

Class A: VAAAX
Class C: VAACX
Class I: VAISX

The Virtus Trend Suite implements proprietary Dorsey, Wright & Associates technical analysis in rigorously constructed, risk-managed portfolios with the objective of delivering attractive long-term returns while limiting losses during periods of major market declines.

Participate and Protect

- Equity investors seek attractive long-term capital appreciation, but the volatility often associated with equities can make it hard to stay the course during choppy or falling markets.
- A “participate and protect” mandate recognizes that sometimes the best offense is a good defense. It seeks to deliver equity-like returns over a full market cycle but with a smoother ride.
- All funds in the Virtus Trend Suite employ the same simple three-step process.

1 | **RANK**
DWA | market components by **relative strength** price momentum

- Dorsey, Wright & Associates (DWA) employs its proprietary Relative Strength price momentum model to rank and select market components



2 | **ASSESS**
VIA | the state of the markets based on **200 Day Moving Average**

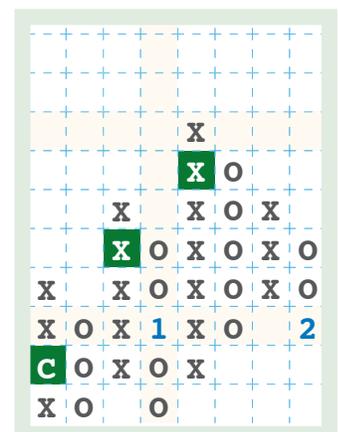
- Virtus Investment Advisers (VIA) then determines whether the current price of the S&P 500® Index or the MSCI ACWI ex USA Index is above or below its 200 day moving average, which indicates either a lower risk or higher risk market state

3 | **BUILD**
VIA | according to the rules designed for either market state

- The portfolio is built according to pre-specified rules which allocate to the top-ranked market components
- The rules vary by market state
 - In the lower risk state, the Fund is fully invested in the top-ranked components
 - In the higher risk state, components will be further culled using an absolute price momentum measure; those with negative absolute momentum will be replaced by cash equivalents

The Value of Relative Strength

- Unlike fundamental analysis, which focuses on corporate fundamentals, relative strength—or technical price momentum—analysis uses Point & Figure methodology to evaluate securities through a simple but powerful lens on supply and demand.
- By understanding supply and demand dynamics, we can develop an unbiased view of the real-time forces which drive prices higher or lower. This applies to not only stocks, but to sectors and asset classes.
- Both academic research and practical application have demonstrated that a systematic execution of momentum investing is an enduring source of value in driving attractive long-term investment results.



DWA's Point & Figure charting identifies trends

Effective May 11, 2015 this fund changed its strategy and its name. This document reflects the new investment process.

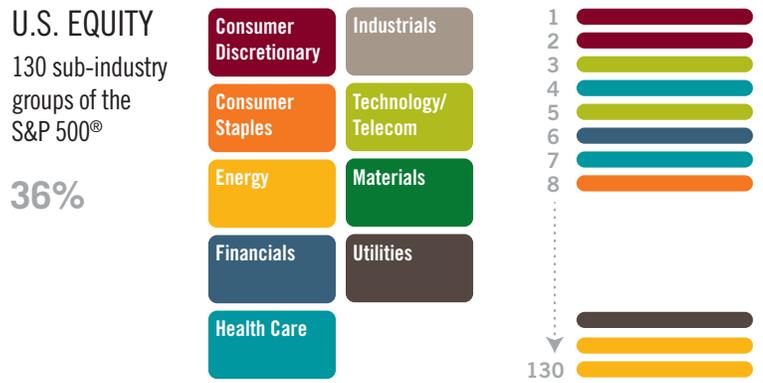
The Virtus Multi-Asset Trend Fund employs a proprietary, rules-based model to invest in the most attractive domestic and international opportunities while at times using cash equivalents to limit losses during periods of major market declines.

The Multi-Asset Investment Universe

Of all the funds in the Trend Suite, the Virtus Multi-Asset Trend Fund encompasses the broadest range of investment components, including U.S. Equity, International Equity, Fixed Income, and Alternative asset classes. The U.S. Equity class consists of 130 sub-industry groups of the S&P 500®; the International Equity class includes 15 country ETFs; the Fixed Income class evaluates six ETFs in five trade pairs; and the Alternatives class includes six ETFs. The U.S. and International Equity components have the ability to move to 100% cash equivalents if all the potential investments show negative price momentum, whereas the Fixed Income and Alternative classes are fully invested and do not go to cash equivalents.

1 RANK

four asset classes by relative strength using price momentum



2 VIA

ASSESS

the state of the markets based on **200 Day Moving Average**

3 VIA

BUILD

according to the rules designed for either market state

S&P 500® Index

LOWER RISK MARKET
Above 200 Day Moving Average

OR

HIGHER RISK MARKET
Below 200 Day Moving Average

WEIGHT
top 65 sub-industry groups equally

ALLOCATE capital in proportion to market cap of each company within the sub-industry group

Sub-industry Group

Rebalancing is monthly

EXAMINE
each sub-industry group based on **absolute strength** using its 200 Day Moving Average

INCLUDE only those sub-industries showing a **positive trend** with a 1/65th capital allocation

EXCLUDE those showing a **negative trend**; allocate instead to cash equivalents, up to 100% of capital

Cash Equivalents

Rebalancing is as frequent as daily

MSCI ACWI ex USA Index

LOWER RISK MARKET
Above 200 Day Moving Average

OR

HIGHER RISK MARKET
Below 200 Day Moving Average

WEIGHT
top 8 country ETFs equally

Country

INCLUDE only those countries showing a **positive trend** with a 1/8th (12.5%) capital allocation

EXCLUDE those showing a **negative trend**; allocate instead to cash equivalents, up to 100% of capital

Cash Equivalents

ALLOCATE
equally to the sector in each pair exhibiting the stronger trend

ETF — ETF Yield Curve

ETF — ETF Inflation

ETF — ETF Corp Credit

ETF — ETF High Yield

ETF — ETF Emerging Markets Bond

WEIGHT
top 3 ETFs equally

ETF — ETF — ETF

The Virtus Trend Funds are an attractive component of a diversified portfolio. The rules-based, transparent process creates a clear expectation for the Fund’s risk profile, allowing investors to select and size accordingly relative to their other portfolio exposures.

For more information, please contact your financial advisor, visit Virtus.com, or call 1-800-243-4361.

Sample Portfolios

The investment process for the Virtus Multi-Asset Trend Fund will produce an overall risk profile which varies under different market conditions as the rules of the model mandate.

- > The Fund will take a bullish stance in lower risk markets. It will be fully invested in U.S. equities and international equities as well as hold positions in fixed income and alternative ETFs.



- > In some higher risk markets, the Fund will hold modest positions in cash equivalents in lieu of equities, though it will maintain its bond and alternative allocations.



- > In other higher risk markets, the Fund will turn extremely bearish. When no U.S. sub-industry groups or country ETFs have positive absolute momentum, 60% of the Fund will be in cash equivalents.



IMPORTANT RISK CONSIDERATIONS

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Exchange Traded Funds:** The value of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. The costs of owning the ETF may exceed the cost of investing directly in the underlying securities. **Commodity-Linked:** Commodity-linked instruments may experience a return different than the commodity they attempt to track and may also be exposed to counterparty risk. **Allocation:** The fund’s exposure to different asset classes may not be optimal for market conditions at a given time. Asset allocation does not guarantee a profit or protect against a loss in declining markets. **Prospectus:** For additional information on risks, please see the fund’s prospectus.

The fund may also invest in stocks (without restriction as to market capitalization), bonds (without restriction as to credit quality) and short term securities. The fund may invest in a basket of securities to represent a sector if it determines that investment in the ETF for that sector is not feasible or otherwise not in the best interest of the fund.

The **MSCI ACWI ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the U.S.) and 23 Emerging Markets countries. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

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