadviser to accurately predict risk. There is a greater risk with high-yield/high-risk fixed income securities that an issuer will not be able to make principal and interest payments when due. If the fund pursues missed payments, there is a risk that fund expenses could increase. In addition, lower-rated securities may not trade as often and may be less liquid than higher-rated securities, especially during periods of economic uncertainty or change. As a result of all of these factors, these bonds are generally considered to be speculative.

### **Limited Number of Investments**

The risk that the fund's portfolio will be more susceptible to factors adversely affecting issuers of securities in the fund's portfolio than would a fund holding a greater number of securities.

### **Loans**

Investing in loans (including floating rate loans, loan assignments, loan participations and other loan instruments) carries certain risks in addition to the risks typically associated with high-yield/high-risk fixed income securities. Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and sometimes trade infrequently on the secondary market. In the event a borrower defaults, a fund's access to the collateral may be limited or delayed by bankruptcy or other insolvency laws. There is a risk that the value of the collateral securing the loan may decline after a fund invests and that the collateral may not be sufficient to cover the amount owed to the fund. If the loan is unsecured, there is no specific collateral on which the fund can foreclose. In addition, if a secured loan is foreclosed, a fund may bear the costs and liabilities associated with owning and disposing of the collateral, including the risk that collateral may be difficult to sell.

Transactions in many loans settle on a delayed basis that may take more than seven days. As a result, sale proceeds related to the sale of loans may not be available to make additional investments or to meet the Fund's redemption obligations until potentially a substantial period of time after the sale of the loans. No active trading market may exist for some loans, which may impact the ability of the Fund to realize full value in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded loans. Loans also may be subject to restrictions on resale, which can delay the sale and adversely impact the sale price. Difficulty in selling a loan can result in a loss. Loans made to finance highly leveraged corporate acquisitions may be especially vulnerable to adverse changes in economic or market conditions. Certain loans may not be considered "securities," and purchasers, such as a fund, therefore may not be entitled to rely on the strong anti-fraud protections of the federal securities laws. With loan participations, a fund may not be able to control the exercise of any remedies that the lender would have under the loan and likely would not have any rights against the borrower directly, so that delays and expense may be greater than those that would be involved if a fund could enforce its rights directly against the borrower.

### **Market Volatility**

The value of the securities in which a fund invests may go up or down in response to the prospects of individual issuers and/or general economic conditions. Such price changes may be temporary or may last for extended periods.

Instability in the financial markets has exposed each fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments that it holds. In response to financial markets that experienced extreme volatility, and in some cases a lack of liquidity, the U.S. Government and other governments have taken a number of unprecedented



actions, including acquiring distressed assets from financial institutions and acquiring ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear. Additional legislation or government regulation may also change the way in which funds themselves are regulated, which could limit or preclude a fund's ability to achieve its investment objective.

### **Mortgage-Backed and Asset-Backed Securities**

Mortgage-backed securities represent interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. Asset-backed securities represent interests in pools of underlying assets such as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card arrangements. These two types of securities share many of the same risks.

The impairment of the value of collateral or other assets underlying a mortgage-backed or asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses to a fund.

Early payoffs in the loans underlying such securities may result in a fund receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, a fund may be required to invest proceeds at lower interest rates, causing the fund to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

### **Municipal Securities**

The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds, and the investment performance of a fund may be more dependent on the analytical abilities of the investment adviser than would be the case for a fund that does not invest in municipal bonds. The secondary market for municipal bonds also tends to be less well-developed and less liquid than many other securities markets, which may adversely affect the fund's ability to sell its bonds at attractive prices. In addition, municipal obligations can experience downturns in trading activity, and the supply of municipal obligations may exceed the demand in the market. During such periods, the spread can widen between the price at which an obligation can be purchased and the price at which it can be sold. Less liquid obligations can become more difficult to value and be subject to erratic price movements. Economic and other events (whether real or perceived) can reduce the demand for certain investments or for investments generally, which may reduce market prices and cause the value of the fund's shares to fall. The frequency and magnitude of such changes cannot be predicted. A fund may invest in municipal obligations that do not appear to be related, but in fact depend on the financial rating or support of a single government unit, in which case, events that affect one of the obligations will also affect the others and will impact the fund's portfolio to a greater degree than if the fund's investments were not so related. The increased presence of non-traditional participants in the municipal markets may lead to greater volatility in the markets.

### **Portfolio Turnover**

A fund's investment strategy may result in consistently frequently high turnover rate. A high portfolio turnover rate may result in correspondingly greater brokerage commission expenses and the distribution to shareholders of additional capital gains for tax purposes, some of which may be taxable at ordinary income rates. These factors may negatively affect the fund's performance.

### **Preferred Stocks**

Preferred stocks may provide a higher dividend rate than the interest yield on debt securities of the same issuer, but are subject to greater risk of fluctuation in market value and greater risk of non-receipt of income. Unlike interest on debt securities, dividends on preferred stocks must be declared by the issuer's board of directors before becoming payable. Preferred stocks are in many ways like perpetual debt securities, providing a stream of income but without stated maturity date. Because they often lack a fixed maturity or redemption date, preferred stocks are likely to fluctuate substantially in price when interest rates change. Such fluctuations generally are comparable to or exceed those of long-term government or corporate bonds (those with maturities of fifteen to thirty years). Preferred stocks have claims on assets and earnings of the issuer which are subordinate to the claims of all creditors but senior to the claims of common stockholders. A preferred stock rating differs from a bond rating because it applies to an equity issue which is intrinsically different from, and subordinated to, a debt issue. Preferred stock ratings generally represent an assessment of the capacity and willingness of an issuer to pay preferred stock dividends and any applicable sinking fund obligations.

Preferred stock also may be subject to optional or mandatory redemption provisions, and may be significantly less liquid than many other securities, such as U.S. Government securities, corporate debt or common stock.

### **Sector Focused Investing**

The value of the investments of a fund that focuses its investments in a particular market sector will be highly sensitive to financial, economic, political and other developments affecting that market sector, and conditions that negatively impact that market sector will have a greater impact on the fund as compared with a fund that does not have its holdings similarly focused. Events negatively affecting the market sectors in which a fund has invested are therefore likely to cause the value of the fund's shares to decrease, perhaps significantly.

### **Short-Term Investments**

Short-term investments include money market instruments, repurchase agreements, certificates of deposit and bankers' acceptances and other short-term instruments that are not U.S. Government securities. These securities generally present less risk than many other investments, but they are generally subject to credit risk and may be subject to other risks as well.

### **U.S. Government Securities**

Obligations issued or guaranteed by the U.S. Government, its agencies, authorities and instrumentalities and backed by the full faith and credit of the United States only guarantee principal and interest will be timely paid to holders of the securities. The entities do not guarantee that the value of fund shares will increase, and in fact, the market values of such obligations may fluctuate. In addition, not all U.S. Government securities are backed by the full faith and credit of the United States; some are the obligation solely of the entity through which they are issued. There is no guarantee that the U.S. Government would provide financial support to its agencies and instrumentalities if not required to do so by law.

## Management of the Funds

### The Adviser

VIA is the investment adviser to the funds and is located at 100 Pearl Street, Hartford, CT 06103. VIA acts as the investment adviser for over 50 mutual funds and as adviser to institutional clients. As of March 31, 2016, VIA had approximately \$26.6 billion in assets under management. VIA has acted as an investment adviser for over 80 years and is an indirect wholly-owned subsidiary of Virtus Investment Partners, Inc., a publicly traded multi-manager asset management business.

Subject to the direction of the funds' Board of Trustees, VIA is responsible for managing the funds' investment programs and for the general operations of the funds, including oversight of the funds' subadvisers, and recommending their hiring, termination and replacement.

VIA has appointed and oversees the activities of each of the subadvisers for the funds as shown in the table below. Each subadviser manages the investments of that fund to conform with its investment policies as described in this prospectus.

Fund	Subadviser
Virtus Contrarian Value Fund	Sasco
Virtus KAR Capital Growth Fund	KAR
Virtus KAR Global Quality Dividend Fund	KAR
Virtus KAR Mid-Cap Core Fund	KAR
Virtus KAR Mid-Cap Growth Fund	KAR
Virtus KAR Small-Cap Core Fund	KAR
Virtus KAR Small-Cap Growth Fund	KAR
Virtus KAR Small-Cap Value Fund	KAR
Virtus Rampart Enhanced Core Equity Fund	Rampart
Virtus Strategic Allocation Fund	Duff & Phelps (international equity portion) KAR (domestic equity portion) Newfleet (fixed income portion)
Virtus Tactical Allocation Fund	Duff & Phelps (international equity portion) KAR (domestic equity portion) Newfleet (fixed income portion)

### Management Fees

Each fund pays VIA an investment management fee that is accrued daily against the value of the fund's net assets at the following annual rates:

Virtus KAR Small-Cap Core Fund			0.75%
Virtus KAR Small-Cap Value Fund			0.70%
	<b>First \$400 million</b>	<b>\$400+ million through \$1 billion</b>	<b>\$1+ billion</b>
Virtus KAR Small-Cap Growth Fund	0.90%	0.85%	0.80%
		<b>First \$500 million</b>	<b>Over \$500 million</b>
Virtus KAR Mid-Cap Growth Fund		0.80%	0.70%
		<b>First \$1 billion</b>	<b>Over \$1 billion</b>
Virtus Contrarian Value Fund		0.75%	0.70%
	<b>First \$1 billion</b>	<b>\$1+ billion through \$2 billion</b>	<b>\$2+ billion</b>
Virtus KAR Capital Growth Fund	0.70%	0.65%	0.60%
Virtus KAR Global Quality Dividend Fund	0.75%	0.70%	0.65%
Virtus KAR Mid-Cap Core Fund	0.80%	0.75%	0.70%

	First \$1 billion	\$1+ billion through \$2 billion	\$2+ billion
Virtus Rampart Enhanced Core Equity Fund	0.75%	0.70%	0.65%
Virtus Strategic Allocation Fund	0.55%	0.50%	0.45%
Virtus Tactical Allocation Fund	0.70%	0.65%	0.60%

In its last fiscal year, each fund paid fees to the adviser at the following percentage of average net assets:

Virtus Contrarian Value Fund	0.75%
Virtus KAR Capital Growth Fund	0.70%
Virtus KAR Global Quality Dividend Fund	0.75%
Virtus KAR Mid-Cap Core Fund	0.80%
Virtus KAR Mid-Cap Growth Fund	0.80%
Virtus KAR Small-Cap Core Fund	0.75%
Virtus KAR Small-Cap Growth Fund	0.90%
Virtus KAR Small-Cap Value Fund	0.70%
Virtus Rampart Enhanced Core Equity Fund	0.75%
Virtus Strategic Allocation Fund	0.55%
Virtus Tactical Allocation Fund	0.70%

### The Subadvisers

Duff & Phelps, an affiliate of VIA, is located at 200 South Wacker Drive, Suite 500, Chicago, IL 60606. Duff & Phelps acts as subadviser to mutual funds and as adviser or subadviser to closed-end mutual funds and to institutional clients. Duff & Phelps (together with its predecessor) has been in the investment advisory business for more than 70 years. As of June 30, 2016, Duff & Phelps had approximately \$10 billion in assets under management on a discretionary basis.

KAR, an affiliate of VIA, is located at 1800 Avenue of the Stars, 2<sup>nd</sup> Floor, Los Angeles, CA 90067. KAR acts as subadviser to mutual funds and as investment adviser to institutions and individuals. As of March 31, 2016, KAR had approximately \$9.9 billion in assets under management.

Newfleet, an affiliate of VIA, is located at 100 Pearl Street, Hartford, CT 06103. Newfleet acts as subadviser to mutual funds and as adviser to institutions and individuals. As of March 31, 2016, Newfleet had approximately \$11.3 billion in assets under management.

Rampart, an affiliate of VIA, is located at One International Place, 14th Floor, Boston, MA 02110. Rampart has been an investment adviser since 1983 and provides investment management services to mutual funds, institutional and high net worth investors. As of March 31, 2016, Rampart had approximately \$508 million in assets under management.

Sasco is located at 10 Sasco Hill Road, Fairfield, CT 06824. Sasco is an independent, employee-owned investment adviser. As of March 31, 2016, Sasco had approximately \$4.2 billion in assets under management.

VIA pays each respective subadviser a subadvisory fee which is calculated on the fund's average daily net assets at the following annual rates:

Virtus Contrarian Value Fund	47.50% of Net Advisory Fee
Virtus KAR Capital Growth Fund Fund	50% of Net Advisory Fee
Virtus KAR Global Quality Dividend Fund	50% of Net Advisory Fee
Virtus KAR Mid-Cap Core Fund	50% of Net Advisory Fee
Virtus KAR Mid-Cap Growth Fund	50% of Net Advisory Fee
Virtus KAR Small-Cap Core Fund	50% of Net Advisory Fee
Virtus KAR Small-Cap Growth Fund	50% of Net Advisory Fee
Virtus KAR Small-Cap Value Fund	50% of Net Advisory Fee
Virtus Rampart Enhanced Core Equity Fund	50% of Net Advisory Fee
Virtus Strategic Allocation Fund	50% of Net Advisory fee to Duff & Phelps (international equity portion) 50% of Net Advisory fee to KAR (domestic equity portion) 50% of Net Advisory Fee to Newfleet (fixed income portion)

Virtus Tactical Allocation Fund	50% of Net Advisory fee to Duff & Phelps (international equity portion) 50% of Net Advisory fee to KAR (domestic equity portion) 50% of Net Advisory Fee to Newfleet (fixed income portion)
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A discussion regarding the basis for the Board of Trustees approving the investment advisory and subadvisory agreements of the funds is available in the funds' annual report covering the period April 1, 2015 through March 31, 2016.

The funds and VIA have received an exemptive order from the Securities and Exchange Commission ("SEC") that permits VIA, subject to certain conditions, and without the approval of shareholders, to: (a) select both unaffiliated subadvisers and certain wholly-owned affiliated subadvisers to manage all or a portion of the assets of a fund, and enter into subadvisory agreements with such subadvisers, and (b) materially amend subadvisory agreements with such subadvisers. In such circumstances, shareholders would receive notice of such action.

## Portfolio Management

The following individuals are jointly and primarily responsible for the day-to-day management of the funds' portfolios.

### **Duff & Phelps**

Virtus Strategic Allocation Fund (international equity portion only)	Frederick A. Brimberg (since 2012)
Virtus Tactical Allocation Fund (international equity portion only)	Frederick A. Brimberg (since 2012)

**Frederick A. Brimberg.** Mr. Brimberg is Senior Managing Director and International Equity Portfolio Manager at Duff & Phelps (since August 2016) and Euclid Advisors LLC ("Euclid") (since 2012), an affiliate of Duff & Phelps and VIA. Prior to joining Euclid, he was senior vice president and international portfolio manager at Avatar Associates (2006 to 2012), where he started the international strategy in 2006. Earlier, he was vice president and portfolio manager at ING Investment Management and its predecessor Lexington Management, with a focus on global equity investing. Mr. Brimberg's career spans 30-plus years in investment management, trading, and capital markets, with positions at Brimberg & Co., and Lehman Brothers.

### **KAR**

Virtus KAR Capital Growth Fund (domestic equity portion only)	Doug Foreman, CFA (since November 2011)
Virtus KAR Global Quality Dividend Fund	Richard Sherry, CFA (since 2009)
Virtus KAR Mid-Cap Core Fund	Jon Christensen, CFA (since 2009) Craig Stone (since 2009)
Virtus KAR Mid-Cap Growth Fund	Doug Foreman, CFA (since 2012)
Virtus KAR Small-Cap Core Fund	Todd Beiley, CFA (since 2009) Jon Christensen, CFA (since 2008)
Virtus KAR Small-Cap Growth Fund	Todd Beiley, CFA (since 2008) Jon Christensen, CFA (since 2009)
Virtus KAR Small-Cap Value Fund	Julie Kutasov (since 2008) Craig Stone (since 2009)
Virtus Strategic Allocation Fund	Doug Foreman, CFA (since September 2016)
Virtus Tactical Allocation Fund (domestic equity portion only)	Doug Foreman, CFA (since September 2016)

**Todd Beiley, CFA.** Mr. Beiley is a Portfolio Manager and Senior Research Analyst at KAR, with primary research responsibilities for the small- and mid-capitalization consumer discretionary sector. Before joining KAR in 2002, Mr. Beiley was an associate analyst in equity research at Prudential Securities. He has approximately 16 years of investment industry experience.

**Jon Christensen, CFA.** Mr. Christensen is a Portfolio Manager and Senior Research Analyst at KAR, with primary research responsibilities for the small- and mid-capitalization materials and processing sectors. Before joining KAR in 2001, he was a portfolio manager and senior research analyst for Doheny Asset Management. Mr. Christensen has approximately 20 years of investment industry experience.

**Doug Foreman, CFA.** Mr. Foreman is Chief Investment Officer (since January 2014), (Co-chief Investment Officer, 2013), playing a leadership role in KAR's equity investment operations and is a member of the Executive Management Committee. Before joining KAR in 2011, he was director of equities at HighMark Capital Management (2009 to 2011).

Prior to HighMark, Mr. Foreman was retired for two years (2007 to 2008) and was group managing director and chief investment officer of U.S. equities at Trust Company of the West (TCW) (1994 - 2006).

**Julie Kutasov.** Ms. Kutasov is a Portfolio Manager and Senior Research Analyst at KAR, with primary research responsibilities for the small- and mid-capitalization producer durables sector. Before joining KAR in 2001, Ms. Kutasov worked in the investment management group at Goldman Sachs. She has approximately 14 years of investment industry experience.

**Richard Sherry, CFA.** Mr. Sherry is a Portfolio Manager for large-capitalization portfolios and a Senior Research Analyst at KAR. Before joining KAR in 1995, Mr. Sherry was an operations/marketing supervisor at Pilgrim Asset Management. He has approximately 22 years of investment industry experience.

**Craig Stone.** Mr. Stone is a Portfolio Manager and Senior Research Analyst at KAR. Before joining KAR in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He has approximately 26 years of investment industry experience.

### **Newfleet**

Virtus Strategic Allocation Fund (fixed income portion only)	David L. Albrycht, CFA (since 2012) Stephen H. Hooker, CFA (since April 2017)
Virtus Tactical Allocation Fund (fixed income portion only)	David L. Albrycht, CFA (since 2011)

**David L. Albrycht, CFA.** Mr. Albrycht is President and Chief Investment Officer at Newfleet (since June 2011). Until June 2011, he was executive managing director (2008 to 2011) and vice president (2005 to 2008), fixed income, of Goodwin Capital Advisers, Inc. (“Goodwin”). Previously, he was associated with VIA, at which time it was an affiliate of Goodwin. He managed fixed income portfolios for Goodwin affiliates beginning in 1991.

**Stephen H. Hooker, CFA.** Mr. Hooker is a Managing Director and Portfolio Manager at Newfleet (since 2011). He is responsible for the paper and packaging and chemicals industry sectors, and the Eastern Europe, Middle East, and Africa sovereign credit sector. From 2005 until 2011, Mr. Hooker was vice president, senior credit analyst at Aladdin Capital Management and Global Plus Investment Management, respectively, both of which specialize in high yield and structured credit products. Prior to 2005, he was at Goodwin for 12 years, serving in various capacities, including as a senior credit analyst and emerging markets sector manager on its fixed income team.

### **Rampart**

Virtus Rampart Enhanced Core Equity Fund	Michael Davis (since September 2016) Brendan R. Finneran (since December 2014) Robert F. Hofeman, Jr. (since December 2014) Warun Kumar (since September 2016)
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**Michael Davis.** Mr. Davis is a Portfolio Manager at Rampart (since September 2016) and at VIA (since 2014) and has over 15 years of experience in the financial services industry, including investment management and capital markets. Prior to joining Virtus in 2014, he was a founding partner of Varick Asset Management, an independent alternative manager focused on the development of innovative portfolio solutions and investment strategies. Before forming Varick, Mr. Davis worked in the institutional asset management division of Barclays Capital, focused on quantitative and derivative-based investment strategies. Prior to Barclays, he worked in the derivative structuring group at Lehman Brothers. Mr. Davis started his career at Merrill Lynch in the asset-backed finance business.

**Brendan R. Finneran.** Mr. Finneran serves as Portfolio Manager and Trader at Rampart. Mr. Finneran joined Rampart in July of 2008 and has 14 years of investment experience. Prior to Rampart, he was trader and operations manager at Andover Capital Advisors (2003 to 2008), where he was responsible for operational account management (processing and settlement) for all equity, option, bond, bank debt, CDS and swap trades. Prior to Andover Capital Advisors, Brendan held various positions at Cone Jacquards and Robert Fleming as Account Manager.

**Robert F. Hofeman, Jr.** Mr. Hofeman serves as Portfolio Manager and Trader at Rampart. Mr. Hofeman joined Rampart in May of 2012 with more than 14 years of investment experience. Prior to Rampart, he was an equity trading consultant for Linedata (2010 to 2012) where he translated buy-side business processes to the technology staff. Previously, Mr. Hofeman was a vice president of Evergreen Investments (2007 to 2009), where he traded stocks, options and futures, and was the primary trader at Ironwood Investment Management, LLC (2002 to 2007), focusing on small cap stocks and assisting with the research processes.

**Warun Kumar.** Mr. Kumar is Chief Investment Officer and Portfolio Manager at Rampart (since October 2015), and Senior Managing Director and Portfolio Manager at VIA (since April 2015). Before joining Virtus, Mr. Kumar was founder and managing partner of Varick Asset Management, an independent alternative manager focused on the development of innovative portfolio solutions and investment strategies for high net worth investors and institutional clients (2010 to 2014). Prior to forming Varick, Mr. Kumar was the U.S. head of Barclays Capital Fund Solutions, where he led the investment committee and managed business expansion throughout the Americas (2007 to 2010). Mr. Kumar’s investment management career began at Volaris Advisors, where he was a partner and headed the derivative advisory business. In addition to these roles, Mr. Kumar has held senior positions in the capital markets divisions of Lehman Brothers and Robertson Stephens, and was a founding partner of Sigma Advisors, an alternative investment advisory firm. Mr. Kumar began his financial services career in 1993 as a member of JP Morgan’s equity derivatives business.

**Sasco**

Virtus Contrarian Value Fund	Bruce Bottomley (since 1997) Mark Helderman (since 2004) Daniel Leary (since 1997)
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**Bruce Bottomley.** Mr. Bottomley has served as a Portfolio Manager of the fund since its inception in 2004 and previously served as portfolio manager of the Predecessor Fund since its inception in 1997. He is Managing Director and Portfolio Manager at Sasco. Mr. Bottomley has 43 years of investment experience and was a founding partner of Sasco in 1986.

**Mark Helderman.** Mr. Helderman has served as a Portfolio Manager of the fund since its inception in 2004. He is Managing Director and Portfolio Manager at Sasco. Mr. Helderman has 31 years of investment experience and joined Sasco in 1997.

**Daniel Leary.** Mr. Leary has served as a Portfolio Manager of the fund since its inception in 2004 and previously served as portfolio manager of the Predecessor Fund since its inception in 1997. He is Managing Director and Portfolio Manager at Sasco. Mr. Leary has 44 years of investment experience and was a founding partner of Sasco in 1986.

*Please refer to the SAI for additional information about the funds' portfolio managers, including the structure of and method of computing compensation, other accounts they manage and their ownership of shares of the funds.*

## Risks Associated with Additional Investment Techniques and Fund Operations

In addition to the Principal Investment Strategies and Risks Related to Principal Investment Strategies, each of the funds listed in the chart below may engage in additional investment techniques that present additional risks to a fund. Those additional investment techniques in which a fund is expected to engage as of the date of this prospectus are indicated in the chart below, although other techniques may be utilized from time to time. The information below the chart describes the additional investment techniques and their risks. Many of the additional investment techniques that a fund may use, as well as other investment techniques that are relied upon to a lesser degree, are more fully described in the SAI.

Investment Techniques and Risks	Virtus Contrarian Value Fund	Virtus KAR Capital Growth Fund	Virtus KAR Global Quality Dividend Fund	Virtus KAR Mid-Cap Core Fund	Virtus KAR Mid-Cap Growth Fund	Virtus KAR Small-Cap Core Fund	Virtus KAR Small-Cap Growth Fund	Virtus KAR Small-Cap Value Fund	Virtus Rampart Enhanced Core Equity Fund	Virtus Strategic Allocation Fund	Virtus Tactical Allocation Fund
Cybersecurity Risk	x	x	x	x	x	x	x	x	x	x	x
Debt Securities	x	x			x				x		
Credit	x	x			x						
Interest Rate	x	x			x						
Derivatives	x	x			x					x	x
Exchange-Traded Funds (ETFs)		x	x	x	x	x	x	x			
High-Yield/High-Risk Securities (Junk Bonds)	x										
Illiquid and Restricted Securities					x	x	x	x	x	x	x
Initial Public Offerings (IPOs)	x				x						
Leverage					x	x	x	x	x	x	x
Mortgage-Backed and Asset-Backed Securities		x									
Mutual Fund Investing						x	x	x	x	x	x
Operational Risk	x	x	x	x	x	x	x	x	x	x	x
Preferred Stocks	x										
Repurchase Agreements										x	x
Securities Lending	x	x	x	x	x	x	x	x	x	x	x
Short-Term Investments		x	x	x	x	x	x	x		x	x
U.S. and Foreign Government Obligations	x					x					
Unrated Fixed Income Securities	x				x	x				x	x
When-Issued and Delayed-Delivery Securities										x	x
Zero Coupon, Step Coupon, Deferred Coupon and PIK Bonds										x	x

### Cybersecurity

With the increased use of technologies such as the Internet to conduct business, the funds have become potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, infection by computer viruses or other malicious software code or unauthorized access to the digital information systems, networks or devices of the funds or their service providers (including, but not limited to, the funds' investment adviser, transfer agent, custodian, administrators and other financial intermediaries) through "hacking" or other means, in each case for the purpose of misappropriating assets or sensitive information (including, for example, personal shareholder information), corrupting data or causing operational disruption or failures in the physical infrastructure or operating systems that support the funds. Any such cybersecurity breaches or losses of service may cause the funds to lose proprietary information, suffer data corruption or lose operational capacity, which, in turn, could cause the funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. While the funds and their service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for. Cybersecurity risks may also impact issuers of securities in which the funds invest, which may cause the funds' investments in such issuers to lose value.



## Debt Securities

Debt securities are subject to various risks, the most prominent of which are credit risk and interest rate risk. These risks can affect a security's price volatility to varying degrees, depending upon the nature of the instrument. Risks associated with investing in debt securities include the following:

- **Credit Risk.** There is a risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.
- **Interest Rate Risk.** The values of debt securities usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of interest income paid to a fund, but will affect the value of the fund's shares. Interest rate risk is generally greater for investments with longer maturities.

Certain securities pay interest at variable or floating rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly, but reset based on formulas that can produce an effect similar to leveraging; others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change.

Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore it might not benefit from any increase in value as a result of declining interest rates.

## Derivatives

Derivative transactions are contracts whose value is derived from the value of an underlying asset, index or rate, including futures, options, non-deliverable forwards, forward foreign currency exchange contracts and swap agreements. A fund may use derivatives to hedge against factors that affect the value of its investments, such as interest rates and foreign currency exchange rates. A fund may also utilize derivatives as part of its overall investment technique to gain or lessen exposure to various securities, markets, volatility, dividend payments and currencies.

Derivatives typically involve greater risks than traditional investments. It is generally more difficult to ascertain the risk of, and to properly value, derivative contracts. Many derivatives, and particularly those that are privately negotiated, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the fund. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Derivatives are usually less liquid than traditional securities and are subject to counterparty risk (the risk that the other party to the contract will default or otherwise not be able to perform its contractual obligations). In addition, some derivatives transactions may involve potentially unlimited losses.

Derivative contracts entered into for hedging purposes may also subject a fund to losses if the contracts do not correlate with the assets, indexes or rates they were designed to hedge. Gains and losses derived from hedging transactions are, therefore, more dependent upon the subadviser's ability to correctly predict the movement of the underlying asset prices, indexes or rates.

As an investment company registered with the SEC, each fund is required to identify on its books (often referred to as "asset segregation") liquid assets, or engage in other SEC-approved measures, to "cover" open positions with respect to certain kinds of derivative instruments. If a fund investing in such instruments has insufficient cash to meet such requirements, it may have to sell other investments, including at disadvantageous times.

Governments, agencies and/or other regulatory bodies may adopt or change laws or regulations that could adversely affect a fund's ability to invest in derivatives as the fund's subadviser intends. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, grants the Commodity Futures Trading Commission (the "CFTC") and SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act including comprehensive regulation of the over-the-counter ("OTC") derivatives market. The implementation of the Dodd-Frank Act could adversely affect a fund by placing limits on derivative transactions, and/or increasing transaction and/or regulatory compliance costs. For example, the CFTC has recently adopted new rules that will apply a new aggregation standard for position limit purposes, which may further limit a fund's ability to trade futures contracts and swaps.

There are also special tax rules applicable to certain types of derivatives, which could affect the amount, timing and character of a fund's income or loss and hence of its distributions to shareholders by causing holding period adjustments, converting short-term capital losses into long-term capital losses, and accelerating a fund's income or deferring its losses. A fund's use of derivatives may also increase the amount of taxes payable by shareholders or the resources required by the fund or its adviser and/or subadviser(s) to comply with particular regulatory requirements.

### **Exchange-Traded Funds (ETFs)**

ETFs invest in a portfolio of securities designed to track a particular market segment or index. The risks associated with investing in ETFs generally reflect the risks of owning shares of the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities. Assets invested in ETFs incur a layering of expenses, including operating costs and advisory fees that fund shareholders indirectly bear; such expenses may exceed the expenses the fund would incur if it invested directly in the underlying portfolio of securities the ETF is designed to track. Shares of ETFs trade on a securities exchange and may trade at, above, or below their net asset value.

### **High-Yield/High-Risk Fixed Income Securities (Junk Bonds)**

Securities rated "BB" or below by S&P or Fitch, or "Ba" or below by Moody's, may be known as "high-yield" securities and commonly referred to as "junk bonds." The highest of the ratings among S&P, Fitch and Moody's is used to determine the security's classification. Such securities entail greater price volatility and credit and interest rate risk than investment-grade securities. Analysis of the creditworthiness of high-yield/high-risk issuers is more complex than for higher-rated securities, making it more difficult for a fund's subadviser to accurately predict risk. There is a greater risk with high-yield/high-risk fixed income securities that an issuer will not be able to make principal and interest payments when due. If the fund pursues missed payments, there is a risk that fund expenses could increase. In addition, lower-rated securities may not trade as often and may be less liquid than higher-rated securities, especially during periods of economic uncertainty or change. As a result of all of these factors, these bonds are generally considered to be speculative.

### **Illiquid and Restricted Securities**

Certain securities in which a fund invests may be difficult to sell at the time and price beneficial to the fund, for example due to low trading volumes or legal restrictions. When there is no willing buyer or a security cannot be readily sold, the fund may have to sell at a lower price or may be unable to sell the security at all. The sale of such securities may also require the fund to incur expenses in addition to those normally associated with the sale of a security.

### **Initial Public Offerings (IPOs)**

A fund may acquire common and preferred stock of issuers in an IPO. Investment returns from IPOs may be highly volatile and subject to varying patterns of trading volume, and these securities may at times be difficult to sell. In addition, information about the issuers of IPO securities is often difficult to obtain since they are new to the market and may not have lengthy operating histories. From time to time, a fund may purchase IPOs and then immediately sell them. This practice will increase portfolio turnover rates and increase costs to the fund, affect fund performance, and may increase capital gain distributions, resulting in greater tax liability to the fund's shareholders.

### **Leverage**

When a fund makes investments in futures contracts, forward contracts, swaps and other derivative instruments, the futures contracts, forward contracts, swaps and certain other derivatives provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. When a fund uses leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a when-issued basis, or purchasing derivative instruments in an effort to increase its returns, the fund has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the fund. The value of the shares of a fund employing leverage will be more volatile and sensitive to market movements. Leverage may also involve the creation of a liability that requires the fund to pay interest.

## **Mortgage-Backed and Asset-Backed Securities**

Mortgage-backed securities represent interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. Asset-backed securities represent interests in pools of underlying assets such as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card arrangements. These two types of securities share many of the same risks.

The impairment of the value of collateral or other assets underlying a mortgage-backed or asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses to a fund.

Early payoffs in the loans underlying such securities may result in a fund receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, a fund may be required to invest proceeds at lower interest rates, causing the fund to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

## **Mutual Fund Investing**

Through its investments in other mutual funds, a fund is exposed not only to the risks of the underlying funds' investments but also to certain additional risks. Assets invested in other mutual funds incur a layering of expenses, including operating costs, advisory fees and administrative fees that you, as a shareholder in the fund, indirectly bear. Such fees and expenses may exceed the fees and expenses the fund would have incurred if it invested in the underlying fund's assets directly. To the extent that the expense ratio of an underlying fund changes, the weighted average operating expenses borne by the fund may increase or decrease. An underlying fund may change its investment objective or policies without the approval of the fund, and the fund might be forced to withdraw its investment from the underlying fund at a time that is unfavorable to the fund. If a fund invests in closed-end funds, it may incur added expenses such as additional management fees and trading costs and additional risks associated with trading at a discount to NAV and use of leverage.

## **Operational**

An investment in a fund, like any mutual fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third-party service providers. The occurrence of any of these failures, errors or breaches could result in a loss of information, regulatory scrutiny, reputational damage or other events, any of which could have a material adverse effect on a fund. While the funds seek to minimize such events through controls and oversight, there may still be failures that could cause losses to a fund.

## **Preferred Stocks**

Preferred stocks may provide a higher dividend rate than the interest yield on debt securities of the same issuer, but are subject to greater risk of fluctuation in market value and greater risk of non-receipt of income. Unlike interest on debt securities, dividends on preferred stocks must be declared by the issuer's board of directors before becoming payable. Preferred stocks are in many ways like perpetual debt securities, providing a stream of income but without stated maturity date. Because they often lack a fixed maturity or redemption date, preferred stocks are likely to fluctuate substantially in price when interest rates change. Such fluctuations generally are comparable to or exceed those of long-term government or corporate bonds (those with maturities of fifteen to thirty years). Preferred stocks have claims on assets and earnings of the issuer which are subordinate to the claims of all creditors but senior to the claims of common stockholders. A preferred stock rating differs from a bond rating because it applies to an equity issue which is intrinsically different from, and subordinated to, a debt issue. Preferred stock ratings generally represent an assessment of the capacity and willingness of an issuer to pay preferred stock dividends and any applicable sinking fund obligations. Preferred stock also may be subject to optional or mandatory redemption provisions, and may be significantly less liquid than many other securities, such as U.S. Government securities, corporate debt or common stock.

## **Repurchase Agreements**

A fund may invest in repurchase agreements with commercial banks, brokers and dealers considered by the fund's subadviser to be creditworthy. Such agreements subject the fund to the risk of default or insolvency of the counterparty.

## **Securities Lending**

A fund may loan portfolio securities with a value up to one-third of its total assets to increase its investment returns. If the borrower is unwilling or unable to return the borrowed securities when due, the lending fund can suffer losses. In addition, there is a risk of delay in receiving additional collateral or in the recovery of the securities, and a risk of loss of rights in the collateral, in the event that the borrower fails financially. There is also a risk that the value of the investment of the collateral could decline, causing a loss to the lending fund.

## **Short-Term Investments**

Short-term investments include money market instruments, repurchase agreements, certificates of deposit and bankers' acceptances and other short-term instruments that are not U.S. Government securities. These securities generally present less risk than many other investments, but they are generally subject to credit risk and may be subject to other risks as well.

## **U.S. and Foreign Government Obligations**

Obligations issued or guaranteed by the U.S. Government, its agencies, authorities and instrumentalities and backed by the full faith and credit of the United States only guarantee principal and interest will be timely paid to holders of the securities. The entities do not guarantee that the value of fund shares will increase, and in fact, the market values of such obligations may fluctuate. In addition, not all U.S. Government securities are backed by the full faith and credit of the United States; some are the obligation solely of the entity through which they are issued. There is no guarantee that the U.S. Government would provide financial support to its agencies and instrumentalities if not required to do so by law. Foreign obligations may not be backed by the government of the issuing country, and are subject to foreign investing risks.

## **Unrated Fixed Income Securities**

A fund's subadviser has the authority to make determinations regarding the quality of unrated fixed-income securities for the purposes of assessing whether they meet the fund's investment restrictions. However, analysis of unrated securities is more complex than that of rated securities, making it more difficult for the subadviser to accurately predict risk. Unrated fixed income securities may not be lower in quality than rated securities, but due to their perceived risk they may not have as broad a market as rated securities, making it more difficult to sell unrated securities.

## **When-Issued and Delayed-Delivery Securities**

A fund may purchase securities on a when-issued or delayed-delivery basis. The value of the security on settlement date may be more or less than the price paid as a result of changes in interest rates and market conditions. If the value of such a security on its settlement date is less than the price paid by the fund, the value of the fund's shares may decline.

## **Zero Coupon, Step Coupon, Deferred Coupon and PIK Bonds**

A fund may invest in any combination of zero coupon and step coupon bonds and bonds on which interest is payable in kind ("PIK"). The market prices of these bonds generally are more volatile than the market prices of securities that pay interest on a regular basis. Since the fund will not receive cash payments earned on these securities on a current basis, the fund may be required to make distributions from other sources. This may result in higher portfolio turnover rates and the sale of securities at a time that is less favorable.

*The funds may buy other types of securities or employ other portfolio management techniques. Please refer to the SAI for more detailed information about these and other investment techniques of the funds.*

## Pricing of Fund Shares

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### How is the share price determined?

Each fund calculates a share price for each class of its shares. The share price for each class is based on the net assets of the fund and the number of outstanding shares of that class. In general, each fund calculates a share price for each class by:

- adding the values of all securities and other assets of the fund;
- subtracting liabilities; and
- dividing the result by the total number of outstanding shares of that class.

*Assets:* 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. Shares of other investment companies are valued at such companies' net asset values ("NAVs"). Debt securities (other than short-term investments) are valued on the basis of broker quotations or valuations provided by a pricing service, which in determining value utilizes information with respect to recent sales, market transactions in comparable securities, quotations from dealers, and various relationships between securities. Other assets, such as accrued interest, accrued dividends and cash are also included in determining a fund's NAV. As required, some securities and assets are valued at fair value as determined in good faith by, or under the direction of, the Board of Trustees.

*Liabilities:* Accrued liabilities for class-specific expenses (if any), distribution fees, service fees and other liabilities are deducted from the assets of each class. Accrued expenses and liabilities that are not class-specific (such as management fees) are allocated to each class in proportion to each class's net assets except where an alternative allocation can be more appropriately made.

*Net Asset Value:* The liabilities allocated to a class are deducted from the proportionate interest of such class in the assets of the applicable fund. The resulting amount for each class is then divided by the number of shares outstanding of that class to produce each class's NAV per share.

The NAV per share of each class of each fund is determined as of the close of regular trading (normally 4:00 PM eastern time) on days when the New York Stock Exchange ("NYSE") is open for trading. A fund will not calculate its NAV per share class on days when the NYSE is closed for trading. If a fund (or underlying fund, as applicable) holds securities that are traded on foreign exchanges that trade on weekends or other holidays when the funds do not price their shares, the NAV of the fund's shares may change on days when shareholders will not be able to purchase or redeem the fund's shares.

### How are securities fair valued?

If market quotations are not readily available or available prices are not reliable, the funds determine a "fair value" for an investment according to policies and procedures approved by the Board of Trustees. The types of assets for which such pricing might be required include: (i) securities whose trading has been suspended; (ii) securities where the trading market is unusually thin or trades have been infrequent; (iii) debt securities that have recently gone into default and for which there is no current market quotation; (iv) a security whose market price is not available from an independent pricing source and for which otherwise reliable quotes are not available; (v) securities of an issuer that has entered into a restructuring; (vi) a security whose price as provided by any pricing source does not, in the opinion of the adviser/subadviser, reflect the security's market value; (vii) foreign securities subject to trading collars for which no or limited trading takes place; (viii) securities where the market quotations are not readily available as a result of "significant" events; and (ix) securities whose principal exchange or trading market is closed for an entire business day on which a fund needs to determine its NAV. This list is not inclusive of all situations that may require a security to be fair valued, nor is it intended to be conclusive in determining whether a specific event requires fair valuation.

The value of any portfolio security held by a fund for which market quotations are not readily available shall be determined in good faith and in a manner that honestly assesses the security's "fair value" on the valuation date (i.e., the amount that the fund might reasonably expect to receive for the security upon its current sale), based on a consideration of all available facts and all available information, including, but not limited to, the following: (i) the fundamental analytical data relating to the investment; (ii) the value of other relevant financial instruments, including derivative securities, traded on other markets or among dealers; (iii) an evaluation of the forces which influence the market in which these securities are purchased and sold (e.g., the existence of merger proposals or tender offers that might affect the value of the security); (iv) the type of the security; (v) the size of the holding; (vi) the initial cost of the

security; (vii) trading volumes on markets, exchanges or among broker-dealers; (viii) price quotes from dealers and/or pricing services; (ix) values of baskets of securities traded on other markets, exchanges, or among dealers; (x) changes in interest rates; (xi) information obtained from the issuer, analysts, other financial institutions and/or the appropriate stock exchange (for exchange traded securities); (xii) an analysis of the company's financial statements; (xiii) government (domestic or foreign) actions or pronouncements; (xiv) recent news about the security or issuer; (xv) whether two or more dealers with whom the adviser/subadviser regularly effects trades are willing to purchase or sell the security at comparable prices; and (xvi) other news events or relevant matters.

Certain foreign common stocks 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, events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that foreign markets close (where the security is principally traded) and the time that the fund calculates its NAV (generally, the close of regular trading on the NYSE) that may impact the value of securities traded in these foreign markets. In such cases, information from an external vendor may be utilized to adjust closing market prices of certain foreign common stocks to reflect their fair value. Because the frequency of significant events is not predictable, fair valuation of certain foreign common stocks may occur on a frequent basis.

The value of a security, as determined using the funds' fair valuation procedures, may not reflect such security's market value.

#### **At what price are shares purchased?**

All investments received by the funds' authorized agents in good order prior to the close of regular trading on the NYSE (normally 4:00 PM eastern time) will be executed based on that day's NAV; investments received by the funds' authorized agent in good order after the close of regular trading on the NYSE will be executed based on the next business day's NAV. Shares credited to your account from the reinvestment of a fund's distributions will be in full and fractional shares that are purchased at the closing NAV on the next business day on which the fund's NAV is calculated following the dividend record date.

## Sales Charges

### What are the classes and how do they differ?

Currently, each fund offers from three to five classes of shares. Each class of shares has different sales and distribution charges. (See “Fund Fees and Expenses” in each fund’s “Fund Summary” previously in this prospectus.) For certain classes of shares, the funds have adopted distribution and service plans allowed under Rule 12b-1 of the Investment Company Act of 1940, as amended, that authorize the funds to pay distribution and service fees (“Rule 12b-1 Fees”) for the sale of their shares and for services provided to shareholders. The Rule 12b-1 Fees for each class of each fund are as follows:

Fund	Class A	Class C	Class I	Class R6	Class T
Virtus Contrarian Value Fund	0.25%	1.00%	None	None	0.25%
Virtus KAR Capital Growth Fund	0.25%	1.00%	None	N/A	0.25%
Virtus KAR Global Quality Dividend Fund	0.25%	1.00%	None	N/A	0.25%
Virtus KAR Mid-Cap Core Fund	0.25%	1.00%	None	N/A	0.25%
Virtus KAR Mid-Cap Growth Fund	0.25%	1.00%	None	N/A	0.25%
Virtus KAR Small-Cap Core Fund	0.25%	1.00%	None	None	0.25%
Virtus KAR Small-Cap Growth Fund	0.25%	1.00%	None	N/A	0.25%
Virtus KAR Small-Cap Value Fund	0.25%	1.00%	None	None	0.25%
Virtus Rampart Enhanced Core Equity Fund	0.25%	1.00%	None	N/A	0.25%
Virtus Strategic Allocation Fund	0.25%	1.00%	N/A	N/A	0.25%
Virtus Tactical Allocation Fund	0.25%	1.00%	N/A	N/A	0.25%

### What arrangement is best for you?

The different classes of shares permit you to choose the method of purchasing shares that is most beneficial to you. In choosing a class of shares, consider the amount of your investment, the length of time you expect to hold the shares, whether you decide to receive distributions in cash or to reinvest them in additional shares, and any other personal circumstances. Depending upon these considerations, the accumulated distribution and service fees and contingent deferred sales charges of one class of shares may be more or less than the initial sales charge and accumulated distribution and service fees of another class of shares bought at the same time. Because distribution and service fees are paid out of a fund’s assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

Your financial representative should recommend only those arrangements that are suitable for you based on known information. In certain instances, you may be entitled to a reduction or waiver of sales charges. For instance, you may be entitled to a sales charge discount on Class A Shares and Class T Shares if you purchase more than certain breakpoints.

To determine your eligibility for a sales charge discount on Class A Shares, you may aggregate all of your accounts (including joint accounts, retirement accounts such as individual retirement accounts (“IRAs”), non-IRAs, etc.) and those of your spouse, domestic partner, children and minor grandchildren.

The availability of certain sales charge waivers and discounts may depend on whether you purchase your shares directly from the fund or through a financial intermediary. Different intermediaries may impose different sales charges (including partial reduction in or waivers of sales charges) other than those listed in this section. Such intermediary-specific sales charge variations are described in Appendix A to this prospectus, entitled “Intermediary Sales Charges Discounts and Waivers.” Appendix A is incorporated herein by reference and is legally part of this prospectus.

Your financial representative may request that you provide an account statement or other holdings information to determine your eligibility for a breakpoint and/or waiver and to make certain all involved parties have the necessary data. In all instances, it is the purchaser’s responsibility to notify the fund or the purchaser’s financial representative at the time of purchase of any relationship or other facts qualifying the purchaser for sales charge waivers or discounts. For waivers and discounts not available through a particular intermediary, in order to receive these waivers or discounts shareholders will have to purchase fund shares through another intermediary offering such waivers or discounts or directly from the fund if the fund offers such waivers or discounts.

Additional information about the classes of shares offered, sales charges, breakpoints and discounts follows in this section and also may be found in the SAI in the section entitled “How to Buy Shares.” Intermediary-specific sales charge variations are described in Appendix A to this prospectus, entitled “Intermediary Sales Charges Discounts and Waivers.” This information is available free of charge, and in a clear and prominent format, at the Individual Investors section of [virtus.com](http://virtus.com). Please be sure that you fully understand these choices before investing. If you or your financial representative requires additional assistance, you may also contact Virtus Fund Services by calling toll-free 800-243-1574.

**Class A Shares.** If you purchase Class A Shares, you will pay a sales charge at the time of purchase equal to 5.75% of the offering price (6.10% of the amount invested). The sales charge may be reduced or waived under certain conditions. (See Initial Sales Charge Alternative – Class A Shares below.) Generally, Class A Shares are not subject to any charges by the fund when redeemed; however, a contingent deferred sales charge (“CDSC”) may be imposed on certain redemptions within 18 months of a finder’s fee being paid. For all Virtus fixed income funds and Virtus Sector Trend Fund, the CDSC is 0.50%; for all other Virtus funds, the CDSC is 1.00%. The 18 month period begins on the last day of the month preceding the month in which the purchase was made, and shares not subject to a finder’s fee will be deemed to be redeemed first. Class A Shares have lower distribution and service fees (0.25%) and as a result pay higher dividends than Class C Shares.

**Class C Shares.** If you purchase Class C Shares, you will not pay a sales charge at the time of purchase. If you sell your Class C Shares within the first year after they are purchased, you will pay a deferred sales charge of 1%. (See “Deferred Sales Charge Alternative – Class C Shares” below.) Class C Shares do not convert to any other class of shares of the funds, so the higher distribution and service fees paid by Class C Shares continue for the life of the account.

**Class I Shares (Virtus Contrarian Value Fund, Virtus KAR Capital Growth Fund, Virtus KAR Global Quality Dividend Fund, Virtus KAR Mid-Cap Core Fund, Virtus KAR Mid-Cap Growth Fund, Virtus KAR Small-Cap Core Fund, Virtus KAR Small-Cap Growth Fund, Virtus KAR Small-Cap Value Fund and Virtus Rampart Enhanced Core Equity Fund only).** Class I Shares are offered primarily to clients of financial intermediaries that (i) charge such clients an ongoing fee for advisory, investment, consulting, or similar services; or (ii) have entered into an agreement with the distributor to offer Class I Shares through a no-load network or platform. Such clients may include pension and profit sharing plans, other employee benefit trusts, endowments, foundations and corporations. Class I Shares are also offered to private and institutional clients of, or referred by, the adviser, the subadvisers or their affiliates, and to Trustees of the funds and trustees/directors of affiliated open- and closed-end funds, and directors, officers and employees of Virtus and its affiliates. If you are eligible to purchase and do purchase Class I Shares, you will pay no sales charge at any time. There are no distribution and service fees applicable to Class I Shares.

**Class R6 Shares (Virtus Contrarian Value Fund, Virtus KAR Small-Cap Core Fund and Virtus KAR Small-Cap Value Fund only).** Class R6 Shares are available only to employer sponsored retirement plans, including profit-sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans, and plans described in Section 401(k), 403(b) and 457 of the Internal Revenue Code, where the employer, administrator, sponsor or related person has entered into an agreement with the fund’s Transfer Agent to make Class R6 Shares available to plan participants where plan level or omnibus accounts are held on the books of the fund. Class R6 Shares are not available to traditional or Roth IRAs, Coverdell Savings Accounts, Keoghs, SEPs, SARSEPs, or Simple IRAs and are not available through retail, advisory fee-based wrap platforms. Individual shareholders who purchase Class R6 Shares through retirement platforms or other intermediaries are not eligible to hold Class R6 Shares outside of their respective plan or intermediary platform. If you are eligible to purchase and do purchase Class R6 Shares, you will pay no sales charge at any time. There are no distribution and service fees applicable to Class R6 Shares.

**Class T Shares.** If you purchase Class T Shares, you will pay a sales charge at time of purchase equal to 2.50% of the offering price (2.56% of the amount invested). You may qualify for sales charge discounts in Class T Shares if you invest at least \$250,000 in a fund. More information on these and other discounts is available: (i) from your financial intermediary; (ii) under “Sales Charges” in the funds’ prospectus; (iii) with respect to purchase of shares through specific intermediaries, in Appendix A to the fund’s prospectus, entitled “Intermediary Sales Charge Discounts and Waivers;” and (iv) under “Alternative Purchase Arrangements” in the funds’ statement of additional information. Class T Shares are not subject to any sales charges by the fund when redeemed.

**Initial Sales Charge Alternative—Class A Shares.** The public offering price of Class A Shares is the NAV plus a sales charge that varies depending on the size of your purchase. (See “Class A Shares—Reduced Initial Sales



Charges” in the SAI.) Shares purchased based on the automatic reinvestment of income dividends or capital gain distributions are not subject to any sales charges. The sales charge is divided between your investment dealer and the fund's underwriter, VP Distributors, LLC (“VP Distributors” or the “Distributor”).

### Sales Charge you may pay to purchase Class A Shares

Amount of Transaction at Offering Price	Sales Charge as a percentage of	
	Offering Price	Net Amount Invested
Under \$50,000	5.75%	6.10%
\$50,000 but under \$100,000	4.75	4.99
\$100,000 but under \$250,000	3.75	3.90
\$250,000 but under \$500,000	2.75	2.83
\$500,000 but under \$1,000,000	2.00	2.04
\$1,000,000 or more	None	None

### Class A Sales Charge Reductions and Waivers

Investors may reduce or eliminate sales charges applicable to purchases of Class A Shares through utilization of Combination Purchase Privilege, Letter of Intent, Right of Accumulation, Purchase by Associations or the Account Reinstatement Privilege. These programs are summarized below and are described in greater detail in the SAI.

*Combination Purchase Privilege.* Your purchase of any class of shares of these funds or any other Virtus Mutual Fund, if made at the same time by the same person, will be added together with any existing Virtus Mutual Fund account values to determine whether the combined sum entitles you to an immediate reduction in sales charges. A “person” is defined in this and the following sections as either: (a) any individual, his or her spouse or domestic partner, children and minor grandchildren purchasing shares for his, her or their own account (including an IRA account) including his, her or their own sole proprietorship or trust where any of the above is a named beneficiary; (b) a trustee or other fiduciary purchasing for a single trust, estate or single fiduciary account (even though more than one beneficiary may exist); (c) multiple accounts (up to 200) under a qualified employee benefit plan or administered by a third party administrator; or (d) trust companies, bank trust departments, registered investment advisers, and similar entities placing orders or providing administrative services with respect to accounts over which they exercise discretionary investment authority and which are held in a fiduciary, agency, custodial or similar capacity, provided all shares are held of record in the name, or nominee name, of the entity placing the order.

*Letter of Intent.* If you sign a Letter of Intent, your purchase of any class of shares of these funds or any other Virtus Mutual Fund, if made by the same person within a 13-month period, will be added together to determine whether you are entitled to an immediate reduction in sales charges. Sales charges are reduced based on the overall amount you indicate that you will buy under the Letter of Intent. The Letter of Intent is a mutually non-binding arrangement between you and Virtus Mutual Funds. Shares worth 5% of the Letter of Intent amount will be held in escrow (while remaining registered in your name) to secure payment of the higher sales charges applicable to the shares actually purchased in the event the full intended amount is not purchased.

*Right of Accumulation.* The value of your account(s) in any class of shares of these funds or any other Virtus Mutual Fund if made over time by the same person, may be added together at the time of each purchase to determine whether the combined sum entitles you to a prospective reduction in sales charges. You must provide certain account information to Virtus Mutual Funds or their agents at the time of purchase to exercise this right.

*Gifting of Shares.* If you make a gift of shares of a Virtus Mutual Fund, upon your request you may combine purchases, if made at the same time, of any class of shares of these funds or any other Virtus Mutual Fund at the sales charge discount allowed for the combined purchase. The receiver of the gift may also be entitled to a prospective reduction in sales charges in accordance with the funds’ right of accumulation or other provisions. You or the receiver of the gift must provide certain account information to Virtus Mutual Funds or their agents at the time of purchase to exercise this right.

*Purchase by Associations.* Certain groups or associations may be treated as a “person” and qualify for reduced Class A Share sales charges. The group or association must: (1) have been in existence for at least six months; (2) have a legitimate purpose other than to purchase mutual fund shares at a reduced sales charge; (3) work through an investment dealer; and (4) not be a group whose sole reason for existing is to consist of members who are credit card holders of a particular company, policyholders of an insurance company, customers of a bank or a broker-dealer or clients of an investment adviser.

**Account Reinstatement Privilege.** Subject to the funds' policies and procedures regarding market timing, for 180 days after you sell your Class A Shares on which you previously paid a sales charge, you may purchase Class A Shares of any Virtus Mutual Fund at NAV, with no sales charge, by reinvesting all or part of your proceeds, but not more.

**Sales at Net Asset Value.** In addition to the programs summarized above, the funds may sell their Class A Shares at NAV without an initial sales charge to certain types of accounts or account holders, including, but not limited to: trustees of the Virtus Mutual Funds; directors, officers, employees and sales representatives of the adviser, a subadviser or the Distributor and corporate affiliates of the adviser, a subadviser or the Distributor; private clients of an adviser or subadviser to any of the Virtus Mutual Funds; registered representatives and employees of dealers with which the Distributor has sales agreements; and certain qualified employee benefit plans, endowment funds or foundations. Please see the SAI for more information about qualifying for purchases of Class A Shares at NAV.

### **Contingent Deferred Sales Charge you may pay on Class A Shares**

Investors buying Class A Shares on which a finder's fee has been paid may incur a CDSC if they redeem their shares. For Virtus Newfleet Low Duration Income Fund and Virtus Newfleet Multi-Sector Short Term Bond Fund, the CDSC may be imposed on redemptions within 12 months of a finder's fee being paid; for all other funds, the CDSC may be imposed on redemptions within 18 months of a finder's fee being paid. For Virtus fixed income funds and Virtus Sector Trend Fund, the CDSC is 0.50%; for all other Virtus Mutual Funds, the CDSC is 1.00%. The 12- or 18-month period, as applicable, begins on the last day of the month preceding the month in which the purchase was made, and shares not subject to a finder's fee will be deemed to be redeemed first. The CDSC will be multiplied by the then current market value or the initial cost of the shares being redeemed, whichever is less.

### **Deferred Sales Charge Alternative—Class C Shares**

Class C Shares are purchased without an initial sales charge; however, shares sold within a specified time period are subject to a declining CDSC at the rates listed below. The sales charge will be multiplied by the then-current market value or the initial cost of the shares being redeemed, whichever is less. No sales charge will be imposed on increases in NAV or on shares purchased through the reinvestment of income dividends or capital gain distributions. To minimize the sales charge, shares not subject to any charge will be redeemed first, followed by shares held the longest time. To calculate the number of shares owned and time period held, all Class C Shares are considered purchased on the trade date.

### **Deferred Sales Charge you may pay to sell Class C Shares**

<b>Year</b>	<b>1</b>	<b>2+</b>
CDSC	1%	0%

### **Class A and Class C Sales Charge Reductions and Waivers**

The availability of certain sales charge waivers and discounts may depend on whether you purchase your shares through a financial intermediary offering them. Different intermediaries may impose different sales charges (including partial reduction in or waivers of sales charges) other than those listed in this section, provided that they do not exceed the maximum sales charge listed. Such intermediary-specific sales charge variations are described in Appendix A to this prospectus, entitled "Intermediary Sales Charges Discounts and Waivers." Appendix A is incorporated herein by reference and is legally part of this prospectus.

### **Sales Charge you may pay to purchase Class T Shares**

<b>Amount of Transaction at Offering Price</b>	<b>Sales Charge as a percentage of</b>	
	<b>Offering Price</b>	<b>Net Amount Invested</b>
Under \$250,000	2.50%	2.56%
\$250,000 but under \$500,000	2.00	2.04
\$500,000 but under \$1,000,000	1.50	1.52
\$1,000,000 or more	1.00	1.01

### **Compensation to Dealers**

#### **Class A Shares, Class C Shares and Class I Shares only**

Dealers with whom the Distributor has entered into sales agreements receive a discount or commission on Class A Shares as described below.

Amount of Transaction at Offering Price	Sales Charge as a Percentage of Offering Price	Sales Charge as a Percentage of Amount Invested	Dealer Discount as a Percentage of Offering Price
Under \$50,000	5.75%	6.10%	5.00%
\$50,000 but under \$100,000	4.75	4.99	4.25
\$100,000 but under \$250,000	3.75	3.90	3.25
\$250,000 but under \$500,000	2.75	2.83	2.25
\$500,000 but under \$1,000,000	2.00	2.04	1.75
\$1,000,000 or more	None	None	None

With respect to Class C Shares, the Distributor intends to pay investment dealers a sales commission of 1% of the sale price of Class C Shares sold by such dealers. Your broker, dealer or financial advisor may also charge you additional commissions or fees for their services in selling shares to you provided they notify the Distributor of their intention to do so.

Dealers and other entities that enter into special arrangements with the Distributor or the funds' transfer agent, Virtus Fund Services, LLC (the "Transfer Agent"), may receive compensation for the sale and promotion of shares of these funds. Such fees are in addition to the sales commissions referenced above and may be based upon the amount of sales of fund shares by a dealer; the provision of assistance in marketing of fund shares; access to sales personnel and information dissemination services; and other criteria as established by the Distributor. Depending on the nature of the services, these fees may be paid either from the funds through distribution fees, service fees or, in some cases, the Distributor may pay certain fees from its own profits and resources.

Dealers and other entities that enter into special arrangements with the Distributor or the Transfer Agent may receive compensation from or on behalf of the funds for providing certain recordkeeping and related services to the funds or their shareholders. These fees may also be referred to as shareholder accounting fees, administrative services fees, sub-transfer agent fees or networking fees. They are not for the sale, promotion or marketing of fund shares.

From its own profits and resources, the Distributor may, from time to time, make payments to qualified wholesalers, registered financial institutions and third party marketers for marketing support services and/or retention of assets. These payments are sometimes referred to as "revenue sharing." Among others, the Distributor has agreed to make such payments for marketing support services to AXA Advisors, LLC. Additionally, for Virtus Newfleet Low Duration Income Fund and Virtus Newfleet Multi-Sector Short Term Bond Fund, the Distributor may pay broker-dealers a finder's fee in an amount equal to 0.50% of eligible Class A Share purchases from \$250,000 to \$3,000,000 and 0.25% on amounts greater than \$3,000,000. For all other Virtus fixed income funds and Virtus Sector Trend Fund, the Distributor may pay broker-dealers a finder's fee in an amount equal to 0.50% of eligible Class A Share purchases from \$1,000,000 to \$3,000,000 and 0.25% on amounts greater than \$3,000,000. For all other Virtus Mutual Funds, the Distributor may pay broker-dealers a finder's fee in an amount equal to 1.00% of eligible Class A Share purchases from \$1,000,000 to \$3,000,000, 0.50% on amounts of \$3,000,001 to \$10,000,000, and 0.25% on amounts greater than \$10,000,000. Purchases of Class A Shares by an account in the name of a qualified employee benefit plan are eligible for a finder's fee only if such plan has at least 100 eligible employees. A CDSC may be imposed on certain redemptions of such Class A investments. For Virtus Newfleet Low Duration Income Fund and Virtus Newfleet Multi-Sector Short Term Bond Fund, the CDSC may be imposed on redemptions within 12 months of a finder's fee being paid; for all other funds, the CDSC may be imposed on redemptions within 18 months of a finder's fee being paid. For all Virtus fixed income funds and Virtus Sector Trend Fund, the CDSC is 0.50%; for all other Virtus Mutual Funds, the CDSC is 1.00%. For purposes of determining the applicability of the CDSC, the 12- or 18-month period, as applicable, begins on the last day of the month preceding the month in which the purchase was made. The Distributor will also pay broker-dealers a service fee of 0.25% beginning in the thirteenth month following purchase of Class A Shares on which a finder's fee has been paid. VP Distributors reserves the right to discontinue or alter such fee payment plans at any time. Dealers must have an aggregate value of \$50,000 or more per Fund CUSIP to qualify for payment. VP Distributors reserves the right to discontinue or alter such fee payment plans at any time.

From its own resources or pursuant to the distribution and shareholder servicing plans, and subject to the dealers' prior approval, the Distributor may provide additional compensation to registered representatives of dealers in the form of travel expenses, meals, and lodging associated with training and educational meetings sponsored by the Distributor. The Distributor may also provide gifts amounting in value to less than \$100, and occasional meals or entertainment, to registered representatives of dealers. Any such travel expenses, meals, lodging, gifts or entertainment paid will not be preconditioned upon the registered representatives' or dealers' achievement of a sales target. The Distributor may, from time to time, reallocate the entire portion of the sales charge on Class A Shares which it normally retains to individual

selling dealers. However, such additional reallocation generally will be made only when the selling dealer commits to substantial marketing support such as internal wholesaling through dedicated personnel, internal communications and mass mailings.

The Distributor has also agreed to pay fees to certain distributors for preferred marketing opportunities. These arrangements may be viewed as creating a conflict of interest between these distributors and investors. Investors should make due inquiry of their selling agents to ensure that they are receiving the requisite point of sale disclosures and suitable recommendations free of any influence by reason of these arrangements.

The categories of payments the Distributor and/or the Transfer Agent may make to other parties are not mutually exclusive, and such parties may receive payments under more than one or all categories. These payments could be significant to a party receiving them, creating a conflict of interest for such party in making investment recommendations to investors. Investors should make due inquiry of any party recommending the funds for purchase to ensure that such investors are receiving the requisite point of sale disclosures and suitable recommendations free of any influence by reason of these arrangements.

A document containing information about sales charges, including breakpoint (volume) discounts, is available free of charge on the Internet at [virtus.com](http://virtus.com). In the Individual Investors section, go to the tab “Investors Knowledge Base” and click on the link for Breakpoint (Volume) Discounts.

### **Class R6 Shares Only**

No compensation, administrative payments, sub-transfer agency payments or service payments are paid to brokers or other entities from fund assets or the Distributor’s or an affiliate’s resources on sales of or investments in Class R6 Shares. Class R6 Shares do not carry sales commissions or pay Rule 12b-1 fees, or make payments to brokers or other entities to assist in, or in connection with, the sale of the fund’s shares.

### **Class T Shares Only**

<b>Amount of Transaction at Offering Price</b>	<b>Sales Charge as a Percentage of Offering Price</b>	<b>Sales Charge as a Percentage of Amount Invested</b>	<b>Dealer Discount as a Percentage of Offering Price</b>
Under \$250,000	2.50%	2.56%	2.50%
\$250,000 but under \$500,000	2.00	2.04	2.00
\$500,000 but under \$1,000,000	1.50	1.52	1.50
\$1,000,000 or more	1.00	1.01	1.00

# Your Account

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## Opening an Account

### Class A Shares, Class C Shares and Class I Shares Only

Your financial advisor can assist you with your initial purchase as well as all phases of your investment program. If you are opening an account by yourself, please follow the instructions outlined below.

The funds have established the following preferred methods of payment for fund shares:

- Checks drawn on an account in the name of the investor and made payable to Virtus Mutual Funds;
- Checks drawn on an account in the name of the investor's company or employer and made payable to Virtus Mutual Funds; or
- Wire transfers or Automated Clearing House ("ACH") transfers from an account in the name of the investor, or the investor's company or employer.

Payment in other forms may be accepted at the discretion of the funds; however, the funds generally do not accept such other forms of payment as cash equivalents (such as traveler's checks, cashier's checks, money orders or bank drafts), starter checks, credit card convenience checks, or certain third party checks. Please specify the name(s) of the fund or funds in which you would like to invest on the check or transfer instructions.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, when you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may check the information you provide against publicly available databases, information obtained from consumer reporting agencies, other financial institutions or other sources. If, after reasonable effort, we cannot verify your identity, we reserve the right to close the account and redeem the shares at the NAV next calculated after the decision is made by us to close the account.

### Step 1.

Your first choice will be the initial amount you intend to invest in each fund.

Minimum **initial** investments applicable to Class A and Class C Shares:

- \$100 for individual retirement accounts ("IRAs"), accounts that use the systematic exchange privilege, or accounts that use the Systematic Purchase program. (See Investor Services and Other Information for additional detail.)
- There is no initial dollar requirement for defined contribution plans, asset-based fee programs, profit-sharing plans, or employee benefit plans. There is also no minimum for reinvesting dividends and capital gains into another account.
- \$2,500 for all other accounts.

Minimum **additional** investments applicable to Class A and Class C Shares:

- \$100 for any account.
- There is no minimum additional investment requirement for defined contribution plans, asset-based fee programs, profit-sharing plans, or employee benefit plans. There is also no minimum additional investment requirement for reinvesting dividends and capital gains into another account.

Minimum **initial** investments applicable to Class I Shares:

- \$100,000 for any account for qualified investors. (Call Virtus Fund Services at 800-243-1574 for additional detail.)

There is no minimum additional investment requirement applicable to Class I Shares.

### Step 2.

Your second choice will be what class of shares to buy. Each share class, except Class I Shares, has different sales and distribution charges. Because all future investments in your account will be made in the share class you choose when you open your account, you should make your decision carefully. Your financial advisor can help you pick the share class that makes the most sense for your situation.

### Step 3.

Your next choice will be how you want to receive any dividends and capital gain distributions. Your options are:

- Receive both dividends and capital gain distributions in additional shares;
- Receive dividends in additional shares and capital gain distributions in cash;
- Receive dividends in cash and capital gain distributions in additional shares; or
- Receive both dividends and capital gain distributions in cash.

No interest will be paid on uncashed distribution checks.

#### **Class R6 Shares Only**

If you are participating in an employer sponsored retirement plan, such as a 401(k) plan, profit-sharing plan, defined benefit plan or other employer-directed plan, your company will provide you with the information you need to open an account and buy Class R6 Shares.

#### **Class T Shares Only**

Class T Shares are available only through financial intermediaries. Your financial intermediary will provide you with the information you need to open an account and to buy or sell Class T Shares.

#### **All Share Classes**

The funds reserve the right to refuse any purchase order for any reason. The fund will notify the investor of any such rejection in accordance with industry and regulatory standards, which is generally within three business days.

## How to Buy Shares

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#### **Class A, Class C and Class I Shares Only**

	<b>To Open An Account</b>
Through a financial advisor	Contact your advisor. Some advisors may charge a fee and may set different minimum investments or limitations on buying shares.
Through the mail	Complete a new account application and send it with a check payable to the fund. Mail them to: Virtus Mutual Funds, P.O. Box 9874, Providence, RI 02940-8074.
Through express delivery	Complete a new account application and send it with a check payable to the fund. Send them to: Virtus Mutual Funds, 4400 Computer Drive, Westborough, MA 01581-1722.
By Federal Funds wire	Call us at 800-243-1574 (press 1, then 0).
By Systematic Purchase	Complete the appropriate section on the application and send it with your initial investment payable to the fund. Mail them to: Virtus Mutual Funds, P.O. Box 9874, Providence, RI 02940-8074.
By telephone exchange	Call us at 800-243-1574 (press 1, then 0).

#### **Class R6 Shares Only**

If you are participating in an employer sponsored retirement plan, such as a 401(k) plan, profit-sharing plan, defined benefit plan or other employer-directed plan, your company will provide you with the information you need to buy Class R6 Shares.

#### **Class T Shares Only**

Class T Shares are available only through financial intermediaries. Your financial intermediary will provide you with the information you need to buy Class T Shares.

#### **All Share Classes**

The price at which a purchase is effected is based on the NAV next determined after receipt of a purchase order in good order by the funds' Transfer Agent or an authorized agent. A purchase order is generally in "good order" if an acceptable form of payment accompanies the purchase order and the order includes the appropriate application(s) and/or other form(s) and any supporting legal documentation required by the fund's Transfer Agent or an authorized agent, each in legible form.

Each fund reserves the right to refuse any order that may disrupt the efficient management of that fund.

## How to Sell Shares

### Class A Shares, Class C Shares and Class I Shares Only

	To Sell Shares
Through a financial advisor	Contact your advisor. Some advisors may charge a fee and may set different minimums on redemptions of accounts.
Through the mail	Send a letter of instruction to: Virtus Mutual Funds, P.O. Box 9874, Providence, RI 02940-8074. Be sure to include the registered owner's name, fund and account number, and number of shares or dollar value you wish to sell.
Through express delivery	Send a letter of instruction to: Virtus Mutual Funds, 4400 Computer Drive, Westborough, MA 01581-1722. Be sure to include the registered owner's name, fund and account number, and number of shares or dollar value you wish to sell.
By telephone	For sales up to \$50,000, requests can be made by calling 800- 243-1574.
By telephone exchange	Call us at 800-243-1574 (press 1, then 0).

### Class R6 Shares Only

If you are participating in an employer sponsored retirement plan, such as a 401(k) plan, profit-sharing plan, defined benefit plan or other employer-directed plan, your company will provide you with the information you need to sell Class R6 Shares.

### Class T Shares Only

Class T Shares are available only through financial intermediaries. Your financial intermediary will provide you with the information you need to sell Class T Shares.

### All Share Classes

You have the right to have the funds buy back shares at the NAV next determined after receipt of a redemption request in good order by the funds' Transfer Agent or an authorized agent. In the case of a Class C Share redemption, and certain Class A Share redemptions, you will be subject to the applicable contingent deferred sales charge, if any, for such shares. Subject to certain restrictions, shares may be redeemed by telephone or in writing. In addition, shares may be sold through securities dealers, brokers or agents who may charge customary commissions or fees for their services. The funds do not charge any redemption fees. Payment for shares redeemed is generally made within seven days; however, redemption proceeds will not be disbursed until each check used for purchases of shares has been cleared for payment by your bank, which may take up to 15 days after receipt of the check.

## Things You Should Know When Selling Shares

You may realize a taxable gain or loss (for federal income tax purposes) if you redeem or exchange shares of the funds.

### Class A Shares, Class C Shares and Class I Shares

Redemption requests will not be honored until all required documents, in proper form, have been received. Additional documentation will be required for redemptions by organizations, fiduciaries, or retirement plans, or if a redemption is requested by anyone but the shareholder(s) of record. To avoid delay in redemption or transfer, shareholders having questions about specific requirements should contact the funds' Transfer Agent at 800-243-1574.

Transfers between broker-dealer “street” accounts are governed by the accepting broker-dealer. Questions regarding this type of transfer should be directed to your financial advisor.

As stated in the applicable account applications, accounts associated with certain types of retirement plans and individual retirement accounts may incur fees payable to the Transfer Agent in the event of redeeming an account in full. Shareholders with questions about this should contact the funds’ Transfer Agent at 800-243-1574.

### **Redemptions by Mail**

→ If you are selling shares held individually, jointly, or as custodian under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act:

Send a clear letter of instruction if both of these apply:

- The proceeds do not exceed \$50,000.
- The proceeds are payable to the registered owner at the address on record.

Send a clear letter of instructions with a signature guarantee when any of these apply:

- You are selling more than \$50,000 worth of shares.
- The name or address on the account has changed within the last 30 days.
- You want the proceeds to go to a different name or address than on the account.

→ If you are selling shares held in a corporate or fiduciary account, please contact the funds’ Transfer Agent at 800-243-1574.

The signature guarantee, if required, must be a STAMP 2000 Medallion guarantee made by an eligible guarantor institution as defined by the funds’ Transfer Agent in accordance with its signature guarantee procedures. Guarantees using previous technology medallions will not be accepted. As of the date of this prospectus, the Transfer Agent’s signature guarantee procedures generally permit guarantees by banks, broker-dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations.

### **Selling Shares by Telephone**

The Transfer Agent will use reasonable procedures to confirm that telephone instructions are genuine. Address and bank account information are verified, redemption instructions are taped, and all redemptions are confirmed in writing.

The individual investor bears the risk from instructions given by an unauthorized third party that the Transfer Agent reasonably believed to be genuine.

The Transfer Agent may modify or terminate the telephone redemption privilege at any time with 60 days’ notice to shareholders, except for instances of disruptive trading or market timing; in such cases, the telephone redemption privilege may be suspended immediately, followed by written notice. (See “Disruptive Trading and Market Timing” in this prospectus.)

During times of drastic economic or market changes, telephone redemptions may be difficult to make or temporarily suspended; however, shareholders would be able to make redemptions through other methods described above.

### **Class R6 Shares Only**

If you are participating in an employer sponsored retirement plan, such as a 401(k) plan, profit-sharing plan, defined benefit plan or other employer-directed plan, your company will provide you with the information you need to know when selling Class R6 Shares.

### **Class T Shares Only**

Class T Shares are available only through financial intermediaries. Your financial intermediary will provide you with the information you need to sell Class T Shares.

### **All Share Classes**

#### **Payment of Redemptions In Kind**

Each fund reserves the right to pay large redemptions “in kind” (i.e., in securities owned by the fund) rather than in cash. Large redemptions are those that exceed \$250,000 or 1% of the fund’s net assets, whichever is less, over any 90-day period. Additional documentation will be required for redemptions by organizations, fiduciaries, or retirement plans, or if



a redemption is requested by anyone but the shareholder(s) of record. Investors who are paid redemption proceeds in kind will receive a pro rata share of the fund's portfolio, which may include illiquid securities. Any securities received remain at market risk until sold. Brokerage commissions and capital gains may be incurred when converting securities received into cash. On any illiquid securities received, the investor will bear the risk of not being able to sell the securities at all.

## Account Policies

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### Account Reinstatement Privilege

Subject to the fund's policies and procedures regarding market timing, for 180 days after you sell your Class A Shares on which you previously paid a sales charge, you may purchase Class A Shares of the fund or of any Virtus Mutual Fund at NAV, with no sales charge, by reinvesting all or part of your proceeds, but not more. Send your written request to Virtus Mutual Funds, P.O. Box 9874, Providence, RI 02940-8074. You can call Virtus Mutual Funds at 800-243-1574 for more information.

Please remember, a redemption and reinvestment are considered to be a sale and purchase for tax-reporting purposes.

### Annual Fee on Small Accounts

To help offset the costs associated with maintaining small accounts, the funds reserve the right to assess an annual \$25 small account fee on fund accounts with a balance below \$2,500. The small account fee may be waived in certain circumstances, such as for accounts that have elected electronic delivery of statements/regulatory documents and accounts owned by shareholders having multiple accounts with a combined value of over \$25,000. The small account fee does not apply to accounts held through a financial intermediary.

The small account fee will be collected through the automatic sale of shares in your account. We will send you written notice before we charge the \$25 fee so that you may increase your account balance above the minimum, sign up for electronic delivery, consolidate your accounts or liquidate your account. You may take these actions at any time by contacting your investment professional or the Transfer Agent.

### Redemption of Small Accounts

Due to the high cost of maintaining small accounts, if your redemption activity causes your account balance to fall below \$200, you may receive a notice requesting you to bring the balance up to \$200 within 60 days. If you do not, the shares in the account will be sold at NAV, and a check will be mailed to the address of record. Any applicable sales charges will be deducted.

### Distributions of Small Amounts

Distributions in amounts less than \$10 will automatically be reinvested in additional shares of the fund.

### Uncashed Checks

If any correspondence sent by a fund is returned by the postal or other delivery service as "undeliverable," your dividends or any other distribution may be automatically reinvested in the fund.

If your distribution check is not cashed within six months, the distribution may be reinvested in the fund at the current NAV. You will not receive any interest on uncashed distribution or redemption checks. This provision may not apply to certain retirement or qualified accounts.

### Inactive Accounts

As required by the laws of certain states, if no activity occurs in an account within the time period specified by your state law, Virtus may be required to transfer the assets to your state under the state's abandoned property law.

### Exchange Privileges

You should read the prospectus of the Virtus Mutual Fund(s) into which you want to make an exchange before deciding to make an exchange. You can obtain a prospectus from your financial advisor; by calling 800-243-4361; or on the Internet at *virtus.com*.

- You may exchange shares of one fund for the same class of shares of another Virtus Mutual Fund (e.g., Class A Shares for Class A Shares). Class C Shares are also exchangeable for Class C1 Shares of those Virtus Mutual Funds offering them. Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.
- Exchanges may be made by telephone (800-243-1574) or by mail (Virtus Mutual Funds, P.O. Box 9874, Providence, RI 02940-8074).
- The amount of the exchange must be equal to or greater than the minimum initial investment required, unless the minimum has been waived (as described in the SAI).
- The exchange of shares of one fund for shares of a different fund is treated as a sale of the original fund's shares and any gain on the transaction may be subject to federal income tax.
- In certain circumstances, a fund, the Distributor or the Transfer Agent may enter into an agreement with a financial intermediary to permit exchanges from one class of a fund into another class of the same fund, subject to certain conditions. Such exchanges will only be permitted if, among other things, the financial intermediary agrees to follow procedures established by the fund, Distributor or Transfer Agent, which generally will require that the exchanges be carried out (i) within accounts maintained and controlled by the intermediary, (ii) on behalf of all or a particular segment of beneficial owners holding shares of the affected fund within those accounts, and (iii) all at once or within a given time period, or as agreed upon in writing by the fund, the Distributor or the Transfer Agent and the financial intermediary. A shareholder's ability to make this type of exchange may be limited by operational or other limitations of his or her financial intermediary or the fund. If your financial intermediary exchanges Class A Shares for which you already paid an initial sales charge for Class T Shares, the shares subject to the exchange will not be subject to a sales charge.

### **Disruptive Trading and Market Timing**

These funds are not suitable for market timers, and market timers are discouraged from becoming investors. Your ability to make exchanges among Virtus Mutual Funds is subject to modification if we determine, in our sole opinion, that your exercise of the exchange privilege may disadvantage or potentially harm the rights or interests of other shareholders.

Frequent purchases, redemptions and exchanges, programmed exchanges, exchanges into and then out of a fund in a short period of time, and exchanges of large amounts at one time may be indicative of market timing and otherwise disruptive trading ("Disruptive Trading") which can have risks and harmful effects for other shareholders. These risks and harmful effects include:

- dilution of the interests of long-term investors, if market timers or others exchange into a fund at prices that are below the true value or exchange out of a fund at prices that are higher than the true value;
- an adverse effect on portfolio management, as determined by the adviser or subadviser in its sole discretion, such as causing a fund to maintain a higher level of cash than would otherwise be the case, or causing a fund to liquidate investments prematurely; and
- reducing returns to long-term shareholders through increased brokerage and administrative expenses.

Additionally, the nature of the portfolio holdings of certain funds (or the underlying funds as applicable), may expose those funds to investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change in the value of a mutual fund's portfolio holdings and the reflection of the change in the NAV of the fund's shares, sometimes referred to as "time-zone arbitrage." Arbitrage market timers seek to exploit possible delays between the change in the value of a mutual fund's portfolio holdings and the NAV of the fund's shares in funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the U.S. markets. If an arbitrageur is successful, the value of the fund's shares may be diluted if redeeming shareholders receive proceeds (and buying shareholders receive shares) based upon NAVs which do not reflect appropriate fair value prices.

In order to attempt to protect our shareholders from the potential harmful effects of Disruptive Trading, the funds' Board of Trustees has adopted market timing policies and procedures designed to discourage Disruptive Trading. The Board of Trustees has adopted these policies and procedures as a preventive measure to protect all shareholders from the potential effects of Disruptive Trading, while also abiding by any rights that shareholders may have to make exchanges and provide reasonable and convenient methods of making exchanges that do not have the potential to harm other shareholders.

Excessive trading activity is measured by the number of roundtrip transactions in an account. A roundtrip transaction is one where a shareholder buys and then sells, or sells and then buys, shares of any fund within 30 days. Shareholders of the funds are limited to one roundtrip transaction within any rolling 30-day period. Roundtrip transactions are counted at the shareholder level. In considering a shareholder's trading activity, the funds may consider, among other factors, the shareholder's trading history both directly and, if known, through financial intermediaries, in the funds, in other funds within the Virtus Mutual Fund complex, in non-Virtus funds or in accounts under common control or ownership. We do not include exchanges made pursuant to the dollar cost averaging or other similar programs when applying our market timing policies. Systematic withdrawal and/or contribution programs, mandatory retirement distributions, and transactions initiated by a plan sponsor also will not count towards the roundtrip limits. The funds may permit exchanges that management believes, in the exercise of their judgment, are not disruptive. The size of the fund and the size of the requested transaction may be considered when determining whether or not the transaction would be disruptive.

Shareholders holding shares for at least 30 days following investment will ordinarily be in compliance with the funds' policies regarding excessive trading activity. The funds may, however, take action if activity is deemed disruptive even if shares are held longer than 30 days, such as a request for a transaction of an unusually large size. The size of the fund and the size of the requested transaction may be considered when determining whether or not the transaction would be disruptive.

Under our market timing policies, we may modify your exchange privileges for some or all of the funds by not accepting an exchange request from you or from any person, asset allocation service, and/or market timing service made on your behalf. We may also limit the amount that may be exchanged into or out of any fund at any one time, or may revoke your right to make Internet, telephone or facsimile exchanges. We may reinstate Internet, telephone and facsimile exchange privileges after they are revoked, but we will not reinstate these privileges if we have reason to believe that they might be used thereafter for Disruptive Trading.

The funds currently do not charge exchange or redemption fees, or any other administrative charges on fund exchanges. The funds reserve the right to impose such fees and/or charges in the future.

Orders for the purchase of fund shares are subject to acceptance by the relevant fund. We reserve the right to reject, without prior notice, any exchange request into any fund if the purchase of shares in the corresponding fund is not accepted for any reason.

The funds do not have any arrangements with any person, organization or entity to permit frequent purchases and redemptions of fund shares.

We may, without prior notice, take whatever action we deem appropriate to comply with or take advantage of any state or federal regulatory requirement. The funds reserve the right to reject any purchase or exchange transaction at any time. If we reject a purchase or exchange for any reason, we will notify you of our decision in writing.

The funds cannot guarantee that their policies and procedures regarding market timing will be effective in detecting and deterring all Disruptive Trading.

### **Retirement Plans**

Shares of the funds may be used as investments under the following retirement plans: traditional IRA, rollover IRA, SEP-IRA, SIMPLE IRA, Roth IRA, 401(k) plans, profit-sharing, money purchase plans, and certain 403(b) plans. For more information, call 800-243-4361.

## **Investor Services and Other Information**

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**Systematic Purchase** is a systematic investment plan that allows you to have a specified amount automatically deducted from your checking or savings account and then deposited into your mutual fund account. (Complete the "Systematic Purchase" section on the application and include a voided check.)

**Systematic Exchange** allows you to automatically move money from one Virtus Mutual Fund to another on a monthly, quarterly, semiannual or annual basis. Shares of one Virtus Mutual Fund will be exchanged for shares of the same class of another Virtus Mutual Fund at the interval you select. (Complete the "Systematic Exchange" section on the application.) Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.

**Telephone Exchange** lets you exchange shares of one Virtus Mutual Fund for the same class of shares in another Virtus Mutual Fund, using our customer service telephone number (800-243-1574). (See the “Telephone Exchange” section on the application.) Exchange privileges may not be available for all Virtus Mutual Funds and may be rejected or suspended.

**Systematic Withdrawal** allows you to periodically redeem a portion of your account on a predetermined monthly, quarterly, semiannual, or annual basis. Sufficient shares from your account will be redeemed at the closing NAV on the applicable payment date, with proceeds to be mailed to you or sent through ACH to your bank (at your selection). For payments to be mailed, shares will be redeemed on the 15<sup>th</sup> of the month so that the payment is made about the 20<sup>th</sup> of the month. For ACH payments, you may select the day of the month for the payments to be made; if no date is specified, the payments will occur on the 15<sup>th</sup> of the month. The minimum withdrawal is \$25, and minimum account balance requirements continue to apply. Shareholders in the program must own Virtus Mutual Fund shares worth at least \$5,000.

**Disclosure of Fund Portfolio Holdings.** A description of the funds' policies and procedures with respect to the disclosure of the funds' portfolio securities is available in the SAI.

## Tax Status of Distributions

The funds plan to make distributions from net investment income at intervals stated in the table below and to distribute net realized capital gains, if any, at least annually.

Fund	Dividend Paid
Virtus Contrarian Value Fund	Semiannually
Virtus KAR Capital Growth Fund	Semiannually
Virtus KAR Global Quality Dividend Fund	Semiannually
Virtus KAR Mid-Cap Core Fund	Semiannually
Virtus KAR Mid-Cap Growth Fund	Semiannually
Virtus KAR Small-Cap Core Fund	Semiannually
Virtus KAR Small-Cap Growth Fund	Semiannually
Virtus KAR Small-Cap Value Fund	Semiannually
Virtus Rampart Enhanced Core Equity Fund	Semiannually
Virtus Strategic Allocation Fund	Quarterly
Virtus Tactical Allocation Fund	Quarterly

Distributions of short-term capital gains (gains on securities held for a year or less) and net investment income are taxable to shareholders as ordinary income. Certain distributions of long-term capital gains and certain dividends are taxable at a lower rate than ordinary income. Long-term capital gains, if any, which are distributed to shareholders and which are designated by a fund as capital gain distributions, are taxable to shareholders as long-term capital gain distributions regardless of the length of time you have owned your shares.

Unless you elect to receive distributions in cash, dividends and capital gain distributions are paid in additional shares. All distributions, whether paid in cash or in additional shares, are subject to federal income tax and may be subject to state, local and other taxes.

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## Financial Highlights

These tables are intended to help you understand each fund's financial performance for the past five years or since inception. Some of this information reflects financial information for a single fund share. The total returns in the tables represent the rate that an investor would have earned or lost on an investment in a fund (assuming reinvestment of all dividends and distributions). This information, except for the six month period ended September 30, 2016, has been audited by PricewaterhouseCoopers LLP, the funds' independent registered public accounting firm.

PricewaterhouseCoopers LLP's report, together with each fund's financial statements, is included in the funds' most recent Annual Report, which is available upon request.

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus Contrarian Value Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$31.48	0.20	2.93	3.13	(0.25)	—	(0.25)
4/1/15 to 3/31/16	36.18	0.17	(4.71)	(4.54)	(0.16)	—	(0.16)
4/1/14 to 3/31/15	37.12	0.34	(0.97)	(0.63)	(0.31)	—	(0.31)
4/1/13 to 3/31/14	29.97	0.16	7.07	7.23	(0.08)	—	(0.08)
4/1/12 to 3/31/13	26.21	0.10	3.72	3.82	(0.06)	—	(0.06)
4/1/11 to 3/31/12	24.69	0.06	1.49	1.55	(0.03)	—	(0.03)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$30.00	0.07	2.80	2.87	(0.01)	—	(0.01)
4/1/15 to 3/31/16	34.62	(0.07)	(4.52)	(4.59)	(0.03)	—	(0.03)
4/1/14 to 3/31/15	35.55	0.05	(0.92)	(0.87)	(0.06)	—	(0.06)
4/1/13 to 3/31/14	28.84	(0.07)	6.78	6.71	—	—	—
4/1/12 to 3/31/13	25.34	(0.09)	3.59	3.50	—	—	—
4/1/11 to 3/31/12	24.02	(0.11)	1.43	1.32	—	—	—
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$31.51	0.24	2.93	3.17	(0.34)	—	(0.34)
4/1/15 to 3/31/16	36.18	0.25	(4.71)	(4.46)	(0.21)	—	(0.21)
4/1/14 to 3/31/15	37.11	0.40	(0.92)	(0.52)	(0.41)	—	(0.41)
4/1/13 to 3/31/14	29.97	0.25	7.05	7.30	(0.16)	—	(0.16)
4/1/12 to 3/31/13	26.25	0.17	3.71	3.88	(0.16)	—	(0.16)
4/1/11 to 3/31/12	24.72	0.12	1.50	1.62	(0.09)	—	(0.09)
<b>Class R6</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$31.56	0.26	2.94	3.20	(0.41)	—	(0.41)
4/1/15 to 3/31/16	36.20	0.29	(4.69)	(4.40)	(0.24)	—	(0.24)
11/12/14 <sup>(7)</sup> to 3/31/15	36.99	0.08	(0.66)	(0.58)	(0.21)	—	(0.21)
<b>Virtus KAR Capital Growth Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$13.66	(0.03)	0.89	0.86	—	(0.04)	(0.04)
4/1/15 to 3/31/16	14.23	(0.05)	0.13	0.08	—	(0.65)	(0.65)
4/1/14 to 3/31/15	12.41	(0.03)	2.40	2.37	—	(0.55)	(0.55)
4/1/13 to 3/31/14	10.45	(0.01)	2.00	1.99	(0.03)	—	(0.03)
4/1/12 to 3/31/13	10.05	0.03	0.37	0.40	—	—	—
4/1/11 to 3/31/12	9.79	(0.02)	0.28	0.26	—	—	—

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
2.88	\$34.36	9.95% <sup>(4)</sup>	\$ 87,834	1.43% <sup>(3)(9)(13)(14)</sup>	1.43% <sup>(3)</sup>	1.17% <sup>(3)</sup>	7% <sup>(4)</sup>
(4.70)	31.48	(12.60)	107,958	1.41 <sup>(13)(14)</sup>	1.41	0.52	13
(0.94)	36.18	(1.73)	190,896	1.37 <sup>(13)</sup>	1.37	0.92	34
7.15	37.12	24.20	251,498	1.39 <sup>(13)</sup>	1.39	0.51	15
3.76	29.97	14.64	240,250	1.41 <sup>(13)</sup>	1.41	0.38	19
1.52	26.21	6.27	260,849	1.46 <sup>(13)</sup>	1.45	0.27	22
2.86	\$32.86	9.55% <sup>(4)</sup>	\$ 35,538	2.18% <sup>(3)(9)(13)(14)</sup>	2.19% <sup>(3)</sup>	0.42% <sup>(3)</sup>	7% <sup>(4)</sup>
(4.62)	30.00	(13.27)	36,977	2.16 <sup>(13)(14)</sup>	2.16	(0.23)	13
(0.93)	34.62	(2.44)	60,813	2.12 <sup>(13)</sup>	2.12	0.14	34
6.71	35.55	23.23	62,738	2.14 <sup>(13)</sup>	2.14	(0.24)	15
3.50	28.84	13.81	54,236	2.16 <sup>(13)</sup>	2.16	(0.37)	19
1.32	25.34	5.50	56,287	2.21 <sup>(13)</sup>	2.20	(0.49)	22
2.83	\$34.34	10.10% <sup>(4)</sup>	\$ 86,184	1.18% <sup>(3)(9)(13)(14)</sup>	1.18% <sup>(3)</sup>	1.42% <sup>(3)</sup>	7% <sup>(4)</sup>
(4.67)	31.51	(12.40)	104,879	1.16 <sup>(13)(14)</sup>	1.16	0.77	13
(0.93)	36.18	(1.48)	176,005	1.12 <sup>(13)</sup>	1.12	1.08	34
7.14	37.11	24.52	145,115	1.14 <sup>(13)</sup>	1.14	0.77	15
3.72	29.97	14.89	108,736	1.16 <sup>(13)</sup>	1.16	0.63	19
1.53	26.25	6.56	68,764	1.21 <sup>(13)</sup>	1.20	0.50	22
2.79	\$34.35	10.15% <sup>(4)</sup>	\$ 3,224	1.02% <sup>(3)(9)(13)(14)</sup>	1.02% <sup>(3)</sup>	1.57% <sup>(3)</sup>	7% <sup>(4)</sup>
(4.64)	31.56	(12.24)	4,781	0.99 <sup>(13)(14)</sup>	0.99	0.95	13
(0.79)	36.20	(1.57) <sup>(4)</sup>	98	0.99 <sup>(3)</sup>	0.99 <sup>(3)</sup>	0.56 <sup>(3)</sup>	34 <sup>(4)</sup>
0.82	\$14.48	6.28% <sup>(4)</sup>	\$404,896	1.35% <sup>(3)(9)(13)(14)</sup>	1.35% <sup>(3)</sup>	(0.42)% <sup>(3)</sup>	12% <sup>(4)</sup>
(0.57)	13.66	0.39	401,617	1.30 <sup>(13)(14)</sup>	1.30	(0.32)	20
1.82	14.23	19.29	433,635	1.28 <sup>(13)</sup>	1.28	(0.22)	28
1.96	12.41	19.11	399,131	1.28 <sup>(13)</sup>	1.28	(0.11)	26
0.40	10.45	3.98	373,069	1.34 <sup>(13)</sup>	1.34	0.31	20
0.26	10.05	2.66	409,555	1.35 <sup>(13)</sup>	1.35	(0.25)	115

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus KAR Capital Growth Fund (continued)</b>							
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$11.27	(0.07)	0.73	0.66	—	(0.04)	(0.04)
4/1/15 to 3/31/16	11.93	(0.12)	0.11	(0.01)	—	(0.65)	(0.65)
4/1/14 to 3/31/15	10.57	(0.11)	2.02	1.91	—	(0.55)	(0.55)
4/1/13 to 3/31/14	8.94	(0.08)	1.71	1.63	—	—	—
4/1/12 to 3/31/13	8.66	(0.04)	0.32	0.28	—	—	—
4/1/11 to 3/31/12	8.50	(0.08)	0.24	0.16	—	—	—
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$14.00	(0.01)	0.91	0.90	—	(0.04)	(0.04)
4/1/15 to 3/31/16	14.53	(0.01)	0.13	0.12	—	(0.65)	(0.65)
4/1/14 to 3/31/15	12.64	— <sup>(5)</sup>	2.44	2.44	—	(0.55)	(0.55)
4/1/13 to 3/31/14	10.64	0.02	2.04	2.06	(0.06)	—	(0.06)
4/1/12 to 3/31/13	10.21	0.06	0.37	0.43	—	—	—
4/1/11 to 3/31/12	9.92	—	0.29	0.29	—	—	—
<b>Virtus KAR Global Quality Dividend Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$15.09	0.06	0.57	0.63	(0.14)	—	(0.14)
4/1/15 to 3/31/16	15.40	0.14	(0.37)	(0.23)	(0.08)	—	(0.08)
4/1/14 to 3/31/15	13.93	0.10	1.49	1.59	(0.12)	—	(0.12)
4/1/13 to 3/31/14	11.96	0.10	1.98	2.08	(0.11)	—	(0.11)
4/1/12 to 3/31/13	10.76	0.13	1.18	1.31	(0.11)	—	(0.11)
4/1/11 to 3/31/12	10.36	0.12	0.37	0.49	(0.09)	—	(0.09)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$14.68	— <sup>(5)</sup>	0.56	0.56	—	—	—
4/1/15 to 3/31/16	15.03	0.01	(0.35)	(0.34)	(0.01)	—	(0.01)
4/1/14 to 3/31/15	13.67	0.01	1.43	1.44	(0.08)	—	(0.08)
4/1/13 to 3/31/14	11.77	0.01	1.94	1.95	(0.05)	—	(0.05)
4/1/12 to 3/31/13	10.60	0.04	1.18	1.22	(0.05)	—	(0.05)
4/1/11 to 3/31/12	10.21	0.04	0.37	0.41	(0.02)	—	(0.02)
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$15.12	0.08	0.57	0.65	(0.18)	—	(0.18)
4/1/15 to 3/31/16	15.40	0.17	(0.35)	(0.18)	(0.10)	—	(0.10)
4/1/14 to 3/31/15	13.93	0.14	1.49	1.63	(0.16)	—	(0.16)
4/1/13 to 3/31/14	11.97	0.13	1.97	2.10	(0.14)	—	(0.14)
4/1/12 to 3/31/13	10.76	0.20	1.15	1.35	(0.14)	—	(0.14)
4/1/11 to 3/31/12	10.36	0.15	0.37	0.52	(0.12)	—	(0.12)



Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
0.62	\$11.89	5.84% <sup>(4)</sup>	\$ 15,892	2.10% <sup>(3)(9)(13)(14)</sup>	2.10% <sup>(3)</sup>	(1.18)% <sup>(3)</sup>	12% <sup>(4)</sup>
(0.66)	11.27	(0.31)	19,832	2.05 <sup>(13)(14)</sup>	2.06	(1.07)	20
1.36	11.93	18.28	11,999	2.02 <sup>(13)</sup>	2.02	(0.97)	28
1.63	10.57	18.23	6,329	2.03 <sup>(13)</sup>	2.03	(0.86)	26
0.28	8.94	3.23	5,993	2.09 <sup>(13)</sup>	2.09	(0.44)	20
0.16	8.66	1.88	6,707	2.10 <sup>(13)</sup>	2.10	(1.00)	115
0.86	\$14.86	6.42% <sup>(4)</sup>	\$ 8,692	1.10% <sup>(3)(9)(13)(14)</sup>	1.10% <sup>(3)</sup>	(0.17)% <sup>(3)</sup>	12% <sup>(4)</sup>
(0.53)	14.00	0.66%	8,227	1.05 <sup>(13)(14)</sup>	1.05	(0.07)	20
1.89	14.53	19.50	8,595	1.02 <sup>(13)</sup>	1.02	0.03	28
2.00	12.64	19.45	5,532	1.03 <sup>(13)</sup>	1.03	0.14	26
0.43	10.64	4.21	5,650	1.09 <sup>(13)</sup>	1.09	0.57	20
0.29	10.21	2.92	4,733	1.10 <sup>(13)</sup>	1.10	0.00	115
0.49	\$15.58	4.19% <sup>(4)</sup>	\$ 50,665	1.37% <sup>(3)(9)(14)</sup>	1.51% <sup>(3)</sup>	0.82% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.31)	15.09	(1.53)	50,081	1.35 <sup>(14)</sup>	1.44	0.94	25
1.47	15.40	11.45	55,215	1.35	1.42	0.71	56
1.97	13.93	17.50	49,275	1.35	1.43	0.81	23
1.20	11.96	12.36	48,193	1.35	1.47	1.19	32
0.40	10.76	4.84	40,936	1.35	1.53	1.19	17
0.56	\$15.24	3.81% <sup>(4)</sup>	\$ 7,544	2.12% <sup>(3)(9)(14)</sup>	2.26% <sup>(3)</sup>	0.06% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.35)	14.68	(2.26)	8,211	2.10 <sup>(14)</sup>	2.18	0.10	25
1.36	15.03	10.64	20,383	2.10	2.16	0.07	56
1.90	13.67	16.56	3,803	2.10	2.18	0.05	23
1.17	11.77	11.57	3,452	2.10	2.23	0.42	32
0.39	10.60	4.06	3,186	2.10	2.28	0.43	17
0.47	\$15.59	4.37% <sup>(4)</sup>	\$ 6,399	1.12% <sup>(3)(9)(14)</sup>	1.26% <sup>(3)</sup>	1.07% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.28)	15.12	(1.21)	6,496	1.10 <sup>(14)</sup>	1.18	1.15	25
1.47	15.40	11.72	9,776	1.10	1.17	0.96	56
1.96	13.93	17.70	9,546	1.10	1.18	0.99	23
1.21	11.97	12.73	30,360	1.10	1.12	1.73	32
0.40	10.76	5.11	1,398	1.10	1.28	1.46	17

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus KAR Mid-Cap Core Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$22.60	(0.05)	1.30	1.25	—	—	—
4/1/15 to 3/31/16	23.00	(0.06)	(0.20)	(0.26)	—	(0.14)	(0.14)
4/1/14 to 3/31/15	19.80	(0.07)	4.47	4.40	—	(1.20)	(1.20)
4/1/13 to 3/31/14	17.49	(0.06)	2.68	2.62	—	(0.31)	(0.31)
4/1/12 to 3/31/13	15.80	0.19	1.86	2.05	(0.25)	(0.11)	(0.36)
4/1/11 to 3/31/12	14.71	0.01	1.11	1.12	—	(0.03)	(0.03)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$21.57	(0.13)	1.25	1.12	—	—	—
4/1/15 to 3/31/16	22.12	(0.22)	(0.19)	(0.41)	—	(0.14)	(0.14)
4/1/14 to 3/31/15	19.23	(0.23)	4.32	4.09	—	(1.20)	(1.20)
4/1/13 to 3/31/14	17.12	(0.18)	2.60	2.42	—	(0.31)	(0.31)
4/1/12 to 3/31/13	15.50	0.06	1.83	1.89	(0.16)	(0.11)	(0.27)
4/1/11 to 3/31/12	14.54	(0.09)	1.08	0.99	—	(0.03)	(0.03)
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$22.82	(0.02)	1.32	1.30	—	—	—
4/1/15 to 3/31/16	23.17	(0.01)	(0.20)	(0.21)	—	(0.14)	(0.14)
4/1/14 to 3/31/15	19.89	(0.03)	4.51	4.48	—	(1.20)	(1.20)
4/1/13 to 3/31/14	17.52	(0.01)	2.69	2.68	—	(0.31)	(0.31)
4/1/12 to 3/31/13	15.84	0.25	1.84	2.09	(0.30)	(0.11)	(0.41)
4/1/11 to 3/31/12	14.72	0.05	1.10	1.15	—	(0.03)	(0.03)
<b>Virtus KAR Mid-Cap Growth Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$21.92	(0.09)	1.57	1.48	—	—	—
4/1/15 to 3/31/16	22.80	(0.18)	(0.36)	(0.54)	—	(0.34)	(0.34)
4/1/14 to 3/31/15	21.30	(0.15)	2.34	2.19	—	(0.69)	(0.69)
4/1/13 to 3/31/14	19.02	(0.15)	2.43	2.28	—	—	—
4/1/12 to 3/31/13	17.44	(0.08)	1.66	1.58	—	—	—
4/1/11 to 3/31/12	17.67	(0.10)	(0.13)	(0.23)	—	—	—
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$18.09	(0.14)	1.30	1.16	—	—	—
4/1/15 to 3/31/16	19.02	(0.29)	(0.30)	(0.59)	—	(0.34)	(0.34)
4/1/14 to 3/31/15	18.01	(0.26)	1.96	1.70	—	(0.69)	(0.69)
4/1/13 to 3/31/14	16.21	(0.26)	2.06	1.80	—	—	—
4/1/12 to 3/31/13	14.97	(0.18)	1.42	1.24	—	—	—
4/1/11 to 3/31/12	15.28	(0.19)	(0.12)	(0.31)	—	—	—

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
1.25	\$23.85	5.53% <sup>(4)</sup>	\$ 21,022	1.32% <sup>(3)(9)(14)</sup>	1.62% <sup>(3)</sup>	(0.43)% <sup>(3)</sup>	21% <sup>(4)</sup>
(0.40)	22.60	(1.14)	20,639	1.35 <sup>(14)</sup>	1.64	(0.27)	21
3.20	23.00	22.75	13,080	1.35	2.46	(0.34)	26
2.31	19.80	15.17	3,027	1.35	3.08	(0.31)	30
1.69	17.49	13.21	1,691	1.35	3.92	1.20	62
1.09	15.80	7.65	945	1.35	4.61	0.07	27
1.12	\$22.69	5.19% <sup>(4)</sup>	\$ 9,172	2.07% <sup>(3)(9)(14)</sup>	2.38% <sup>(3)</sup>	(1.18)% <sup>(3)</sup>	21% <sup>(4)</sup>
(0.55)	21.57	(1.91)	6,670	2.10 <sup>(14)</sup>	2.38	(1.03)	21
2.89	22.12	21.84	4,363	2.10	2.83	(1.10)	26
2.11	19.23	14.32	209	2.10	3.84	(1.01)	30
1.62	17.12	12.42	226	2.10	4.70	0.36	62
0.96	15.50	6.78	211	2.10	5.41	(0.65)	27
1.30	\$24.12	5.70% <sup>(4)</sup>	\$ 24,610	1.08% <sup>(3)(9)(14)</sup>	1.37% <sup>(3)</sup>	(0.18)% <sup>(3)</sup>	21% <sup>(4)</sup>
(0.35)	22.82	(0.92)	7,570	1.10 <sup>(14)</sup>	1.38	(0.03)	21
3.28	23.17	23.05	4,804	1.10	2.17	(0.16)	26
2.37	19.89	15.48	1,178	1.10	2.85	(0.08)	30
1.68	17.52	13.50	1,316	1.10	3.65	1.56	62
1.12	15.84	7.85	1,271	1.10	4.41	0.37	27
1.48	\$23.40	6.80 <sup>(4)</sup>	\$ 78,868	1.42% <sup>(3)(9)(14)</sup>	1.56 <sup>(3)</sup>	(0.77)% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.88)	21.92	(2.51)	76,660	1.39 <sup>(14)</sup>	1.49	(0.84)	26
1.50	22.80	10.50	83,158	1.43 <sup>(8)</sup>	1.46	(0.71)	27
2.28	21.30	11.99	81,016	1.45	1.44	(0.74)	32
1.58	19.02	9.06	79,561	1.45	1.51	(0.49)	35
(0.23)	17.44	(1.30)	78,925	1.49 <sup>(9)</sup>	1.56	(0.64)	163
1.16	\$19.25	6.41% <sup>(4)</sup>	\$ 4,864	2.17% <sup>(3)(9)(14)</sup>	2.30% <sup>(3)</sup>	(1.51)% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.93)	18.09	(3.23)	5,319	2.14 <sup>(14)</sup>	2.24	(1.60)	26
1.01	19.02	9.68	5,976	2.18 <sup>(8)</sup>	2.21	(1.46)	27
1.80	18.01	11.10	5,233	2.20	2.19	(1.49)	32
1.24	16.21	8.28	4,850	2.20	2.26	(1.24)	35
(0.31)	14.97	(2.03)	4,849	2.24 <sup>(9)</sup>	2.31	(1.40)	163

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus KAR Mid-Cap Growth Fund (continued)</b>							
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$22.42	(0.06)	1.61	1.55	—	—	—
4/1/15 to 3/31/16	23.26	(0.13)	(0.37)	(0.50)	—	(0.34)	(0.34)
4/1/14 to 3/31/15	21.66	(0.10)	2.39	2.29	—	(0.69)	(0.69)
4/1/13 to 3/31/14	19.30	(0.10)	2.46	2.36	—	—	—
4/1/12 to 3/31/13	17.65	(0.04)	1.69	1.65	—	—	—
4/1/11 to 3/31/12	17.83	(0.06)	(0.12)	(0.18)	—	—	—
<b>Virtus KAR Small-Cap Core Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$21.39	(0.03)	1.46	1.43	—	(0.78)	(0.78)
4/1/15 to 3/31/16	25.65	(0.05)	0.01	(0.04)	(0.05)	(4.17)	(4.22)
4/1/14 to 3/31/15	24.19	0.03	3.07	3.10	—	(1.64)	(1.64)
4/1/13 to 3/31/14	21.41	(0.02)	2.84	2.82	(0.03)	(0.01)	(0.04)
4/1/12 to 3/31/13	20.07	0.10	1.75	1.85	(0.18)	(0.33)	(0.51)
4/1/11 to 3/31/12	18.82	0.20	1.66	1.86	(0.02)	(0.59)	(0.61)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$18.61	(0.10)	1.27	1.17	—	(0.78)	(0.78)
4/1/15 to 3/31/16	22.98	(0.19)	(0.01)	(0.20)	—	(4.17)	(4.17)
4/1/14 to 3/31/15	21.99	(0.11)	2.74	2.63	—	(1.64)	(1.64)
4/1/13 to 3/31/14	19.58	(0.18)	2.60	2.42	— <sup>(5)</sup>	(0.01)	(0.01)
4/1/12 to 3/31/13	18.38	(0.04)	1.61	1.57	(0.04)	(0.33)	(0.37)
4/1/11 to 3/31/12	17.40	0.03	1.54	1.57	—	(0.59)	(0.59)
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$22.30	(0.01)	1.53	1.52	—	(0.78)	(0.78)
4/1/15 to 3/31/16	26.58	0.01	0.01	0.02	(0.13)	(4.17)	(4.30)
4/1/14 to 3/31/15	24.95	0.13	3.14	3.27	—	(1.64)	(1.64)
4/1/13 to 3/31/14	22.04	0.04	2.92	2.96	(0.04)	(0.01)	(0.05)
4/1/12 to 3/31/13	20.65	0.13	1.83	1.96	(0.24)	(0.33)	(0.57)
4/1/11 to 3/31/12	19.33	0.21	1.75	1.96	(0.05)	(0.59)	(0.64)
<b>Class R6</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$22.33	0.01	1.53	1.54	—	(0.78)	(0.78)
4/1/15 to 3/31/16	26.59	0.07	(0.01)	0.06	(0.15)	(4.17)	(4.32)
11/12/14 <sup>(7)</sup> to 3/31/15	25.99	0.12	1.36	1.48	—	(0.88)	(0.88)

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
1.55	\$23.97	6.87% <sup>(4)</sup>	\$ 3,431	1.18% <sup>(3)(9)(14)</sup>	1.31% <sup>(3)</sup>	(0.52)% <sup>(3)</sup>	13% <sup>(4)</sup>
(0.84)	22.42	(2.24)	2,961	1.14 <sup>(14)</sup>	1.24	(0.60)	26
1.60	23.26	10.79	3,288	1.18	1.21	(0.46)	27
2.36	21.66	12.23	2,324	1.20	1.19	(0.49)	32
1.65	19.30	9.35	1,932	1.20	1.26	(0.24)	35
(0.18)	17.65	(1.01)	1,831	1.24 <sup>(9)</sup>	1.31	(0.37)	163
0.65	\$22.04	6.81% <sup>(4)</sup>	\$ 61,496	1.39% <sup>(3)(9)(14)</sup>	1.39% <sup>(3)</sup>	(0.32)% <sup>(3)</sup>	6% <sup>(4)</sup>
(4.26)	21.39	0.02	53,722	1.37 <sup>(14)</sup>	1.37	(0.21)	33
1.46	25.65	13.28	67,696	1.34	1.34	0.12	28
2.78	24.19	13.17	162,302	1.39	1.39	(0.09)	31
1.34	21.41	9.64	143,293	1.37	1.37	0.52	15 <sup>(12)</sup>
1.25	20.07	10.17	77,327	1.34	1.34	1.08	10
0.39	\$19.00	6.42% <sup>(4)</sup>	\$ 35,496	2.14 <sup>(3)(9)(14)</sup>	2.14% <sup>(3)</sup>	(1.07)% <sup>(3)</sup>	6% <sup>(4)</sup>
(4.37)	18.61	(0.73)	31,711	2.12 <sup>(14)</sup>	2.12	(0.95)	33
0.99	22.98	12.44	33,735	2.09	2.09	(0.50)	28
2.41	21.99	12.35	33,437	2.14	2.14	(0.84)	31
1.20	19.58	8.84	27,641	2.12	2.12	(0.23)	15 <sup>(12)</sup>
0.98	18.38	9.33	15,517	2.09	2.09	0.15	10
0.74	\$23.04	6.93% <sup>(4)</sup>	\$263,612	1.14% <sup>(3)(9)(14)</sup>	1.14% <sup>(3)</sup>	(0.07)% <sup>(3)</sup>	6% <sup>(4)</sup>
(4.28)	22.30	0.28	189,167	1.12 <sup>(14)</sup>	1.12	0.04	33
1.63	26.58	13.57	248,933	1.08	1.08	0.53	28
2.91	24.95	13.44	242,400	1.14	1.14	0.19	31
1.39	22.04	9.92	164,483	1.12	1.12	0.63	15 <sup>(12)</sup>
1.32	20.65	10.45	142,101	1.09	1.09	1.11	10
0.76	\$23.09	7.02% <sup>(4)</sup>	\$ 26,114	1.03% <sup>(3)(9)(14)</sup>	1.03% <sup>(3)</sup>	0.05% <sup>(3)</sup>	6% <sup>(4)</sup>
(4.26)	22.33	0.41	20,811	1.01 <sup>(14)</sup>	1.02	0.33	33
0.60	26.59	5.83 <sup>(4)</sup>	106	0.97 <sup>(3)</sup>	0.97 <sup>(3)</sup>	1.18 <sup>(3)</sup>	28 <sup>(4)</sup>

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus KAR Small-Cap Growth Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$17.67	(0.07)	2.10	2.03	—	(0.52)	(0.52)
4/1/15 to 3/31/16	17.54	(0.10)	0.73	0.63	—	(0.50)	(0.50)
4/1/14 to 3/31/15	16.97	(0.13)	2.46	2.33	—	(1.76)	(1.76)
4/1/13 to 3/31/14	14.92	(0.15)	2.68	2.53	—	(0.48)	(0.48)
4/1/12 to 3/31/13	12.95	(0.03)	2.00	1.97	—	—	—
4/1/11 to 3/31/12	11.03	(0.10)	2.06	1.96	(0.04)	—	(0.04)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$16.30	(0.13)	1.93	1.80	—	(0.52)	(0.52)
4/1/15 to 3/31/16	16.33	(0.21)	0.68	0.47	—	(0.50)	(0.50)
4/1/14 to 3/31/15	16.03	(0.24)	2.30	2.06	—	(1.76)	(1.76)
4/1/13 to 3/31/14	14.22	(0.26)	2.55	2.29	—	(0.48)	(0.48)
4/1/12 to 3/31/13	12.44	(0.12)	1.90	1.78	—	—	—
4/1/11 to 3/31/12	10.64	(0.18)	1.98	1.80	—	—	—
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$17.89	(0.05)	2.14	2.09	—	(0.52)	(0.52)
4/1/15 to 3/31/16	17.70	(0.05)	0.74	0.69	—	(0.50)	(0.50)
4/1/14 to 3/31/15	17.08	(0.08)	2.46	2.38	—	(1.76)	(1.76)
4/1/13 to 3/31/14	14.98	(0.11)	2.69	2.58	—	(0.48)	(0.48)
4/1/12 to 3/31/13	12.96	(0.01)	2.03	2.02	—	—	—
4/1/11 to 3/31/12	11.04	(0.06)	2.05	1.99	(0.07)	—	(0.07)
<b>Virtus KAR Small-Cap Value Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$15.67	0.02	0.87	0.89	(0.07)	(0.93)	(1.00)
4/1/15 to 3/31/16	16.61	0.07	0.07	0.14	(0.10)	(0.98)	(1.08)
4/1/14 to 3/31/15	16.74	0.09	1.38	1.47	(0.03)	(1.57)	(1.60)
4/1/13 to 3/31/14	13.91	0.04	2.84	2.88	(0.05)	—	(0.05)
4/1/12 to 3/31/13	13.22	0.16	0.78	0.94	(0.25)	—	(0.25)
4/1/11 to 3/31/12	12.38	0.18	0.77	0.95	(0.11)	—	(0.11)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$15.45	(0.04)	0.86	0.82	—	(0.93)	(0.93)
4/1/15 to 3/31/16	16.41	(0.04)	0.06	0.02	—	(0.98)	(0.98)
4/1/14 to 3/31/15	16.65	(0.02)	1.35	1.33	—	(1.57)	(1.57)
4/1/13 to 3/31/14	13.89	(0.08)	2.84	2.76	—	—	—
4/1/12 to 3/31/13	13.20	0.07	0.77	0.84	(0.15)	—	(0.15)
4/1/11 to 3/31/12	12.36	0.08	0.78	0.86	(0.02)	—	(0.02)

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
1.51	\$19.18	11.78 <sup>(4)</sup>	\$147,198	1.52% <sup>(3)(9)(14)</sup>	1.54% <sup>(3)</sup>	(0.76)% <sup>(3)</sup>	9% <sup>(4)</sup>
0.13	17.67	3.69	88,715	1.49 <sup>(14)</sup>	1.53	(0.59)	27
0.57	17.54	14.56	83,611	1.50	1.57	(0.76)	27
2.05	16.97	17.15	94,902	1.50	1.56	(0.93)	23
1.97	14.92	15.21	70,107	1.61 <sup>(8)</sup>	1.67	(0.24)	24
1.92	12.95	17.83 <sup>(11)</sup>	77,384	1.65 <sup>(6)</sup>	1.65	(0.84)	46
1.28	\$17.58	11.42% <sup>(4)</sup>	\$ 31,234	2.27% <sup>(3)(9)(14)</sup>	2.29% <sup>(3)</sup>	(1.51)% <sup>(3)</sup>	9% <sup>(4)</sup>
(0.03)	16.30	2.97	19,525	2.25 <sup>(14)</sup>	2.28	(1.34)	27
0.30	16.33	13.68	15,594	2.25	2.32	(1.51)	27
1.81	16.03	16.29	13,298	2.25	2.31	(1.68)	23
1.78	14.22	14.31	7,555	2.36 <sup>(8)</sup>	2.42	(0.96)	24
1.80	12.44	16.92 <sup>(11)</sup>	7,490	2.40 <sup>(6)</sup>	2.40	(1.58)	46
1.57	\$19.46	11.92% <sup>(4)</sup>	\$208,383	1.27% <sup>(3)(9)(14)</sup>	1.29% <sup>(3)</sup>	(0.53)% <sup>(3)</sup>	9% <sup>(4)</sup>
0.19	17.89	4.00	98,270	1.25 <sup>(14)</sup>	1.29	(0.31)	27
0.62	17.70	14.83	35,058	1.25	1.32	(0.47)	27
2.10	17.08	17.42	20,685	1.25	1.30	(0.68)	23
2.02	14.98	15.59	10,026	1.36 <sup>(8)</sup>	1.42	(0.04)	24
1.92	12.96	18.03 <sup>(11)</sup>	9,698	1.40 <sup>(6)</sup>	1.40	(0.55)	46
(0.11)	\$15.56	5.79 <sup>(4)</sup>	\$ 73,974	1.32% <sup>(3)(13)(9)(14)</sup>	1.32% <sup>(3)</sup>	0.26% <sup>(3)</sup>	8% <sup>(4)</sup>
(0.94)	15.67	0.94	71,280	1.30 <sup>(13)(14)</sup>	1.30	0.49	15
(0.13)	16.61	9.33	74,738	1.28 <sup>(6)</sup>	1.28	0.54	24
2.83	16.74	20.78	137,496	1.32 <sup>(6)</sup>	1.32	0.24	24
0.69	13.91	7.37	118,376	1.42 <sup>(6)</sup>	1.34	1.29	16 <sup>(12)</sup>
0.84	13.22	7.73	120,962	1.42 <sup>(6)</sup>	1.34	1.45	19
(0.11)	\$15.34	5.34% <sup>(4)</sup>	\$ 26,318	2.07% <sup>(3)(9)(13)(14)</sup>	2.08% <sup>(3)</sup>	(0.49)% <sup>(3)</sup>	8% <sup>(4)</sup>
(0.96)	15.45	0.17	23,602	2.05 <sup>(13)(14)</sup>	2.05	(0.26)	15
(0.24)	16.41	8.49	25,634	2.03 <sup>(6)</sup>	2.03	(0.12)	24
2.76	16.65	19.87	27,132	2.07 <sup>(6)</sup>	2.07	(0.52)	24
0.69	13.89	6.57	23,793	2.17 <sup>(6)</sup>	2.09	0.56	16 <sup>(12)</sup>
0.84	13.20	6.96	22,765	2.17 <sup>(6)</sup>	2.09	0.66	19

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus KAR Small-Cap Value Fund (continued)</b>							
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$15.69	0.04	0.87	0.91	(0.11)	(0.93)	(1.04)
4/1/15 to 3/31/16	16.64	0.11	0.07	0.18	(0.15)	(0.98)	(1.13)
4/1/14 to 3/31/15	16.77	0.16	1.35	1.51	(0.07)	(1.57)	(1.64)
4/1/13 to 3/31/14	13.92	0.08	2.84	2.92	(0.07)	—	(0.07)
4/1/12 to 3/31/13	13.23	0.15	0.82	0.97	(0.28)	—	(0.28)
4/1/11 to 3/31/12	12.38	0.22	0.77	0.99	(0.14)	—	(0.14)
<b>Virtus Rampart Enhanced Core Equity Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$18.14	0.06	0.41	0.47	(0.16)	—	(0.16)
4/1/15 to 3/31/16	20.97	0.14	0.56	0.70	(0.15)	(3.38)	(3.53)
4/1/14 to 3/31/15	21.94	0.17	1.84	2.01	(0.08)	(2.90)	(2.98)
4/1/13 to 3/31/14	19.51	0.14	4.02	4.16	(0.10)	(1.63)	(1.73)
4/1/12 to 3/31/13	17.93	0.09	1.53	1.62	(0.04)	—	(0.04)
4/1/11 to 3/31/12	17.22	0.07	0.70	0.77	(0.06)	—	(0.06)
<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$16.48	— <sup>(5)</sup>	0.36	0.36	(0.01)	—	(0.01)
4/1/15 to 3/31/16	19.42	— <sup>(5)</sup>	0.51	0.51	(0.07)	(3.38)	(3.45)
4/1/14 to 3/31/15	20.60	0.01	1.72	1.73	(0.01)	(2.90)	(2.91)
4/1/13 to 3/31/14	18.46	(0.02)	3.81	3.79	(0.02)	(1.63)	(1.65)
4/1/12 to 3/31/13	17.05	(0.04)	1.45	1.41	—	—	—
4/1/11 to 3/31/12	16.44	(0.05)	0.66	0.61	—	—	—
<b>Class I</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$18.13	0.10	0.39	0.49	(0.22)	—	(0.22)
4/1/15 to 3/31/16	20.96	0.21	0.53	0.74	(0.19)	(3.38)	(3.57)
4/1/14 to 3/31/15	21.90	0.22	1.85	2.07	(0.11)	(2.90)	(3.01)
4/1/13 to 3/31/14	19.48	0.19	4.01	4.20	(0.15)	(1.63)	(1.78)
4/1/12 to 3/31/13	17.91	0.14	1.51	1.65	(0.08)	—	(0.08)
4/1/11 to 3/31/12	17.21	0.11	0.69	0.80	(0.10)	—	(0.10)



Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
(0.13)	\$15.56	5.90% <sup>(4)</sup>	\$187,704	1.08% <sup>(3)(9)(13)(14)</sup>	1.08% <sup>(3)</sup>	0.52 <sup>(3)</sup>	8% <sup>(4)</sup>
(0.95)	15.69	1.17	144,487	1.05 <sup>(13)(14)</sup>	1.05	0.74	15
(0.13)	16.64	9.59	163,082	1.03 <sup>(6)</sup>	1.03	0.97	24
2.85	16.77	21.06	104,149	1.07 <sup>(6)</sup>	1.07	0.49	24
0.69	13.92	7.64	91,502	1.17 <sup>(6)</sup>	1.10	1.19	16 <sup>(12)</sup>
0.85	13.23	8.08	200,302	1.17 <sup>(6)</sup>	1.09	1.77	19
0.31	\$18.45	2.59% <sup>(4)</sup>	\$101,018	1.28% <sup>(3)(9)(14)</sup>	1.42% <sup>(3)</sup>	0.70% <sup>(3)</sup>	323% <sup>(4)</sup>
(2.83)	18.14	4.02	101,113	1.25 <sup>(14)</sup>	1.38	0.74	312
(0.97)	20.97	9.75	116,725	1.25	1.36	0.82	345
2.43	21.94	21.84	111,074	1.25	1.39	0.66	283
1.58	19.51	9.12	100,976	1.25	1.44	0.52	65
0.71	17.93	4.48	79,934	1.25	1.48	0.40	51
0.35	\$16.83	2.25% <sup>(4)</sup>	\$ 36,341	2.03% <sup>(3)(9)(14)</sup>	2.17% <sup>(3)</sup>	(0.05)% <sup>(3)</sup>	323% <sup>(4)</sup>
(2.94)	16.48	3.27	36,236	2.00 <sup>(14)</sup>	2.13	0.01	312
(1.18)	19.42	8.91	37,312	2.00	2.12	0.06	345
2.14	20.60	20.93	27,930	2.00	2.14	(0.09)	283
1.41	18.46	8.27	24,782	2.00	2.19	(0.23)	65
0.61	17.05	3.71	25,978	2.00	2.23	(0.35)	51
0.27	\$18.40	2.71% <sup>(4)</sup>	\$ 18,184	1.03% <sup>(3)(9)(14)</sup>	1.18% <sup>(3)</sup>	1.07% <sup>(3)</sup>	323% <sup>(4)</sup>
(2.83)	18.13	4.25	11,991	1.00 <sup>(14)</sup>	1.13	1.13	312
(0.94)	20.96	10.06	8,969	1.00	1.11	1.05	345
2.42	21.90	22.12	11,291	1.00	1.14	0.90	283
1.57	19.48	9.28	11,589	1.00	1.17	0.78	65
0.70	17.91	4.75	6,167	1.00	1.23	0.66	51

## Financial Highlights (continued)

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions	Payments from Affiliates
<b>Virtus Strategic Allocation Fund</b>								
<b>Class A</b>								
4/1/16 to 9/30/16 <sup>(15)</sup>	\$13.55	0.13	0.47	0.60	(0.15)	(0.02)	(0.17)	—
4/1/15 to 3/31/16	15.18	0.29	(1.22)	(0.93)	(0.25)	(0.45)	(0.70)	— <sup>(5)</sup>
4/1/14 to 3/31/15	15.54	0.29	0.33	0.62	(0.30)	(0.68)	(0.98)	—
4/1/13 to 3/31/14	15.35	0.30	1.65	1.95	(0.29)	(1.47)	(1.76)	—
4/1/12 to 3/31/13	14.58	0.20	0.78	0.98	(0.21)	—	(0.21)	—
4/1/11 to 3/31/12	14.00	0.22	0.58	0.80	(0.22)	—	(0.22)	—

<b>Class C</b>								
4/1/16 to 9/30/16 <sup>(15)</sup>	\$13.44	0.07	0.47	0.54	(0.09)	(0.02)	(0.11)	—
4/1/15 to 3/31/16	15.06	0.18	(1.21)	(1.03)	(0.14)	(0.45)	(0.59)	— <sup>(5)</sup>
4/1/14 to 3/31/15	15.43	0.17	0.33	0.50	(0.19)	(0.68)	(0.87)	—
4/1/13 to 3/31/14	15.26	0.18	1.63	1.81	(0.17)	(1.47)	(1.64)	—
4/1/12 to 3/31/13	14.50	0.09	0.77	0.86	(0.10)	—	(0.10)	—
4/1/11 to 3/31/12	13.92	0.11	0.58	0.69	(0.11)	—	(0.11)	—

	Net Asset Value, Beginning of Period	Net Investment Income (Loss) <sup>(1)</sup>	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions
<b>Virtus Tactical Allocation Fund</b>							
<b>Class A</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$ 8.44	0.10	0.37	0.47	(0.08)	(0.01)	(0.09)
4/1/15 to 3/31/16	9.75	0.20	(0.88)	(0.68)	(0.17)	(0.46)	(0.63)
4/1/14 to 3/31/15	10.06	0.21	0.15	0.36	(0.20)	(0.47)	(0.67)
4/1/13 to 3/31/14	9.88	0.22	1.13	1.35	(0.21)	(0.96)	(1.17)
4/1/12 to 3/31/13	9.47	0.21	0.53	0.74	(0.22)	(0.11)	(0.33)
4/1/11 to 3/31/12	9.08	0.14	0.38	0.52	(0.13)	—	(0.13)

<b>Class C</b>							
4/1/16 to 9/30/16 <sup>(15)</sup>	\$ 8.64	0.07	0.38	0.45	(0.05)	(0.01)	(0.06)
4/1/15 to 3/31/16	9.96	0.14	(0.90)	(0.76)	(0.10)	(0.46)	(0.56)
4/1/14 to 3/31/15	10.27	0.13	0.16	0.29	(0.13)	(0.47)	(0.60)
4/1/13 to 3/31/14	10.07	0.15	1.15	1.30	(0.14)	(0.96)	(1.10)
4/1/12 to 3/31/13	9.65	0.15	0.53	0.68	(0.15)	(0.11)	(0.26)
4/1/11 to 3/31/12	9.25	0.08	0.38	0.46	(0.06)	—	(0.06)

(1) Computed using average shares outstanding.

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

(3) Annualized.

(4) Not annualized.

(5) Amount is less than \$0.005.

(6) See Note 3D in the Notes to Financial Statements in the Annual Report for information on recapture of expenses previously waived.

(7) Inception date.

(8) Represents a blended ratio.

(9) Net expense ratio includes extraordinary expenses.

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
0.43	\$13.98	4.42% <sup>(4)</sup>	\$456,922	1.15% <sup>(3)(9)(14)</sup>	1.16% <sup>(3)</sup>	1.81% <sup>(3)</sup>	77% <sup>(4)</sup>
(1.63)	13.55	(6.37)	461,276	1.12 <sup>(14)</sup>	1.13	2.05	75
(0.36)	15.18	4.08	541,818	1.10	1.10	1.89	62
0.19	15.54	13.79	570,784	1.10	1.10	1.97	57
0.77	15.35	6.77	559,955	1.10	1.10	1.39	121
0.58	14.58	5.83	572,561	1.11	1.11	1.57	109

0.43	\$13.87	4.06% <sup>(4)</sup>	\$ 36,308	1.90% <sup>(3)(9)(14)</sup>	1.90% <sup>(3)</sup>	1.06% <sup>(3)</sup>	77% <sup>(4)</sup>
(1.62)	13.44	(7.06)	38,913	1.87 <sup>(14)</sup>	1.88	1.31	75
(0.37)	15.06	3.29	47,131	1.85	1.85	1.12	62
0.17	15.43	12.89	41,713	1.85	1.85	1.22	57
0.76	15.26	5.95	40,937	1.85	1.85	0.64	121
0.58	14.50	5.07	40,792	1.86	1.86	0.82	109

Change in Net Asset Value	Net Asset Value, End of Period	Total Return <sup>(2)</sup>	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets <sup>(10)</sup>	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) <sup>(10)</sup>	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
0.38	\$ 8.82	5.59% <sup>(4)</sup>	\$145,470	1.37% <sup>(3)(9)(14)</sup>	1.38% <sup>(3)</sup>	2.23% <sup>(3)</sup>	77% <sup>(4)</sup>
(1.31)	8.44	(7.36)	147,546	1.32 <sup>(14)</sup>	1.33	2.25	81
(0.31)	9.75	3.60	180,435	1.30	1.30	2.09	69
0.18	10.06	14.84	195,509	1.29	1.29	2.22	61
0.41	9.88	8.00	186,662	1.30	1.30	2.26	94
0.39	9.47	5.88	189,926	1.30	1.30	1.59	128

0.39	\$ 9.03	5.16% <sup>(4)</sup>	\$ 4,791	2.12% <sup>(3)(9)(14)</sup>	2.13% <sup>(3)</sup>	1.48% <sup>(3)</sup>	77% <sup>(4)</sup>
(1.32)	8.64	(8.02)	5,460	2.07 <sup>(14)</sup>	2.08	1.51	81
(0.31)	9.96	2.81	6,328	2.04	2.04	1.29	69
0.20	10.27	13.90	3,785	2.04	2.04	1.46	61
0.42	10.07	7.17	3,021	2.05	2.05	1.51	94
0.40	9.65	5.06	2,381	2.05	2.05	0.87	128

## Financial Highlights (continued)

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<sup>(10)</sup> For Funds which may invest in other funds the annualized expense ratios do not reflect the fees and expenses associated with the underlying funds.

<sup>(11)</sup> Includes the effect of a distribution from a Fair Fund settlement. Without this effect, the total return would have been 16.55% for Class A Shares, 15.60% for Class C Shares and 17.03% for Class I Shares.

<sup>(12)</sup> Portfolio turnover calculation excludes security transactions distributed as a result of a redemption-in-kind.

<sup>(13)</sup> The Fund is currently under its expense limitation.

<sup>(14)</sup> Earnings credit from Custodian were not material, as reflected in the Statements of Operations, and had no impact on Financial Highlights.

<sup>(15)</sup> Unaudited



## **Appendix A**

### **Intermediary Sales Charge Discounts and Waivers**

Specific intermediaries may have different policies and procedures regarding the availability of front-end sales load waivers or CDSC waivers, which are discussed below. In all instances, it is the purchaser's responsibility to notify the fund or the purchaser's financial intermediary at the time of purchase of any relationship or other facts qualifying the purchaser for sales charge waivers or discounts. For waivers and discounts not available through a particular intermediary, in order to receive these waivers or discounts shareholders will have to purchase fund shares through another intermediary offering such waivers or discounts or directly from the fund if the fund offers such waivers or discounts. Please see the section entitled "Sales Charges – What arrangement is best for you?" for more information on sales charges and waivers available for different classes.

#### **Merrill Lynch**

Effective April 10, 2017, shareholders purchasing fund shares through a Merrill Lynch platform or account will be eligible only for the following load waivers (front-end sales charge waivers and contingent deferred, or back-end, sales charge waivers) and discounts, which may differ from those disclosed elsewhere in this fund's prospectus or SAI.

#### ***Front-end Sales Load Waivers on Class A Shares available at Merrill Lynch***

- Employer-sponsored retirement, deferred compensation and employee benefit plans (including health savings accounts) and trusts used to fund those plans, provided that the shares are not held in a commission-based brokerage account and shares are held for the benefit of the plan.
- Shares purchased by or through a 529 Plan.
- Shares purchased through a Merrill Lynch affiliated investment advisory program.
- Shares purchased by third party investment advisors on behalf of their advisory clients through Merrill Lynch's platform.
- Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same fund (but not any other fund within the fund family).
- Shares exchanged from Class C (i.e. level-load) shares of the same fund in the month of or following the 10-year anniversary of the purchase date.
- Employees and registered representatives of Merrill Lynch or its affiliates and their family members.
- Trustees of the fund, and employees of the fund's investment adviser or any of its affiliates, as described in this prospectus.
- Shares purchased from the proceeds of redemptions within the same fund family, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales load (known as Rights of Reinstatement).

#### ***CDSC Waivers on Class A Shares and Class C Shares available at Merrill Lynch***

- Death or disability of the shareholder.
- Shares sold as part of a systematic withdrawal plan as described in the Fund's prospectus
- Return of excess contributions from an IRA Account.
- Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the shareholder reaching age 70½.
- Shares sold to pay Merrill Lynch fees but only if the transaction is initiated by Merrill Lynch
- Shares acquired through a right of reinstatement.
- Shares held in retirement brokerage accounts, that are exchanged for a lower cost share class due to transfer to certain fee based accounts or platforms (applicable to A and C shares only).

***Front-end Load Discounts on Class A Shares Available at Merrill Lynch: Breakpoints, Rights of Accumulation & Letters of Intent***

- Breakpoints as described in this prospectus.
- Rights of Accumulation (ROA) which entitle shareholders to breakpoint discounts will be automatically calculated based on the aggregated holding of fund family assets held by accounts within the purchaser's household at Merrill Lynch. Eligible fund family assets not held at Merrill Lynch may be included in the ROA calculation only if the shareholder notifies his or her financial advisor about such assets.
- Letters of Intent (LOI) which allow for breakpoint discounts based on anticipated purchases within a fund family, through Merrill Lynch, over a 13-month period of time.

c/o Virtus Mutual Funds  
P.O. Box 9874  
Providence, RI 02940-8074

## **ADDITIONAL INFORMATION**

You can find more information about the funds in the following documents:

### **Appendix A – Intermediary Sales Charge Discounts and Waivers**

Appendix A – Intermediary Sales Charge Discounts and Waivers contains more information about specific sales charge discounts and waivers available for shareholders who purchase fund shares through a specific intermediary. Appendix A is incorporated hereby by reference and is legally part of this prospectus.

### **Annual and Semiannual Reports**

Annual and semiannual reports contain more information about the funds' investments. The annual report discusses the market conditions and investment strategies that significantly affected the funds' performance during the last fiscal year.

### **Statement of Additional Information (SAI)**

The SAI contains more detailed information about the funds. It is incorporated by reference and is legally part of the prospectus.

To obtain free copies of these documents, you can download copies from the Individual Investors section of our Web site, *virtus.com*, or you can request copies by calling Virtus Fund Services toll-free at 800-243-1574. You may also call this number to request other information about the funds or to make shareholder inquiries.

Information about the funds (including the SAI) can be reviewed and copied at the Securities and Exchange Commission's ("SEC") Public Reference Room in Washington, DC. For information about the operation of the Public Reference Room, call 202-551-8090. Reports and other information about the funds are available in the EDGAR database on the SEC's Internet site at *sec.gov*. You may also obtain copies upon payment of a duplicating fee by writing the Public Reference Section of the SEC, Washington, DC 20549-6009 or by electronic request at *publicinfo@sec.gov*.

Virtus Fund Services: 800-243-1574

### **Daily NAV Information**

The daily NAV for each fund may be obtained from the Our Products section of our Web site, *virtus.com*.