



VIRTUS VARIABLE INSURANCE TRUST
ANNUAL REPORT

Virtus Capital Growth Series
Virtus Enhanced Core Equity Series
(FKA: Virtus Growth & Income Series)
Virtus Equity Trend Series
Virtus International Series
Virtus Multi-Sector Fixed Income Series
Virtus Real Estate Securities Series
Virtus Small-Cap Growth Series
Virtus Small-Cap Value Series
Virtus Strategic Allocation Series

The Annual Report describes one or more Series available for underlying investment through your variable contract. For information about your variable contract, including information about insurance-related expenses, see the prospectus for your variable contract.

December 31, 2016

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

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Proxy Voting Procedures and Voting Record (Form N-PX)

The adviser and subadvisers vote proxies relating to portfolio securities in accordance with procedures that have been approved by the Board of Trustees of the Trust (“Trustees,” or the “Board”). You may obtain a description of these procedures, along with information regarding how the Series voted proxies during the most recent 12-month period ended June 30, free of charge, by calling toll-free 1-800-367-5877. This information is also available through the Securities and Exchange Commission’s (the “SEC”) website at <http://www.sec.gov>.

Form N-Q Information

The Trust files a complete schedule of portfolio holdings for each Series with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC’s website at <http://www.sec.gov>. Form N-Q may be reviewed and copied at the SEC’s Public Reference Room. Information on the operation of the SEC’s Public Reference Room can be obtained by calling toll-free 1-800-SEC-0330.

MESSAGE TO SHAREHOLDERS

Dear Virtus Variable Insurance Trust Investors:



I am pleased to present this report that reviews the performance of your Series for the 12 months ended December 31, 2016.

At the start of 2016, global markets were challenged by falling oil prices, China's economic slowdown, and concerns over the Federal Reserve's ("the Fed") December 2015 rate hike, its first in nine years. Equities plummeted in the first six weeks of the year, but stabilizing oil prices and the Fed's softened stance on further rate hikes sparked a market rally that lasted from mid-February until June. The outcomes of the U.K.'s "Brexit" decision and the U.S. presidential election triggered short-lived selloffs later in the year, but calm was restored by better-than-expected corporate earnings and an improving global economic picture. Even though the Fed raised rates at its year-end meeting, other major central banks remained committed to monetary stimulus and provided reassurance to global markets.

For the year, U.S. large- and small-cap stocks generated positive performance, as measured by the 11.96% and 21.31% returns of the S&P 500® Index and Russell 2000® Index, respectively. Within international equities, emerging markets significantly outperformed their developed peers, with the MSCI Emerging Markets Index (net) up 11.19%, compared with the MSCI EAFE® Index (net), which returned 1.00%.

Demand for U.S. Treasuries remained strong, driven by foreign investors seeking safe havens and yield in light of the negative interest rate environment in many international economies. On December 31, 2016, the benchmark 10-year U.S. Treasury yielded 2.45% compared with 2.27% one year earlier. The broader U.S. fixed income market, as represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which tracks Treasuries and other investment-grade debt securities, gained 2.65% for the year, while non-investment grade bonds rose 17.13%, as measured by the Bloomberg Barclays U.S. Corporate High Yield Bond Index.

The U.S. economy's growth, as evidenced by strong jobs, housing, and consumer spending data, gives investors reason for optimism. In addition, the proposed pro-growth policies of the new administration, if implemented, could have a positive impact on corporate earnings and the markets.

Market uncertainty is an ever-present reminder of the importance of portfolio diversification, including exposure to both traditional and alternative asset classes. While diversification cannot guarantee a profit or prevent a loss, owning a variety of asset classes may cushion your portfolio against inevitable market fluctuations. Your financial advisor can help you ensure that your variable investment portfolio is adequately diversified across asset classes and investment strategies.

On behalf of our investment affiliates, thank you for entrusting Virtus with your assets. Should you have questions about your account or require assistance, please visit our website at Virtus.com, or call our customer service team at 1-800-367-5877. We appreciate your business and remain committed to your long-term financial success.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Aylward", written in a cursive style.

George R. Aylward
President, Virtus Variable Insurance Trust
February 2017

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

KEY INVESTMENT TERMS

American Depositary Receipt (ADR)

Represents shares of foreign companies traded in U.S. dollars on U.S. exchanges that are held by a U.S. bank or a trust. Foreign companies use ADRs in order to make it easier for Americans to buy their shares.

Bank of Japan (BOJ)

One of the world's major central banks, the Bank of Japan is responsible for issuing the country's currency, managing monetary policy, and maintaining financial system stability.

Bloomberg Barclays U.S. Aggregate Bond Index

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 index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Bloomberg Barclays U.S. Corporate High Yield Bond Index

The Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Brexit

A combination of the words "Britain" and "exit" which refers to Britain's withdrawal from the European Union.

Department of Labor's (DOL) Fiduciary Standard Rule

The Department of Labor (DOL) Fiduciary Rule, scheduled to be phased in beginning April 10, 2017, expands the "investment advice fiduciary" definition under the Employee Retirement Income Security Act ("ERISA"). The rule covers all financial professionals offering investment advice for retirement accounts and seeks to put their clients' best interests ahead of their own profits. On February 3, 2017, President Trump called for a review of the new rule, and the DOL announced that it is considering its legal options to delay the applicability date as it seeks to comply with the President's memorandum.

European Central Bank (ECB)

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

European Union (EU)

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

Exchange-Traded Fund (ETF)

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

Federal Open Market Committee (FOMC)

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy.

Federal Reserve (the Fed)

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

Foreign Investment in Real Property Tax Act of 1980 (FIRPTA)

Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) is a federal law that requires a foreign person to pay tax on the gain realized upon the sale of U.S. real property owned by that person.

KEY INVESTMENT TERMS (Continued)

FTSE NAREIT Equity REITs Index

The FTSE NAREIT Equity REITs Index is a free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts, which meet minimum size and liquidity criteria, that are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market System. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Global Industry Classification Standard (GICS)

The Global Industry Classification Standard (GICS) is a standardized classification system for equities that was developed by, and is the exclusive property and a service mark of, MSCI Inc. (MSCI) and Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (S&P). As of September 1, 2016, the GICS structure comprises 11 sectors, 24 industry groups, 68 industries, and 157 subindustries.

Gross Domestic Product (GDP)

The market value of all officially recognized final goods and services produced within a country in a given period.

MSCI EAFE® Index (net)

The MSCI EAFE® (Europe, Australasia, Far East) Index (net) is a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

MSCI Emerging Markets Index (net)

The MSCI Emerging Markets Index (net) is a free float-adjusted market capitalization-weighted index designed to measure equity market performance in the global emerging markets. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Organization of the Petroleum Exporting Countries (OPEC)

The Organization of the Petroleum Exporting Countries is an intergovernmental organization that currently has 12 member countries. The organization's objective is to coordinate and unify petroleum policies among member countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.

Quantitative Easing (QE)

An unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply. Quantitative easing increases the money supply by flooding financial institutions with capital in an effort to promote increased lending and liquidity. Quantitative easing is considered when short-term interest rates are at or approaching zero, and does not involve the printing of new banknotes.

Real Estate Investment Trust (REIT)

A publicly traded company that owns, develops and operates income-producing real estate such as apartments, office buildings, hotels, shopping centers, and other commercial properties.

Russell 1000® Growth Index

The Russell 1000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Russell 2000® Growth Index

The Russell 2000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

KEY INVESTMENT TERMS (Continued)

Russell 2000® Index

The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Russell 2000® Value Index

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, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

S&P 500® Index

The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

Sponsored ADR (American Depositary Receipt)

An ADR which is issued with the cooperation of the company whose stock will underlie the ADR. Sponsored ADRs generally carry the same rights normally given to stockholders, such as voting rights. ADRs must be sponsored to be able to trade on a major U.S. exchange such as the New York Stock Exchange ("NYSE").

Strategic Allocation Series Linked Benchmark

The Strategic Allocation Series Linked Benchmark consists of 45% Russell 1000® 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® Index (a free floatadjusted 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). The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Strategic Allocation Series Linked Benchmark prior to 9/7/2016 represents an allocation consisting of 60% S&P 500® Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

Treasury Yield

The return on investment, expressed as a percentage, on the U.S. government's debt obligations (bonds, notes and bills). The Treasury yield is considered a bellwether of the U.S. economy; the higher the yields on 10-, 20- and 30-year Treasuries, the better the economic outlook.

U.S. Treasury Federal Funds Target Rate

The interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The federal funds rate is generally only applicable to the most creditworthy institutions when they borrow and lend overnight funds to each other. The federal funds rate is one of the most influential interest rates in the U.S. economy, since it affects monetary and financial conditions, which in turn have a bearing on key aspects of the broad economy including employment, growth and inflation.

VIRTUS VARIABLE INSURANCE TRUST
Disclosure of Series Expenses (Unaudited)
For the six-month period of July 1, 2016 to December 31, 2016

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of a Series (each a "Series") of Virtus Variable Insurance Trust (the "Trust"), you incur ongoing costs including investment advisory fees and other expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in a Series and to compare these costs with the ongoing costs of investing in other mutual funds. These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period. The following Expense Table illustrates a Series' costs in two ways.

Actual Expenses

The first section of the accompanying table provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The expense estimate does not include the fees or expenses associated with the separate insurance accounts, and if such charges were included, your costs would have been higher.

Hypothetical Example for Comparison Purposes

The second section of the accompanying table provides information about hypothetical account values and hypothetical expenses based on a Series' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not your Series' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Series and other funds. To do so, compare these 5% hypothetical examples with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the accompanying table are meant to highlight your ongoing costs only and do not reflect additional fees and expenses associated with the annuity or life insurance policy through which you invest. Therefore, the second section of the accompanying table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if the annuity or life insurance policy costs were included, your costs would have been higher. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

Expense Table

	Beginning Account Value July 1, 2016	Ending Account Value December 31, 2016	Annualized Expense Ratio	Expenses Paid During Period*
Capital Growth Series				
Actual				
Class A	\$1,000.00	\$1,019.60	1.04%	\$5.28
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.91	1.04	5.28
Enhanced Core Equity Series				
Actual				
Class A	\$1,000.00	\$1,117.40	0.99%	\$5.27
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,020.16	0.99	5.03
Equity Trend Series				
Actual				
Class A	\$1,000.00	\$1,010.80	1.71%	\$8.64
Class I	1,000.00	1,012.50	1.46	7.39
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,016.54	1.71	8.67
Class I	1,000.00	1,017.80	1.46	7.41
International Series				
Actual				
Class A	\$1,000.00	\$1,020.00	1.18%	\$5.99
Class I	1,000.00	1,022.30	0.93	4.73
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.20	1.18	5.99
Class I	1,000.00	1,020.46	0.93	4.72
Multi-Sector Fixed Income Series				
Actual				
Class A	\$1,000.00	\$1,025.20	0.94%	\$4.79
Class I	1,000.00	1,026.60	0.69	3.51
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,020.41	0.94	4.77
Class I	1,000.00	1,021.67	0.69	3.51
Real Estate Securities Series				
Actual				
Class A	\$1,000.00	\$ 951.30	1.17%	\$5.74
Class I	1,000.00	952.50	0.92	4.52
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.25	1.17	5.94
Class I	1,000.00	1,020.51	0.92	4.67
Small-Cap Growth Series				
Actual				
Class A	\$1,000.00	\$1,149.80	1.20%	\$6.48
Class I	1,000.00	1,151.30	0.95	5.14
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.10	1.20	6.09
Class I	1,000.00	1,020.36	0.95	4.82

VIRTUS VARIABLE INSURANCE TRUST
Disclosure of Series Expenses (Unaudited) (Continued)
For the six-month period of July 1, 2016 to December 31, 2016

Expense Table

	Beginning Account Value July 1, 2016	Ending Account Value December 31, 2016	Annualized Expense Ratio	Expenses Paid During Period*
Small-Cap Value Series				
Actual				
Class A	\$1,000.00	\$1,138.90	1.21%	\$6.51
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,019.05	1.21	6.14
Strategic Allocation Series				
Actual				
Class A	\$1,000.00	\$1,000.60	0.99%	\$4.98
Hypothetical (5% return before expenses)				
Class A	1,000.00	1,020.16	0.99	5.03

* Expenses are equal to the relevant Series' annualized expense ratio, which is net of waived fees and reimbursed expenses, if applicable, multiplied by the average account value over the period, multiplied by the number of days (184) expenses were accrued in the most recent fiscal half-year, then divided by 366 to reflect the one-half year period. Exceptions noted below.

A Series may invest in other funds, and the annualized expense ratios noted above do not reflect fees and expenses associated with the underlying funds. If such fees and expenses had been included, the expenses would have been higher.

You can find more information about a Series' expenses in the Financial Statements section that follows. For additional information on operating expenses and other shareholder costs, including contractual charges associated with the separate account, refer to the Series prospectus and the contract prospectus.

Capital Growth Series

Series Summary December 31, 2016 (Unaudited)
Portfolio Manager Commentary by
Kayne Anderson Rudnick Investment Management, LLC

■ **The Series** is diversified and has an investment objective of long-term growth of capital. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned -0.86%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the Russell 1000® Growth Index, the Series' style-specific benchmark appropriate for comparison, returned 7.08%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the equity markets perform during the Series' fiscal year?

■ The S&P 500® Index, a broad measure of large-cap stocks, rose nearly 12% in 2016, and small-cap stocks registered an even more impressive gain, advancing slightly more than 21%, as measured by the Russell 2000® Index. The Russell 1000® Growth Index, which measures large-cap growth stocks, gained 1.01% during the fourth quarter and 7.08% for all of 2016.

■ The U.S. presidential election in November was one of the most significant economic events of 2016, as it turned some market sector losers into winners, and vice versa. In the Russell 1000® Growth Index, industrials (+6.86%), financials (+6.56%), telecommunications services (+4.55%), and utilities (+3.70%) all increased during the fourth quarter. Other sectors, including real estate (-5.08%), health care (-3.53%), and energy (-0.89%) lagged in the quarter. In addition, deep value strategies strongly outperformed growth and core strategies.

■ Investors' risk appetite changed dramatically over the course of 2016. For example, the first half of the year was marked by disappointing economic growth, falling bond yields, and defensive fixed income and equity positioning on the part of investors. After two years of dramatic declines, many commodities – particularly crude oil (up 45% for the year) – finally found a bottom, and investors adopted a much more aggressive risk appetite as the economy started to stabilize over the summer and improve into the fall. In

November, then President-elect Trump's pro-business, tax-cutting, and fewer regulatory burdens agenda accentuated the outlook that economic growth would continue to accelerate in 2017.

What factors affected the Series' performance during the fiscal year?

■ The Series underperformed the Russell 1000® Growth Index for the year. From a sector perspective, performance was hurt by negative stock selection in the information technology and consumer discretionary sectors. Performance was helped by positive stock selection in the financials sector and an overweight in the energy sector.

■ From an individual stock perspective, the companies that contributed the most to performance were Facebook and Amphenol, an electronics manufacturer of interconnect products.

■ Facebook continued to grow advertising revenue and take share in the online digital marketing space. The company has delivered an unprecedented global reach of 20% of the earth's population to advertisers in a very measurable way. Monetization of this audience has barely scratched the surface of its long-term potential. Despite reaching a revenue run rate greater than \$25 billion, the company's second-quarter growth rate accelerated again to 59%. Ad revenue soared as mobile monetization continued to rapidly improve and user engagement remained incredibly robust. Future growth levers include untapped monetization of Messenger, WhatsApp, and video advertising, along with Virtual Reality.

■ Amphenol serves a highly fragmented customer base and is diversified with none of its eight segments accounting for more than 20% of revenue. While mobile sales have been weak, other parts of the business have contributed to growth, and margins continued to expand rapidly helped by its acquisition of FCI.

■ The companies that detracted the most from performance were Tableau Software and online travel site TripAdvisor.

■ Tableau reported highly disappointing earnings for the third quarter of 2016. Revenue and billings decelerated sharply and the company missed expectations for the first time since the company went public. New customer growth exceeded license growth for the first time as well, indicating the "expand" part of the company's "land and expand" mantra was running into resistance.

■ While user engagement decelerated, TripAdvisor remained robust and we believe recent partnerships for its Instant Book feature, including both Expedia and Priceline, bode well for the product's ultimate success. Driving the stock lower, however, revenue growth decelerated meaningfully due to shifting the business model twice, and margins contracted as expenses ballooned.

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

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

Limited Number of Investments: Because the Series has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund.

Industry/Sector Concentration: A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Information Technology	34%
Consumer Discretionary	27
Health Care	12
Consumer Staples	10
Energy	6
Financials	5
Industrials	4
Materials	2
Total	<u>100%</u>

Capital Growth Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years
Class A at NAV²	-0.86%	12.25%	5.23%
S&P 500[®] Index	11.96	14.66	6.95
Russell 1000[®] Growth Index	7.08	14.50	8.33

Series Expense Ratios³: Class A Gross: 1.20%, Net: 1.03%.

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

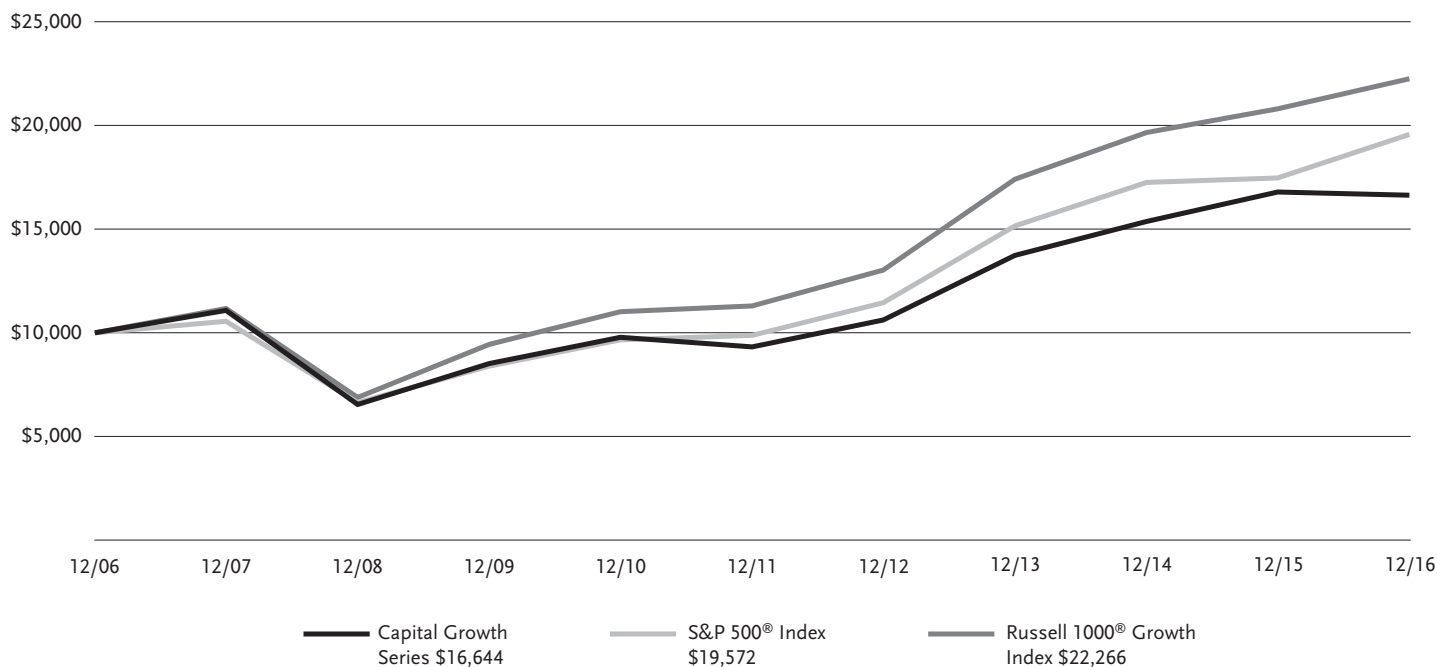
¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance accounts.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The indexes are unmanaged and not available for direct investment; therefore, their performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Enhanced Core Equity Series

Series Summary December 31, 2016 (Unaudited)
Portfolio Manager Commentary by
Rampart Investment Management Company, LLC (“Rampart”)

■ **The Series** is diversified and has investment objectives of capital appreciation and current income. *There is no guarantee that the Series will meet its objectives.*

■ For the fiscal year ended December 31, 2016, the Series’ Class A shares at NAV returned 9.41%. For the same period, the S&P 500® Index, which serves as the broad-based and style-specific benchmark index appropriate for comparison, returned 11.96%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

Effective September 7, 2016, Rampart Investment Management Company, LLC (“Rampart”) became subadviser of the Series (then named Virtus Growth & Income Series). Effective October 11, 2016, the name of the Series was changed to Virtus Enhanced Core Equity Series. The following commentary includes the views of the previous subadviser, Euclid Advisors LLC, and the current subadviser, Rampart, for the respective periods they managed the Series’ portfolio.

How did the equity markets perform during the Series’ fiscal year?

■ U.S. equity markets enjoyed a relatively low volatility, steady climb higher during 2016. Volatility levels were below long-term historical averages, and the nearly 12% return of the S&P 500® Index was slightly higher than usual.

■ There were, aside from this relative tranquility, a handful of notable market events during the year. The year started off in historically bad fashion, with the S&P 500® Index down nearly 9% by the middle of January before recovering and then dropping again in the middle of February. Fortunately for investors, the recovery was as intense as the drawdown, and by the middle of March, previous highs had been regained.

■ The rest of the spring season was relatively uneventful, but by the time early summer arrived, the United Kingdom’s “Brexit” vote to leave the European Union (EU) was impacting markets around the globe. For U.S. investors, the overnight futures market was positively alarming, as S&P 500® Index futures dropped more than 5% over

the course of just six hours. By the time markets opened in the morning, this damage had been significantly mitigated, and the day after the vote, the market opened less than 3% below its prior close.

■ While there was additional market damage to come, by the end of the first full week of July, previous market levels were regained. At that point, the U.S. market found a new obsession, the U.S. presidential election. A choppy, sideways market gave way to significant weakness in early November. A pre-election risk flare quickly resolved, leading to a strong, low-volatility, post-election bull market through the end of the year.

■ Taking a step back, market dynamics over the period, while positive overall, indicated general uncertainty. This sentiment may have been related to lingering central bank intervention, and the relative non-competitiveness of fixed income assets, or perhaps observations of U.S. and global economic strength. In any case, the story for the year was certainly a preference for risk over protection.

What factors affected the performance of the Series during the fiscal year?

■ During the first quarter of the fiscal year, the Series posted a negative return and underperformed the positive return of the benchmark S&P 500® Index. Security selection was the largest drag on performance, with stock picking particularly weak in the industrials, consumer staples, and financials sectors. Health care and consumer discretionary stocks had a mildly positive affect on performance. During the second quarter, the Series also underperformed. Detracting from performance were the Series’ underweight allocations to the materials, consumer staples, utilities, and energy sectors, and poor stock selection within each of these sectors. In addition, the portfolio’s exposure to industrials was detrimental to performance, both in terms of the sector overweight as well as negative stock selection. Stock selection was weakest in industrials, health care, and consumer discretionary, while the technology stocks provided modest benefit.

■ During the third quarter, the Series was appointed a new subadviser and began transitioning to a new strategy. Effective September 7, 2016, the Series’ strategy has two main drivers of performance: a trend-based equity component and an income-focused option overlay component. The equity component is intended to capture the momentum

risk premium, whereby those stocks and sectors that have shown strong near-term performance have a tendency to exhibit continued strength. This performance driver tends to do well when there is clear sector leadership in the market, and the market as a whole has a strong upward or downward trend established. While overall market performance in 2016 was positive, there were few strong trends established, a handful of outsized risk flare-ups, and strong sector leadership was lacking. Given these headwinds, the trend-based equity component of the portfolio detracted 2.44% from performance.

■ The option overlay component is intended to capture the volatility risk premium. This is a more nuanced technique which seeks to extract value from the difference between the volatility levels at which options are sold and the volatility level that actually occurs in market performance. The Series added the option overlay late in the third quarter, and during that period, the strategy was consistently additive to returns. For the period that the option overlay strategy was active, it added just over 0.50% to the Series’ performance.

The preceding information is the opinion of portfolio management only through the end of the period of the report as stated on the cover. Any such opinions are subject to change at any time based upon market or other conditions and should not be relied upon as investment advice, and there is no guarantee that market forecasts will be realized.

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.

Call/Put Spreads: Buying and selling call and put option spreads on the SPX Index risks the loss of the premium when buying, can limit upside participation and increase downside losses.

Portfolio Turnover: The Series’ principal investments strategies will result in a consistently high portfolio turnover rate. 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.

Fund of Funds: Because the Series can invest in other funds, it indirectly bears its proportionate share of the operating expenses and management fees of the underlying fund(s).

Enhanced Core Equity Series (Continued)

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.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments net of written options as of December 31, 2016.

Financials	58%
Energy	16
Materials	10
Industrials	9
Information Technology	3
Consumer Discretionary	2
Health Care	1
Other (includes purchased and written options)	<u>1</u>
Total	<u><u>100%</u></u>

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Enhanced Core Equity Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years
Class A at NAV²	9.41%	10.58%	4.63%
S&P 500[®] Index	11.96	14.66	6.95
Series Expense Ratios³: Class A Gross: 1.22%, Net: 0.98%.			

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

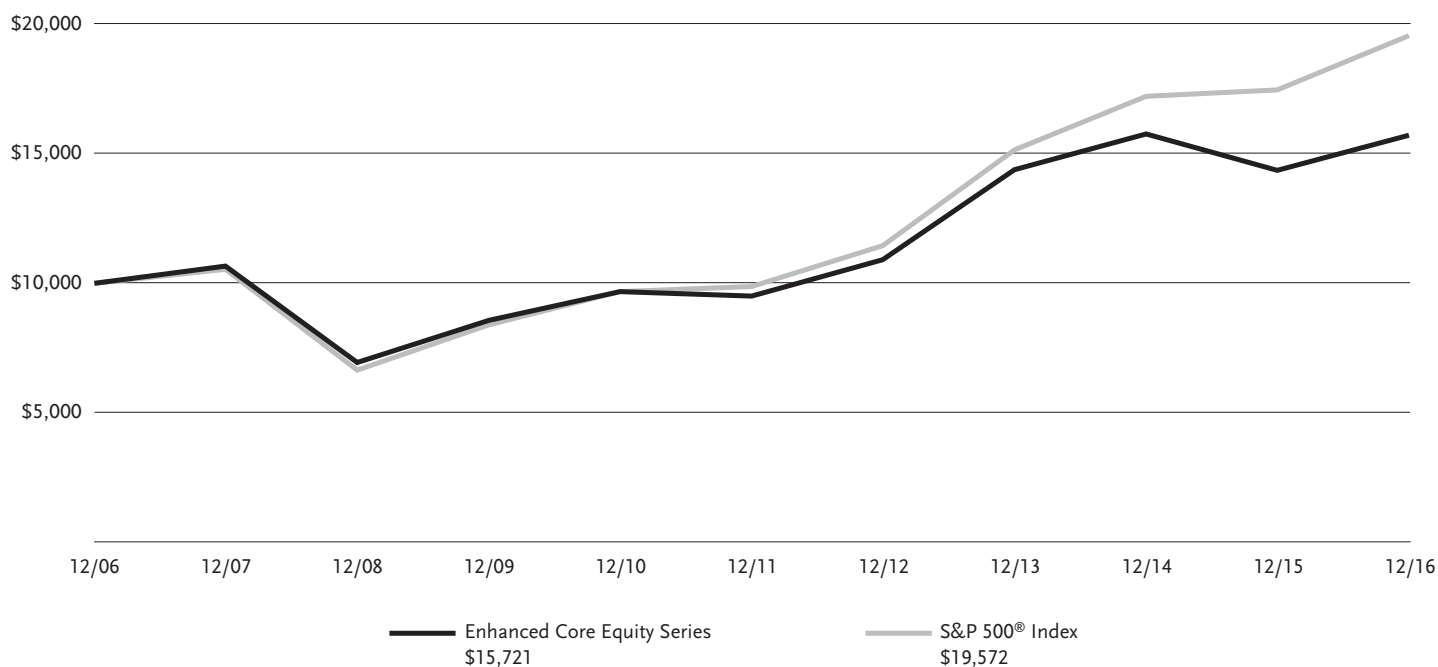
¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance accounts.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Equity Trend Series

Series Summary December 31, 2016 (Unaudited)
Portfolio Manager Commentary by
Virtus Investment Advisers, Inc.

■ **The Series** is diversified and has an investment objective of long-term capital appreciation. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned -0.97% and Class I shares at NAV returned -0.70%. For the same period, the S&P 500® Index, which serves as the broad-based equity index and style-specific benchmark index appropriate for comparison, returned 11.96%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the equity markets perform during the Series' fiscal year?

■ During 2016, U.S. equity markets enjoyed volatility levels that were below long-term historical averages, and the nearly 12% return of the S&P 500® Index for the year was slightly higher than usual. Aside from this relative tranquility, there were a handful of notable market events. The year started off in historically bad fashion, with the S&P 500® Index down nearly 9% by the middle of January before recovering and then dropping again in the middle of February. Fortunately, for investors, the recovery was as intense as the drawdown, and by the middle of March, previous market highs had been regained.

■ The rest of the spring season was relatively uneventful, but by the time early summer arrived, the United Kingdom's "Brexit" vote to leave the European Union (EU) was impacting markets around the globe. For U.S. investors, the overnight futures market was positively alarming, as S&P 500® Index futures dropped more than 5% over the course of just six hours. By the time markets opened in the morning, this damage had been significantly mitigated, and the day after the vote, the market opened less than 3% below its prior close.

■ While there was additional market damage to come, by the end of the first full week of July, previous market levels were regained. At that point, the U.S. market found a new obsession, the U.S. presidential election. A choppy, sideways market

gave way to significant weakness in early November. A pre-election risk flare quickly resolved, leading to a strong, low-volatility, post-election bull market through the end of the year.

■ Taking a step back, market dynamics over the period, while positive overall, indicated general uncertainty. This sentiment may have been related to lingering central bank intervention, and the relative non-competitiveness of fixed income assets, or perhaps observations of U.S. and global economic strength. In any case, a preference for risk over protection was a central market theme for the year.

What factors affected the Series' performance during the fiscal year?

■ The Series' strategy has two main drivers of performance: a trend-based equity component, and a risk-control mechanism that adjusts the cash level in times of market stress. In 2016, each of these components experienced challenges.

■ The equity component is intended to capture the momentum (or trend) risk premium, whereby those stocks and sectors that have shown strong near-term performance have a tendency to exhibit continued strength. This performance driver tends to do well when there is clear sector leadership in the market and the market as a whole has a strong upward or downward trend established. While overall market performance for 2016 was strong, there were few strong trends established, and there were a handful of outsized risk flare-ups. Sector leadership, in particular, was extremely weak. Given the lack of clear sector trends in the market to follow, the trend-based equity component of the portfolio struggled during the year, causing the bulk of the Series' underperformance.

■ The Series' risk-control mechanism is a unique feature that enables the portfolio to add cash (up to 100%) as a defensive measure in times of market stress, and thus can lead to outperformance when markets deteriorate. In January 2016, the severe market drop led the Series to adopt a large cash allocation, with the portfolio moving to nearly two-thirds of risk-free assets as the market fell. Unfortunately, while the subsequent rebound was a relief for fully-invested long investors, the portfolio's low equity levels served to lock in the downside losses. As a result, the severity of both the market decline (the worst early January in stock market history) and the sharp recovery caused the risk-control mechanism to detract from the Series' performance in the early part of the year.

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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.

Allocation: The Series' 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 Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Consumer Discretionary	28%
Industrials	16
Information Technology	15
Financials	10
Materials	10
Consumer Staples	8
Health Care	5
Other	8
Total	100%

Equity Trend Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	Since Inception	Inception Date
Class A at NAV²	-0.97%	5.51%	3.86%	2/14/11
Class I at NAV²	-0.70	—	1.62	4/30/13
S&P 500[®] Index	11.96	14.66	—⁴	—

Series Expense Ratios³: Class A 1.73%; Class I 1.48%.

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

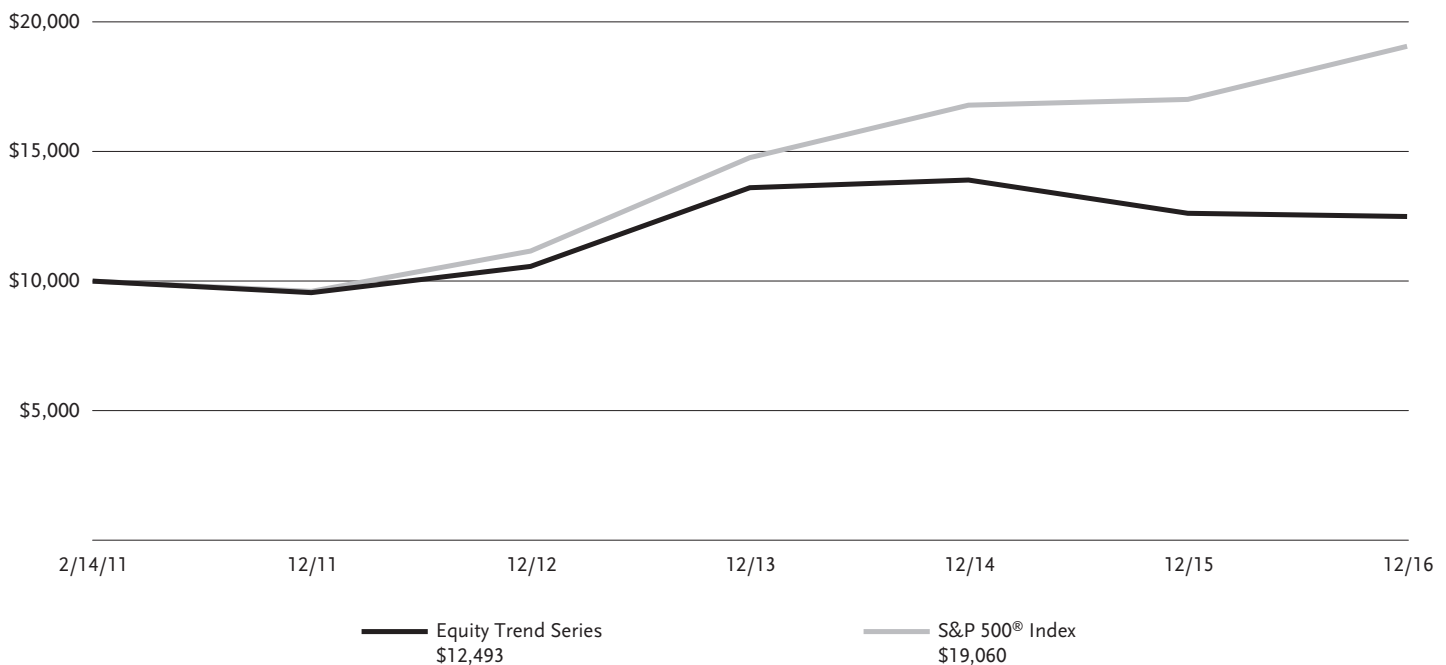
² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance products.

³ The expense ratios of the Series are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Expense ratios include fees and expenses associated with underlying funds.

⁴ The index returned 11.59% for Class A shares and 11.99% for Class I shares since the inception date of the respective share classes.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on February 14, 2011 (inception date of the Class A shares). Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

International Series

Series Summary December 31, 2016 (Unaudited)
 Portfolio Manager Commentary by
 Duff & Phelps Investment Management Co. (“Duff & Phelps”)

■ **The Series** is diversified and has an investment objective of high total return consistent with reasonable risk. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series’ Class A shares at NAV returned -1.61% and Class I shares at NAV returned -1.28%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the MSCI EAFE® Index (net), the Series’ style-specific benchmark appropriate for comparison, returned 1.00%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the international equity markets perform during the Series’ fiscal year?

■ International equity markets proved to be resilient, as represented by the 1.00% return of the MSCI EAFE® Index (net) for the 12 months. Markets weathered not only a rocky start to the year that was sparked by China growth fears and dramatic oil price declines, but also a steady stream of global electoral surprises (most notably the United Kingdom’s (UK) Brexit vote to leave the European Union (EU), and the U.S. presidential election results), populist movements, geopolitical events, and positive but not particularly robust GDP growth trends. This result stands in contrast to the previous year, where most markets suffered losses of varying degrees.

■ Over the year, the winds of change clearly shifted the focus of economic policy in the U.S. from monetary toward fiscal. It remains to be seen whether the EU, U.K., and Japan have the ability and desire to pivot in this fashion. A global decoupling of policy of this kind has not been seen since pre-2008. Policy decoupling, combined with global growth, led to a major shift toward cyclical stocks and a selloff in U.S. Treasuries, pushing the yield on the 10-year Treasury note to 2.45% by year-end from 1.8% on November 7, 2016, the day before the U.S. election.

What factors affected the Series’ performance during the fiscal year?

■ Both sector selection and security selection detracted from the Series’ performance for the fiscal year, with security selection having the greater impact. On a sector performance basis, seven of the eleven sectors posted positive returns, however, poor performance of the four remaining sectors pulled the Series into negative territory for the year.

■ The Series’ health care holdings had a challenging year (particularly Valeant Pharmaceuticals and Allergan), detracting 5.43% for the year. Utilities started their decline in the second quarter and after a particularly difficult fourth quarter, posted a -25.2% return, detracting 0.68% from the Series’ performance for the year. Investments in the real estate sector detracted 0.54%, due mostly to a poor fourth quarter showing. Even though financials experienced a mid-year turnaround, the sector still detracted from results and was down 1.77% for the year.

■ On the positive side, the Series’ energy investments posted a gain of 1.38%, and an impressive 24.5% return for the year for the sector. The allocation to consumer staples contributed 1.65% after giving back some gains in the fourth quarter. Technology and industrials were positive contributors, up a little over 1.00%, and consumer discretionary positively contributed 0.28% for the year. Finally, materials and telecommunication both ended the year with modest absolute returns of 4.50% and 1.20%, adding less than 1.00% to the portfolio, respectively.

■ Derivatives made a positive contribution to the Series’ performance. Specifically, a Japanese yen short forward put on at the beginning of December added 0.28% to total return as the U.S. dollar continued to strengthen.

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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.

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

Derivatives: Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment.

Prospectus: For additional information on risks, please see the Series’ prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Consumer Discretionary	17%
Financials	16
Industrials	16
Energy	9
Information Technology	8
Health Care	8
Consumer Staples	8
Other (includes short-term investments)	18
Total	<u>100%</u>

International Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years	Since Inception	Inception Date
Class A at NAV²	-1.61%	1.23%	1.22%	—	—
Class I at NAV²	-1.28	—	—	-3.94%	4/30/13
S&P 500[®] Index	11.96	14.66	6.95	11.99⁴	—
MSCI EAFE[®] Index (net)	1.00	6.53	0.75	1.53⁴	—
Series Expense Ratios³: Class A Gross: 1.29%, Net: 1.18%; Class I Gross: 1.04%, Net: 0.93%.					

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

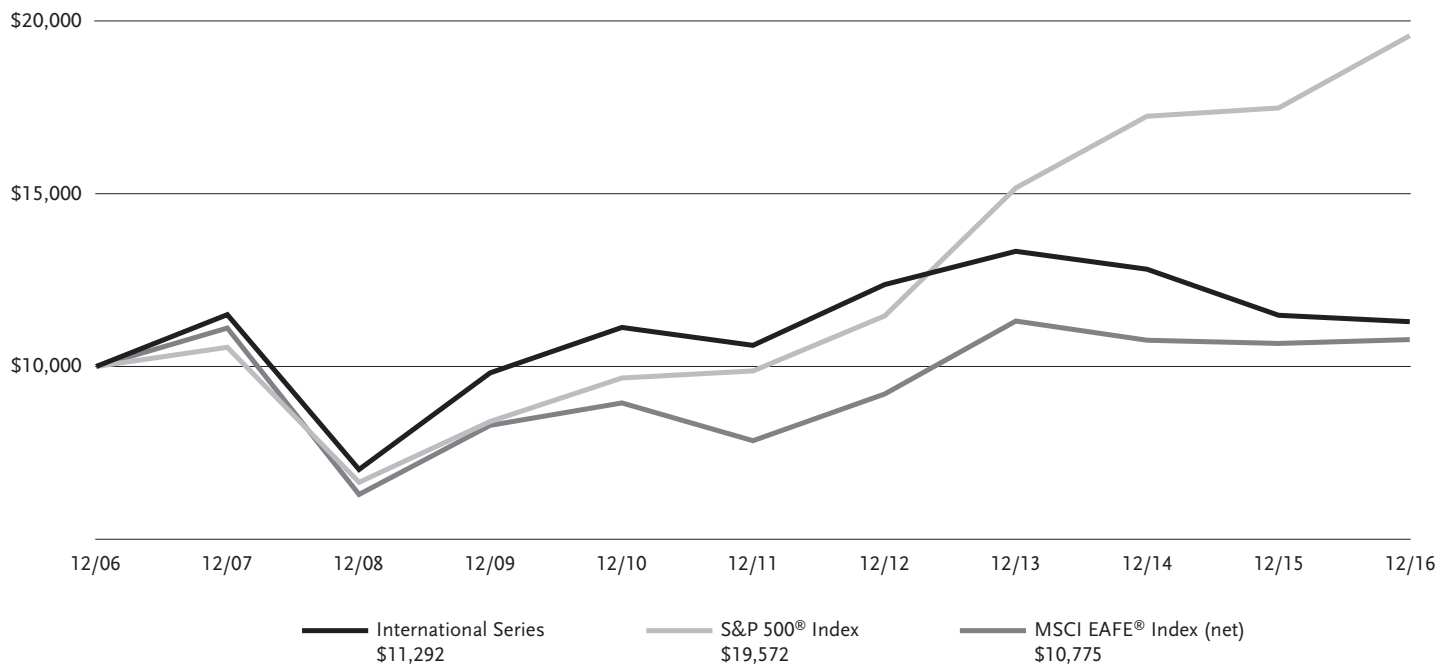
² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance accounts.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. The Advisor contractually agreed to limit the Series' expenses through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

⁴ The since inception index returns are from the inception date of Class I shares.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The indexes are unmanaged and not available for direct investment; therefore, their performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Multi-Sector Fixed Income Series

Series Summary December 31, 2016 (Unaudited)

Portfolio Manager Commentary by
Newfleet Asset Management, LLC

■ **The Series** is diversified and has an investment objective of long-term total return. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned 9.29% and Class I shares at NAV returned 9.58%*. For the same period, the Bloomberg Barclays U.S. Aggregate Bond Index, which serves as the broad-based and style-specific benchmark index appropriate for comparison, returned 2.65%.

* See Footnote 5 on page 17.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the markets perform during the Series' fiscal year?

- Most fixed income spread sectors outperformed U.S. Treasuries during the fiscal year. The Federal Reserve's ("the Fed") dovish stance in mid-February sparked a rally that turned around a volatile time period that began with fresh concerns over China, plummeting oil prices, and fears that the Fed had raised interest rates too soon.
- Late in June volatility returned briefly with fallout from the United Kingdom's decision to leave the European Union ("Brexit"). Bond yields in the U.S., Japan, and across Europe fell to historic lows in early July as investors fled to the safety of bonds on global growth concerns fueled by the U.K.'s June 23 decision. Markets recovered rather quickly however from the initial shock. Easing by major central banks and a weaker U.S. dollar helped to improve global risk sentiment and stabilize markets.
- September brought heightened concerns over the ability and willingness of central banks to fight chronic low inflation and weak growth as the decision by the European Central Bank (ECB) to leave interest rates and its stimulus program unchanged was a precipitating factor in a widespread market sell-off, reinforced by fears that the Bank of Japan (BOJ) had run out of quantitative easing tools. Hawkish signals from the Fed added to the volatility. The BOJ subsequently decided not to change rates but to shift its focus to stabilizing rates for longer maturity government bonds. This bolstered market sentiment, as did the Fed's eventual

decision to stand pat at its September meeting and not raise rates.

- The unexpected election of Donald Trump as the 45th U.S. president sparked another bout of volatility in early November. President-elect Trump's campaign, which focused on immigration, trade, tax cuts, and infrastructure spending, was largely perceived by the market as supportive of faster growth. Inflation expectations increased, causing the yield on the 10-year Treasury to rise 0.52% by the end of November. Also in late November, oil prices benefited from OPEC's decision to cut oil production for the first time in eight years. In December, in a largely anticipated move, the Federal Reserve raised its target rate 25 basis points to a range of 0.5% to 0.75% at its final meeting of 2016.
- Over the fiscal year, yields increased for U.S. Treasuries across maturities, more so for shorter term Treasuries.

What factors affected the Series' performance during the fiscal year?

- The underperformance of U.S. Treasuries relative to most fixed income spread sectors was the key driver of the Series outperformance for the fiscal year.
- The Series' allocation to high yield corporate bonds, and issue selection within emerging markets high yield bonds and corporate high quality bonds were the largest positive contributors to performance for the fiscal year.
- While exposure to high yield corporate bonds contributed to the Series' overall performance, our bias toward higher quality securities within the sector detracted from returns during a period in which lower quality outperformed.

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

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

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

High Yield-High Risk Fixed Income Securities:

There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities.

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

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

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Corporate Bonds and Notes	52%
Financials	15%
Energy	13
Consumer Discretionary	5
Total of all others	19
Mortgage-Backed Securities	19
Foreign Government Securities	10
Loan Agreements	8
Asset-Backed Securities	4
Preferred Stocks	4
Other	3
Total	100%

Multi-Sector Fixed Income Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years	Since Inception	Inception Date
Class A at NAV²	9.29%	5.22%	6.12%	—	—
Class I at NAV^{2,5}	9.58	—	—	2.59%	4/30/13
Bloomberg Barclays U.S. Aggregate Bond Index	2.65	2.23	4.35	1.66⁴	—

Series Expense Ratios³: Class A Gross: 1.03%, Net: 0.95%; Class I Gross: 0.78%, Net: 0.70%.

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance products.

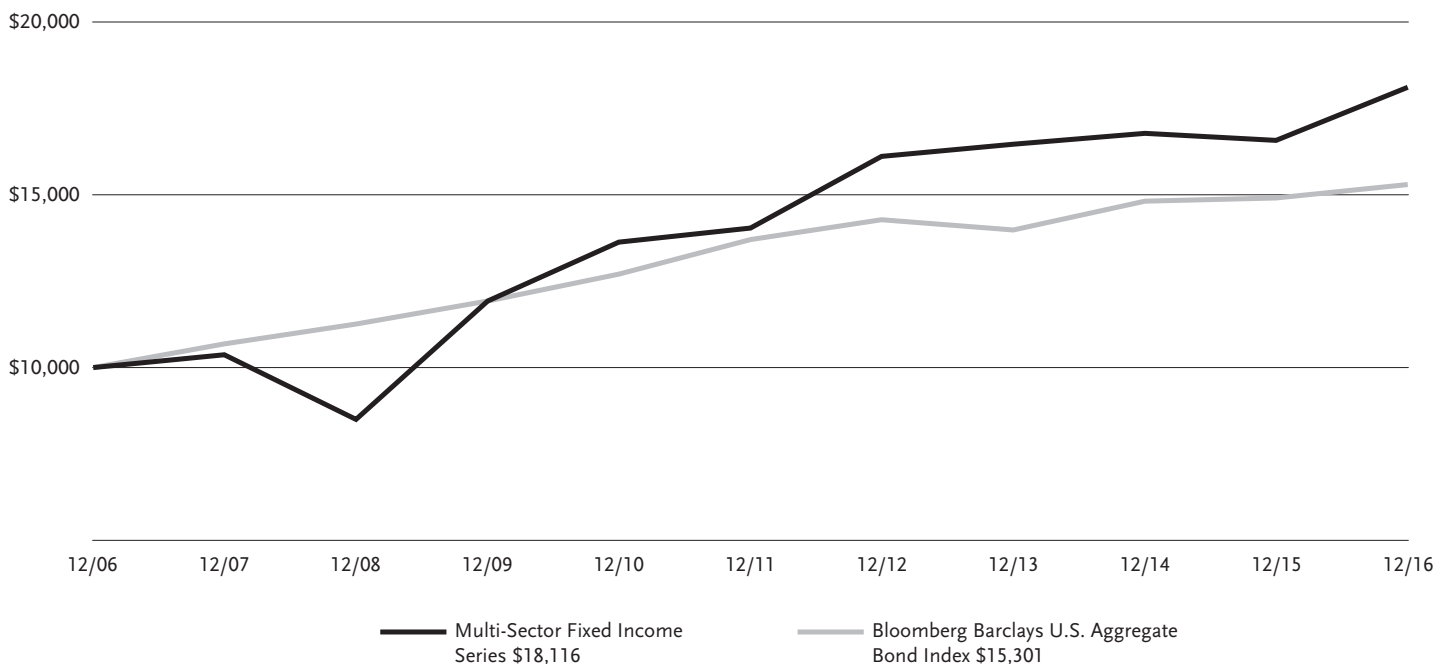
³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. The Advisor contractually agreed to limit the Series' expenses through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

⁴ The since inception index returns are from the inception date of Class I shares.

⁵ Total Return for the report period presented in the table differs from the return in the Financial Highlights. The total return presented in the above table is calculated based on the NAV at which shareholder transactions were processed. The total return presented in the Financial Highlights section of the report is calculated in the same manner, but also takes into account certain adjustments that are necessary under generally accepted accounting principals required in the annual report and semiannual report.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The index is unmanaged and not available for direct investment; therefore, its performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Real Estate Securities Series

Series Summary December 31, 2016 (Unaudited)
Portfolio Manager Commentary by
Duff & Phelps Investment Management Co.

■ **The Series** is diversified and has investment objectives of capital appreciation and income with approximately equal emphasis. *There is no guarantee that the Series will meet its objectives.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned 6.82% and Class I shares at NAV returned 7.10%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the FTSE NAREIT Equity REITs Index, the Series' style-specific benchmark appropriate for comparison, returned 8.52%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the equity markets perform during the Series' fiscal year?

■ Equity markets, as measured by the S&P 500® Index, were up 11.96% during the Series' fiscal year, rebounding from a post-Brexit dip and a later fade into the U.S. Presidential election.

■ U.S. REITs put up solid performance of 8.52% as measured by the Series' benchmark, the FTSE NAREIT Equity REITs Index. Cash flow and dividend growth were supportive as were modifications to FIRPTA (Foreign Investment in Real Property Tax Act), and listed real estate being elevated to a standalone sector in the Global Classification System Standard (GICS®) from its previous sub-sector status within the financials sector. Interest rate volatility and a shift to elevated growth expectations post the U.S. Presidential election impacted intra-year returns and improved valuations.

■ The results of the U.S. Presidential and Congressional elections were clearly the defining events of the year. Defying the odds and most political prognosticators and market strategists, Donald Trump was elected President of the United States and global equity markets rallied. Much like with the Brexit vote in the United Kingdom, prominent forecasters and news outlets missed the outcome as none seemed to call for the House, Senate, and White House to end up in control of the Republican Party under President Trump. The Republican Party's strong results surprised the market and drove a global equity rally as the potential for more market-friendly policies and higher economic

growth were taken into account. Some of candidate Trump's less market-friendly policy prescriptions were dismissed for the time being.

■ As market expectations for global growth and inflation increased, interest rates leapt higher. This had a knock-on effect on the U.S. dollar and financial-oriented equities, which were turbo-charged into year-end. Financials led the post-election rally in the S&P 500® Index, as the possibilities of a friendlier regulatory environment and rising net interest margins were embraced. Oil prices also resumed their rally following production agreements between OPEC and non-OPEC members.

■ On the global monetary policy front, the U.S. FOMC increased the federal funds target rate by 25 basis points (in this context, a 100 basis point increase would raise the rate by 1.00%) as was widely expected and signaled that several more rate increases are likely in 2017. The European Central Bank (ECB) extended its quantitative easing program of repurchasing government bonds past its previous March 2017 expiration until the end of 2017. However, the ECB also expressed its intention beginning in April 2017 to reduce the targeted asset purchase amount by 20 billion euros to 60 billion euros per month.

■ Interestingly enough and supportive of how REITs can generate positive returns in environments when interest rates rise, REITs put up a 6.9% return from the day the 10-year U.S. Treasury hit an intra-month low yield of 1.78% on November 4, just days before the election, through the end of the year. During the same window the 10-year Treasury yield rose to 2.44%. In comparison to the 6.9% return of REITs in this intra-quarter window, the S&P 500® Index put up a 7.8% return. (Source of REIT returns: FTSE NAREIT Equity REITs Index.)

What factors affected the Series' performance during the fiscal year?

■ For the fiscal year, the Series benefited from security selection, yet was negatively impacted by property sector allocation. Over the year the Series lagged its style-specific benchmark.

■ Within the U.S., the industrial, data centers, single family homes, and lodging property sectors demonstrated the best total returns over the last twelve months. Self-storage, regional malls, shopping centers, and apartments were the most significant property sector laggards.

■ During the fiscal year, the most significant individual positive contributor to the Series' relative performance was our overweight allocation to

the industrial sector, followed by our underweight allocation and security selection within regional malls, and our security selection and underweight to the diversified property sector.

■ The most significant detractor from relative performance during the Series' fiscal year was our underweight allocation and security selection within the lodging sector, our allocation and security selection within apartments, our underweight allocation and security selection to freestanding retail, and our zero weight to the specialty property sector. Lodging lagged into the election and then had very strong performance afterwards, as did prison REITs within the specialty sector. The opposite was the case for freestanding retail, whose post-election underperformance was modest compared to its outperformance into the election.

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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.

Real Estate: The Series may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Office	15%
Apartments	13
Data Centers	11
Shopping Centers	11
Industrials	11
Self Storage	9
Regional Malls	8
Healthcare	6
Other (includes short-term investments)	16
Total	100%

Real Estate Securities Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years	Since Inception	Inception Date
Class A at NAV²	6.82%	11.18%	5.08%	—	—
Class I at NAV²	7.10	—	—	7.38%	4/30/13
S&P 500[®] Index	11.96	14.66	6.95	11.99⁴	—
FTSE NAREIT Equity REITs Index	8.52	12.01	5.08	7.27⁴	—
Series Expense Ratios³: Class A Gross: 1.27%, Net: 1.16%; Class I Gross: 1.02%, Net 0.91%.					

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

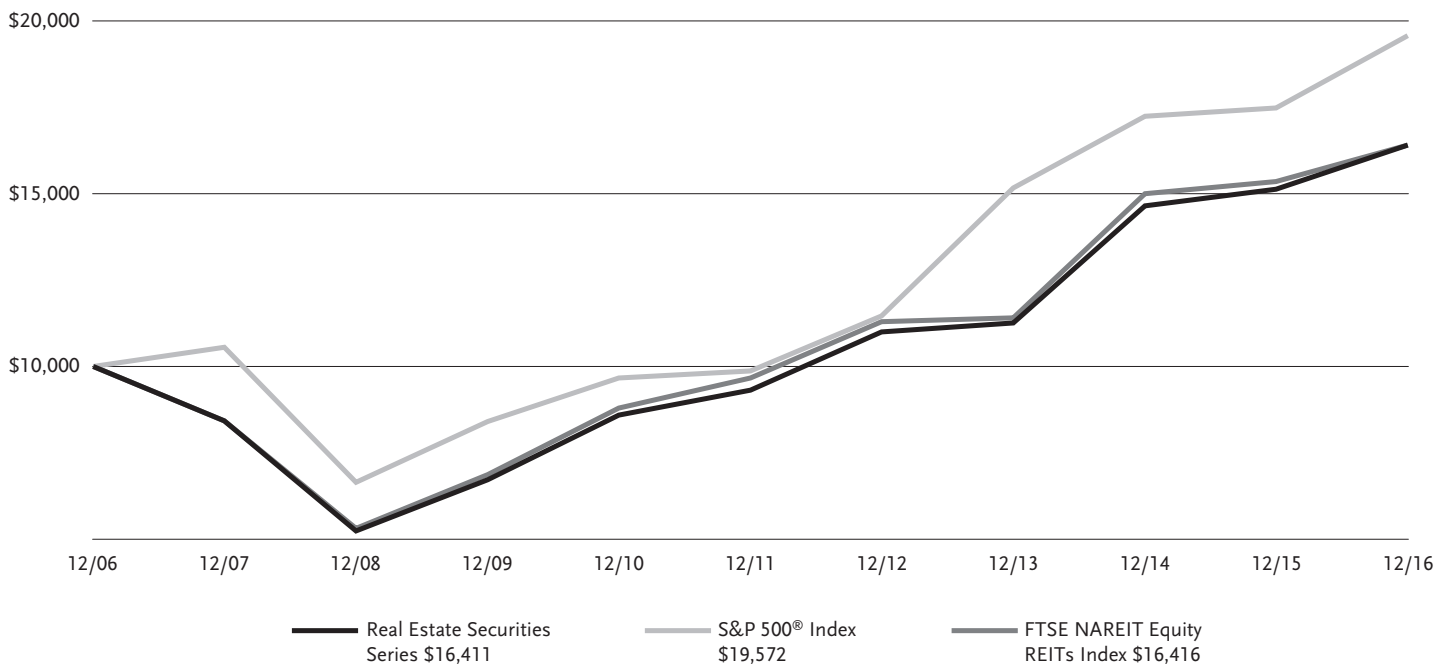
² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance products.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

⁴ The since inception index returns are from the inception date of Class I shares.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The indexes are unmanaged and not available for direct investment; therefore, their performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

Small-Cap Growth Series

Series Summary December 31, 2016 (Unaudited)
 Portfolio Manager Commentary by
 Kayne Anderson Rudnick Investment Management, LLC

■ **The Series** is diversified and has an investment objective of long-term capital growth. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned 25.92% and Class I shares at NAV returned 26.25%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the Russell 2000® Growth Index, the Series' style-specific benchmark appropriate for comparison, returned 11.32%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the markets perform during the Series' fiscal year?

■ The S&P 500® Index, a broad measure of large-cap stocks, rose nearly 12% in 2016, and small-cap stocks registered an even more impressive gain, advancing slightly more than 21%, as measured by the Russell 2000® Index. The Russell 2000® Growth Index, which measures small-cap growth stocks, gained 3.57% during the fourth quarter of 2016, bringing its return for the year to 11.32%.

■ The U.S. presidential election in November was one of the most significant economic events of 2016, as it turned some market sector losers into winners, and vice versa. In the Russell 2000® Growth Index, utilities (+10.50%), financial services (+10.42%), and producer durables (+9.94%) all increased sharply during the fourth quarter. Other sectors, including health care (-6.66%) and energy (-1.21%), lagged in the quarter. In addition, deep value strategies strongly outperformed growth and core strategies.

■ Investors' risk appetite changed dramatically over the course of 2016. For example, the first half of the year was marked by disappointing economic growth, falling bond yields, and defensive fixed income and equity positioning on the part of investors. After two years of dramatic declines, many commodities – particularly crude oil (up 45% for the year) – finally found a bottom, and investors adopted a much more aggressive risk appetite as the economy started to stabilize over

the summer and improve into the fall. In November, then President-elect Trump's pro-business, tax-cutting, and fewer regulatory burdens agenda accentuated the outlook that economic growth would continue to accelerate in 2017.

What factors affected the Series' performance during the fiscal year?

■ The Series outperformed the Russell 2000® Growth Index for the year. From a sector perspective, performance was primarily driven by positive stock selection in the consumer discretionary sector and an underweight and positive stock selection in the health care sector. Performance was hurt by negative stock selection in the consumer staples sector.

■ From an individual stock perspective, the companies that contributed the most to performance were retail chain store Ollie's Bargain Outlet Holdings and software and service provider Aspen Technology.

■ Over the last year, Ollie's continued to deliver healthy compensation, revenue, and profit growth despite a challenging retail environment. The company opened stores at a measured pace, with initial productivity running ahead of expectations, and its competitive position, vis-à-vis its ability to secure merchandise at compelling pricing, strengthened.

■ Aspen Technology's revenue declined just 0.4% year-over-year in its worst quarter. This speaks to the mission-critical nature of the software, helped by long-term contracts. As oil stabilized, business conditions improved for Aspen.

■ The companies that detracted the most from performance were Autohome, an automobile website for consumers in China, and Abaxis, which manufactures portable blood analysis systems used in a broad range of medical specialties in human and veterinary patient care.

■ Autohome's shares were under pressure for the past year due to investments in a new car transaction business at the expense of near-term margins and management upheaval.

■ Abaxis reported flat overall revenues versus the previous year, with the medical side providing most of the disappointment. Veterinary revenues grew 6%, while the medical market fell 21%.

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Limited Number of Investments: Because the Series has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund.

Industry/Sector Concentration: A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Information Technology	32%
Industrials	22
Consumer Discretionary	15
Financials	10
Health Care	10
Consumer Staples	8
Materials	2
Short-Term Investments	1
Total	<u>100%</u>

Small-Cap Growth Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years	Since Inception	Inception Date
Class A at NAV²	25.92%	15.97%	8.07%	—	—
Class I at NAV²	26.25	—	—	15.62%	4/30/13
S&P 500[®] Index	11.96	14.66	6.95	11.99⁴	—
Russell 2000[®] Growth Index	11.32	13.74	7.76	11.21⁴	—
Series Expense Ratios³: Class A Gross: 1.40%, Net: 1.19%; Class I Gross: 1.15%, Net: 0.94%.					

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¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

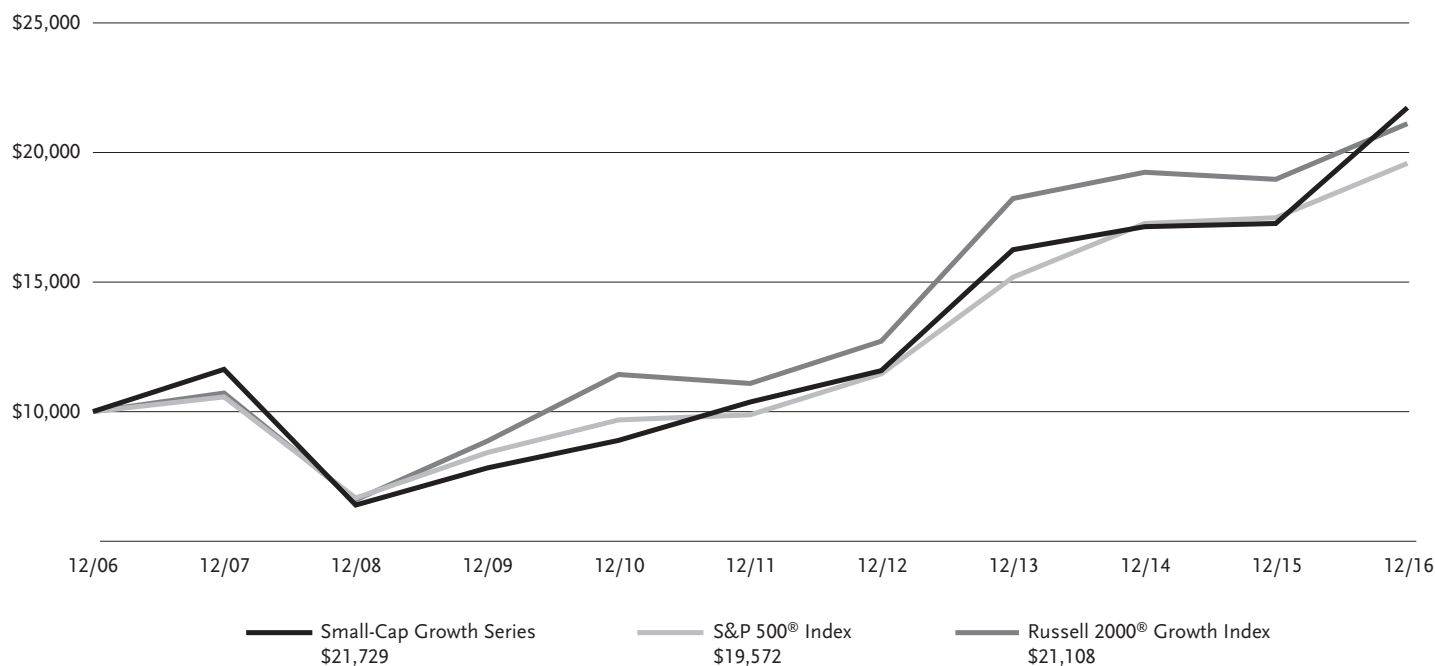
² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance products.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

⁴ The since inception index returns are from the inception date of Class I shares.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



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Small-Cap Value Series

Series Summary December 31, 2016 (Unaudited)
 Portfolio Manager Commentary by
 Kayne Anderson Rudnick Investment Management, LLC

■ **The Series** is diversified and has an investment objective of long-term capital appreciation. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned 26.54%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the Russell 2000® Value Index, the Series' style-specific benchmark appropriate for comparison, returned 31.74%.

All performance figures assume reinvestment of distributions and exclude the effect of fees and expenses associated with the variable life insurance or annuity product through which you invest. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown above.

How did the markets perform during the Series' fiscal year?

■ The S&P 500® Index, a broad measure of large-cap stocks, rose nearly 12% in 2016, and small-cap stocks registered an even more impressive gain, advancing slightly more than 21%, as measured by the Russell 2000® Index. Small-cap value stocks significantly outperformed small-cap growth stocks in 2016, as the Russell 2000® Value Index increased 31.74% for the year while the Russell 2000® Growth Index rose 11.32%. From a small-cap value perspective, the top-performing sectors for the year were materials and processing (+62.67%), energy (+43.15%), and technology (+42.24%). The health care sector was the worst-performing sector, returning 4.91%.

■ The U.S. presidential election in November was one of the most significant economic events of 2016, as it turned some market sector losers into winners, and vice versa. In the Russell 2000® Growth Index, utilities (+10.50%), financial services (+10.42%), and producer durables (+9.94%) all increased sharply during the fourth quarter. Other sectors, including health care (-6.66%) and energy (-1.21%), lagged in the quarter. In addition, deep value strategies strongly outperformed growth and core strategies.

■ Investors' risk appetite changed dramatically over the course of 2016. For example, the first half of the year was marked by disappointing economic growth, falling bond yields, and defensive fixed income and equity positioning on the part of

investors. After two years of dramatic declines, many commodities – particularly crude oil (up 45% for the year) – finally found a bottom, and investors adopted a much more aggressive risk appetite as the economy started to stabilize over the summer and improve into the fall. In November, then President-elect Trump's pro-business, tax-cutting, and fewer regulatory burdens agenda accentuated the outlook that economic growth would continue to accelerate in 2017.

What factors affected the Series' performance during the fiscal year?

■ The Series slightly underperformed the Russell 2000® Value Index for the year. From a sector perspective, performance was primarily driven by positive stock selection and an underweight in the utilities sector and positive stock selection in the consumer discretionary and producer durables sectors. Performance was hurt by negative stock selection in the technology and energy sectors.

■ From an individual stock perspective, the companies that contributed the most to performance were real estate company RE/MAX Holdings and insurance and financial services company Primerica.

■ The stock of RE/MAX increased over the past year due to strong agent growth and the purchase of independent RE/MAX agencies.

■ Primerica's shares were under pressure during the first half of 2016 due to concern about how the Department of Labor's Fiduciary Standard Rule would impact the retirement investment account industry. While the final language of the rule was less onerous than feared, questions remained over the ultimate cost of implementation. With the new Trump administration expected to drastically reduce federal regulation, those fears were then pushed aside, allowing investors to focus on the fundamentals of the business.

■ The companies that detracted the most from performance were IT consulting business Syntel and digital typesetter Monotype Image Holdings.

■ Syntel again reported weak results, with sluggish end-market demand. Management commented that decision cycles continue to lengthen with persistent contract delays. Customer concentration has been an ongoing issue for the company and remained a concern from the standpoint of long-term prospects and profitability.

■ The larger driver of stock underperformance for Monotype Imaging Holdings was the acquisition of Olapic, a user-generated content specialist. This was a sizable acquisition outside the scope of Monotype's core business, and was expected to have a negative impact on overall margins.

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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.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Information Technology	23%
Industrials	18
Financials	16
Consumer Discretionary	16
Real Estate	9
Health Care	6
Consumer Staples	5
Other (includes short-term investments)	7
Total	<u>100%</u>

Small-Cap Value Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years
Class A at NAV²	26.54%	14.11%	5.72%
S&P 500[®] Index	11.96	14.66	6.95
Russell 2000[®] Value Index	31.74	15.07	6.26

Series Expense Ratios³: Class A Gross: 1.41%, Net: 1.20%.

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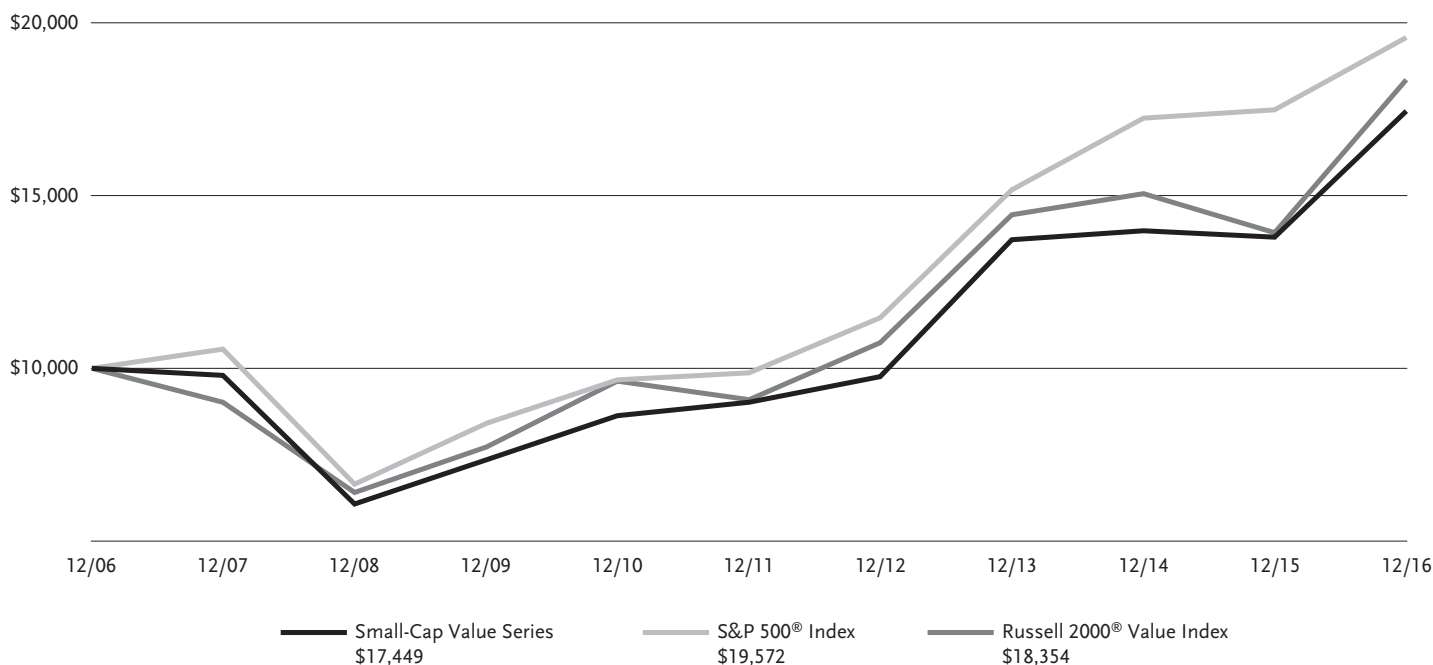
¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with the separate insurance accounts.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



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Strategic Allocation Series

Series Summary December 31, 2016 (Unaudited)

Portfolio Managers Commentaries by

Kayne Anderson Rudnick Investment Management, LLC (domestic equity portfolio), Duff & Phelps Investment Management Co. (international equity portfolio), and Newfleet Asset Management, LLC (fixed income portfolio)

■ **The Series** is diversified and has an investment objective of high total return over an extended period of time consistent with prudent investment risk. *There is no guarantee that the Series will meet its objective.*

■ For the fiscal year ended December 31, 2016, the Series' Class A shares at NAV returned 0.82%. For the same period, the S&P 500® Index, a broad-based equity index, returned 11.96% and the Bloomberg Barclays U.S. Aggregate Bond Index, a broad-based fixed income index, returned 2.65%. The Composite Index for the Series, the Series' style-specific benchmark appropriate for comparison, returned 7.13%.

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Effective September 7, 2016, Kayne Anderson Rudnick Investment Management, LLC ("KAR") became subadviser to the domestic equity sleeve of the Series and Duff & Phelps Investment Management Co. ("DPIM") became subadviser to the international equity sleeve. The following commentary includes the views of the previous subadviser to the equity sleeve, Euclid Advisors LLC, and the current subadvisers, KAR and DPIM, for the periods they managed their respective equity sleeves. There was no change to the subadviser of the fixed income sleeve of the portfolio, which continues to be managed by Newfleet Asset Management, LLC ("Newfleet").

How did the markets perform during the Series' fiscal year?

U.S. Equities

■ Large-cap stocks, as measured by the S&P 500® Index, rose nearly 12% in 2016, and small-cap stocks registered an even more impressive gain, advancing slightly more than 21%, as measured by the Russell 2000® Index. The Russell 1000® Growth Index gained 1.01% during the fourth quarter and 7.08% for all of 2016. In the Russell 1000® Growth Index, the telecommunications services (+23.47%), energy (+22.74%), utilities (+17.97%), and industrials (+15.59%) sectors all increased in the year, while the health care (-6.80%) sector lagged for the year.

■ Investors' appetite for risk changed dramatically over the course of 2016. For example, the first half of the year was marked by disappointing economic growth, falling bond yields, and defensive fixed income and equity positioning within portfolios. After two years of dramatic declines, many commodities – particularly crude oil (up 45% for the year) – finally found a bottom, and investors adopted a much more aggressive risk appetite as the economy started to stabilize over the summer and improve into the fall. In November, then President-elect Trump's pro-business agenda of tax-cutting and fewer regulatory burdens further accentuated the outlook that economic growth would accelerate further in 2017.

International Equities

■ International equity markets proved resilient in 2016, as measured by the 1.00% return of the MSCI EAFE® Index (net) for the year. Markets weathered not only a rocky start to the year that was sparked by China growth fears and dramatic oil price declines, but also a steady stream of global electoral surprises (most notably the United Kingdom's (UK) Brexit vote to leave the European Union (EU), and the U.S. presidential election results), populist movements, geopolitical events, and positive but not particularly robust GDP growth trends. This result stands in contrast to the previous year, where most markets suffered losses of varying degrees.

■ Over the year, the winds of change clearly shifted the focus of economic policy in the U.S. from monetary toward fiscal. It remains to be seen whether the EU, U.K., and Japan have the ability and desire to pivot in this fashion. A global decoupling of policy of this kind has not been seen since pre-2008. Policy decoupling, combined with global growth, led to a major shift toward cyclical stocks and a selloff in U.S. Treasuries, pushing the yield on the 10-year Treasury note to 2.45% by year-end from 1.8% on November 7, 2016, the day before the U.S. election.

Fixed Income

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

■ Late in June volatility returned briefly with fallout from the United Kingdom's decision to leave the European Union ("Brexit"). Bond yields in the U.S., Japan, and across Europe fell to historic lows in early July as investors fled to the safety of bonds on global growth concerns fueled by the U.K.'s June 23 decision. Markets recovered rather quickly however from the initial shock. Easing by major central banks and a weaker U.S. dollar helped to improve global risk sentiment and stabilize markets.

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

■ The unexpected election of Donald Trump as the 45th U.S. president sparked another bout of volatility in early November. President-elect Trump's campaign, which focused on immigration, trade, tax cuts, and infrastructure spending, was largely perceived by the market as supportive of faster growth. Inflation expectations increased, causing the yield on the 10-year U.S. Treasury to rise 0.52% by the end of November. Also in late November, oil prices benefited from OPEC's decision to cut oil production for the first time in eight years. In December, in a largely anticipated move, the Fed raised its target rate 25 basis points to a range of 0.5% to 0.75% at its final meeting of 2016.

■ Over the fiscal year, yields of U.S. Treasuries increased across maturities, particularly for shorter term Treasury bonds.

What factors affected the Series' performance during the fiscal year?

U.S. Equities

■ During the third quarter, the domestic equity sleeve and international equity sleeve of the portfolio were each appointed a new subadviser, effective September 7, 2016.

Strategic Allocation Series (Continued)

■ Under the new subadviser, the U.S. equity sleeve underperformed the Russell 1000® Growth Index from September 13 (the date the transition was completed) through December 31, 2016. From a sector perspective, performance was primarily driven by positive stock selection in the health care and financials sector, while performance was hurt by negative stock selection in the information technology and consumer discretionary sectors.

■ From an individual stock perspective, the companies that contributed the most to performance were Netflix and Bank of America.

■ Netflix embarked on two bold growth initiatives in recent years with the build-out of international infrastructure and a massive investment in original content. The company's unmatched scale gives it the data and financial firepower to deliver better content and led to another better-than-expected third quarter earnings report.

■ Bank of America also beat earnings expectations in the third quarter. The company has the opportunity to reduce its bloated expense base and allow its legacy loan portfolio to run off. With the prospect for higher interest rates (helping net interest margins) from the new administration, reduced regulation (allowing banks to refocus on growth), and lower corporate taxes, Bank of America is one of many financial institutions that now, for the first time in years, has the opportunity to grow and return capital to shareholders.

■ The companies that detracted the most from performance were Facebook and Alibaba Group, the Chinese e-commerce company.

■ Facebook continued to grow advertising revenue and take share in the online digital marketing space. The company has delivered an unprecedented global reach of 20% of the earth's population to advertisers in a very measurable way. Monetization of this audience has barely scratched the surface of its long-term potential. Future growth levers include untapped monetization of Messenger, WhatsApp, and video advertising, along with Virtual Reality. Facebook's stock was perceived as a relative loser following the U.S. election, and was thus used by investors as a source of funds for share purchases of more Trump-sensitive companies in the quarter.

■ Alibaba's marketplaces have huge network effects and Alibaba is fostering the ecosystem with investments in payments and logistics partnerships. Alibaba can leverage its computing architecture for Alicloud, a cloud computing offering that should turn profitable in the next two years. Like Facebook, Alibaba was also a perceived relative loser post the U.S. election, and also used by investors as a source of funds for purchases of more Trump-sensitive names in the quarter.

International Equities

■ Under the new subadviser, the Series' international equity sleeve underperformed the MSCI EAFE® Index from September 13 (the date the transition was completed) through December 31, 2016. Both sector selection and security selection detracted from the performance of the international equity sleeve for the period, with security selection having the greater impact.

■ On a sector performance basis, five of the eleven sectors represented in the Series' international equity sleeve contributed positively to returns; however, the six remaining sectors in the sleeve posted negative returns and pulled the sleeve into negative territory for the period. The materials and health care holdings in the sleeve were particularly challenged, detracting more than 1% each from the sleeve's performance for the period. Telecommunications and utilities, after a particularly difficult fourth quarter, detracted about 0.75% each within the sleeve for the period. The sleeve's investments in the real estate sector detracted 0.37% from the sleeve's performance, due mostly to a poor fourth quarter showing.

■ On the positive side, financials contributed 1.37% to the Series' international equity results for the period, while the energy sector investments contributed 1.11%. Finally, sleeve allocations to industrials and consumer staples sectors ended the period with modest positive contributions to the Series' international equity returns of less than 1% each.

Fixed Income

■ The underperformance of U.S. Treasuries relative to most fixed income spread sectors was the key driver of the outperformance of the Series' fixed income sleeve relative to the benchmark.

■ The Series' allocation to high yield corporate bonds, high quality corporate bonds, and issue selection within emerging market high yield bonds were the largest positive contributors to performance for the fiscal year.

■ During the fiscal year, the Series' exposure to a long-dated U.S. Treasury position detracted from performance. While exposure to high yield corporate bonds contributed to the Series' overall performance, our bias toward higher quality securities within the sector detracted from returns during a period in which lower quality outperformed.

The preceding information is the opinion of portfolio management only through the end of the period of the report as stated on the cover. Any such opinions are subject to change at any time based upon market or other conditions and should not be relied upon as investment advice, and there is no guarantee that market forecasts will be realized.

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

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

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

Allocation: The Series' 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.

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.

Prospectus: For additional information on risks, please see the Series' prospectus.

Asset Allocation

The following table presents asset allocations within certain sectors and as a percentage of total investments as of December 31, 2016.

Common Stocks		58%
Information Technology	16%	
Consumer Discretionary	14	
Health Care	6	
Total of all other common stock sectors	22	
Corporate Bonds and Notes		19
Financials	7	
Energy	3	
Total of all other corporate bond sectors	9	
Mortgage-Backed Securities		13
Asset-Backed Securities		3
U.S. Government Securities		2
Municipal Bonds		1
Foreign Government Securities		1
Other (includes short-term investments)		3
Total		100%

Strategic Allocation Series (Continued)

Average Annual Total Returns¹ for periods ended 12/31/16

	1 year	5 years	10 years
Class A at NAV²	0.82%	6.54%	4.53%
S&P 500® Index	11.96	14.66	6.95
Bloomberg Barclays U.S. Aggregate Bond Index	2.65	2.23	4.35
Composite Index for Strategic Allocation Series	7.13	9.45	6.10
Series Expense Ratios: Class A Gross: 1.07%, Net: 0.98%.			

Returns represent past performance which is no guarantee of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total return does not reflect expenses associated with the separate account such as the administrative fees, account charges and surrender charges, which if reflected, would reduce total return. Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Please visit Virtus.com for performance data current to the most recent month-end.

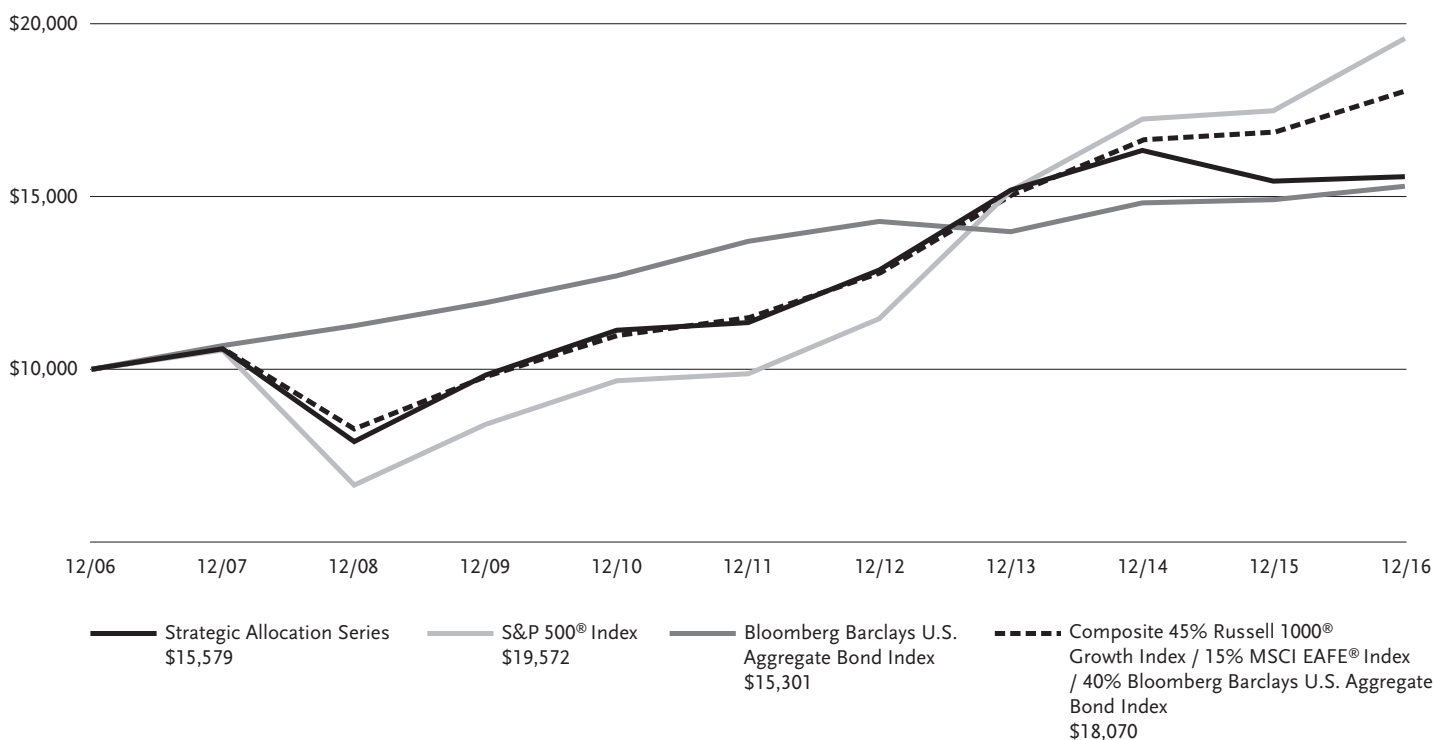
¹ Total returns are historical and include changes in share price and the reinvestment of both dividends and capital gains distributions.

² "NAV" (Net Asset Value) total returns do not reflect any fees or expenses associated with separate insurance accounts.

³ The expense ratios of the Series, both net and gross, are set forth according to the prospectus for the Series effective April 29, 2016, as supplemented and revised, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report. See the Financial Highlights for more current information. Net Expenses: Expenses reduced by a contractual waiver in effect through April 30, 2017. Gross Expenses: Do not reflect the effect of the contractual waiver. Expense ratios include fees and expenses associated with underlying funds.

Growth of \$10,000 For periods ended 12/31

This chart assumes an initial investment of \$10,000 made on December 31, 2006 for Class A shares. Returns shown include the reinvestment of all distributions at net asset value, and the change in share price for the stated period.



The indexes are unmanaged and not available for direct investment; therefore, their performance does not reflect the expenses associated with active management of an actual portfolio.

For information regarding the indexes and certain investment terms, see the Key Investment Terms starting on page 2.

VIRTUS CAPITAL GROWTH SERIES
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2016

(\$ reported in thousands)

	<u>SHARES</u>	<u>VALUE</u>
COMMON STOCKS—99.1%		
Consumer Discretionary—27.1%		
Amazon.com, Inc. ⁽²⁾	10,060	\$ 7,544
Ctrip.Com International Ltd. ADR ⁽²⁾	64,830	2,593
Home Depot, Inc. (The)	29,558	3,963
Las Vegas Sands Corp.	109,992	5,875
Netflix, Inc. ⁽²⁾	35,010	4,334
NIKE, Inc. Class B	98,815	5,023
Priceline Group, Inc. (The) ⁽²⁾	4,169	6,112
Ross Stores, Inc.	76,667	5,029
Starbucks Corp.	128,718	7,146
TripAdvisor, Inc. ⁽²⁾	58,632	2,719
	<u>50,338</u>	
Consumer Staples—10.2%		
Colgate-Palmolive Co.	36,097	2,362
Costco Wholesale Corp.	25,081	4,016
Mead Johnson Nutrition Co.	25,581	1,810
Monster Beverage Corp. ⁽²⁾	131,925	5,849
Philip Morris International, Inc.	54,221	4,961
	<u>18,998</u>	
Energy—6.0%		
Cabot Oil & Gas Corp.	73,623	1,720
Core Laboratories N.V.	26,436	3,174
Pioneer Natural Resources Co.	16,600	2,989
Schlumberger Ltd.	37,809	3,174
	<u>11,057</u>	
Financials—4.5%		
Bank of America Corp.	250,030	5,526
Charles Schwab Corp. (The)	69,237	2,733
	<u>8,259</u>	
Health Care—11.8%		
BioMarin Pharmaceutical, Inc. ⁽²⁾	40,346	3,342
Bristol-Myers Squibb Co.	83,713	4,892
Celgene Corp. ⁽²⁾	58,059	6,720
Danaher Corp.	40,667	3,166
Zoetis, Inc.	71,264	3,815
	<u>21,935</u>	
Industrials—4.2%		
Roper Technologies, Inc.	19,172	3,510
Union Pacific Corp.	22,990	2,384
Wabtec Corp.	23,940	1,987
	<u>7,881</u>	
Information Technology—33.4%		
Accenture plc Class A	27,201	3,186
Activision Blizzard, Inc.	67,670	2,443
Alibaba Group Holding Ltd. Sponsored ADR ⁽²⁾	87,098	7,648
Alphabet, Inc. Class A ⁽²⁾	6,699	5,309
Amphenol Corp. Class A	88,224	5,929
CoStar Group, Inc. ⁽²⁾	15,850	2,987
Facebook, Inc. Class A ⁽²⁾	148,612	17,098
Gartner, Inc. ⁽²⁾	12,770	1,291
Paycom Software, Inc. ⁽²⁾	53,982	2,456

	<u>SHARES</u>	<u>VALUE</u>
Information Technology—continued		
Visa, Inc. Class A	85,998	\$ 6,709
Workday, Inc. Class A ⁽²⁾	48,160	3,183
Yandex N.V. Class A ⁽²⁾	181,555	3,655
		<u>61,894</u>
Materials—1.9%		
Ecolab, Inc.	29,374	3,443
TOTAL COMMON STOCKS		
(Identified Cost \$123,821)		183,805
TOTAL LONG TERM INVESTMENTS—99.1%		
(Identified Cost \$123,821)		183,805
TOTAL INVESTMENTS—99.1%		
(Identified Cost \$123,821)		183,805⁽¹⁾
Other assets and liabilities, net—0.9%		<u>1,714</u>
NET ASSETS—100.0%		<u>\$185,519</u>

Abbreviation:

ADR American Depositary Receipt

Footnote Legend:

⁽¹⁾ Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.

⁽²⁾ Non-income producing.

Country Weightings (unaudited)†

United States	92%
China	6
Russia	2
Total	<u>100%</u>

† % of total investments as of December 31, 2016

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices
Equity Securities:		
Common Stocks	\$183,805	\$183,805
Total Investments	<u>\$183,805</u>	<u>\$183,805</u>

There are no Level 2 (significant observable inputs) or Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS ENHANCED CORE EQUITY SERIES

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

(\$ reported in thousands)

	SHARES	VALUE		SHARES	VALUE		SHARES	VALUE
COMMON STOCKS—28.0%			Financials—continued			Real Estate—0.6%		
Consumer Discretionary—2.3%			JPMorgan Chase & Co.	3,503	\$ 302	CBRE Group, Inc. Class A ⁽²⁾	9,220	\$ 290
BorgWarner, Inc.	6,790	\$ 268	KeyCorp.	20,013	366	Host Hotels & Resorts, Inc.	16,978	320
Delphi Automotive plc	3,717	250	Legg Mason, Inc.	7,291	218			610
Harman International Industries, Inc.	3,217	358	Lincoln National Corp.	6,361	422	Telecommunication Services—0.3%		
Horton (D.R.), Inc.	7,005	191	MetLife, Inc.	6,147	331	Level 3 Communications, Inc. ⁽²⁾	4,646	262
Lennar Corp. Class A	4,574	196	Moody's Corp.	2,145	202	TOTAL COMMON STOCKS		
Netflix, Inc. ⁽²⁾	2,359	292	Morgan Stanley	9,291	393	(Identified Cost \$25,806)		
News Corp. Class A	16,368	188	Navient Corp.	17,440	286	29,283		
Royal Caribbean Cruises Ltd.	3,288	270	Northern Trust Corp.	3,503	312	EXCHANGE-TRADED FUNDS⁽³⁾—71.5%		
Under Armour, Inc. Class A ⁽²⁾	5,146	149	Principal Financial Group, Inc.	5,575	323	Energy Select Sector SPDR Fund	113,478	8,547
Wynn Resorts Ltd.	2,717	235	Prudential Financial, Inc.	3,431	357	Financial Select Sector SPDR Fund	403,758	9,387
		2,397	Regions Financial Corp.	27,803	399	Industrial Select Sector SPDR Fund	132,502	8,244
			State Street Corp.	3,646	283	Materials Select Sector SPDR Fund	166,876	8,294
Energy—7.9%			SunTrust Banks, Inc.	5,647	310	SPDR S&P 500 [®] ETF Trust	73,764	16,489
Anadarko Petroleum Corp.	5,575	389	Unum Group	6,647	292	Vanguard S&P 500 Index Fund ⁽⁴⁾	116,076	23,832
Apache Corp.	5,718	363	Zions Bancorporation	8,721	375	TOTAL EXCHANGE-TRADED FUNDS		
Baker Hughes, Inc.	4,789	311			10,268	(Identified Cost \$71,345)		
Chesapeake Energy Corp. ⁽²⁾	72,044	506	Health Care—1.3%			74,793		
Cimarex Energy Co.	2,002	272	Alexion Pharmaceuticals, Inc. ⁽²⁾	1,716	210	CONTRACTS		
Concho Resources, Inc. ⁽²⁾	2,145	284	Celgene Corp. ⁽²⁾	2,073	240	PURCHASED OPTIONS—0.1%		
ConocoPhillips	6,004	301	Endo International plc ⁽²⁾	11,794	194	Call Options—0.0%		
Devon Energy Corp.	8,077	369	Illumina, Inc. ⁽²⁾	1,287	165	S&P 500 [®] Index expiration 01/04/17 strike price \$2,375	148	1
Diamond Offshore Drilling, Inc.	11,937	211	Mallinckrodt plc ⁽²⁾	3,217	160	S&P 500 [®] Index expiration 01/06/17 strike price \$2,370	274	3
EOG Resources, Inc.	2,574	260	Regeneron Pharmaceuticals, Inc. ⁽²⁾	572	210	S&P 500 [®] Index expiration 01/11/17 strike price \$2,375	148	3
FMC Technologies, Inc. ⁽²⁾	9,434	335	Vertex Pharmaceuticals, Inc. ⁽²⁾	2,574	190	S&P 500 [®] Index expiration 01/13/17 strike price \$2,375	271	7
Halliburton Co.	5,361	290			1,369			14
Helmerich & Payne, Inc.	4,003	310	Industrials—1.0%			Put Options—0.1%		
Hess Corp.	5,146	320	American Airlines Group, Inc.	6,004	281	S&P 500 [®] Index expiration 01/04/17 strike price \$2,160	148	14
Kinder Morgan, Inc.	11,579	240	Arconic, Inc.	7,726	143	S&P 500 [®] Index expiration 01/06/17 strike price \$2,145	274	26
Marathon Oil Corp.	23,300	403	Ryder System, Inc.	3,789	282	S&P 500 [®] Index expiration 01/11/17 strike price \$2,135	148	27
Marathon Petroleum Corp.	6,576	331	United Rentals, Inc. ⁽²⁾	3,503	370	S&P 500 [®] Index expiration 01/13/17 strike price \$2,100	271	46
Murphy Oil Corp.	11,365	354			1,076			113
Newfield Exploration Co. ⁽²⁾	6,290	255	Information Technology—3.3%			TOTAL PURCHASED OPTIONS		
Noble Energy, Inc.	7,219	275	Autodesk, Inc. ⁽²⁾	3,503	259	(Premiums Paid \$109)		
ONEOK, Inc.	5,504	316	Broadcom Ltd.	1,358	240	127		
Pioneer Natural Resources Co.	1,287	232	Citrix Systems, Inc. ⁽²⁾	2,645	236	TOTAL INVESTMENTS, BEFORE WRITTEN OPTIONS—99.6%		
Southwestern Energy Co. ⁽²⁾	15,653	169	Cognizant Technology Solutions Corp. Class A ⁽²⁾	3,860	216	(Identified Cost \$97,260)		
Tesoro Corp.	3,003	263	First Solar, Inc. ⁽²⁾	6,433	207			
Transocean Ltd. ⁽²⁾	29,161	430	Hewlett Packard Enterprise Co.	9,792	227			
Williams Cos., Inc. (The)	15,867	494	HP, Inc.	15,152	225			
		8,283	Micron Technology, Inc. ⁽²⁾	18,940	415			
Financials—9.8%			Qorvo, Inc. ⁽²⁾	5,075	268			
Affiliated Managers Group, Inc. ⁽²⁾	2,073	301	salesforce.com, Inc. ⁽²⁾	2,860	196			
Ameriprise Financial, Inc.	2,574	286	Seagate Technology plc	7,648	292			
Bank of America Corp.	17,226	381	Skyworks Solutions, Inc.	3,860	288			
Bank of New York Mellon Corp. (The)	5,718	271	Western Digital Corp.	6,290	427			
BlackRock, Inc.	643	245			3,496			
Capital One Financial Corp.	3,288	287	Materials—1.5%					
Charles Schwab Corp. (The)	9,434	372	Alcoa Corp.	2,575	72			
Citigroup, Inc.	5,861	348	FMC Corp.	4,717	267			
Citizens Financial Group, Inc.	9,291	331	Freeport-McMoRan, Inc. ⁽²⁾	34,951	461			
Comerica, Inc.	5,575	380	LyondellBasell Industries N.V. Class A	2,788	239			
E*TRADE Financial Corp. ⁽²⁾	11,222	389	Owens-Illinois, Inc. ⁽²⁾	12,723	222			
Fifth Third Bancorp.	12,866	347	WestRock Co.	5,146	261			
Franklin Resources, Inc.	6,290	249			1,522			
Goldman Sachs Group, Inc. (The)	1,358	325						
Huntington Bancshares, Inc.	22,800	301						
Invesco Ltd.	9,363	284						

Refer to Footnote Legend on page 29.

See Notes to Financial Statements

VIRTUS EQUITY TREND SERIES
SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016

(\$ reported in thousands)

	SHARES	VALUE
Industrials—continued		
Northrop Grumman Corp.	27	\$ 6
Parker Hannifin Corp.	60	8
Pentair plc	77	4
Raytheon Co.	58	8
Republic Services, Inc.	342	20
Robinson (C.H.) Worldwide, Inc.	69	5
Rockwell Collins, Inc.	20	2
Roper Technologies, Inc.	19	3
Ryder System, Inc.	300	22
Snap-On, Inc.	36	6
Stanley Black & Decker, Inc.	68	8
Stericycle, Inc. ⁽²⁾	121	9
Textron, Inc.	40	2
TransDigm Group, Inc.	10	3
United Parcel Service, Inc. Class B	335	38
United Technologies Corp.	115	13
Verisk Analytics, Inc. ⁽²⁾	244	20
Waste Management, Inc.	598	42
Xylem, Inc.	107	5
		<u>721</u>
Information Technology—14.4%		
Activision Blizzard, Inc.	986	36
Adobe Systems, Inc. ⁽²⁾	221	23
Akamai Technologies, Inc. ⁽²⁾	17	1
Alliance Data Systems Corp.	9	2
Alphabet, Inc. Class A ⁽²⁾	25	20
Alphabet, Inc. Class C ⁽²⁾	26	20
Amphenol Corp. Class A	496	33
Analog Devices, Inc.	66	5
Apple, Inc.	542	63
Applied Materials, Inc.	1,217	39
Autodesk, Inc. ⁽²⁾	84	6
Automatic Data Processing, Inc.	79	8
Broadcom Ltd.	48	8
CA, Inc.	36	1
Citrix Systems, Inc. ⁽²⁾	80	7
Corning, Inc.	1,551	38
eBay, Inc. ⁽²⁾	111	3
Electronic Arts, Inc. ⁽²⁾	436	34
Facebook, Inc. Class A ⁽²⁾	203	23
Fidelity National Information Services, Inc.	58	4
First Solar, Inc. ⁽²⁾	15	— ⁽³⁾
Fiserv, Inc. ⁽²⁾	40	4
Global Payments, Inc.	24	2
Hewlett Packard Enterprise Co.	179	4
HP, Inc.	175	3
Intel Corp.	574	21
Intuit, Inc.	122	14
KLA-Tencor Corp.	175	14
Lam Research Corp.	180	19
Linear Technology Corp.	59	4
MasterCard, Inc. Class A	144	15
Microchip Technology, Inc.	31	2
Micron Technology, Inc. ⁽²⁾	198	4
Microsoft Corp.	872	54
NetApp, Inc.	23	1
NVIDIA Corp.	91	10
Oracle Corp.	327	13
Paychex, Inc.	67	4
PayPal Holdings, Inc. ⁽²⁾	186	7
Qorvo, Inc. ⁽²⁾	20	1

	SHARES	VALUE
Information Technology—continued		
QUALCOMM, Inc.	178	\$ 12
Red Hat, Inc. ⁽²⁾	22	2
salesforce.com, Inc. ⁽²⁾	296	20
Seagate Technology plc	32	1
Skyworks Solutions, Inc.	36	3
Symantec Corp.	75	2
Texas Instruments, Inc.	122	9
Total System Services, Inc.	27	1
VeriSign, Inc. ⁽²⁾	9	1
Visa, Inc. Class A	296	23
Western Digital Corp.	28	2
Western Union Co. (The)	80	2
Xerox Corp.	144	1
Xilinx, Inc.	46	3
Yahoo!, Inc. ⁽²⁾	85	3
		<u>655</u>
Materials—9.8%		
AdvanSix, Inc. ⁽²⁾	5	— ⁽³⁾
Albemarle Corp.	79	7
Alcoa Corp.	667	19
Avery Dennison Corp.	147	10
Dow Chemical Co. (The)	549	31
Du Pont (E.I.) de Nemours & Co.	446	33
Eastman Chemical Co.	90	7
Ecolab, Inc.	182	21
International Flavors & Fragrances, Inc.	67	8
International Paper Co.	601	32
Martin Marietta Materials, Inc.	150	33
Newmont Mining Corp.	2,177	74
Nucor Corp.	1,135	68
PPG Industries, Inc.	185	18
Sealed Air Corp.	269	12
Sherwin-Williams Co. (The)	57	15
Vulcan Materials Co.	328	41
WestRock Co.	345	18
		<u>447</u>
Real Estate—3.2%		
American Tower Corp.	149	16
Crown Castle International Corp.	132	11
Digital Realty Trust, Inc.	54	5
Equinix, Inc.	28	10
Extra Space Storage, Inc.	59	5
Iron Mountain, Inc.	86	3
Prologis, Inc.	1,387	73
Public Storage	52	12
Quality Care Properties, Inc. ⁽²⁾	89	1
Weyerhaeuser Co.	273	8
		<u>144</u>
Utilities—1.6%		
Ameren Corp.	87	5
CenterPoint Energy, Inc.	159	4
CMS Energy Corp.	98	4
Consolidated Edison, Inc.	100	7
Dominion Resources, Inc.	197	15
DTE Energy Co.	76	8
NiSource, Inc.	111	2
Public Service Enterprise Group, Inc.	171	8

	SHARES	VALUE
Utilities—continued		
SCANA Corp.	61	\$ 4
Sempra Energy	83	8
WEC Energy Group, Inc.	116	7
		<u>72</u>
TOTAL COMMON STOCKS		
(Identified Cost \$4,084)		4,484
TOTAL LONG TERM INVESTMENTS—98.3%		
(Identified Cost \$4,084)		4,484
TOTAL INVESTMENTS—98.3%		
(Identified Cost \$4,084)		4,484⁽¹⁾
Other assets and liabilities, net—1.7%		<u>79</u>
NET ASSETS—100.0%		<u>4,563</u>

Footnote Legend:

⁽¹⁾ Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.

⁽²⁾ Non-income producing.

⁽³⁾ Amount is less than \$500.

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices
Equity Securities:		
Common Stocks	\$4,484	\$4,484
Total Investments	<u>\$4,484</u>	<u>\$4,484</u>

There are no Level 2 (significant observable inputs) or Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS INTERNATIONAL SERIES
SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016

(\$ reported in thousands)

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs
Equity Securities:			
Common Stocks	\$161,065	\$161,065	\$ —
Preferred Stock	4,463	4,463	—
Short-Term Investment	4,172	\$ 4,172	—
Total Investments	<u>\$169,700</u>	<u>\$169,700</u>	<u>\$ —</u>
Other Financial Instruments:			
Forward Currency Contracts*	<u>\$ 496</u>	<u>\$ —</u>	<u>\$496</u>

There are no Level 3 (significant unobservable inputs) priced securities.

* Valued at the unrealized appreciation (depreciation) on the investment.

Securities held by the Series with an end of period value of \$32,160 were transferred from Level 2 to Level 1 based on our valuation procedures for non-US securities (See Note 2A in the Notes to Financial Statements).

VIRTUS MULTI-SECTOR FIXED INCOME SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		PAR VALUE	VALUE
Non-Agency—continued			Non-Agency—continued			ASSET-BACKED SECURITIES—continued		
JPMorgan Chase (Washington Mutual) Mortgage Pass-Through Certificates Trust 04-CB1, 5A			Residential Asset Mortgage Products, Inc. 04-SL1, A8			Carnow Auto Receivables Trust 2016-1 144A		
5.000%, 6/25/19	\$ 8	\$ 8	6.500%, 11/25/31	\$ 26	\$ 26	7.340%, 11/15/21 ⁽³⁾	\$ 325	\$ 323
JPMorgan Chase Commercial Mortgage Securities Trust 06-LDP7, AM			05-SL2, A4			Cheesecake Restaurant Holdings, Inc. 13-1A, A2 144A		
5.925%, 4/17/45 ⁽²⁾	63	63	7.500%, 2/25/32	184	185	4.474%, 3/20/43 ⁽³⁾	378	373
07-LDPX, AM			Residential Asset Securitization Trust 05-A1, A3			Citi Held For Asset Issuance 15-PM3, B 144A		
5.464%, 1/15/49 ⁽²⁾	323	320	5.500%, 4/25/35	266	265	4.310%, 5/16/22 ⁽³⁾	335	336
JPMorgan Chase Mortgage Trust			Sequoia Mortgage Trust 14-2, A1 144A			DB Master Finance LLC 15-A1, A2II 144A		
05-A1, 4A1			4.000%, 7/25/44 ⁽²⁾⁽³⁾	134	136	3.980%, 2/20/45 ⁽³⁾	157	157
3.308%, 2/25/35 ⁽²⁾	18	18	14-4, A6 144A			Drug Royalty II LP 1 14-1, A2 144A		
05-A4, 3A1			3.500%, 11/25/44 ⁽²⁾⁽³⁾	282	282	3.484%, 7/15/23 ⁽³⁾	312	310
3.016%, 7/25/35 ⁽²⁾	21	21	15-1, A1 144A			Exeter Automobile Receivables Trust		
14-1, 1A1 144A			Structured Adjustable Rate Mortgage Loan Trust 04-4, 3A1			14-1A, C 144A		
4.000%, 1/25/44 ⁽²⁾⁽³⁾	365	377	3.112%, 4/25/34 ⁽²⁾	214	210	3.570%, 7/15/19 ⁽³⁾	340	342
16-1, M2 144A			Towd Point Mortgage Trust 15-1, A2 144A			15-2A, C 144A		
3.750%, 4/25/45 ⁽²⁾⁽³⁾	263	261	3.250%, 10/25/53 ⁽²⁾⁽³⁾	255	249	3.900%, 3/15/21 ⁽³⁾	380	385
15-4, 1A4 144A			15-6, M1 144A			Fairway Outdoor Funding LLC 12-1A, A2 144A		
3.500%, 6/25/45 ⁽²⁾⁽³⁾	199	201	3.750%, 4/25/55 ⁽²⁾⁽³⁾	130	127	4.212%, 10/15/42 ⁽³⁾	573	575
16-2, M2 144A			15-5, A2 144A			Flagship Credit Auto Trust 14-1, E 144A		
3.750%, 12/25/45 ⁽²⁾⁽³⁾	422	418	3.500%, 5/25/55 ⁽²⁾⁽³⁾	315	316	5.710%, 8/16/21 ⁽³⁾	305	309
16-1, A3 144A			15-2, 1M1 144A			16-3, D 144A		
3.500%, 5/25/46 ⁽³⁾	234	235	3.250%, 11/25/60 ⁽²⁾⁽³⁾	855	848	3.890%, 11/15/22 ⁽³⁾	400	392
MASTR Adjustable Rate Mortgages Trust 05-1, 3A1			Vericrest Opportunity Loan Trust			Foursight Capital Automobile Receivables Trust 15-1, B 144A		
4.373%, 2/25/35 ⁽²⁾	255	233	15-NP11, A1 144A			4.120%, 9/15/22 ⁽³⁾	455	454
MASTR Alternative Loan Trust 04-6, 7A1 6.000%, 7/25/34	302	297	3.625%, 7/25/45 ⁽²⁾⁽³⁾	172	172	Greater Capital Association of Realtors 15-1A, C		
MASTR Specialized Loan Trust 05-3, A2 144A			16-NPL9, A1 144A			9.790%, 10/15/25	250	258
5.704%, 11/25/35 ⁽²⁾⁽³⁾	242	244	3.500%, 9/25/46 ⁽²⁾⁽³⁾	160	160	SoFi Professional Loan Program LLC 16-A, A2 144A		
Mill City Mortgage Loan Trust 16-1, M1 144A			15-NPL2, A1 144A			2.760%, 12/26/36 ⁽³⁾	216	217
3.150%, 4/25/57 ⁽²⁾⁽³⁾	245	238	3.375%, 2/25/55 ⁽²⁾⁽³⁾	81	81	U-Haul S Fleet LLC 10-BT1A, 1 144A		
Morgan Stanley – Bank of America (Merrill Lynch) Trust 13-C13, AS			15-NPL3, A1 144A			4.899%, 10/25/23 ⁽³⁾	382	386
4.266%, 11/15/46	125	132	3.375%, 10/25/58 ⁽²⁾⁽³⁾	150	150	TOTAL ASSET-BACKED SECURITIES (Identified Cost \$5,703)		5,711
15-C26, C			Wells Fargo (Wachovia Bank) Commercial Mortgage Trust 07-C30, A5			CORPORATE BONDS AND NOTES—51.1%		
4.411%, 10/15/48 ⁽²⁾	355	349	5.342%, 12/15/43	255	254	Consumer Discretionary—5.4%		
Morgan Stanley Capital I Trust 07-IQ14, AM			15-LC20, B			AMC Entertainment Holdings, Inc. 144A		
5.690%, 4/15/49 ⁽²⁾	325	318	3.719%, 4/15/50	150	150	5.875%, 11/15/26 ⁽³⁾	55	56
New Residential Mortgage Loan Trust			Wells Fargo – Royal Bank of Scotland plc Commercial Mortgage Trust 11-C5, C 144A			Boyd Gaming Corp. 6.875%, 5/15/23	145	156
14-1A, A 144A			5.673%, 11/15/44 ⁽²⁾⁽³⁾	330	353	Cablevision Systems Corp. 5.875%, 9/15/22	290	284
3.750%, 1/25/54 ⁽²⁾⁽³⁾	259	266	Wells Fargo Mortgage Backed Securities Trust 06-17, A1			Caesars Entertainment Operating Co., Inc. 9.000%, 2/15/20 ⁽¹¹⁾	59	61
15-2A, A1 144A			5.500%, 11/25/21	3	3	Caesars Entertainment Resort Properties LLC 8.000%, 10/1/20	105	111
3.750%, 8/25/55 ⁽²⁾⁽³⁾	307	317						
16-1A, A1 144A								
3.750%, 3/25/56 ⁽²⁾⁽³⁾	273	277						
16-4A, B1A 144A								
4.500%, 11/25/56 ⁽³⁾	309	321						
Nomura Asset Acceptance Corp. 04-R3, A1 144A								
6.500%, 2/25/35 ⁽³⁾	294	287						
			TOTAL MORTGAGE-BACKED SECURITIES (Identified Cost \$24,466)		24,522			
			ASSET-BACKED SECURITIES—4.4%					
			CarFinance Capital Auto Trust 15-1A, C 144A					
			3.580%, 6/15/21 ⁽³⁾	895	894			

Refer to Footnote Legend on page 41.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		PAR VALUE	VALUE
Consumer Discretionary—continued			Consumer Discretionary—continued			Energy—continued		
Caesars Growth Properties Holdings LLC	\$ 295	\$ 319	Ziggo Secured Finance BV 144A	\$ 335	\$ 327	Diamondback Energy, Inc. 144A 4.750%, 11/1/24 ⁽³⁾	\$ 50	\$ 49
9.375%, 5/1/22			5.500%, 1/15/27 ⁽³⁾			144A 5.375%, 5/31/25 ⁽³⁾	215	217
CBS Radio, Inc. 144A	20	21			6,923	Ecopetrol S.A.		
7.250%, 11/1/24 ⁽³⁾						5.875%, 9/18/23	285	302
Clear Channel Worldwide Holdings, Inc.			Consumer Staples—0.7%			5.375%, 6/26/26	375	373
Series B			AdvancePierre Foods Holdings, Inc. 144A	180	182	Enbridge Energy Partners LP		
7.625%, 3/15/20	160	161	5.500%, 12/15/24 ⁽³⁾			4.375%, 10/15/20	70	73
Series A			Dole Food Co., Inc. 144A	155	158	Encana Corp.		
7.625%, 3/15/20	250	241	7.250%, 5/1/19 ⁽³⁾			3.900%, 11/15/21	150	151
Columbus Cable Barbados Ltd. 144A			Pilgrim's Pride Corp. 144A	115	116	EnLink Midstream Partners LP		
7.375%, 3/30/21 ⁽³⁾	340	363	5.750%, 3/15/25 ⁽³⁾			4.850%, 7/15/26	35	35
Cooper-Standard Automotive, Inc. 144A			Post Holdings, Inc. 144A	235	226	EnQuest plc		
5.625%, 11/15/26 ⁽³⁾	200	198	5.000%, 8/15/26 ⁽³⁾			7.000%, 4/15/22	360	263
Dana Financing Luxembourg S.a.r.l. 144A			Tops Holding LLC (Tops Markets II Corp.) 144A	300	259	EP Energy LLC 144A		
6.500%, 6/1/26 ⁽³⁾	105	110	8.000%, 6/15/22 ⁽³⁾		941	8.000%, 11/29/24 ⁽³⁾	15	16
Diamond Resorts International, Inc. 144A						EP Energy LLC (Everest Acquisition Finance, Inc.)		
7.750%, 9/1/23 ⁽³⁾	20	20	Energy—12.7%			6.375%, 6/15/23	155	123
Grupo Televisa SAB			Alberta Energy Co., Ltd.	155	187	FTS International, Inc.		
4.625%, 1/30/26	350	354	8.125%, 9/15/30			6.250%, 5/1/22	175	146
Landry's, Inc. 144A			Alta Mesa Holdings LP (Alta Mesa Finance Services Corp.)			Gazprom OAO (Gaz Capital S.A.)		
6.750%, 10/15/24 ⁽³⁾	80	81	144A			144A 6.000%, 11/27/23 ⁽³⁾⁽⁷⁾	335	357
Live Nation Entertainment, Inc. 144A			7.875%, 12/15/24 ⁽³⁾	160	166	144A 4.950%, 2/6/28 ⁽³⁾⁽⁷⁾	205	202
4.875%, 11/1/24 ⁽³⁾	120	121	American Midstream Partners LP 144A			Helmerich & Payne International Drilling Co.		
M/I Homes, Inc.			8.500%, 12/15/21 ⁽³⁾	130	129	International Drilling Co.		
6.750%, 1/15/21	180	189	Anadarko Petroleum Corp.			4.650%, 3/15/25	220	227
MDC Holdings, Inc.			4.850%, 3/15/21	70	75	Holly Energy Partners LP 144A		
5.500%, 1/15/24	355	368	5.550%, 3/15/26	100	112	6.000%, 8/1/24 ⁽³⁾	25	26
MPG Holdco I, Inc.			6.600%, 3/15/46	200	247	HollyFrontier Corp.		
7.375%, 10/15/22	285	299	Antero Midstream Partners LP 144A			5.875%, 4/1/26	395	403
NCL Corp., Ltd. 144A			5.375%, 9/15/24 ⁽³⁾	105	107	KazMunayGas National Co.		
4.750%, 12/15/21 ⁽³⁾	240	240	Antero Resources Corp.			144A 6.375%, 4/9/21 ⁽³⁾	260	283
New York University			5.625%, 6/1/23	165	170	Kinder Morgan, Inc.		
4.142%, 7/1/48	225	212	Blue Racer Midstream LLC 144A			7.750%, 1/15/32	305	373
Pinnacle Entertainment, Inc. 144A			6.125%, 11/15/22 ⁽³⁾	105	106	Laredo Petroleum, Inc.		
5.625%, 5/1/24 ⁽³⁾	125	126	Callon Petroleum Co. 144A			7.375%, 5/1/22	180	187
RCN Telecom Services LLC (RCN Capital Corp.) 144A			6.125%, 10/1/24 ⁽³⁾	100	104	Linn Energy LLC		
8.500%, 8/15/20 ⁽³⁾	145	154	Carrizo Oil & Gas, Inc.			6.500%, 9/15/21 ⁽¹⁰⁾	160	68
Scientific Games International, Inc. 144A			6.250%, 4/15/23	280	288	Matador Resources Co. 144A		
7.000%, 1/1/22 ⁽³⁾	255	275	Cheniere Corpus Christi Holdings LLC 144A			6.875%, 4/15/23 ⁽³⁾	330	348
SFR (Numericable) Group S.A. 144A 6.000%, 5/15/22 ⁽³⁾	200	206	7.000%, 6/30/24 ⁽³⁾	260	283	MPLX LP 4.875%, 12/1/24	405	417
144A 7.375%, 5/1/26 ⁽³⁾	200	205	Cimarex Energy Co.			Newfield Exploration Co.		
Signet UK Finance plc			4.375%, 6/1/24	210	218	5.375%, 1/1/26	305	311
4.700%, 6/15/24	460	440	Compagnie Generale de Geophysique-Veritas			NGL Energy Partners LP		
TI Group Automotive Systems LLC 144A			6.500%, 6/1/21	375	174	5.125%, 7/15/19	335	334
8.750%, 7/15/23 ⁽³⁾	150	158	Concho Resources, Inc.			Noble Holding International Ltd. 7.750%, 1/15/24	80	76
Toll Brothers Finance Corp.			4.375%, 1/15/25	195	196	Occidental Petroleum Corp.		
4.875%, 11/15/25	400	394	CONSOL Energy, Inc.			3.400%, 4/15/26	15	15
TRI Pointe Group, Inc.			5.875%, 4/15/22	110	108	4.400%, 4/15/46	320	325
5.875%, 6/15/24	305	316	Continental Resources, Inc.			Odebrecht Offshore Drilling Finance Ltd. 144A		
VTR Finance BV 144A			5.000%, 9/15/22	235	238	6.750%, 10/1/22 ⁽³⁾	501	133
6.875%, 1/15/24 ⁽³⁾	345	357	4.500%, 4/15/23	145	143	Parker Drilling Co.		
						7.500%, 8/1/20	365	330
						Parsley Energy LLC 144A		
						6.250%, 6/1/24 ⁽³⁾	375	397
						Pertamina Persero PT 144A		
						5.625%, 5/20/43 ⁽³⁾	370	342
						Petrobras Global Finance BV		
						5.375%, 1/27/21	155	152

Refer to Footnote Legend on page 41.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		PAR VALUE	VALUE
Energy—continued			Financials—continued			Financials—continued		
8.375%, 5/23/21	\$ 155	\$ 167	Banco de Credito del Peru			Korea Finance Corp.		
8.750%, 5/23/26	500	541	144A 6.125%, 4/24/27 ⁽²⁾⁽³⁾	\$ 520	\$ 561	4.625%, 11/16/21	\$ 400	\$ 433
Petroleos de Venezuela S.A.			Banco de Credito e			Leucadia National Corp.		
RegS 8.500%, 11/2/17 ⁽⁴⁾	47	37	Inversiones 144A			5.500%, 10/18/23	250	264
144A 6.000%, 5/16/24 ⁽³⁾	650	252	4.000%, 2/11/23 ⁽³⁾	390	397	Liberty Mutual Insurance Co.		
Petroleos Mexicanos			Banco Inbursa S.A. Institucion			144A 8.500%, 5/15/25 ⁽³⁾	25	31
144A 6.875%, 8/4/26 ⁽³⁾	480	506	de Banca Multiple 144A			Lincoln National Corp.		
6.500%, 6/2/41	220	206	4.125%, 6/6/24 ⁽³⁾	200	196	6.050%, 4/20/67 ⁽²⁾⁽⁶⁾	365	281
5.500%, 6/27/44	200	166	Banco Internacional del Peru			Lloyds TSB Bank plc 144A		
QEP Resources, Inc.			SAA Interbank 144A			6.500%, 9/14/20 ⁽³⁾	600	663
5.250%, 5/1/23	277	279	6.625%, 3/19/29 ⁽²⁾⁽³⁾	155	164	Morgan Stanley		
Range Resources Corp. 144A			Banco Santander Chile 144A			144A 10.090%, 5/3/17 ⁽³⁾	1,250 ^{BRL}	380
5.000%, 3/15/23 ⁽³⁾	380	377	3.875%, 9/20/22 ⁽³⁾	505	519	4.350%, 9/8/26	195	199
Regency Energy Partners LP			Bancolumbia S.A.			Navient Corp. 7.250%, 9/25/23	85	88
5.000%, 10/1/22	425	450	5.125%, 9/11/22	545	554	OM Asset Management plc		
RSP Permian, Inc. 144A			Bank of America Corp.			4.800%, 7/27/26	270	255
5.250%, 1/15/25 ⁽³⁾	175	176	4.200%, 8/26/24	405	412	Phosagro OAO (Phosagro Bond		
Sabine Pass Liquefaction LLC			4.450%, 3/3/26	55	57	Funding Ltd.) 144A		
5.625%, 2/1/21	315	337	Bank of China Ltd. 144A			4.204%, 2/13/18 ⁽³⁾⁽⁷⁾	360	365
SM Energy Co.			5.000%, 11/13/24 ⁽³⁾	390	404	PKO Finance AB 144A		
6.125%, 11/15/22	160	163	Barclays Bank plc 144A			4.630%, 9/26/22 ⁽³⁾⁽⁷⁾	610	630
6.500%, 1/1/23	150	153	6.050%, 12/4/17 ⁽³⁾	435	449	Prudential Financial, Inc.		
Southern Gas Corridor CJSC			Bonos del Banco Central de			5.875%, 9/15/42 ⁽²⁾	405	425
144A 6.875%, 3/24/26 ⁽³⁾	265	286	Chile En Pesos	70,000 ^{CLP}	108	Santander Bank NA		
State Oil Co. (Republic of			4.500%, 6/1/20	300	310	8.750%, 5/30/18	200	215
Azerbaijan) 6.950%, 3/18/30	320	335	Citigroup, Inc. 4.600%, 3/9/26			Sberbank of Russia Via SB		
Sunoco LP 6.375%, 4/1/23	570	580	Citizens Financial Group, Inc.			Capital S.A. 144A		
Tesoro Logistics LP			5.500%, 12/29/49 ⁽²⁾	300	297	5.500%, 2/26/24 ⁽²⁾⁽³⁾⁽⁷⁾	315	320
5.250%, 1/15/25	50	51	Compass Bank			Springleaf Finance Corp.		
Transocean, Inc.			3.875%, 4/10/25	380	361	5.250%, 12/15/19	155	157
144A 9.000%, 7/15/23 ⁽³⁾	95	98	Development Bank of			Starwood Property Trust, Inc.		
6.800%, 3/15/38	85	66	Kazakhstan OJSC 144A			144A 5.000%, 12/15/21 ⁽³⁾	50	51
Weatherford International Ltd.			4.125%, 12/10/22 ⁽³⁾	535	515	Teachers Insurance & Annuity		
144A 9.875%, 2/15/24 ⁽³⁾	80	86	Drawbridge Special			Association Asset		
Williams Cos., Inc. (The)			Opportunities Fund LP 144A			Management Finance Co.,		
3.700%, 1/15/23	375	362	5.000%, 8/1/21 ⁽³⁾	440	423	LLC 144A 4.125%, 11/1/24 ⁽³⁾	350	353
4.550%, 6/24/24	450	449	Eurasian Development Bank			Teachers Insurance & Annuity		
YPF S.A. 144A			144A 4.767%, 9/20/22 ⁽³⁾	475	489	Association of America 144A		
8.500%, 3/23/21 ⁽³⁾	180	194	Fidelity National Financial, Inc.			4.375%, 9/15/54 ⁽²⁾⁽³⁾	360	353
		16,422	5.500%, 9/1/22	130	137	Tervita Escrow Corp. 144A		
			FS Investment Corp.			7.625%, 12/1/21 ⁽³⁾	45	46
Financials—14.4%			4.250%, 1/15/20	230	231	Toronto-Dominion Bank (The)		
AerCap Ireland Capital Ltd.			4.750%, 5/15/22	50	50	3.625%, 9/15/31 ⁽²⁾	135	133
(Aercap Global Aviation Trust)			Genworth Holdings, Inc.			Turkiye Garanti Bankasi AS		
3.950%, 2/1/22	150	151	4.900%, 8/15/23	230	191	144A 5.250%, 9/13/22 ⁽³⁾	705	683
Akbank TAS 144A			GrupoSura Finance S.A. 144A			Voya Financial, Inc.		
7.500%, 2/5/18 ⁽³⁾	935 ^{TRY}	254	5.500%, 4/29/26 ⁽³⁾	335	343	5.650%, 5/15/53 ⁽²⁾	355	350
Allstate Corp. (The)			HBOS plc 144A					18,628
5.750%, 8/15/53 ⁽²⁾⁽⁶⁾	365	377	6.750%, 5/21/18 ⁽³⁾	200	211	Health Care—2.6%		
Ally Financial, Inc.			Huntington National Bank			Abbott Laboratories		
5.750%, 11/20/25	200	200	(The) 6.600%, 6/15/18	250	264	3.400%, 11/30/23	75	75
Apollo Management Holdings			ICAHN Enterprises LP			3.750%, 11/30/26	255	253
LP 144A 4.000%, 5/30/24 ⁽³⁾	440	436	6.000%, 8/1/20	175	180	Centene Corp. 4.750%, 1/15/25	330	323
Ares Capital Corp.			5.875%, 2/1/22	200	199	Concordia Healthcare Corp.		
3.625%, 1/19/22	210	203	ING Groep NV 6.000% ⁽²⁾⁽⁵⁾⁽⁶⁾	275	269	144A 7.000%, 4/15/23 ⁽³⁾	55	18
Australia & New Zealand			iStar Financial, Inc.			Concordia International Corp.		
Banking Group Ltd. 144A			4.875%, 7/1/18	125	125	144A 9.000%, 4/1/22 ⁽³⁾	65	55
4.400%, 5/19/26 ⁽³⁾	335	339	5.000%, 7/1/19	195	196	Endo Finance LLC		
Banco Bilbao Vizcaya			Jefferies Group LLC			144A 6.000%, 7/15/23 ⁽³⁾	100	88
Argentaria Bancomer S.A.			6.875%, 4/15/21	165	188	(Endo Finco, Inc.) 144A		
144A 6.500%, 3/10/21 ⁽³⁾	425	458	Kazakhstan Temir Zholy			6.500%, 2/1/25 ⁽³⁾	190	159
Banco de Bogota SA 144A			Finance BV 144A					
6.250%, 5/12/26 ⁽³⁾	330	337	6.950%, 7/10/42 ⁽³⁾	410	398			

Refer to Footnote Legend on page 41.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		PAR VALUE	VALUE
Health Care—continued			Industrials—continued			Materials—continued		
Envision Healthcare Corp. 144A 6.250%, 12/1/24 ⁽³⁾	\$ 60	\$ 64	DP World Ltd. 144A 6.850%, 7/2/37 ⁽³⁾	\$ 200	\$ 213	ArcelorMittal 6.125%, 6/1/25	\$ 300	\$ 330
HCA, Inc. 5.375%, 2/1/25	125	126	GATX Corp. 3.250%, 9/15/26	60	57	Ardagh Packaging Finance plc 144A 6.750%, 1/31/21 ⁽³⁾	260	269
IASIS Healthcare LLC 8.375%, 5/15/19	165	144	Harland Clarke Holdings Corp. 144A 6.875%, 3/1/20 ⁽³⁾	205	199	Berry Plastics Corp. 5.125%, 7/15/23	215	220
Inventiv Group Holdings, Inc. 144A 7.500%, 10/1/24 ⁽³⁾	110	116	JBS Investments GmbH 144A 7.250%, 4/3/24 ⁽³⁾	285	299	BHP Billiton Finance USA Ltd. 144A 6.750%, 10/19/75 ⁽²⁾⁽³⁾⁽⁶⁾	225	253
inVentiv Health, Inc. 144A 9.000%, 1/15/18 ⁽³⁾	165	165	Masco Corp. 5.950%, 3/15/22	390	431	BlueScope Steel Finance Ltd. 144A 6.500%, 5/15/21 ⁽³⁾	185	196
MEDNAX, Inc. 144A 5.250%, 12/1/23 ⁽³⁾	170	175	Navistar International Corp. 8.250%, 11/1/21	135	137	Eldorado Gold Corp. 144A 6.125%, 12/15/20 ⁽³⁾	180	184
MPH Acquisition Holdings LLC 144A 7.125%, 6/1/24 ⁽³⁾	205	216	Owens Corning 3.400%, 8/15/26	330	313	Equate Petrochemical BV 144A 4.250%, 11/3/26 ⁽³⁾	340	324
Ortho-Clinical Diagnostics, Inc. 144A 6.625%, 5/15/22 ⁽³⁾	265	236	Pelabuhan Indonesia II PT 144A 4.250%, 5/5/25 ⁽³⁾	305	290	Fibria Overseas Finance Ltd. 5.250%, 5/12/24	185	185
Owens & Minor, Inc. 3.875%, 9/15/21	75	75	Prime Security Services Borrower LLC 144A 9.250%, 5/15/23 ⁽³⁾	130	142	Fortescue Metals Group (FMG) Resources August 2006 Pty Ltd. 144A 9.750%, 3/1/22 ⁽³⁾	130	151
Surgery Center Holdings, Inc. 144A 8.875%, 4/15/21 ⁽³⁾	265	283	Standard Industries, Inc. 144A 5.500%, 2/15/23 ⁽³⁾	65	67	Freeport-McMoRan Copper & Gold, Inc. 3.550%, 3/1/22	120	112
Surgical Care Affiliates, Inc. 144A 6.000%, 4/1/23 ⁽³⁾	41	43	TransDigm, Inc. 6.000%, 7/15/22	265	277	3.875%, 3/15/23	145	134
Team Health, Inc. 144A 7.250%, 12/15/23 ⁽³⁾	15	17	UAL Pass-Through-Trust 07-01, A 6.636%, 7/2/22	759	817	Gerdau Holdings, Inc. 144A 7.000%, 1/20/20 ⁽³⁾	230	246
Tenet Healthcare Corp. 4.463%, 6/15/20 ⁽²⁾	70	71	United Airlines Pass-Through Trust 14-1, B 4.750%, 4/11/22	271	271	Graphic Packaging International, Inc. 4.125%, 8/15/24	305	292
144A 7.500%, 1/1/22 ⁽³⁾	10	10			5,751	INEOS Group Holdings S.A. 144A 5.625%, 8/1/24 ⁽³⁾	345	343
8.125%, 4/1/22	190	180				Inversiones CMPC S.A. 144A 4.375%, 5/15/23 ⁽³⁾	600	603
Valeant Pharmaceuticals International, Inc. 144A 6.375%, 10/15/20 ⁽³⁾	145	125	Information Technology—1.3%			Novelis Corp. 144A 6.250%, 8/15/24 ⁽³⁾	25	27
144A 7.500%, 7/15/21 ⁽³⁾	50	43	Blackboard, Inc. 144A 9.750%, 10/15/21 ⁽³⁾	155	160	144A 5.875%, 9/30/26 ⁽³⁾	250	253
144A 5.875%, 5/15/23 ⁽³⁾	205	156	Diamond 1 Finance Corp. (Diamond 2 Finance Corp.) 144A 5.450%, 6/15/23 ⁽³⁾	70	74	Office Cherifien des Phosphates S.A. (OCP) 144A 5.625%, 4/25/24 ⁽³⁾	320	331
		3,350	144A 6.020%, 6/15/26 ⁽³⁾	65	70	Reynolds Group Issuer, Inc. 144A 5.125%, 7/15/23 ⁽³⁾	55	56
Industrials—4.4%			144A 8.100%, 7/15/36 ⁽³⁾	140	166	144A 7.000%, 7/15/24 ⁽³⁾	10	11
Advanced Disposal Services, Inc. 144A 5.625%, 11/15/24 ⁽³⁾	45	45	Flex Ltd. 4.750%, 6/15/25	375	396	Scotts Miracle-Gro Co. (The) 144A 5.250%, 12/15/26 ⁽³⁾	30	30
Air Canada Pass-Through-Trust 13-1, B 144A 5.375%, 5/15/21 ⁽³⁾	175	180	Inception Merger Sub, Inc. (Rackspace Hosting, Inc.) 144A 8.625%, 11/15/24 ⁽³⁾	405	430	Severstal OAO Via Steel Capital SA 144A 5.900%, 10/17/22 ⁽³⁾⁽⁷⁾	260	279
Allegiant Travel Co. 5.500%, 7/15/19	55	57	NXP BV 144A 4.625%, 6/1/23 ⁽³⁾	275	289	Standard Industries, Inc. 144A 6.000%, 10/15/25 ⁽³⁾	175	184
Bombardier, Inc. 144A 4.750%, 4/15/19 ⁽³⁾	80	81	WESCO Distribution, Inc. 144A 5.375%, 6/15/24 ⁽³⁾	90	91	Teck Resources Ltd. 144A 8.000%, 6/1/21 ⁽³⁾	25	28
144A 6.125%, 1/15/23 ⁽³⁾	205	197			1,676	144A 8.500%, 6/1/24 ⁽³⁾	70	81
Carpenter Technology Corp. 5.200%, 7/15/21	425	429	Materials—5.2%			Vale Overseas Ltd. 5.875%, 6/10/21	205	215
CEB, Inc. 144A 5.625%, 6/15/23 ⁽³⁾	275	268	AK Steel Corp. 7.500%, 7/15/23	130	145	Vedanta Resources plc 144A 9.500%, 7/18/18 ⁽³⁾	115	122
Cemex Finance LLC 144A 6.000%, 4/1/24 ⁽³⁾	270	278	Aleris International, Inc. 144A 9.500%, 4/1/21 ⁽³⁾	200	215	144A 6.000%, 1/31/19 ⁽³⁾	200	203
Continental Airlines Pass- Through-Trust 99-1, A 6.545%, 2/2/19	584	608	Alpek SAB de C.V. 144A 5.375%, 8/8/23 ⁽³⁾	625	645			6,667

Refer to Footnote Legend on page 41.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		SHARES	VALUE
Health Care—continued			Information Technology—continued			Financials—continued		
NVA Holdings, Inc. Second Lien, 8.000%, 8/14/22	\$ 158	\$ 159	Rackspace Hosting, Inc. Tranche B, First Lien, 4.500%, 11/3/23	\$ 108	\$ 110	Citigroup, Inc. Series J, 7.125% ⁽²⁾	15,800	\$ 442
Quorum Health Corp. 6.750%, 4/29/22	114	112	Veritas US, Inc. 0.000%, 1/27/23 ⁽⁶⁾	215	199	Citigroup, Inc. Series T, 6.250% ⁽²⁾	400 ⁽⁹⁾	412
Surgery Center Holdings, Inc. First Lien, 4.750%, 11/3/20	183	184	Western Digital Corp. Tranche B-1, 4.520%, 4/29/23	24	24	JPMorgan Chase & Co. Series Z, 5.300% ⁽²⁾	70 ⁽⁹⁾	72
U.S. Renal Care, Inc. First Lien, 0.000%, 12/30/22 ⁽⁶⁾	205	193			1,704	KeyCorp. Series D, 5.000% ⁽²⁾	340 ⁽⁹⁾	314
		<u>1,141</u>				M&T Bank Corp. Series F, 5.125% ⁽²⁾	160 ⁽⁹⁾	155
Industrials—1.0%			Materials—0.6%			PNC Financial Services Group, Inc. (The) Series R, 4.850% ⁽²⁾	405 ⁽⁹⁾	389
84 Lumber Co. 6.750%, 10/25/23	270	271	Anchor Glass Container Corp. First Lien, 4.250%, 12/7/23	75	76	PNC Financial Services Group, Inc. (The) Series S, 5.000% ⁽²⁾	405 ⁽⁹⁾	391
Aspen Merger Sub (Coinstar), Inc. Tranche B, First Lien, 6.125%, 9/27/23	126	128	Second Lien, 8.750%, 12/7/24	58	59	SunTrust Bank, Inc. 5.625% ⁽²⁾	120 ⁽⁹⁾	123
McGraw-Hill Global Education Holdings LLC Tranche B, First Lien, 5.000%, 5/4/22	164	165	CPI Acquisition, Inc. First Lien, 5.500%, 8/17/22	248	227	Wells Fargo & Co. Series K, 7.980% ⁽²⁾	440 ⁽⁹⁾	460
Navistar, Inc. Tranche B, 6.500%, 8/7/20	140	142	Omnova Solutions, Inc. Tranche B-2, 5.250%, 8/25/23	198	201	Zions Bancorp 6.950% ⁽²⁾	17,215	482
PAE Holding Corp. First Lien, 6.500%, 10/20/22	108	109	Platform Specialty Services 4.500%, 6/7/20	155	157			<u>3,679</u>
Quikrete International, Inc. 0.000%, 11/15/23 ⁽⁶⁾	30	30	PQ Corp. Tranche B-1, 5.250%, 11/4/22	43	44	Industrials—0.6%		
Sedgwick Claims Management Services, Inc. Second Lien, 6.750%, 2/28/22	340	340			764	General Electric Co. Series D, 5.000% ⁽²⁾	792 ⁽⁹⁾	822
Zodiac Pool Solutions LLC 5.500%, 12/20/23	75	76	Real Estate—0.1%			TOTAL PREFERRED STOCKS (Identified Cost \$4,805)		4,945
		<u>1,261</u>	Capital Automotive LP Second Lien, 6.000%, 4/30/20	189	192	COMMON STOCKS—0.2%		
Information Technology—1.3%			Utilities—0.7%			Consumer Discretionary—0.0%		
Applied Systems, Inc. Second Lien, 7.500%, 1/24/22	77	78	Atlantic Power LP 6.000%, 4/13/23	306	311	Mark IV Industries ⁽¹⁵⁾	828	21
Avaya, Inc. 0.000%, 5/29/20 ⁽⁶⁾	165	144	NRG Energy, Inc. 3.520%, 6/30/23	387	392	Energy—0.1%		
Blackboard, Inc. Tranche B-4 First Lien, 6.000%, 6/30/21	259	262	Vistra Operations Company LLC (Tex Operations Co., LLC) 5.000%, 8/4/23	150	152	Pacific Exploration and Production Corp. ⁽¹⁵⁾	1,339	54
Donnelley Financial Solutions 5.000%, 9/29/23	61	62	Tranche C, 5.000%, 8/4/23	34	34	Utilities—0.1%		
First Data Corp. 3.756%, 7/8/22	334	338			889	Vistra Energy Corp. ⁽¹⁵⁾	7,753	120
Information Resources 0.000%, 12/20/23 ⁽⁶⁾	25	25	TOTAL LOAN AGREEMENTS (Identified Cost \$11,064)		10,861	TOTAL COMMON STOCKS (Identified Cost \$176)		195
Masergy Communications, Inc. Tranche B, First Lien, 5.500%, 12/15/23	55	55				AFFILIATED MUTUAL FUND⁽¹³⁾—2.4%		
NXP B.V. (NXP Funding LLC) Tranche F 3.297%, 12/7/20	122	123	PREFERRED STOCKS—3.8%			Virtus Credit Opportunities Fund Class R6	310,156	3,074
On Semiconductor Corp. 2016 New Replacement Term Loan 4.020%, 3/31/23	86	87	Energy—0.3%			TOTAL AFFILIATED MUTUAL FUND (Identified Cost \$3,100)		3,074
Presidio, Inc. Refinancing Term, 5.250%, 2/2/22	194	197	PTT Exploration & Production PCL 144A, 4.875% ⁽²⁾⁽³⁾	440 ⁽⁹⁾	444	RIGHTS—0.0%		
			Financials—2.9%			Texas Competitive TRA	7,753	13
			Banco Bilbao Vizcaya Argentaria S.A. International S.A. Unipersonal 5.919% ⁽²⁾	150 ⁽⁹⁾	148	TOTAL RIGHTS (Identified Cost \$6)		13
			Bank of New York Mellon Corp. (The) Series E, 4.950% ⁽²⁾	290 ⁽⁹⁾	291	TOTAL LONG TERM INVESTMENTS—99.7% (Identified Cost \$130,997)		128,847⁽¹²⁾
						TOTAL INVESTMENTS—99.7% (Identified Cost \$130,997)		128,847⁽¹¹⁾
						Other assets and liabilities, net—0.3%		364
						NET ASSETS—100.0%		\$129,211

Refer to Footnote Legend on page 41.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES
SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016

(\$ reported in thousands)

Abbreviations:

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

Footnote Legend:

- (1) Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.
(2) Variable or step coupon security; interest rate shown reflects the rate in effect at December 31, 2016.
(3) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2016, these securities amounted to a value of \$54,754 or 42.4% of net assets.
(4) Regulation S security. Security is offered and sold outside of the United States, therefore, it is exempt from registration with the SEC under Rules 903 and 904 of the Securities Act of 1933.

- (5) No contractual maturity date.
(6) Interest payments may be deferred.
(7) This Note was issued for the sole purpose of funding a loan agreement between the issuer and the borrower. As the credit risk for this security lies solely with the borrower, the name represented here is that of the borrower.
(8) This loan will settle after December 31, 2016, at which time the interest rate, based on the London Interbank Offered Rate ("LIBOR") and the agreed upon spread on trade date, will be reflected.
(9) Value shown as par value.
(10) Security in default, no interest payments are being received during the bankruptcy proceedings.
(11) Security in default, a portion of the interest payments are being received during the bankruptcy proceedings.
(12) All or a portion of the Series' assets have been segregated for delayed delivery security.
(13) Shares of this fund are publicly offered and its prospectus and annual report are publicly available.
(14) Security in default, interest payments are being received during the bankruptcy proceedings.
(15) Non-income producing.

Foreign Currencies:

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

Country Weightings (unaudited)†

United States	67%
Argentina	2
Brazil	2
Chile	2
Mexico	2
Turkey	2
United Kingdom	2
Other	21
Total	100%

† % of total investments as of December 31, 2016

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Debt Securities:				
Asset-Backed Securities	\$ 5,711	\$ —	\$ 5,453	\$258
Corporate Bonds and Notes	66,046	—	66,046	—
Foreign Government Securities	12,783	—	12,783	—
Loan Agreements	10,861	—	10,858	3
Mortgage-Backed Securities	24,522	—	24,522	—
Municipal Bonds	697	—	697	—
U.S. Government Securities		—		—
Equity Securities:				
Common Stocks	195	174	—	21
Preferred Stocks	4,945	924	4,021	—
Rights	13	—	—	13
Affiliated Mutual Fund	3,074	3,074	—	—
Total Investments	\$128,847	\$4,172	\$124,380	\$295

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS MULTI-SECTOR FIXED INCOME SERIES
SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016

(\$ reported in thousands)

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

	Investments in Securities	Common Stocks	Loan Agreements	Asset-Backed Securities	Rights
Beginning Balance December 31, 2015:	\$ 647	\$ 31	\$ 368	\$248	\$—
Accrued Discount/(Premium)	1	—	1	—	—
Realized Gain (Loss)	— ^(a)	—	— ^(a)	—	—
Change in Unrealized Appreciation					
(Depreciation) ^(b)	(85)	(10)	(91)	10	6
Purchases	7	—	—	—	7
(Sales) ^(c)	(42)	—	(42)	—	—
Transfers into Level 3 ^(d)	—	—	—	—	—
Transfers from Level 3 ^(d)	(233)	—	(233)	—	—
Ending Balance December 31, 2016	<u>\$ 295</u>	<u>\$ 21</u>	<u>\$ 3</u>	<u>\$258</u>	<u>\$13</u>

None of the securities in this table are internally fair valued. The Series' investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information inputs could result in a significantly lower or higher value of Level 3 investments.

^(a) Amount is less than \$500.

^(b) Included in the related net change in unrealized appreciation (depreciation) in the Statement of Operations. The change in unrealized appreciation (depreciation) on investments still held as of December 31, 2016 was \$(155).

^(c) Includes paydowns on securities.

^(d) "Transfers into and/or from" Level 3 represent the ending value as of December 31, 2016, for any investment security where a change in the pricing level occurred from the beginning to the end of the period. The transfers from Level 3 are due to an increase in trading activities at period end.

VIRTUS REAL ESTATE SECURITIES SERIES
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2016

(\$ reported in thousands)

	SHARES	VALUE
COMMON STOCKS—97.5%		
Real Estate Investment Trusts—97.5%		
Data Centers—11.1%		
Coresite Realty Corp.	19,100	\$ 1,516
CyrusOne, Inc.	13,800	617
Digital Realty Trust, Inc.	35,750	3,513
Equinix, Inc.	9,450	3,378
		<u>9,024</u>
Diversified—4.4%		
Vornado Realty Trust	34,200	3,570
Health Care—6.3%		
Healthcare Realty Trust, Inc.	44,191	1,340
Healthcare Trust of America, Inc. Class A	64,400	1,875
Ventas, Inc.	24,066	1,504
Welltower, Inc.	5,510	369
		<u>5,088</u>
Industrial/Office—24.7%		
Industrial—10.4%		
DCT Industrial Trust, Inc.	55,457	2,655
Duke Realty Corp.	94,098	2,499
Prologis, Inc.	62,864	3,319
		<u>8,473</u>
Office—14.3%		
Boston Properties, Inc.	15,914	2,002
Cousins Properties, Inc.	86,780	738
Douglas Emmett, Inc.	57,614	2,106
Highwoods Properties, Inc.	40,067	2,044
Kilroy Realty Corp.	36,680	2,686
Paramount Group, Inc.	122,684	1,962
Parkway, Inc. ⁽²⁾	5,447	121
		<u>11,659</u>
Total Industrial / Office		<u>20,132</u>
Lodging/Resorts—3.8%		
Host Hotels & Resorts, Inc.	38,604	727
Pebblebrook Hotel Trust	39,165	1,165
RLJ Lodging Trust	50,653	1,241
		<u>3,133</u>
Residential—16.9%		
Apartments—12.6%		
American Campus Communities, Inc.	31,187	1,552
Apartment Investment & Management Co. Class A	35,600	1,618
AvalonBay Communities, Inc.	11,904	2,109
Equity Residential	27,731	1,785
Essex Property Trust, Inc.	13,647	3,173
		<u>10,237</u>
Manufactured Homes—2.8%		
Equity LifeStyle Properties, Inc.	14,142	1,020
Sun Communities, Inc.	16,950	1,298
		<u>2,318</u>

	SHARES	VALUE
Single Family Homes—1.5%		
American Homes 4 Rent Class A	57,700	\$ 1,210
Total Residential		<u>13,765</u>
Retail—21.3%		
Free Standing—2.4%		
STORE Capital Corp.	79,477	1,964
Regional Malls—8.2%		
General Growth Properties, Inc.	45,021	1,125
Simon Property Group, Inc.	31,201	5,543
		<u>6,668</u>
Shopping Centers—10.7%		
Brixmor Property Group, Inc.	80,602	1,968
Federal Realty Investment Trust	13,500	1,919
Regency Centers Corp.	35,950	2,479
Tanger Factory Outlet Centers, Inc.	64,853	2,320
		<u>8,686</u>
Total Retail		<u>17,318</u>
Self Storage—9.0%		
CubeSmart	97,400	2,607
Extra Space Storage, Inc.	26,878	2,076
Public Storage	11,861	2,651
		<u>7,334</u>
TOTAL COMMON STOCKS		
(Identified Cost \$53,547)		79,364
TOTAL LONG TERM INVESTMENTS—97.5%		
(Identified Cost \$53,547)		79,364
SHORT-TERM INVESTMENTS—1.1%		
Money Market Mutual Fund—1.1%		
JPMorgan U.S. Government Money Market Fund – Institutional Shares (seven-day effective yield 0.440%) ⁽³⁾	930,223	930
TOTAL SHORT-TERM INVESTMENTS		
(Identified Cost \$930)		930
Total Investments—98.6%		
(Identified cost \$54,477)		80,294⁽¹⁾
Other assets and liabilities, net—1.4%		1,148
NET ASSETS—100.0%		\$81,442

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices
Equity Securities:		
Common Stocks	\$79,364	\$79,364
Short-Term Investments		
	930	930
Total Investments	<u>\$80,294</u>	<u>\$80,294</u>

There are no Level 2 (significant observable inputs) or Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

Footnote Legend

⁽¹⁾ Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.

⁽²⁾ Non-income producing.

⁽³⁾ Shares of this fund are publicly offered and its prospectus and annual report are publicly available.

See Notes to Financial Statements

VIRTUS SMALL-CAP GROWTH SERIES
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2016

(\$ reported in thousands)

	<u>SHARES</u>	<u>VALUE</u>
COMMON STOCKS—97.5%		
Consumer Discretionary—14.3%		
Fox Factory Holding Corp. ⁽²⁾	150,925	\$ 4,188
Monro Muffler Brake, Inc.	19,200	1,098
Ollie's Bargain Outlet Holdings, Inc. ⁽²⁾	133,500	3,798
		<u>9,084</u>
Consumer Staples—8.0%		
Chefs' Warehouse, Inc. (The) ⁽²⁾	163,500	2,583
PriceSmart, Inc.	29,600	2,472
		<u>5,055</u>
Financials—10.1%		
FactSet Research Systems, Inc.	13,000	2,125
Financial Engines, Inc.	17,450	641
MarketAxess Holdings, Inc.	12,150	1,785
Morningstar, Inc.	25,570	1,881
		<u>6,432</u>
Health Care—9.9%		
Abaxis, Inc.	59,300	3,129
National Research Corp. Class A	164,815	3,132
		<u>6,261</u>
Industrials—21.5%		
AAON, Inc.	52,600	1,738
Copart, Inc. ⁽²⁾	44,350	2,457
HEICO Corp. Class A	49,905	3,389
Old Dominion Freight Line, Inc. ⁽²⁾	33,000	2,831
Omega Flex, Inc.	57,399	3,201
		<u>13,616</u>
Information Technology—31.8%		
ANSYS, Inc. ⁽²⁾	16,900	1,563
Aspen Technology, Inc. ⁽²⁾	64,000	3,499
Autohome, Inc. ADR ⁽²⁾	107,500	2,718
Ellie Mae, Inc. ⁽²⁾	20,000	1,674
MercadoLibre, Inc.	12,650	1,975
Mesa Laboratories, Inc.	7,035	863
NVE Corp.	48,400	3,457
Paycom Software, Inc. ⁽²⁾	16,500	751
Shutterstock, Inc. ⁽²⁾	76,500	3,635
		<u>20,135</u>
Materials—1.9%		
UFP Technologies, Inc. ⁽²⁾	48,200	1,227
TOTAL COMMON STOCKS		
(Identified Cost \$38,745)		61,810
TOTAL LONG TERM INVESTMENTS—97.5%		
(Identified Cost \$38,745)		61,810

SHORT-TERM INVESTMENT—1.3%

	<u>SHARES</u>	<u>VALUE</u>
Money Market Mutual Fund—1.3%		
JPMorgan U.S. Government Money Market Fund – Institutional Shares (seven-day effective yield 0.440%) ⁽³⁾	798,684	\$ 799

TOTAL SHORT-TERM INVESTMENT (Identified Cost \$799) 799

TOTAL INVESTMENTS—98.8% (Identified Cost \$39,544) 62,609⁽¹⁾

Other assets and liabilities, net—1.2% 752

NET ASSETS—100.0% \$63,361

Abbreviation:

ADR American Depositary Receipt

Footnote Legend:

⁽¹⁾ Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.

⁽²⁾ Non-income producing.

⁽³⁾ Shares of this fund are publicly offered and its prospectus and annual report are publicly available.

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	<u>Total Value at December 31, 2016</u>	<u>Level 1 Quoted Prices</u>
Equity Securities:		
Common Stocks	\$61,810	\$61,810
Short-Term Investments	799	799
Total Investments	<u>\$62,609</u>	<u>\$62,609</u>

There are no Level 2 (significant observable inputs) or Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS SMALL-CAP VALUE SERIES
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2016

(\$ reported in thousands)

	<u>SHARES</u>	<u>VALUE</u>
COMMON STOCKS—95.1%		
Consumer Discretionary—15.2%		
Cheesecake Factory, Inc. (The)	62,000	\$ 3,712
Cinemark Holdings, Inc.	107,400	4,120
Sally Beauty Holdings, Inc. ⁽²⁾	104,000	2,748
Thor Industries, Inc.	38,200	3,822
		<u>14,402</u>
Consumer Staples—5.1%		
National Beverage Corp. ⁽²⁾	51,550	2,633
WD-40 Co.	18,900	2,209
		<u>4,842</u>
Energy—3.9%		
Core Laboratories N.V.	30,900	3,709
Financials—15.3%		
Artisan Partners Asset Management, Inc. Class A	97,400	2,898
Bank of Hawaii Corp.	47,200	4,186
First Financial Bancshares, Inc.	41,500	1,876
Primerica, Inc.	39,528	2,733
RLI Corp.	45,350	2,863
		<u>14,556</u>
Health Care—6.2%		
Anika Therapeutics, Inc. ⁽²⁾	62,140	3,042
Patterson Cos., Inc.	69,700	2,860
		<u>5,902</u>
Industrials—17.2%		
CEB, Inc.	50,300	3,048
CLARCOR, Inc.	22,900	1,889
Graco, Inc.	41,950	3,486
Landstar System, Inc.	34,400	2,934
RBC Bearings, Inc. ⁽²⁾	37,100	3,443
Sun Hydraulics Corp.	37,200	1,487
		<u>16,287</u>
Information Technology—21.5%		
American Software, Inc. Class A	139,600	1,442
Badger Meter, Inc.	85,666	3,165
Cabot Microelectronics Corp.	48,800	3,083
Cass Information Systems, Inc.	54,895	4,039
Cognex Corp.	37,600	2,392
Jack Henry & Associates, Inc.	38,200	3,391
Monotype Imaging Holdings, Inc.	146,733	2,913
		<u>20,425</u>
Materials—2.5%		
Scotts Miracle-Gro Co. (The) Class A	25,000	2,389

	<u>SHARES</u>	<u>VALUE</u>
Real Estate—8.2%		
HFF, Inc. Class A	102,500	\$ 3,101
RE/MAX Holdings, Inc. Class A	84,000	4,704
		<u>7,805</u>
TOTAL COMMON STOCKS		
(Identified Cost \$62,413)		90,317
TOTAL LONG TERM INVESTMENTS—95.1%		
(Identified Cost \$62,413)		90,317
SHORT-TERM INVESTMENT—0.7%		
Money Market Mutual Fund—0.7%		
JPMorgan U.S. Government Money Market Fund – Institutional Shares (seven-day effective yield 0.440%) ⁽³⁾	628,659	629
TOTAL SHORT-TERM INVESTMENT		
(Identified Cost \$629)		629
TOTAL INVESTMENTS—95.8%		
(Identified Cost \$63,042)		90,946⁽¹⁾
Other assets and liabilities, net—4.2%		<u>4,020</u>
NET ASSETS—100.0%		<u>\$94,966</u>

Footnote Legend:

⁽¹⁾ Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.

⁽²⁾ Non-income producing.

⁽³⁾ Shares of this fund are publicly offered and its prospectus and annual report are publicly available.

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	<u>Total Value at December 31, 2016</u>	<u>Level 1 Quoted Prices</u>
Equity Securities:		
Common Stocks	\$90,317	\$90,317
Short-Term Investments	629	629
Total Investments	<u>\$90,946</u>	<u>\$90,946</u>

There are no Level 2 (significant observable inputs) or Level 3 (significant unobservable inputs) priced securities.

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION SERIES

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		PAR VALUE	VALUE
U.S. GOVERNMENT SECURITIES—2.1%			MORTGAGE-BACKED SECURITIES—13.5%			Non-Agency—continued		
U.S. Treasury Bond			Agency—4.6%			Ameriquest Mortgage Securities,		
2.500%, 2/15/46	\$ 1,230	\$ 1,090	FHLMC			Inc. 03-AR3, M4	\$ 155	\$ 150
U.S. Treasury Note			3.500%, 3/1/45	\$ 290	\$ 298	4.274%, 6/25/33 ⁽³⁾		
1.625%, 2/15/26	950	887	3.000%, 5/1/45	86	85	AMSR Trust 16-SFR1, C		
			3.500%, 4/1/46	159	163	144A		
TOTAL U.S. GOVERNMENT SECURITIES			FNMA			2.986%, 11/17/33 ⁽³⁾⁽⁴⁾	100	100
(Identified Cost \$2,160)		1,977	4.000%, 6/1/20	13	13	Aventura Mall Trust		
			4.500%, 7/1/20	1	1	13-AVM, C 144A		
MUNICIPAL BONDS—1.6%			3.000%, 2/1/27	130	133	3.743%, 12/5/32 ⁽³⁾⁽⁴⁾	300	310
California—0.8%			2.500%, 5/1/28	181	182	Banc of America Commercial		
San Diego County Regional			6.500%, 10/1/31	3	4	Mortgage Trust 07-2, A4		
Airport Authority Rental Car			6.000%, 9/1/32	12	14	5.638%, 4/10/49 ⁽³⁾	19	19
Center Project Series B –			5.000%, 10/1/35	33	36	Barclays (Lehman Brothers) –		
Taxable 5.594%, 7/1/43	275	302	6.000%, 9/1/36	1	1	UBS Commercial Mortgage		
State of California, Build America			5.500%, 4/1/37	10	11	Trust 07-C6, A4		
Bonds Taxable			5.500%, 7/1/37	29	32	5.858%, 7/15/40 ⁽³⁾	114	115
7.600%, 11/1/40	265	399	6.000%, 10/1/37	9	11	Bayview Opportunity Master Fund		
			5.000%, 6/1/38	25	27	IVa Trust 16-SPL1, B1 144A		
			5.500%, 6/1/38	6	6	4.250%, 4/28/55 ⁽⁴⁾	100	102
			5.500%, 6/1/38	5	6	Bayview Opportunity Master Fund		
			5.500%, 11/1/38	18	20	IVb Trust 16-SPL2, B1 144A		
New York—0.4%			4.000%, 1/1/39	50	53	4.250%, 6/28/53 ⁽³⁾⁽⁴⁾	100	101
New York City Transitional			5.000%, 1/1/39	6	7	CIT Group Home Equity Loan		
Finance Authority Taxable			6.000%, 1/1/39	15	18	Trust 03-1, A5		
5.000%, 5/1/40	345	393	4.500%, 3/1/39	14	15	5.480%, 7/20/34 ⁽³⁾	249	250
			5.000%, 3/1/39	13	14	Citigroup Commercial Mortgage		
Texas—0.2%			4.500%, 4/1/39	97	105	Trust		
State of Texas			4.000%, 5/1/39	92	97	16-SMPL, A 144A		
3.011%, 10/1/26	200	199	4.500%, 2/1/40	69	74	2.228%, 9/10/31 ⁽⁴⁾	100	97
			4.000%, 10/1/40	133	140	07-C6, A4		
Virginia—0.2%			4.500%, 4/1/41	150	162	5.711%, 12/10/49 ⁽³⁾	120	121
Tobacco Settlement Financing			4.000%, 7/1/41	101	106	08-C7, AM		
Corp. Series A-1, Taxable			3.500%, 1/1/42	82	84	6.136%, 12/10/49 ⁽³⁾	95	98
6.706%, 6/1/46	210	167	3.500%, 4/1/42	325	335	Citigroup Mortgage Loan Trust,		
			3.500%, 12/1/42	174	180	Inc.		
TOTAL MUNICIPAL BONDS			3.000%, 3/1/43	304	302	04-UST1, A3		
(Identified Cost \$1,515)		1,460	3.000%, 5/1/43	86	86	2.914%, 8/25/34 ⁽³⁾	79	79
			3.000%, 7/1/43	200	200	04-NCM2, 2CB2		
FOREIGN GOVERNMENT SECURITIES—0.7%			4.000%, 10/1/44	297	312	6.750%, 8/25/34	69	72
Argentine Republic 144A			3.500%, 9/1/45	175	180	14-A, A 144A		
7.625%, 4/22/46 ⁽⁴⁾	150	150	3.500%, 1/1/46	86	88	4.000%, 1/25/35 ⁽³⁾⁽⁴⁾	65	67
Bolivarian Republic of Venezuela			4.000%, 1/1/46	259	272	15-A, A1 144A		
9.375%, 1/13/34	65	30	4.000%, 1/1/46	159	158	3.500%, 6/25/58 ⁽³⁾⁽⁴⁾	94	96
Republic of Chile			3.000%, 6/1/46	89	88	Colony Multi-Family Mortgage		
5.500%, 8/5/20	52,000 ^{CLP}	82	GNMA			Trust 14-1, A 144A		
Republic of El Salvador 144A			6.500%, 11/15/23	34	39	2.543%, 4/20/50 ⁽⁴⁾	109	108
6.375%, 1/18/27 ⁽⁴⁾	75	69	6.500%, 12/15/23	1	1	Colony Starwood Homes Trust		
Republic of Romania 144A			6.500%, 2/15/24	18	21	16-2A, C 144A		
6.750%, 2/7/22 ⁽⁴⁾	50	57	6.500%, 11/15/31	19	22	2.886%, 12/17/33 ⁽³⁾⁽⁴⁾	100	100
Republic of Turkey			6.500%, 2/15/32	42	48	Credit Suisse Commercial		
7.375%, 2/5/25	100	110				Mortgage-Backed Trust 07-C1,		
Russian Federation 144A						A1A		
7.850%, 3/10/18 ⁽⁴⁾	5,000 ^{RUB}	81				5.361%, 2/15/40	18	18
United Mexican States						Credit Suisse First Boston		
Series M, 6.500%, 6/9/22	925 ^{MXN}	43				Mortgage Securities Corp.		
4.750%, 3/8/44	54	49				13-HYB1, A16,144A		
						3.023%, 4/25/43 ⁽³⁾⁽⁴⁾	49	49
TOTAL FOREIGN GOVERNMENT SECURITIES						Deutsche Bank-UBS Mortgage		
(Identified Cost \$830)		671				Trust 11-LC3A, D 144A		
						5.345%, 8/10/44 ⁽³⁾⁽⁴⁾	120	124
						GAHR Commercial Mortgage		
						Trust 15-NRF, CFX 144A		
						3.382%, 12/15/34 ⁽³⁾⁽⁴⁾	100	100

Refer to Footnote Legend on page 51.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	PAR VALUE	VALUE		PAR VALUE	VALUE		SHARES	VALUE
Real Estate—continued			Financials—0.1%			PREFERRED STOCKS—0.9%		
Select Income REIT	\$ 125	\$ 121	Delos Finance S.a.r.l.	\$ 80	\$ 81	Financials—0.9%		
4.500%, 2/1/25			3.748%, 3/6/21			Banco Bilbao Vizcaya Argentaria		
Sovran Acquisition LP	50	48				S.A. International S.A.		
3.500%, 7/1/26			Industrials—0.1%			Unipersonal	40 ⁽⁷⁾	\$ 40
Welltower, Inc.	135	138	AWAS Finance Luxembourg S.A.	28	28	5.919% ⁽³⁾		
4.000%, 6/1/25			3.630%, 7/16/18			Bank of New York Mellon Corp.		
WP Carey, Inc.	105	106	McGraw-Hill Global Education			(The) Series E,	40 ⁽⁷⁾	40
4.600%, 4/1/24			Holdings LLC Tranche B, First			4.950% ⁽³⁾		
		1,986	Lien,	52	52	Citigroup, Inc. Series T,	125 ⁽⁷⁾	129
			5.000%, 5/4/22		80	6.250% ⁽³⁾		
Telecommunication Services—0.2%						JPMorgan Chase & Co. Series V,	50 ⁽⁷⁾	50
AT&T, Inc.	50	49	Information Technology—0.3%			5.000% ⁽³⁾		
3.000%, 6/30/22			First Data Corp.	21	22	KeyCorp. Series D,	100 ⁽⁷⁾	92
4.800%, 6/15/44	80	75	3.756%, 7/8/22			5.000% ⁽³⁾		
Qwest Corp.	55	59	First Data Corp. Tranche 2021C,	68	69	PNC Financial Services Group,		
7.250%, 9/15/25			3.756%, 3/24/21			Inc. (The) Series R,	95 ⁽⁷⁾	91
T-Mobile USA, Inc.	40	43	Mitchell International, Inc.	32	32	4.850% ⁽³⁾		
6.375%, 3/1/25		226	4.500%, 10/13/20			PNC Financial Services Group,	100 ⁽⁷⁾	96
			NXP B.V. (NXP Funding LLC)			Inc. (The) Series S,		
Utilities—0.5%			Tranche F	37	37	5.000% ⁽³⁾	100 ⁽⁷⁾	96
Dominion Resources, Inc.	10	10	3.270%, 12/7/20			Wells Fargo & Co. Series K,	95 ⁽⁷⁾	99
2.962%, 7/1/19 ⁽³⁾			Rackspace Hosting, Inc.	38	39	7.980% ⁽³⁾		
Entergy Mississippi, Inc.	175	172	Tranche B, First Lien,			XLIT Ltd. Series E,	100 ⁽⁷⁾	78
3.100%, 7/1/23			4.500%, 11/3/23			6.50% ⁽³⁾		
Kansas City Power & Light Co.	110	109	SS&C European Holdings S.a.r.l.	22	22	Zions Bancorp		
3.150%, 3/15/23			Tranche B-1, 4.010%, 7/8/22	2	2	6.950%	4,250	119
Southern Power Co.	145	150	Tranche B-2, 4.010%, 7/8/22					
4.150%, 12/1/25		441	Western Digital Corp. Tranche	26	26	TOTAL PREFERRED STOCKS		
			B-1, 4.520%, 4/29/23		249	(Identified Cost \$855)		834
TOTAL CORPORATE BONDS AND NOTES		17,059				COMMON STOCKS—57.4%		
(Identified Cost \$16,917)			Materials—0.1%			Consumer Discretionary—13.7%		
LOAN AGREEMENTS⁽³⁾—1.0%			Anchor Glass Container Corp.			Amazon.com, Inc. ⁽²⁾	2,190	1,642
Consumer Discretionary—0.3%			First Lien,	14	14	Bayerische Motoren Werke AG ⁽²⁾	13,510	419
Boyd Gaming Corp. Tranche B-2	24	24	4.250%, 12/7/23			Bridgestone Corp. ADR	19,320	349
3.756%, 9/15/23			CPI Acquisition, Inc. First Lien,	36	33	Ctrip.Com International Ltd.		
Harbor Freight Tools USA, Inc.	105	106	5.500%, 8/17/22			ADR ⁽²⁾	13,970	559
3.887%, 8/18/23			Huntsman International LLC	22	22	Fuji Heavy Industries Ltd. ADR	21,990	446
PetSmart, Inc.	62	63	3.873%, 4/1/23			Home Depot, Inc. (The)	6,370	854
4.000%, 3/11/22			PolyOne Corp. Tranche B-1,	41	41	Las Vegas Sands Corp.	23,580	1,260
UFC Holdings LLC First Lien	45	46	3.500%, 11/11/22		110	Netflix, Inc. ⁽²⁾	7,600	941
5.000%, 8/18/23		239				NIKE, Inc. Class B	21,290	1,082
			Real Estate—0.0%			Priceline Group, Inc. (The) ⁽²⁾	880	1,290
Consumer Staples—0.0%			ESH Hospitality, Inc.	11	11	Ross Stores, Inc.	17,020	1,117
Coty, Inc.	14	14	3.770%, 8/30/23			Sony Corp. Sponsored ADR	13,710	384
3.092%, 10/27/22			Utilities—0.0%			Starbucks Corp.	27,380	1,520
Galleria Co. Tranche B,	27	27	Vistra Operations Company LLC			TripAdvisor, Inc. ⁽²⁾	12,450	577
3.750%, 1/26/23		41	(Tex Operations Co., LLC)	24	25	WPP plc Sponsored ADR	2,685	297
			5.000%, 8/4/23		6			12,737
Energy—0.1%			Tranche C, 5.000%, 8/4/23		31	Consumer Staples—5.6%		
Paragon Offshore Finance Co.	33	12				British American Tobacco plc		
5.500%, 7/16/21 ⁽¹³⁾			TOTAL LOAN AGREEMENTS		889	Sponsored ADR	3,050	344
Seadrill Operating LP	51	35	(Identified Cost \$918)			Colgate-Palmolive Co.	7,990	523
4.000%, 2/21/21		47				Companhia Brasileira de		
						Distribuição Grupo Pao de		
						Acucar ADR	22,000	364
						Costco Wholesale Corp.	5,410	866
						Marine Harvest ASA Sponsored		
						ADR	24,140	438
						Mead Johnson Nutrition Co.	5,510	390
						Monster Beverage Corp. ⁽²⁾	28,260	1,253
						Philip Morris International, Inc.	11,600	1,061
								5,239

Refer to Footnote Legend on page 51.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

	SHARES	VALUE		SHARES	VALUE		SHARES	VALUE
Energy—3.9%			Information Technology—continued			SHORT-TERM INVESTMENT—0.6%		
Cabot Oil & Gas Corp.	16,630	\$ 389	Paycom Software, Inc. ⁽²⁾	11,890	\$ 541	Money Market Mutual Fund⁽¹¹⁾—0.6%		
Core Laboratories N.V.	5,710	685	SAP SE Sponsored ADR	5,255	454	JPMorgan U.S. Government		
Pacific Exploration and Production Corp.	557	23	Visa, Inc. Class A	18,730	1,461	Money Market Fund –		
Petroleo Brasileiro S.A. Sponsored ADR ⁽²⁾	35,310	357	Workday, Inc. Class A ⁽²⁾	10,650	704	Institutional Shares (seven-day effective yield 0.440%)	560,299	\$ 560
Pioneer Natural Resources Co.	3,520	634	Yandex N.V. Class A ⁽²⁾	39,270	790			
Schlumberger Ltd.	8,280	695			14,653			
Statoil ASA Sponsored ADR	22,760	415	Materials—1.4%			TOTAL SHORT-TERM INVESTMENT		
Technip S.A. ADR	24,025	428	Ecolab, Inc.	6,360	745	(Identified Cost \$560)		560
		3,626	Fortescue Metals Group Ltd.	15,360	129	TOTAL INVESTMENTS—99.0%		
			Toray Industries, Inc.	29,735	479	(Identified Cost \$92,916)		92,324⁽¹¹⁾
					1,353	Other assets and liabilities, net—1.0%		952
Financials—4.3%			Real Estate—0.4%			NET ASSETS—100.0%		\$93,276
American International Group, Inc.	7,190	470	Lendlease Group ADR	35,135	370			
Bank of America Corp.	53,870	1,190	Telecommunication Services—1.1%			Abbreviations:		
Charles Schwab Corp. (The)	16,170	638	KDDI Corp. ADR	27,440	347	ADR American Depositary Receipt		
DBS Group Holdings Ltd. Sponsored ADR	9,955	475	Nippon Telegraph & Telephone Corp. ADR	8,620	362	FHLMC Federal Home Loan Mortgage Corporation ("Freddie Mac").		
Mizuho Financial Group, Inc.	113,940	409	Spark New Zealand Ltd. Sponsored ADR	23,640	277	FNMA Federal National Mortgage Association ("Fannie Mae").		
ORIX Corp. Sponsored ADR	5,305	413			986	GNMA Government National Mortgage Association ("Ginnie Mae")		
Societe Generale SA Sponsored ADR	46,210	454	Utilities—0.3%			REIT Real Estate Investment Trust		
		4,049	Korea Electric Power Corp. Sponsored ADR ⁽²⁾	13,785	254			
Health Care—6.3%			Vistra Energy Corp. ⁽²⁾	1,084	17			
Allergan plc ⁽²⁾	2,215	465			271			
BioMarin Pharmaceutical, Inc. ⁽²⁾	8,550	708	TOTAL COMMON STOCKS					
Bristol-Myers Squibb Co.	18,070	1,056	(Identified Cost \$53,996)		53,557			
Celgene Corp. ⁽²⁾	12,550	1,453	AFFILIATED MUTUAL FUND⁽¹¹⁾—0.4%					
Danaher Corp.	8,740	680	Virtus Credit Opportunities Fund Class R6	33,447	332			
Icon plc ⁽²⁾	4,610	347						
Shire plc ADR	2,115	361	TOTAL AFFILIATED MUTUAL FUND					
Zoetis, Inc.	15,680	839	(Identified Cost \$334)		332			
		5,909	RIGHTS—0.0%					
Industrials—4.7%			Texas Competitive TRA	1,084	2			
Airbus Group Se ADR	25,665	421						
Ashtead Group plc ADR	6,590	523	TOTAL RIGHTS					
IMAX Corp. ⁽²⁾	14,295	449	(Identified Cost \$1)		2			
Nidec Corp. Sponsored ADR	20,110	431	TOTAL LONG TERM INVESTMENTS—98.4%					
RELX plc Sponsored ADR	20,535	369	(Identified Cost \$92,356)		91,764⁽¹²⁾			
Roper Technologies, Inc.	4,170	764						
Safran SA	25,220	453						
Union Pacific Corp.	4,980	516						
Wabtec Corp.	5,269	438						
		4,364						
Information Technology—15.7%								
Accenture plc Class A	6,170	723						
Activision Blizzard, Inc.	14,640	529						
Alibaba Group Holding Ltd. Sponsored ADR ⁽²⁾	18,630	1,636						
Alphabet, Inc. Class A ⁽²⁾	1,430	1,133						
Amphenol Corp. Class A	18,630	1,252						
Broadcom Ltd.	2,515	445						
Check Point Software Technologies Ltd. ⁽²⁾	3,975	336						
CoStar Group, Inc. ⁽²⁾	3,520	663						
Facebook, Inc. Class A ⁽²⁾	32,230	3,708						
Gartner, Inc. ⁽²⁾	2,750	278						

SHORT-TERM INVESTMENT—0.6%

Money Market Mutual Fund⁽¹¹⁾—0.6%

JPMorgan U.S. Government
Money Market Fund –
Institutional Shares (seven-day
effective yield 0.440%) 560,299 \$ 560

TOTAL SHORT-TERM INVESTMENT
(Identified Cost \$560) 560

TOTAL INVESTMENTS—99.0%
(Identified Cost \$92,916) 92,324⁽¹¹⁾

Other assets and liabilities, net—1.0% 952

NET ASSETS—100.0% \$93,276

Abbreviations:

ADR American Depositary Receipt
FHLMC Federal Home Loan Mortgage Corporation
("Freddie Mac").
FNMA Federal National Mortgage Association
("Fannie Mae").
GNMA Government National Mortgage Association
("Ginnie Mae")
REIT Real Estate Investment Trust

Footnote Legend:

- (1) Federal Income Tax Information: For tax information at December 31, 2016, see Note 10 Federal Income Tax Information in the Notes to Financial Statements.
- (2) Non-income producing.
- (3) Variable or step coupon security; interest rate shown reflects the rate in effect at December 31, 2016.
- (4) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2016, these securities amounted to a value of \$10,285 or 11.0% of net assets.
- (5) Interest payments may be deferred.
- (6) No contractual maturity date.
- (7) Value shown as par value.
- (8) This Note was issued for the sole purpose of funding a loan agreement between the issuer and the borrower. As the credit risk for this security lies solely with the borrower, the name represented here is that of the borrower.
- (9) Security in default, no interest payments are being received during the bankruptcy proceedings.
- (10) Security in default, a portion of the interest payments are being received during the bankruptcy proceedings.
- (11) Shares of this fund are publicly offered and its prospectus and annual report are publicly available.
- (12) All or a portion of the Series' assets have been segregated for delayed delivery securities.
- (13) Security in default, interest payments are being received during the bankruptcy proceedings.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION SERIES

SCHEDULE OF INVESTMENTS (Continued)

DECEMBER 31, 2016

(\$ reported in thousands)

Foreign Currencies:

CLP Chilean Peso
 MXN Mexican Peso
 RUB Russian Ruble

Country Weightings (Unaudited)†

United States	77%
Japan	4
United Kingdom	3
China	2
France	2
Russia	2
Ireland	1
Other	9
Total	100%
† % of total investments as of December 31, 2016	

The following table provides a summary of inputs used to value the Series' investments as of December 31, 2016 (See Security Valuation Note 2A in the Notes to Financial Statements):

	Total Value at December 31, 2016	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Debt Securities:				
Asset-Backed Securities	\$ 2,368	\$ —	\$ 2,368	\$—
Corporate Bonds and Notes	17,059	—	17,059	—
Foreign Government Securities	671	—	671	—
Loan Agreements	889	—	889	—
Mortgage-Backed Securities	12,615	—	12,615	—
Municipal Bonds	1,460	—	1,460	—
U.S. Government Securities	1,977	—	1,977	—
Equity Securities:				
Common Stocks	53,557	53,557	—	—
Preferred Stocks	834	119	715	—
Rights	2	—	—	2
Affiliated Mutual Fund	332	332	—	—
Short-Term Investment	560	560	—	—
Total Investments	\$92,324	\$54,568	\$37,754	\$ 2

There were no transfers between Level 1 and Level 2 related to securities held at December 31, 2016.

See Notes to Financial Statements

VIRTUS STRATEGIC ALLOCATION SERIES
SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016

(\$ reported in thousands)

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

	Investments in Securities	Rights
Beginning Balance December 31, 2015:	\$—	\$—
Accrued Discount/(Premium)	—	—
Realized Gain (Loss)	—	—
Change in Unrealized Appreciation (Depreciation) ^(b)	1	1
Purchases	1	1
(Sales) ^(c)	—	—
Transfers into Level 3 ^(d)	—	—
Transfers from Level 3 ^(d)	—	—
Ending Balance December 31, 2016	\$ 2	\$ 2

None of the securities in this table are internally fair valued. The Series' investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information inputs could result in a significantly lower or higher value of Level 3 investments.

^(a) Amount is less than \$500.

^(b) Included in the related net change in unrealized appreciation (depreciation) in the Statement of Operations. The change in unrealized appreciation (depreciation) on investments still held as of December 31, 2016 was \$1.

^(c) Includes paydowns on securities.

^(d) "Transfers into and/or from" Level 3 represent the ending value as of December 31, 2016, for any investment security where a change in the pricing level occurred from the beginning to the end of the period.

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF ASSETS AND LIABILITIES
DECEMBER 31, 2016

(Reported in thousands except shares and per share amounts)

	<u>Capital Growth Series</u>	<u>Enhanced Core Equity Series</u>	<u>Equity Trend Series</u>
Assets			
Investment in securities at value ⁽¹⁾	\$ 183,805	\$ 104,203	\$ 4,484
Cash	1,703	7	98
Deposits with broker	—	230	—
Receivables			
Investment securities sold	—	8,434	—
Custody fees reimbursement (Note 14)	185	468	—
Dividends and interest	136	78	6
Prepaid expenses	2	1	— ⁽³⁾
Other assets	434	242	11
	<u>186,265</u>	<u>113,663</u>	<u>4,599</u>
Liabilities			
Written options at value ⁽²⁾	—	310	—
Payables			
Series shares repurchased	93	64	—
Investment securities purchased	—	8,332	—
Investment advisory fees	92	49	5
Administration fees	10	6	—
Transfer agent fees and expenses	— ⁽³⁾	— ⁽³⁾	1
Trustees' fees and expenses	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾
Professional fees	26	25	17
Distribution and service fees	41	22	1
Trustee deferred compensation plan	434	242	11
Other accrued expenses	50	26	1
	<u>746</u>	<u>9,076</u>	<u>36</u>
Net Assets	<u>\$ 185,519</u>	<u>\$ 104,587</u>	<u>\$ 4,563</u>
Net Assets Consist of:			
Capital paid in on shares of beneficial interest	\$ 131,499	\$ 94,995	\$ 7,062
Accumulated undistributed net investment income (loss)	(364)	396	(50)
Accumulated undistributed net realized gain (loss)	(5,600)	2,292	(2,849)
Net unrealized appreciation (depreciation) on investments	59,984	6,943	400
Net unrealized appreciation (depreciation) on written options	—	(39)	—
	<u>\$ 185,519</u>	<u>\$ 104,587</u>	<u>\$ 4,563</u>
Class A			
Net asset value and offering price per share	<u>\$ 24.09</u>	<u>\$ 11.97</u>	<u>\$ 11.27</u>
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	7,700,066	8,733,800	394,342
Net assets	<u>\$ 185,519</u>	<u>\$ 104,587</u>	<u>\$ 4,444</u>
Class I			
Net asset value per share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11.35</u>
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	—	—	10,492
Net assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 119</u>
⁽¹⁾ Investments in securities at cost	\$ 123,821	\$ 97,260	\$ 4,084
⁽²⁾ Written options at cost	\$ —	\$ 271	\$ —
⁽³⁾ Amount is less than \$500.			

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
DECEMBER 31, 2016

(Reported in thousands except shares and per share amounts)

	<u>International Series</u>	<u>Multi-Sector Fixed Income Series</u>	<u>Real Estate Securities Series</u>
Assets			
Investment in unaffiliated securities at value ⁽¹⁾	\$ 169,700	\$ 125,773	\$ 80,294
Investment in affiliated funds at value ⁽²⁾	—	3,074	—
Cash	7,697	—	750
Receivables			
Investment securities sold	—	460	128
Series shares sold	8	53	17
Custody fees reimbursement (Note 14)	77	56	20
Dividends and interest	233	1,403	436
Tax reclaims	41	—	—
Unrealized appreciation on forward currency contracts	496	—	—
Prepaid expenses	2	2	1
Other assets	410	297	183
	<u>178,664</u>	<u>131,118</u>	<u>81,829</u>
Liabilities			
Cash overdraft	—	809	—
Payables			
Series shares repurchased	63	17	10
Investment securities purchased	—	636	75
Investment advisory fees	106	44	47
Administration fees	9	7	4
Transfer agent fees and expenses	1	2	2
Trustees' fees and expenses	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾
Professional fees	30	31	26
Distribution and service fees	38	27	17
Trustee deferred compensation plan	410	297	183
Other accrued expenses	53	37	23
	<u>710</u>	<u>1,907</u>	<u>387</u>
Net Assets	<u>\$ 177,954</u>	<u>\$ 129,211</u>	<u>\$ 81,442</u>
Net Assets Consist of:			
Capital paid in on shares of beneficial interest	\$ 185,975	\$ 136,080	\$ 53,231
Accumulated undistributed net investment income (loss)	(206)	80	106
Accumulated undistributed net realized gain (loss)	(14,942)	(4,797)	2,288
Net unrealized appreciation (depreciation)	7,127	(2,152)	25,817
Net Assets	<u>\$ 177,954</u>	<u>\$ 129,211</u>	<u>\$ 81,442</u>
Class A			
Net asset value and offering price per share	\$ 10.95	\$ 9.14	\$ 20.31
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	16,238,589	14,116,228	3,999,756
Net assets	<u>\$ 177,868</u>	<u>\$ 128,969</u>	<u>\$ 81,243</u>
Class I			
Net asset value per share	\$ 10.94	\$ 9.12	\$ 20.27
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	7,888	26,462	9,810
Net assets	<u>\$ 86</u>	<u>\$ 242</u>	<u>\$ 199</u>
⁽¹⁾ Investments in unaffiliated securities at cost	\$ 163,067	\$ 127,897	\$ 54,477
⁽²⁾ Investment in affiliated funds at cost	\$ —	\$ 3,100	\$ —
⁽³⁾ Amount is less than \$500.			

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
DECEMBER 31, 2016

(Reported in thousands except shares and per share amounts)

	<u>Small-Cap Growth Series</u>	<u>Small-Cap Value Series</u>	<u>Strategic Allocation Series</u>
Assets			
Investment in unaffiliated securities at value ⁽¹⁾	\$ 62,609	\$ 90,946	\$ 91,992
Investment in affiliated funds at value ⁽²⁾	—	—	332
Cash	750	2,000	777
Receivables			
Investment securities sold	—	2,094	—
Custody fees reimbursement (Note 14)	53	72	33
Dividends and interest	74	128	350
Prepaid expenses	— ⁽³⁾	1	1
Other assets	145	220	217
Total assets	<u>63,631</u>	<u>95,461</u>	<u>93,702</u>
Liabilities			
Payables			
Series shares repurchased	29	76	110
Investment securities purchased	—	61	5
Investment advisory fees	38	62	38
Administration fees	3	5	— ⁽³⁾
Transfer agent fees and expenses	1	— ⁽³⁾	1
Trustees' fees and expenses	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾
Professional fees	26	26	31
Distribution and service fees	13	20	20
Trustee deferred compensation plan	145	220	217
Other accrued expenses	15	25	4
Total liabilities	<u>270</u>	<u>495</u>	<u>426</u>
Net Assets	<u>\$ 63,361</u>	<u>\$ 94,966</u>	<u>\$ 93,276</u>
Net Assets Consist of:			
Capital paid in on shares of beneficial interest	\$ 40,056	\$ 63,312	\$ 93,374
Accumulated undistributed net investment income (loss)	(113)	112	224
Accumulated undistributed net realized gain (loss)	353	3,638	271
Net unrealized appreciation (depreciation)	23,065	27,904	(593)
Net Assets	<u>\$ 63,361</u>	<u>\$ 94,966</u>	<u>\$ 93,276</u>
Class A			
Net asset value and offering price per share	\$ 21.61	\$ 16.69	\$ 10.88
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	2,914,888	5,689,765	8,575,383
Net assets	<u>\$ 63,008</u>	<u>\$ 94,966</u>	<u>\$ 93,276</u>
Class I			
Net asset value per share	\$ 21.86	\$ —	\$ —
Shares of beneficial interest outstanding, \$1 par value, unlimited authorization	16,162	—	—
Net assets	<u>\$ 353</u>	<u>\$ —</u>	<u>\$ —</u>
⁽¹⁾ Investments in unaffiliated securities at cost	\$ 39,544	\$ 63,042	\$ 92,582
⁽²⁾ Investment in affiliated funds at cost	\$ —	\$ —	\$ 334
⁽³⁾ Amount is less than \$500.			

See Notes to Financial Statements

**VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016**

(\$ reported in thousands)

	Capital Growth Series	Enhanced Core Equity Series	Equity Trend Series
Investment Income			
Dividends	\$ 1,839	\$ 2,441	\$ 91
Foreign taxes withheld	(12)	—	—
Total investment income	1,827	2,441	91
Expenses			
Investment advisory fees	1,360	713	60
Administration fees	240	126	7
Distribution and service fees	486	254	15
Transfer agent fees and expenses	1	1	2
Custodian fees	5	3	1
Printing fees and expenses	55	32	4
Professional fees	36	30	20
Trustees' fees and expenses	70	36	3
Miscellaneous expenses	42	23	3
Total expenses	2,295	1,218	115
Less expenses reimbursed and/or waived by investment advisor	(275)	(210)	(13)
Custody fees reimbursed (Note 14)	(185)	(468)	—
Earnings credit from custodian	(1)	(2)	— ⁽¹⁾
Net expenses	1,834	538	102
Net investment income (loss)	(7)	1,903	(11)
Net Realized and Unrealized Gain (Loss) on Investments			
Net realized gain (loss) on investments	18,654	19,611	(518)
Net realized gain (loss) on written options	—	1,081	—
Net change in unrealized appreciation (depreciation) on investments	(20,728)	(13,601)	147
Net change in unrealized appreciation (depreciation) on written options	—	(39)	—
Net gain (loss) on investments	(2,074)	7,052	(371)
Net increase (decrease) in net assets resulting from operations	\$ (2,081)	\$ 8,955	\$(382)

⁽¹⁾ Amount is less than \$500.

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF OPERATIONS (Continued)
YEAR ENDED DECEMBER 31, 2016

(\$ reported in thousands)

	<u>International Series</u>	<u>Multi-Sector Fixed Income Series</u>	<u>Real Estate Securities Series</u>
Investment Income			
Interest	\$ —	\$ 7,452	\$ —
Dividends	3,922	110	2,214
Dividends from affiliated funds	—	125	—
Foreign taxes withheld	(521)	(6)	—
	<u>3,401</u>	<u>7,681</u>	<u>2,214</u>
Expenses			
Investment advisory fees	1,416	667	641
Administration fees	234	165	106
Distribution and service fees	472	333	213
Transfer agent fees and expenses	2	4	4
Custodian fees	23	8	2
Printing fees and expenses	59	42	27
Professional fees	55	38	31
Trustees' fees and expenses	69	48	30
Miscellaneous expenses	42	33	17
	<u>2,372</u>	<u>1,338</u>	<u>1,071</u>
Total expenses	2,372	1,338	1,071
Less expenses reimbursed and/or waived by investment advisor	(126)	(85)	(72)
Custody fees reimbursed (Note 14)	(77)	(56)	(20)
Earnings credit from custodian	(21)	(2)	(2)
	<u>2,148</u>	<u>1,195</u>	<u>977</u>
Net expenses	2,148	1,195	977
Net investment income (loss)	<u>1,253</u>	<u>6,486</u>	<u>1,237</u>
Net Realized and Unrealized Gain (Loss) on Investments			
Net realized gain (loss) on unaffiliated investments	(14,821)	(1,856)	13,447
Net realized gain (loss) on foreign currency transactions	(97)	(9)	—
Net change in unrealized appreciation (depreciation) on unaffiliated investments	9,234	7,077	(9,047)
Net change in unrealized appreciation (depreciation) on affiliated investments	—	74	—
Net change in unrealized appreciation (depreciation) on foreign currency translations	103	3	—
Net change in unrealized appreciation (depreciation) on forward currency transactions	496	—	—
	<u>(5,085)</u>	<u>5,289</u>	<u>4,400</u>
Net gain (loss) on investments	<u>(5,085)</u>	<u>5,289</u>	<u>4,400</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (3,832)</u>	<u>\$ 11,775</u>	<u>\$ 5,637</u>

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF OPERATIONS (Continued)
YEAR ENDED DECEMBER 31, 2016

(\$ reported in thousands)

	<u>Small-Cap Growth Series</u>	<u>Small-Cap Value Series</u>	<u>Strategic Allocation Series</u>
Investment Income			
Dividends	\$ 476	\$ 2,804	\$ 1,121
Dividends from affiliated funds	—	—	13
Interest	—	—	1,816
Foreign taxes withheld	—	(9)	(7)
	<u>476</u>	<u>2,795</u>	<u>2,943</u>
Expenses			
Investment advisory fees	492	821	584
Administration fees	72	113	124
Distribution and service fees	144	228	250
Transfer agent fees and expenses	2	1	1
Custodian fees	3	2	8
Printing fees and expenses	19	28	30
Professional fees	30	31	35
Trustees' fees and expenses	20	33	36
Miscellaneous expenses	12	19	23
	<u>794</u>	<u>1,276</u>	<u>1,091</u>
Total expenses	794	1,276	1,091
Less expenses reimbursed and/or waived by investment advisor	(100)	(172)	(104)
Custody fees reimbursed (Note 14)	(53)	(72)	(33)
Earnings credit from custodian	(2)	(1)	— ⁽¹⁾
	<u>639</u>	<u>1,031</u>	<u>954</u>
Net expenses	639	1,031	954
Net investment income (loss)	<u>(163)</u>	<u>1,764</u>	<u>1,989</u>
Net Realized and Unrealized Gain (Loss) on Investments			
Net realized gain (loss) on unaffiliated investments	4,817	13,250	10,276
Net realized gain (loss) on foreign currency transactions	—	—	— ⁽¹⁾
Net change in unrealized appreciation (depreciation) on unaffiliated investments	8,834	6,544	(11,476)
Net change in unrealized appreciation (depreciation) on affiliated investments	—	—	8
Net change in unrealized appreciation (depreciation) on foreign currency translations	—	—	— ⁽¹⁾
	<u>13,651</u>	<u>19,794</u>	<u>(1,192)</u>
Net gain (loss) on investments	<u>13,651</u>	<u>19,794</u>	<u>(1,192)</u>
Net increase in net assets resulting from operations	<u>\$13,488</u>	<u>\$21,558</u>	<u>\$ 797</u>

⁽¹⁾ Amount is less than \$500.

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST STATEMENTS OF CHANGES IN NET ASSETS

(\$ reported in thousands)

	Capital Growth Series		Enhanced Core Equity Series		Equity Trend Series	
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
INCREASE/(DECREASE) IN NET ASSETS						
From Operations						
Net investment income (loss)	\$ (7)	\$ (92)	\$ 1,903	\$ 1,055	\$ (11)	\$ (178)
Net realized gain (loss)	18,654	13,988	20,692	9,588	(518)	(1,753)
Net change in unrealized appreciation (depreciation)	(20,728)	5,479	(13,640)	(21,853)	147	(115)
Increase (decrease) in net assets resulting from operations	(2,081)	19,375	8,955	(11,210)	(382)	(2,046)
From Distributions to Shareholders						
Net investment income, Class A	(4,514)	—	(1,308)	(981)	—	—
Net investment income, Class I	—	—	—	—	—	—
Net realized short-term gains, Class A	—	—	(358)	(134)	—	—
Net realized short-term gains, Class I	—	—	—	—	—	—
Net realized long-term gains, Class A	—	—	(19,641)	(12,618)	—	—
Net realized long-term gains, Class I	—	—	—	—	—	—
Decrease in net assets from distributions to shareholders	(4,514)	—	(21,307)	(13,733)	—	—
From Share Transactions						
Sale of shares						
Class A	3,451	3,115	1,665	1,441	178	5,160
Class I	—	—	—	—	—	— ⁽¹⁾
Reinvestment of distributions						
Class A	4,514	—	21,307	13,733	—	—
Class I	—	—	—	—	—	—
Shares repurchased						
Class A	(25,945)	(29,434)	(15,946)	(19,440)	(6,285)	(28,877)
Class I	—	—	—	—	(3)	(139)
Increase (decrease) in net assets from share transactions	(17,980)	(26,319)	7,026	(4,266)	(6,110)	(23,856)
Net increase (decrease) in net assets	(24,575)	(6,944)	(5,326)	(29,209)	(6,492)	(25,902)
Net Assets						
Beginning of period	210,094	217,038	109,913	139,122	11,055	36,957
End of period	\$185,519	\$210,094	\$104,587	\$109,913	\$ 4,563	\$ 11,055
Accumulated undistributed net investment income (loss) at end of period	\$ (364)	\$ (283)	\$ 396	\$ (209)	\$ (50)	\$ (48)
Shares						
Sales of shares						
Class A	141	129	123	90	16	429
Class I	—	—	—	—	—	—
Reinvestment of distributions						
Class A	186	—	1,759	928	—	—
Class I	—	—	—	—	—	—
Shares repurchased						
Class A	(1,062)	(1,217)	(1,190)	(1,202)	(582)	(2,392)
Class I	—	—	—	—	— ⁽²⁾	(11)
Net Increase/(Decrease)	(735)	(1,088)	692	(184)	(566)	(1,974)

⁽¹⁾ Amount is less than \$500.

⁽²⁾ Amount is less than 500 shares.

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF CHANGES IN NET ASSETS (Continued)

(\$ reported in thousands)

	International Series		Multi-Sector Fixed Income Series		Real Estate Securities Series	
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
INCREASE/(DECREASE) IN NET ASSETS						
From Operations						
Net investment income (loss)	\$ 1,253	\$ 5,227	\$ 6,486	\$ 7,165	\$ 1,237	\$ 1,583
Net realized gain (loss)	(14,918)	42,856	(1,865)	(3,170)	13,447	14,506
Net change in unrealized appreciation (depreciation)	9,833	(73,082)	7,154	(5,544)	(9,047)	(14,073)
Increase (decrease) in net assets resulting from operations	(3,832)	(24,999)	11,775	(1,549)	5,637	2,016
From Distributions to Shareholders						
Net investment income, Class A	(1,466)	(5,313)	(5,840)	(5,991)	(1,520)	(1,272)
Net investment income, Class I	(1)	(2)	(11)	(10)	(4)	(3)
Net realized short-term gains, Class A ...	—	—	—	—	(476)	(127)
Net realized short-term gains, Class I ...	—	—	—	—	(1)	— ⁽¹⁾
Net realized long-term gains, Class A ...	(36,139)	(8,638)	—	—	(12,222)	(14,884)
Net realized long-term gains, Class I	(16)	(4)	—	—	(28)	(26)
Decrease in net assets from distributions to shareholders	(37,622)	(13,957)	(5,851)	(6,001)	(14,251)	(16,312)
From Share Transactions						
Sale of shares						
Class A	2,480	4,403	12,757	9,998	8,088	9,419
Class I	—	1	9	179	89	40
Reinvestment of distributions						
Class A	37,605	13,951	5,840	5,991	14,218	16,283
Class I	17	6	11	10	33	29
Shares repurchased						
Class A	(30,771)	(30,705)	(30,100)	(28,808)	(20,375)	(29,041)
Class I	—	(1)	(1)	(187)	(54)	(19)
Increase (decrease) in net assets from share transactions	9,331	(12,345)	(11,484)	(12,817)	1,999	(3,289)
Net increase (decrease) in net assets ...	(32,123)	(51,301)	(5,560)	(20,367)	(6,615)	(17,585)
Net Assets						
Beginning of period	210,077	261,378	134,771	155,138	88,057	105,642
End of period	<u>\$177,954</u>	<u>\$210,077</u>	<u>\$129,211</u>	<u>\$134,771</u>	<u>\$ 81,442</u>	<u>\$ 88,057</u>
Accumulated undistributed net investment income (loss) at end of period	\$ (207)	\$ (16)	\$ 80	\$ (85)	\$ 106	\$ 392
Shares						
Sales of shares						
Class A	209	278	1,391	1,078	340	341
Class I	—	— ⁽²⁾	1	20	4	2
Reinvestment of distributions						
Class A	3,585	931	642	666	683	691
Class I	2	— ⁽²⁾	1	1	1	1
Shares repurchased						
Class A	(2,543)	(1,898)	(3,292)	(3,111)	(870)	(1,086)
Class I	—	— ⁽²⁾	— ⁽²⁾	(20)	(2)	(1)
Net Increase/(Decrease)	<u>1,253</u>	<u>(689)</u>	<u>(1,257)</u>	<u>(1,366)</u>	<u>156</u>	<u>(52)</u>

⁽¹⁾ Amount is less than \$500.

⁽²⁾ Amount is less than 500 shares.

See Notes to Financial Statements

VIRTUS VARIABLE INSURANCE TRUST
STATEMENTS OF CHANGES IN NET ASSETS (Continued)

(\$ reported in thousands)

	Small-Cap Growth Series		Small-Cap Value Series		Strategic Allocation Series	
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
INCREASE/(DECREASE) IN NET ASSETS						
From Operations						
Net investment income (loss)	\$ (163)	\$ (101)	\$ 1,764	\$ 574	\$ 1,989	\$ 2,143
Net realized gain (loss)	4,817	6,320	13,250	9,824	10,276	5,194
Net change in unrealized appreciation (depreciation)	8,834	(5,747)	6,544	(11,926)	(11,468)	(13,593)
Increase (decrease) in net assets resulting from operations	<u>13,488</u>	<u>472</u>	<u>21,558</u>	<u>(1,528)</u>	<u>797</u>	<u>(6,256)</u>
From Distributions to Shareholders						
Net investment income, Class A	—	—	(1,727)	(528)	(1,648)	(2,012)
Net investment income, Class I	—	—	—	—	—	—
Net realized short-term gains, Class A	(673)	(229)	(700)	(206)	—	(226)
Net realized short-term gains, Class I	(4)	(1)	—	—	—	—
Net realized long-term gains, Class A	(4,609)	(5,697)	(10,074)	(8,544)	(10,307)	(7,994)
Net realized long-term gains, Class I	(24)	(19)	—	—	—	—
Decrease in net assets from distributions to shareholders	<u>(5,310)</u>	<u>(5,946)</u>	<u>(12,501)</u>	<u>(9,278)</u>	<u>(11,955)</u>	<u>(10,232)</u>
From Share Transactions						
Sale of shares						
Class A	2,658	1,107	1,445	669	1,292	1,191
Class I	247	183	—	—	—	—
Reinvestment of distributions						
Class A	5,282	5,925	12,501	9,278	11,955	10,232
Class I	28	21	—	—	—	—
Shares repurchased						
Class A	(8,957)	(9,191)	(20,871)	(19,337)	(15,638)	(17,583)
Class I	(126)	(278)	—	—	—	—
Increase (decrease) in net assets from share transactions	<u>(868)</u>	<u>(2,233)</u>	<u>(6,925)</u>	<u>(9,390)</u>	<u>(2,391)</u>	<u>(6,160)</u>
Net increase (decrease) in net assets	7,310	(7,707)	2,132	(20,196)	(13,549)	(22,648)
Net Assets						
Beginning of period	<u>56,051</u>	<u>63,758</u>	<u>92,834</u>	<u>113,030</u>	<u>106,825</u>	<u>129,473</u>
End of period	<u>\$63,361</u>	<u>\$56,051</u>	<u>\$ 94,966</u>	<u>\$ 92,834</u>	<u>\$ 93,276</u>	<u>\$106,825</u>
Accumulated undistributed net investment income (loss) at end of period	\$ (113)	\$ (88)	\$ 112	\$ 75	\$ 224	\$ (127)
Shares						
Sales of shares						
Class A	128	53	85	40	104	84
Class I	12	9	—	—	—	—
Reinvestment of distributions						
Class A	250	306	754	596	1,085	784
Class I	1	1	—	—	—	—
Shares repurchased						
Class A	(443)	(443)	(1,270)	(1,151)	(1,271)	(1,266)
Class I	(6)	(13)	—	—	—	—
Net Increase/(Decrease)	<u>(58)</u>	<u>(87)</u>	<u>(431)</u>	<u>(515)</u>	<u>(82)</u>	<u>(398)</u>

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	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽¹⁾	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽²⁾	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets ⁽³⁾	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) ⁽³⁾	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
Capital Growth Series															
Class A															
1/1/16 to 12/31/16	\$24.91	— ⁽¹²⁾	(0.22)	(0.22)	(0.60)	—	(0.60)	(0.82)	\$24.09	(0.86)% ⁽¹³⁾	\$185,519	1.04% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.18%	(0.10)% ⁽¹³⁾	23%
1/1/15 to 12/31/15	22.79	(0.01)	2.13	2.12	—	—	—	2.12	24.91	9.26	210,094	1.04% ⁽⁹⁾⁽¹¹⁾	1.21	(0.04)	19
1/1/14 to 12/31/14	20.41	(0.00)	2.39	2.39	(0.01)	—	(0.01)	2.38	22.79	11.73	217,038	1.03	1.19	(0.01)	29
1/1/13 to 12/31/13	15.82	0.04	4.61	4.65	(0.06)	—	(0.06)	4.59	20.41	29.44	218,264	1.03	1.14	0.19	30
1/1/12 to 12/31/12	13.99	0.11	1.81	1.92	(0.09)	—	(0.09)	1.83	15.82	13.76	189,975	0.96 ⁽⁷⁾	1.13	0.68	16
Enhanced Core Equity Series															
Class A															
1/1/16 to 12/31/16	\$13.67	0.25	1.01	1.26	(0.18)	(2.78)	(2.96)	(1.70)	\$11.97	9.41% ⁽¹³⁾	\$104,587	0.99% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.20%	1.41% ⁽¹³⁾	241% ⁽¹⁴⁾
1/1/15 to 12/31/15	16.91	0.13	(1.55)	(1.42)	(0.14)	(1.68)	(1.82)	(3.24)	13.67	(8.91)	109,913	0.99% ⁽⁹⁾⁽¹¹⁾	1.23	0.83	94
1/1/14 to 12/31/14	17.23	0.16	1.51	1.67	(0.17)	(1.82)	(1.99)	(0.32)	16.91	9.64	139,122	0.98	1.20	0.91	53
1/1/13 to 12/31/13	14.23	0.11	4.39	4.50	(0.14)	(1.36)	(1.50)	3.00	17.23	31.81	150,383	0.98	1.14	0.84	54
1/1/12 to 12/31/12	12.51	0.12	1.73	1.85	(0.13)	—	(0.13)	1.72	14.23	14.77	137,385	0.91 ⁽⁷⁾	1.14	0.83	73
Equity Trend Series															
Class A															
1/1/16 to 12/31/16	\$11.38	(0.02)	(0.09)	(0.11)	—	—	—	(0.11)	\$11.27	(0.97)%	\$ 4,444	1.70% ⁽⁹⁾⁽¹¹⁾	1.92%	(0.19)%	187%
1/1/15 to 12/31/15	12.55	(0.11)	(1.06)	(1.17)	—	—	—	(1.17)	11.38	(9.32)	10,932	1.71% ⁽⁹⁾⁽¹¹⁾	2.23	(0.92)	366
1/1/14 to 12/31/14	13.30	0.04	0.27	0.31	(0.05)	(1.01)	(1.06)	(0.75)	12.55	2.23	36,680	1.70 ⁽⁸⁾	1.65	0.32	473
1/1/13 to 12/31/13	10.41	0.06	2.92	2.98	(0.05)	(0.04)	(0.09)	2.89	13.30	28.71	18,710	1.70	1.79	0.52	108
1/1/12 to 12/31/12	9.49	0.15	0.86	1.01	(0.09)	—	(0.09)	0.92	10.41	10.69	4,958	1.70	2.07	1.50	272
Class I															
1/1/16 to 12/31/16	\$11.43	0.02	(0.10)	(0.08)	—	—	—	(0.08)	\$11.35	(0.70)%	\$ 119	1.46% ⁽⁹⁾⁽¹¹⁾	1.65%	0.20%	187%
1/1/15 to 12/31/15	12.57	(0.08)	(1.06)	(1.14)	—	—	—	(1.14)	11.43	(9.00)	123	1.46% ⁽⁹⁾⁽¹¹⁾	2.06	(0.57)	366
1/1/14 to 12/31/14	13.30	0.05	0.29	0.34	(0.06)	(1.01)	(1.07)	(0.73)	12.57	2.39	277	1.45 ⁽⁸⁾	1.41	0.40	473
4/30/13 ⁽⁴⁾ to 12/31/13	11.69	0.07	1.66	1.73	(0.08)	(0.04)	(0.12)	1.61	13.30	14.64 ⁽⁶⁾	140	1.45 ⁽⁵⁾	1.50 ⁽⁵⁾	0.89 ⁽⁵⁾	108
International Series															
Class A															
1/1/16 to 12/31/16	\$14.01	0.08	(0.44)	(0.36)	(0.09)	(2.61)	(2.70)	(3.06)	\$10.95	(1.61)% ⁽¹³⁾	\$177,868	1.18% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.26%	0.62% ⁽¹³⁾	83%
1/1/15 to 12/31/15	16.67	0.35	(2.04)	(1.69)	(0.37)	(0.60)	(0.97)	(2.66)	14.01	(10.48)	209,990	1.19% ⁽⁹⁾⁽¹¹⁾	1.30	2.16	104
1/1/14 to 12/31/14	18.23	0.67	(1.34)	(0.67)	(0.71)	(0.18)	(0.89)	(1.56)	16.67	(3.90)	261,281	1.18	1.26	3.60	9
1/1/13 to 12/31/13	17.30	0.35	0.97	1.32	(0.39)	—	(0.39)	0.93	18.23	7.78	317,726	1.18	1.18	1.97	11
1/1/12 to 12/31/12	15.28	0.41	2.06	2.47	(0.45)	—	(0.45)	2.02	17.30	16.52	341,717	1.06 ⁽⁷⁾	1.18	2.53	13
Class I															
1/1/16 to 12/31/16	\$13.99	0.11	(0.42)	(0.31)	(0.13)	(2.61)	(2.74)	(3.05)	\$10.94	(1.28)% ⁽¹³⁾	\$ 86	0.93% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.01%	0.88% ⁽¹³⁾	83%
1/1/15 to 12/31/15	16.65	0.38	(2.03)	(1.65)	(0.41)	(0.60)	(1.01)	(2.66)	13.99	(10.26)	87	0.94% ⁽⁹⁾⁽¹¹⁾	1.05	2.39	104
1/1/14 to 12/31/14	18.22	0.69	(1.32)	(0.63)	(0.76)	(0.18)	(0.94)	(1.57)	16.65	(3.71)	97	0.93	1.01	3.71	9
4/30/13 ⁽⁴⁾ to 12/31/13	18.40	0.18	0.08	0.26	(0.44)	—	(0.44)	(0.18)	18.22	1.17 ⁽⁶⁾	104	0.93 ⁽⁵⁾	0.93 ⁽⁵⁾	1.54 ⁽⁵⁾	11

The footnote legend is at the end of the Financial Highlights.

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	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽¹⁾	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions	Payment from Affiliate	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽²⁾	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets ⁽³⁾	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) ⁽⁴⁾	Ratio of Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate
Multi-Sector Fixed Income Series																
Class A																
1/1/16 to 12/31/16	\$ 8.75	0.44	0.37	0.81	(0.42)	—	(0.42)	—	0.39	\$ 9.14	9.29% ⁽¹³⁾	\$128,969	0.94% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.00%	4.82% ⁽¹³⁾	68%
1/1/15 to 12/31/15	9.25	0.45	(0.56)	(0.11)	(0.39)	—	(0.39)	— ⁽¹⁰⁾	(0.50)	8.75	(1.26)	134,558	0.95% ⁽⁹⁾⁽¹¹⁾	1.03	4.89	55
1/1/14 to 12/31/14	9.54	0.48	(0.29)	0.19	(0.48)	—	(0.48)	—	(0.29)	9.25	1.90	154,915	0.94	1.01	4.93	48
1/1/13 to 12/31/13	9.88	0.51	(0.30)	0.21	(0.55)	—	(0.55)	—	(0.34)	9.54	2.25	171,995	0.94	0.96	5.23	56
1/1/12 to 12/31/12	9.18	0.58	0.74	1.32	(0.62)	—	(0.62)	—	0.70	9.88	14.69	203,775	0.78 ⁽⁷⁾	0.94	5.94	85
Class I																
1/1/16 to 12/31/16	\$ 8.74	0.47	0.35	0.82	(0.44)	—	(0.44)	—	0.38	\$ 9.12	9.46% ⁽¹³⁾	\$ 242	0.69% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	0.75%	5.08% ⁽¹³⁾	68%
1/1/15 to 12/31/15	9.24	0.47	(0.56)	(0.09)	(0.41)	—	(0.41)	— ⁽¹⁰⁾	(0.50)	8.74	(1.00)	213	0.70% ⁽⁹⁾⁽¹¹⁾	0.78	5.11	55
1/1/14 to 12/31/14	9.53	0.51	(0.29)	0.22	(0.51)	—	(0.51)	—	(0.29)	9.24	2.16	223	0.69	0.76	5.19	48
4/30/13 ⁽⁴⁾ to 12/31/13	10.19	0.36	(0.44)	(0.08)	(0.58)	—	(0.58)	—	(0.66)	9.53	(0.89) ⁽⁶⁾	124	0.69 ⁽⁵⁾	0.71 ⁽⁵⁾	5.54 ⁽⁶⁾	56
Real Estate Securities Series																
Class A																
1/1/16 to 12/31/16	\$22.85	0.34	1.17	1.51	(0.43)	(3.62)	(4.05)	—	(2.54)	\$20.31	6.82% ⁽¹³⁾	\$ 81,243	1.17% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.25%	1.42% ⁽¹³⁾	35%
1/1/15 to 12/31/15	27.05	0.44	0.17	0.61	(0.37)	(4.44)	(4.81)	—	(4.20)	22.85	2.38	87,899	1.18% ⁽⁹⁾⁽¹¹⁾	1.29	1.64	18
1/1/14 to 12/31/14	23.33	0.29	7.00	7.29	(0.31)	(3.26)	(3.57)	—	3.72	27.05	31.62	105,508	1.16	1.27	1.10	22
1/1/13 to 12/31/13	27.78	0.34	(0.05)	0.29	(0.43)	(4.31)	(4.74)	—	(4.45)	23.33	0.90	90,794	1.16	1.22	1.20	26
1/1/12 to 12/31/12	26.18	0.30	4.10	4.40	(0.29)	(2.51)	(2.80)	—	1.60	27.78	16.98	102,399	1.11 ⁽⁷⁾	1.20	1.03	18
Class I																
1/1/16 to 12/31/16	\$22.81	0.35	1.22	1.57	(0.49)	(3.62)	(4.11)	—	(2.54)	\$20.27	7.10% ⁽¹³⁾	\$ 199	0.92% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.00%	1.46% ⁽¹³⁾	35%
1/1/15 to 12/31/15	27.02	0.48	0.19	0.67	(0.44)	(4.44)	(4.88)	—	(4.21)	22.81	2.62	158	0.94% ⁽⁹⁾⁽¹¹⁾	1.05	1.79	18
1/1/14 to 12/31/14	23.30	0.34	7.02	7.36	(0.38)	(3.26)	(3.64)	—	3.72	27.02	31.98	134	0.91	1.02	1.30	22
4/30/13 ⁽⁴⁾ to 12/31/13	30.96	0.23	(3.08)	(2.85)	(0.50)	(4.31)	(4.81)	—	(7.66)	23.30	(10.45) ⁽⁶⁾	102	0.91 ⁽⁵⁾	0.98 ⁽⁵⁾	1.23 ⁽⁵⁾	26
Small-Cap Growth Series																
Class A																
1/1/16 to 12/31/16	\$18.75	(0.06)	4.85	4.79	—	(1.93)	(1.93)	—	2.86	\$21.61	25.92% ⁽¹³⁾	\$ 63,008	1.20% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.37%	(0.37)% ⁽¹³⁾	18%
1/1/15 to 12/31/15	20.73	(0.04)	0.23	0.19	—	(2.17)	(2.17)	—	(1.98)	18.75	0.73	55,872	1.20% ⁽⁹⁾⁽¹¹⁾	1.41	(0.17)	18
1/1/14 to 12/31/14	21.72	(0.13)	1.29	1.16	—	(2.15)	(2.15)	—	(0.99)	20.73	5.50	63,483	1.19	1.38	(0.62)	20
1/1/13 to 12/31/13	15.66	(0.12)	6.39	6.27	(0.05)	(0.16)	(0.21)	—	6.06	21.72	40.20	70,948	1.19	1.33	(0.63)	28
1/1/12 to 12/31/12	14.03	0.07	1.59	1.66	(0.03)	—	(0.03)	—	1.63	15.66	11.81	59,898	1.07 ⁽⁷⁾	1.32	0.44	16
Class I																
1/1/16 to 12/31/16	\$18.90	0.01	4.88	4.89	—	(1.93)	(1.93)	—	2.96	\$21.86	26.25% ⁽¹³⁾	\$ 353	0.95% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.12%	(0.10)% ⁽¹³⁾	18%
1/1/15 to 12/31/15	20.82	—	0.25	0.25	—	(2.17)	(2.17)	—	(1.92)	18.90	1.01	179	0.96% ⁽⁹⁾⁽¹¹⁾	1.17	(0.02)	18
1/1/14 to 12/31/14	21.75	(0.07)	1.29	1.22	—	(2.15)	(2.15)	—	(0.93)	20.82	5.78	275	0.94	1.14	(0.34)	20
4/30/13 ⁽⁴⁾ to 12/31/13	17.29	(0.03)	4.70	4.67	(0.05)	(0.16)	(0.21)	—	4.46	21.75	26.28 ⁽⁶⁾	137	0.94 ⁽⁵⁾	1.07 ⁽⁵⁾	(0.23) ⁽⁵⁾	28

The footnote legend is at the end of the Financial Highlights.

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	Net Asset Value, Beginning of Period	Net Investment Income (Loss) ⁽¹⁾	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gains	Total Distributions	Change in Net Asset Value	Net Asset Value, End of Period	Total Return ⁽²⁾	Net Assets, End of Period (in thousands)	Ratio of Net Expenses to Average Net Assets ⁽³⁾	Ratio of Gross Expenses to Average Net Assets (before waivers and reimbursements) ⁽³⁾	Ratio of Net Investment Income to Average Net Assets	Portfolio Turnover Rate
Small-Cap Value Series															
Class A															
1/1/16 to 12/31/16	\$15.17	0.32	3.66	3.98	(0.34)	(2.12)	(2.46)	1.52	\$16.69	26.54% ⁽¹³⁾	\$ 94,966	1.21% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.40%	1.85% ⁽¹³⁾	22%
1/1/15 to 12/31/15	17.03	0.09	(0.29)	(0.20)	(0.09)	(1.57)	(1.66)	(1.86)	15.17	(1.37)	92,834	1.22 ⁽⁹⁾⁽¹¹⁾	1.43	0.56	16
1/1/14 to 12/31/14	17.72	0.10	0.24	0.34	(0.11)	(0.92)	(1.03)	(0.69)	17.03	1.83	113,030	1.20	1.41	0.61	26
1/1/13 to 12/31/13	12.66	0.04	5.11	5.15	(0.09)	—	(0.09)	5.06	17.72	40.77	135,352	1.20	1.35	0.25	14
1/1/12 to 12/31/12	11.99	0.29	0.67	0.96	(0.29)	—	(0.29)	0.67	12.66	8.13	118,741	1.29 ⁽⁷⁾	1.34	2.29	17
Strategic Allocation Series															
Class A															
1/1/16 to 12/31/16	\$12.34	0.24	(0.14)	0.10	(0.21)	(1.35)	(1.56)	(1.46)	\$10.88	0.82% ⁽¹³⁾	\$ 93,276	0.99% ⁽⁹⁾⁽¹¹⁾⁽¹³⁾	1.09%	1.96% ⁽¹³⁾	114%
1/1/15 to 12/31/15	14.30	0.25	(0.98)	(0.73)	(0.24)	(0.99)	(1.23)	(1.96)	12.34	(5.38)	106,825	0.99 ⁽⁹⁾⁽¹¹⁾	1.13	1.79	75
1/1/14 to 12/31/14	14.41	0.28	0.80	1.08	(0.32)	(0.87)	(1.19)	(0.11)	14.30	7.51	129,473	0.98	1.11	1.89	47
1/1/13 to 12/31/13	13.48	0.27	2.13	2.40	(0.29)	(1.18)	(1.47)	0.93	14.41	17.99	137,453	0.98	1.06	1.88	49
1/1/12 to 12/31/12	12.17	0.29	1.33	1.62	(0.31)	—	(0.31)	1.31	13.48	13.42	135,046	0.87 ⁽⁷⁾	1.05	2.18	72

Footnote Legend:

- (1) Computed using average shares outstanding.
- (2) The total return does not include the expenses associated with the annuity or life insurance policy through which you invest.
- (3) Each Series will also indirectly bear its prorated share of expenses of any underlying funds in which it invests. Such expenses are not included in the calculation of this ratio.
- (4) Inception date.
- (5) Annualized.
- (6) Not Annualized.
- (7) Blended net expense ratio due to a change in expense limitation agreements during the fiscal year.
- (8) See Note 3D in the Notes to Financial Statements for information on recapture of expense previously waived.
- (9) Earnings credits from Custodian were not material, as reflected in the Statements of Operations, and had no impact on Financial Highlights.
- (10) Amount is less than \$.005 per share and payment from affiliate had no impact on total performance.
- (11) Net expense ratios include proxy expenses.
- (12) Amount is less than \$.005 per share.
- (13) Custody fees reimbursed were excluded from the Ratio of Net Expenses to Average Net Assets and Ratio of Net Investment Income (Loss) to Average Net Assets. If included the impact would have been to lower the Ratio of Net Expenses and increase the Ratio of Net Investment Income (Loss) as follows:
Capital Growth Series 0.10%,
Enhanced Core Equity Series 0.46%,
International Series 0.04%,
Multi-Sector Fixed Income Series 0.04% (Class A) and 0.05% (Class I),
Real Estate Securities Series 0.02% (Class A) and 0.03% (Class I),
Small-Cap Growth Series 0.09% (Class A) and 0.14% (Class I),
Small-Cap Value Series 0.08%,
Strategic Allocation Series 0.03%.
- Custody fees reimbursed were included in Total Return. If excluded the impact would have been to lower the Total Return as follows:
Capital Growth Series 0.10%,
Enhanced Core Equity Series 0.44%,
International Series 0.04%,
Multi-Sector Fixed Income Series 0.04%,
Real Estate Securities Series 0.03%,
Small-Cap Growth Series 0.08%,
Small-Cap Value Series 0.08%,
Strategic Allocation Series 0.03%.

Please refer Note 14 in the Notes to Financial Statements for a further explanation on the custody fees reimbursed.

- (14) The increase in the portfolio turnover rate is due to a change in the subadviser associated with a strategy change on the Series.

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VIRTUS VARIABLE INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 1—Organization

Virtus Variable Insurance Trust (the “Trust”) is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. It was formed on February 18, 1986, as a Massachusetts business trust, commenced operations on December 5, 1986, and was reorganized as a Delaware statutory trust on February 14, 2011.

The Trust is organized with series, which are currently available only to separate accounts of participating insurance companies to fund variable accumulation annuity contracts and variable universal life insurance policies. As of the date of this report the Trust is comprised of nine series (each a “Series”), each reported in this annual report. Each Series’ investment objective is outlined in the respective Series summary page.

Each Series offers Class A shares. The Equity Trend Series, International Series, Multi-Sector Fixed Income Series, Real Estate Securities Series, and Small-Cap Growth Series also offer Class I shares.

Note 2—Significant Accounting Policies

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

A. Security Valuation

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

Each Series utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The Series’ policy is to recognize transfers between levels at the end of the reporting period.

- Level 1 – quoted prices in active markets for identical securities (security types generally include listed equities).
- Level 2 – prices determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – prices determined using significant unobservable inputs (including the Valuation Committee’s own assumptions in determining the fair value of investments).

A description of the valuation techniques applied to a Series’ major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

Equity securities are valued at the official closing price (typically last sale) on the exchange on which the securities are primarily traded or, if no closing price is available, at the last bid price and are categorized as Level 1 in the hierarchy. Restricted equity securities and private placements that are not widely traded, are illiquid, or are internally fair valued by the Valuation Committee, are generally categorized as Level 3 in the hierarchy.

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2016

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

B. Security Transactions and Investment Income

Security transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined on the identified cost basis. Dividend income is recognized on the ex-dividend date or, in the case of certain foreign securities, as soon as the Series is notified. Interest income is recorded on the accrual basis. Each Series amortizes premiums and accretes discounts using the effective interest method.

Any distributions from underlying funds are recorded in accordance with the character of the distributions as designated by the underlying funds. Dividend income from REIT investments is recorded using management's estimate of the income included in distributions received from the REIT investments. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year-end, and may differ from the estimated amounts.

C. Income Taxes

Each Series is treated as a separate taxable entity. It is the intention of each Series to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes or excise taxes has been made.

Certain Series may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. Each Series will accrue such taxes and recoveries as applicable based upon current interpretations of the tax rules and regulations that exist in the markets in which it invests.

Management of the Trust has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. As of December 31, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2013 forward (with limited exceptions).

D. Distributions to Shareholders

Distributions are recorded by each Series on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. These differences may include the treatment of non-taxable dividends, market premium and discount, non-deductible expenses, expiring capital loss carryovers, foreign currency gain or loss, gain or loss on futures contracts, partnerships, operating losses and losses deferred due to wash sales.

E. Expenses

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

In addition to the net annual operating expenses that a Series bears directly, the contract owners, as investors in the Series, indirectly bear the Series' pro rata expenses of any underlying open- and closed-end funds in which the Series invests.

F. Foreign Currency Translation

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

G. Loan Agreements

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

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

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

At December 31, 2016, all loan agreements held by the Series were assignment loans.

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

Certain Series may engage in when-issued or forward commitment transactions. Securities purchased on a when-issued or forward commitment basis are also known as delayed delivery transactions. Delayed delivery transactions involve a commitment by a Series to purchase or sell a security at a future date (ordinarily up to 90 days later). When-issued or forward commitments enable a Series to lock in what is believed to be an attractive price or yield on a particular security for a period of time, regardless of future changes in interest rates. Each Series records when-issued and delayed delivery securities on the trade date. Each Series maintains collateral for the securities purchased. Securities purchased on a when-issued or delayed delivery basis begin earning interest on the settlement date.

I. Earnings Credit and Interest

Through arrangements with the Series' custodian, most Series either receive an earnings credit or interest on agreed upon target un-invested cash balances to reduce each Series' custody expenses. The credits are reflected as "Earnings credit from custodian" and the interest is reflected under "Interest income" in the Series' Statements of Operations for the period, as applicable.

Note 3—Investment Advisory Fees and Related Party Transactions
(\$ reported in thousands except as noted)

A. Adviser

Virtus Investment Advisers, Inc. (the "Adviser"), an indirect wholly owned subsidiary of Virtus Investment Partners, Inc. ("Virtus"), is the investment adviser of the Series. The Adviser manages the Series' investment programs and general operations of the Series, including oversight of the Series' subadvisers.

As compensation for its services to the Series, the Adviser is entitled to a fee based upon the following annual rates as a percentage of the average daily net assets of each Series:

<u>Series</u>	<u>First</u> <u>\$250 Million</u>	<u>Next</u> <u>\$250 Million</u>	<u>Over</u> <u>\$500 Million</u>
Capital Growth Series	0.70%	0.65%	0.60%
Enhanced Core Equity Series	0.70	0.65	0.60
International Series	0.75	0.70	0.65
Multi-Sector Fixed Income Series	0.50	0.45	0.40
Strategic Allocation Series	0.55	0.50	0.45
	<u>First</u> <u>\$1 Billion</u>	<u>Next</u> <u>\$1 Billion</u>	<u>Over</u> <u>\$2 Billion</u>
Real Estate Securities Series	0.75%	0.70%	0.65%
	<u>First</u> <u>\$1 Billion</u>	<u>\$1+ Billion</u>	
Small-Cap Growth Series	0.85%	0.80%	
	<u>First</u> <u>\$400 Million</u>	<u>\$400 Million</u> <u>to \$1 Billion</u>	<u>Over</u> <u>\$1 Billion</u>
Small-Cap Value Series	0.90%	0.85%	0.80%
		<u>Rate</u>	
Equity Trend Series		1.00%	

During the period covered by these financial statements, each of Multi-Sector Fixed Income Series and Strategic Allocation Series invested a portion of its assets in Virtus Credit Opportunities Fund, an affiliated mutual fund. In order to avoid any duplication of advisory fees, the Adviser has voluntarily waived its advisory fees in an amount equal to that which would otherwise be paid by the Series on the assets invested in the Credit Opportunities Fund. For the period covered by these financial statements, the waiver amounted to \$15 and \$2, respectively. These waivers are in addition to the expense limitation and/or fee waiver covered elsewhere in these financial statements and are included in the Statements of Operations in "expenses reimbursed and/or waived by investment adviser."

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2016

B. Subadvisers

The subadvisers manage the investments of each Series for which they are paid a fee by the Adviser. A list of the subadvisers and the Series they serve is as follows:

<u>Series</u>	<u>Subadviser</u>	<u>Series</u>	<u>Subadviser</u>
Capital Growth Series	Kayne Anderson Rudnick Investment Management, LLC ("KAR")*	Multi-Sector Fixed Income Series	Newfleet Asset Management, LLC ("NF")*
Enhanced Core Equity Series	Rampart Investment Management Company, LLC*†	Real Estate Securities Series	DPIM*
International Series	Duff & Phelps Investment Management Co. ("DPIM")*†	Small-Cap Growth Series	KAR*
		Small-Cap Value Series	KAR*
		Strategic Allocation Series:	
		Equity Portfolio (domestic)	KAR*†
		Equity Portfolio (international)	DPIM*
		Fixed Income Portfolio	NF*

* An indirect wholly owned subsidiary of Virtus.

† Prior to September 7, 2016, subadviser was Euclid Advisors LLC.

Prior to September 7, 2016, Euclid Advisors LLC served as the subadviser to the Equity Trend Series. Since that date, the Series does not have a subadviser.

C. Expense Limits

The Adviser has extended the contractual agreement to limit total operating expenses of each Series of the Trust through April 30, 2017 (excluding front-end or contingent deferred loads, interest, taxes, leverage expenses, brokerage commissions, expenses incurred in connection with any merger or reorganization, unusual or infrequently occurring expenses (such as litigation) and acquired fund fees and expenses, if any), so that such expenses do not exceed the following percentages of average net assets:

	<u>Maximum Total Operating Expenses</u>	
	<u>Class A</u>	<u>Class I</u>
Capital Growth Series	1.03%	—
Enhanced Core Equity Series	0.98	—
Equity Trend Series	1.70	1.45%
International Series	1.18	0.93
Multi-Sector Fixed Income Series	0.94	0.69
Real Estate Securities Series	1.16	0.91
Small-Cap Growth Series	1.19	0.94
Small-Cap Value Series	1.20	—
Strategic Allocation Series	0.98	—

D. Expense Recapture

The Adviser may recapture operating expenses waived or reimbursed under this arrangement within three years after the date on which such waiver or reimbursement occurred. A Series must pay its ordinary operating expenses before the Adviser is entitled to any reimbursement and must remain in compliance with applicable expense limitations or, if none, the expense limitation in effect at the time of the waiver. All or a portion of the following Adviser reimbursed expenses may be recaptured by the fiscal year ending:

	<u>Expiration Date</u>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Capital Growth Series	\$336	\$375	\$275	\$986
Enhanced Core Equity Series	312	300	210	822
Equity Trend Series	4	103	13	120
International Series	252	265	126	643
Multi-Sector Fixed Income Series	115	118	71	304
Real Estate Securities Series	109	105	72	286
Small-Cap Growth Series	121	126	100	347
Small-Cap Value Series	245	219	172	636
Strategic Allocation Series	171	168	102	441

E. Administrator and Distributor

Virtus Fund Services, LLC, an indirect wholly owned subsidiary of Virtus, serves as administrator to the Series.

For the year ended December 31, 2016 (the "period"), the Series incurred administration fees totaling \$958 which are included in the Statements of Operations. A portion of these fees was paid to an outside entity that also provides services to the Series.

VP Distributors, LLC ("VP Distributors" or the "Distributor"), an indirect wholly owned subsidiary of Virtus, serves as the distributor for all the Series' shares. Each Series pays VP Distributors distribution and/or service fees under a Board approved Rule 12b-1 plan, at the annual rate of 0.25% of the average daily net assets of such Series' Class A shares. Class I shares are not subject to a Rule 12b-1 plan. For the period ended December 31, 2016, the Series incurred distribution fees totaling \$2,394 which are included in the Statements of Operations. A portion of these fees was paid to certain insurance companies for marketing and/or shareholder services provided to contract owners.

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
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F. Affiliated Accounts

At December 31, 2016, Virtus and its affiliates, and the retirement plans of Virtus and its affiliates, held shares of certain Series which may be redeemed at any time, that aggregated to the following:

	<u>Shares</u>	<u>Aggregate Net Asset Value</u>
Equity Trend Series		
Class I	9,345	\$106
International Series		
Class I	7,888	86
Multi-Sector Fixed Income Series		
Class I	12,032	110
Real Estate Securities Series		
Class I	6,408	130
Small-Cap Growth Series		
Class I	7,793	170

G. Investments in Affiliates

A summary of the total long-term and short-term purchases and sales of an affiliated fund, Virtus Credit Opportunities Fund, during the period ended December 31, 2016, is as follows:

	<u>Value, beginning of period</u>	<u>Purchases</u>	<u>Sales Proceeds</u>	<u>Value, end of period</u>	<u>Dividend Income</u>	<u>Distributions of Realized Gains</u>
Multi-Sector Fixed Income Series	\$2,999	\$—	\$—	3,074	125	\$—
Strategic Allocation Series	324	—	—	332	13	—

H. Trustee Compensation

The Trust provides a deferred compensation plan for its Trustees who receive compensation from the Trust. Under the deferred compensation plan, Trustees may elect to defer all or a portion of their compensation. Amounts deferred are retained by the Trust, and then, to the extent permitted by the 1940 Act, in turn, may be invested in the shares of affiliated or unaffiliated mutual funds selected by the participating Trustees. Investments in such instruments are included in "Other Assets" on the Statement of Assets and Liabilities at December 31, 2016.

Note 4—Purchases and Sales of Securities
(\$ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities, forward currency contracts, written options, and short-term investments) during the period ended December 31, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
Capital Growth Series	\$ 43,877	\$ 69,167
Enhanced Core Equity Series	243,668	254,898
Equity Trend Series	9,830	15,666
International Series	145,848	180,852
Multi-Sector Fixed Income Series	78,612	88,685
Real Estate Securities Series	29,273	39,186
Small-Cap Growth Series	10,235	14,524
Small-Cap Value Series	19,495	40,990
Strategic Allocation Series	107,208	121,750

Purchases and sales of long-term U.S. Government and agency securities during the period ended December 31, 2016, were as follows:

	<u>Purchases</u>	<u>Sales</u>
Multi-Sector Fixed Income Series	\$11,146	\$12,167
Strategic Allocation Series	5,272	3,697

Note 5—Credit Risk and Asset Concentration

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

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

Certain Series may invest in ETFs, which may expose the Series to 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 Series of owning shares of the ETF will exceed those the Series would incur by investing in such securities directly.

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
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Investing in sector funds or non-diversified funds may be more volatile than investing in broadly diversified funds, and may be more susceptible to adverse economic, political or regulatory developments affecting a single issuer than would be the case if it were more broadly diversified.

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

At December 31, 2016, the Series below held securities in specific sectors as detailed below:

<u>Series</u>	<u>Sector</u>	<u>Percentage of Total Investments</u>
Capital Growth Series	Information Technology	34%
Capital Growth Series	Consumer Discretionary	27
Enhanced Core Equity Series	Financials	58
Equity Trend Series	Consumer Discretionary	28
Small-Cap Growth Series	Information Technology	32

Note 6—Derivative Financial Instruments and Transactions
(\$ reported in thousands)

Disclosures about derivative instruments and hedging activities are intended to enable investors to understand how and why a Series uses derivatives, how derivatives are accounted for, and how derivative instruments affect a Series' results of operations and financial position. Summarized below are such disclosures and accounting policies for each specific type of derivative instrument used by certain Series.

Forward Currency Contracts: A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, which may be any number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are traded directly between currency traders and their customers. The contract is marked-to-market daily and the change in market value is recorded by the Series as an unrealized gain or loss in the Statements of Operations. When the contract is closed or offset with the same counterparty, on settlement date, the Series record a realized gain or loss equal to the change in the value of the contract when it was opened and the value at the time it was closed or offset. This is presented in the Statements of Operations as net realized gain (loss) from foreign currency transactions.

Series enter into forward currency contracts in conjunction with the planned purchase or sale of foreign denominated securities in order to hedge the U.S. dollar cost or proceeds. The Series also, from time to time, hedge the currency exposure of foreign denominated securities, held in the portfolio, back to U.S. dollars during perceived times of U.S. dollar strength. This is done in order to protect the U.S. dollar value of the portfolio. Forward currency contracts involve, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. Risks arise from the possible movements in foreign exchange rates or if the counterparty does not perform under the contract.

The International Series invested in a derivative instrument during the reporting period in the form of a forward currency contract. The primary type of risk associated with forward currency contracts is the risk associated with the conversion of foreign currency to U.S. dollars. The Series may invest in forward currency contracts in an attempt to manage such risk and protect the U.S. dollar value of the portfolio.

As of December 31, 2016, the International Series has an amount of \$496 disclosed as "unrealized appreciation on forward currency contracts" in the Statements of Assets and Liabilities. This forward currency contract was executed under the ISDA 2002 Master Agreement without any Schedule thereto and without the requirement of posting any collateral to the counterparty.

Options Contracts: An options contract provides the purchaser with the right, but not the obligation, to buy (call option) or sell (put option) a financial instrument at an agreed-upon price. Certain Series may purchase or write both put and call options on portfolio securities for hedging purposes or to facilitate the rapid implementation of investment strategies if the Series anticipates a significant market or sector advance. The Series are subject to equity price risk in the normal course of pursuing their investment objectives. The Series may use options contracts to hedge against changes in the values of equities.

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

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

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

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The Enhanced Core Equity Series invests in written covered call options contracts in an attempt to manage equity price risk and with the purpose of generating realized gains.

Written options transactions held by Enhanced Core Equity Series, during the period ended December 31, 2016, were as follows:

	Calls		Puts	
	Number of Contracts	Premiums received	Number of Contracts	Premiums received
Written Options outstanding at December 31, 2015	—	\$ —	—	\$ —
Options written	3,891	277	3,891	1,197
Options closed	(2,842)	(205)	(2,573)	(791)
Options expired	(208)	(5)	(477)	(202)
Options exercised	—	—	—	—
Written Options outstanding at December 31, 2016	<u>841</u>	<u>\$ 67</u>	<u>841</u>	<u>\$ 204</u>

The following is a summary of the Enhanced Core Equity Series' derivative instrument holdings categorized by primary risk exposure (equity contracts) in the financial statements as of December 31, 2016:

<u>Statements of Assets and Liabilities</u>	<u>Enhanced Core Equity</u>	<u>Statements of Operations</u>	<u>Enhanced Core Equity</u>
Assets: Purchased options at value	\$ 127 ⁽¹⁾	Net realized gain (loss) on purchased options	\$ (543) ⁽²⁾
Liabilities: Written options at value	(310)	Net realized gain (loss) on written options	1,081
Net asset (liability) balance	<u>\$(183)</u>	Net change in unrealized appreciation (depreciation) on purchased options	18 ⁽³⁾
		Net change in unrealized appreciation (depreciation) on written options	(39)
		Total net realized and unrealized gain (loss)	<u>\$ 517</u>

⁽¹⁾ Amount included in Investment in securities at value.

⁽²⁾ Amount included in Net realized gain (loss) on investments.

⁽³⁾ Amount included in Net change in unrealized appreciation (depreciation) on investments.

For the period ended December 31, 2016, Enhanced Core Equity Series' average daily premiums paid by the Series for purchased options were \$17 and the average daily premiums received for written call options by the Series were \$38.

Note 7—Indemnifications

Under the Trust's organizational documents and in separate agreements between each Trustee and the Trust, its Trustees and officers are indemnified against certain liabilities arising out of the performance of their duties to the Trust and its Series. In addition, in the normal course of business, the Series enter into contracts that provide a variety of indemnifications to other parties. The Series' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Series and that have not occurred. However, the Series have not had prior claims or losses pursuant to these arrangements and expect the risk of loss to be remote.

Note 8—Manager of Managers

The Trust and the Adviser have received an exemptive order from the SEC that permits the Adviser, 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 Series, 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.

Note 9—Mixed and Shared Funding

Shares of the Series are not directly offered to the public. Shares of the Series are currently offered through separate accounts to fund variable accumulation annuity contracts and variable universal life insurance policies issued by participating insurance companies.

The interests of variable annuity contract owners and variable life policy owners could diverge based on differences in U.S. federal and state regulatory requirements, tax laws, investment management or other unanticipated developments. The Trust's Trustees do not foresee any such differences or disadvantages at this time. However, the Trust's Trustees intend to monitor for any material conflicts and will determine what action, if any, should be taken in response to such conflicts. If such a conflict should occur, one or more separate accounts may be required to withdraw its investment in the Series, or shares of another Series may be substituted.

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2016

Note 10—Federal Income Tax Information
(\$ reported in thousands)

At December 31, 2016, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by each Series were as follows:

Series	Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation (Depreciation)
Capital Growth Series	\$124,388	\$64,571	\$(5,154)	\$59,417
Enhanced Core Equity Series (Including Purchased Options)	97,896	7,030	(723)	6,307
Enhanced Core Equity Series—Written Options	(310)	—	—	—
Equity Trend Series	4,134	398	(48)	350
International Series	164,796	10,124	(5,220)	4,904
Multi-Sector Fixed Income Series	131,217	2,895	(5,265)	(2,370)
Real Estate Securities Series	55,041	26,125	(872)	25,253
Small-Cap Growth Series	39,544	24,751	(1,686)	23,065
Small-Cap Value Series	63,042	30,171	(2,267)	27,904
Strategic Allocation Series	92,990	2,577	(3,243)	(666)

Certain Series have capital loss carryovers available to offset future realized capital gains, through the indicated expiration dates shown below:

Series	2017		No Expiration		Total
	Short-Term	Short-Term	Short-Term	Long-Term	
Capital Growth Series	5,033	\$ —	\$ —	\$ —	\$ 5,033
Equity Trend Series	—	—	2,780	—	2,780
International Series	—	—	13,074	—	13,074
Multi-Sector Fixed Income Series	1,216	—	415	2,292	3,923

The Trust may not realize the benefit of these losses to the extent each Series does not realize gains on investments prior to the expiration of the capital loss carryovers. Utilization of this capital loss carryover is subject to annual limits.

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized for tax years beginning after December 22, 2010, may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. Previously, net capital losses were carried forward for eight years and treated as short-term losses. As a transition rule, the Act requires that post-enactment net capital losses be used before pre-enactment net capital losses. Capital loss carryover may be subject to limits on use of losses.

For the year ended December 31, 2016, the following Series utilized losses deferred in prior years against current year capital gains:

Capital Growth Series	\$18,965
Multi-Sector Fixed Income Series	603

For the year ended December 31, 2016, the following Series wrote off losses deferred in prior years:

Multi-Sector Fixed Income Series	\$179
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Capital losses realized after October 31 and certain late year losses may be deferred and treated as occurring on the first day of the following fiscal year. For the fiscal year ended December 31, 2016, the following Series deferred and recognized qualified late year losses as follows:

	Late Year Ordinary Losses Deferred	Late Year Ordinary Losses Recognized	Capital Loss Deferred	Capital Loss Recognized
Capital Growth Series	\$—	\$—	\$ —	\$68
Equity Trend Series	—	—	18	62
Multi-Sector Fixed Income Series	—	—	718	2

The components of distributable earnings on a tax basis (excluding unrealized appreciation (depreciation) which are disclosed in the beginning of this note) consist of the following:

	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains
Enhanced Core Equity Series	\$996	\$2,541
International Series	666	—
Multi-Sector Fixed Income Series	449	—
Real Estate Securities Series	563	2,558
Small-Cap Growth Series	97	256
Small-Cap Value Series	998	2,951
Strategic Allocation Series	481	320

The differences between the book and tax basis components of distributable earnings relate principally to the timing of recognition of income and gains for federal income tax purposes. Short-term gain distributions reported in the Statements of Changes in Net Assets, if any, are reported as ordinary income for federal tax purposes. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to capital paid in on shares of beneficial interest.

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2016

The tax character of dividends and distributions paid during the years ended December 31, 2016, and 2015 was as follows:

		<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Total</u>
Capital Growth Series	2016	\$4,514	\$ —	\$ 4,514
	2015	—	—	—
Enhanced Core Equity Series	2016	1,666	19,641	21,307
	2015	1,115	12,618	13,733
Equity Trend Series	2016	—	—	—
	2015	—	—	—
International Series	2016	1,467	36,155	37,622
	2015	5,315	8,642	13,957
Multi-Sector Fixed Income Series	2016	5,851	—	5,851
	2015	6,001	—	6,001
Real Estate Securities Series	2016	2,001	12,250	14,251
	2015	1,402	14,910	16,312
Small-Cap Growth Series	2016	677	4,633	5,310
	2015	230	5,716	5,946
Small-Cap Value Series	2016	2,427	10,074	12,501
	2015	734	8,544	9,278
Strategic Allocation Series	2016	1,648	10,307	11,955
	2015	2,238	7,994	10,232

For financial reporting purposes, book basis capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Permanent reclassifications can arise from differing treatment of certain income and gain transactions, nondeductible current year net operating losses, expiring capital loss carryovers and investments in passive foreign investment companies. The reclassifications have no impact on the net assets or net asset value of the Series. As of December 31, 2016, the Series recorded reclassifications to increase (decrease) the accounts as listed below:

	<u>Capital Paid In on Shares of Beneficial Interest</u>	<u>Accumulated Net Realized Gain (Loss)</u>	<u>Undistributed Net Investment Income (Loss)</u>
Capital Growth Series	\$(4,449)	\$ 9	4,440
Enhanced Core Equity Series	— ⁽¹⁾	(10)	10
Equity Trend Series	(9)	— ⁽¹⁾	9
International Series	—	(24)	24
Multi-Sector Fixed Income Series	(179)	649	(470)
Real Estate Securities Series	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
Small-Cap Growth Series	—	(139)	139
Small-Cap Value Series	—	— ⁽¹⁾	— ⁽¹⁾
Strategic Allocation Series	— ⁽¹⁾	(10)	10

⁽¹⁾ Amount is less than \$500.

Note 11—Illiquid and Restricted Securities

Investments are generally considered illiquid if they cannot be disposed of within seven days in the ordinary course of business at the approximate amount at which such securities have been valued by the Series. Additionally, the following information is also considered in determining liquidity: the frequency of trades and quotes for the investment, whether the investment is listed for trading on a recognized domestic exchange and/or whether two or more brokers are willing to purchase or sell the security at a comparable price, the extent of market making activity in the investment and the nature of the market for investment. Illiquid securities are footnoted as such at the end of each Series' Schedule of Investments, where applicable. However, a portion of such footnoted securities could be liquid where it is determined that some, though not all, of the position could be disposed of within seven days in the ordinary course of business at the approximate amount at which such securities have been valued by the applicable Series.

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

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

None of the Series held securities considered to be illiquid at December 31, 2016.

At December 31, 2016, the Series did not hold any securities that were both illiquid and restricted.

VIRTUS VARIABLE INSURANCE TRUST
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2016

Note 12—10% Shareholders

As of December 31, 2016, each Series had individual shareholder account(s) (comprised of participating insurance companies to fund variable accumulation annuity contracts and variable universal life insurance policies), which individually amounted to more than 10% of the total shares outstanding of each such Series as detailed below:

	<u>% of Total Shares Outstanding</u>	<u>Number of Accounts</u>
Capital Growth Series	100%	2
Enhanced Core Equity Series	100	2
Equity Trend Series	96	3
International Series	99	2
Multi-Sector Fixed Income Series	86	2
Real Estate Securities Series	89	2
Small-Cap Growth Series	99	2
Small-Cap Value Series	100	2
Strategic Allocation Series	100	2

Note 13—Borrowings

(\$ reported in thousands)

On June 29, 2016, the Series and other affiliated funds renewed a \$50,000 secured line of credit. The Credit Agreement (the "Agreement") is with a commercial bank (the "Bank") that allows the Series to borrow cash from the Bank to manage large unexpected redemptions and trade fails, up to a limit of one-third of each Series' total net assets in accordance with the Agreement. The Agreement has a term of 364 days and is renewable by the Series with the Bank's consent and approval of the Board. Interest is charged at the higher of the LIBOR (London Interbank Offered Rate) or the Federal Funds rate plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance. The Series and other affiliated funds that are parties are individually, and not jointly, liable for their particular advances, if any, under the line of credit. The Bank has the ability to require repayment of outstanding borrowings under the Agreement upon certain circumstances such as an event of default.

The Series had no outstanding borrowings at any time during the period ended December 31, 2016.

Note 14—Custody Fees Reimbursed

State Street Bank & Trust, custodian for some of the Series through January 29, 2010, reimbursed the Series for out-of-pocket custody expenses overbilled for the period 1998 through January 29, 2010. The amounts reimbursed, including interest, are shown in the Statement of Operations under "Custody Fees reimbursed."

Note 15—Regulatory Matters and Litigation

From time to time, the Trust, the Series' Adviser and/or Subadvisers and/or their affiliates may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the SEC, involving compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting their products and other activities. At this time, the Series' Adviser believes that the outcomes of such matters are not likely, either individually or in the aggregate, to be material to these financial statements.

Note 16—New Accounting Pronouncements

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

Note 17—Subsequent Events

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



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of
Virtus Variable Insurance Trust:

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Virtus Capital Growth Series, Virtus Enhanced Core Equity Series, Virtus Equity Trend Series, Virtus International Series, Virtus Multi-Sector Fixed Income Series, Virtus Real Estate Securities Series, Virtus Small-Cap Growth Series, Virtus Small-Cap Value Series and Virtus Strategic Allocation Series (constituting funds within Virtus Variable Insurance Trust, hereafter referred to as the "Trust") at December 31, 2016, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2016 by correspondence with the custodian, brokers, and the transfer agent of the investee funds, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 23, 2017

**VIRTUS VARIABLE INSURANCE TRUST
TAX INFORMATION NOTICE (UNAUDITED)
DECEMBER 31, 2016**

For the fiscal year ended December 31, 2016, the Series make the following disclosures for federal income tax purposes: the percentages of ordinary income dividends earned by the Series which qualify for the dividends received deduction ("DRD") for corporate shareholders; the actual percentage of DRD for the calendar year will be designated in year-end tax statements. The Series designate the amounts below as long-term capital gains dividends ("LTCG") taxable at a 20% rate, or lower depending on the shareholder's income (\$ reported in thousands). LTCG amounts, if subsequently different, will be designated in the next annual report.

	<u>DRD</u>	<u>LTCG</u>
Capital Growth Series	37%	\$ —
Enhanced Core Equity Series	73	20,466
Equity Trend Series	—	—
International Series	5	—
Multi-Sector Fixed Income Series	—	—
Real Estate Securities Series	—	12,120
Small-Cap Growth Series	65	3,953
Small-Cap Value Series	83	11,901
Strategic Allocation Series	47	10,231

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS BY THE BOARD OF TRUSTEES

The Board of Trustees (the “Board”) of Virtus Variable Insurance Trust (the “Trust”) is responsible for determining whether to approve the continuation of the investment advisory agreement (the “Advisory Agreement”) between the Trust and Virtus Investment Advisers, Inc. (“VIA”) and of each subadvisory agreement (each, a “Subadvisory Agreement” and collectively, the “Subadvisory Agreements”) (together with the Advisory Agreement, the “Agreements”) with respect to the series (individually and collectively, the “Series”) of the Trust. At in-person meetings held on November 3, 2016 and November 16, 2016 (the “Meetings”), the Board, including a majority of the Trustees who are not interested persons of the Trust as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (such Act, the “1940 Act” and such Trustees, the “Independent Trustees”), considered and approved the continuation of each Agreement due for renewal as further discussed below. In addition, prior to the Meetings, the Independent Trustees met with their independent legal counsel to discuss and consider the information provided by management and submitted questions to management, and they considered the responses provided.

In connection with the approval of the Agreements, the Board requested and evaluated information provided by VIA and each subadviser (each, a “Subadviser” and collectively, the “Subadvisers”) which, in the Board’s view, constituted information necessary for the Board to form a judgment as to whether the renewal of each of the Agreements would be in the best interests of each applicable Series and its respective shareholders. The Board also considered information furnished throughout the year at regular Board meetings with respect to the services provided by VIA and the Subadvisers, including quarterly performance reports prepared by management containing reviews of investment results and periodic presentations from the Subadvisers with respect to the Series they manage. The Board noted the affiliation of the Subadvisers with VIA and any potential conflicts of interest.

The Board was separately advised by independent legal counsel throughout the process. For each Agreement, the Board considered all the criteria separately with respect to the applicable Series and its shareholders. In their deliberations, the Board considered various factors, including those discussed below, none of which were controlling, and each Trustee may have attributed different weights to the various factors. The Independent Trustees also discussed the proposed approval of the Agreements in private sessions with their independent legal counsel at which no representatives of management were present.

In considering whether to approve the renewal of the Agreements with respect to each Series, the Board reviewed and analyzed the factors it deemed relevant, including: (1) the nature, extent and quality of the services to be provided to the Series by VIA and each of the Subadvisers; (2) the performance of the Series as compared to an appropriate peer group and an appropriate index; (3) the level and method of computing each Series’ advisory and subadvisory fees, and comparisons of the Series’ advisory fee rates with those of a group of funds with similar investment objective(s); (4) the profitability of VIA under the Advisory Agreement; (5) any “fall-out” benefits to VIA, the Subadvisers and their affiliates (*i.e.*, ancillary benefits realized by VIA, the Subadvisers or their affiliates from VIA’s or the applicable Subadviser’s relationship with the Trust); (6) the anticipated effect of growth in size on each Series’ performance and expenses; (7) fees paid to VIA and the Subadvisers by comparable accounts, as applicable; (8) possible conflicts of interest; and (9) the terms of the Agreements.

Nature, Extent and Quality of Services. The Trustees received in advance of the Meetings information from VIA and each Subadviser, including completed questionnaires concerning a number of topics, including such company’s investment philosophy, resources, operations and compliance structure. The Trustees also received a presentation by VIA’s senior management personnel, during which among other items, VIA’s history, investment process, investment strategies, personnel, compliance procedures and the firm’s overall performance were reviewed and discussed. The Trustees noted that the Series are managed using a “manager of managers” structure that generally involves the use of one or more subadvisers to manage some or all of a Series’ portfolio. Under this structure, VIA is responsible for the management of the Series’ investment programs and for evaluating and selecting subadvisers on an ongoing basis and making any recommendations to the Board regarding hiring, retaining or replacing subadvisers. In considering the Agreement with VIA, the Board considered VIA’s process for supervising and managing the Series’ subadvisers, including (a) VIA’s ability to select and monitor the subadvisers; (b) VIA’s ability to provide the services necessary to monitor the subadvisers’ compliance with the Series’ respective investment objective(s), policies and restrictions as well as provide other oversight activities; and (c) VIA’s ability and willingness to identify instances in which a subadviser should be replaced and to carry out the required changes. The Trustees also considered: (a) the experience and capability of VIA’s management and other personnel; (b) the financial condition of VIA, and whether it had the financial wherewithal to provide a high level and quality of services to the Series; (c) the quality of VIA’s own regulatory and legal compliance policies, procedures and systems; (d) the nature, extent and quality of administrative and other services provided by VIA and its affiliates to the Series; (e) VIA’s supervision of the Series’ other service providers; and (f) VIA’s risk management processes. It was noted that affiliates of VIA serve as administrator and distributor to the Series. The Board also took into account its knowledge of VIA’s management and the quality of the performance of VIA’s duties through Board meetings, discussions and reports during the preceding year, as well as information from the Trust’s Chief Compliance Officer regarding the Series’ compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act.

With respect to the services provided by each of the Subadvisers, the Board considered information provided to the Board by each Subadviser, including each Subadviser’s Form ADV, as well as information provided throughout the past year. With respect to the Subadvisory Agreements, the Board noted that each Subadviser provided portfolio management, compliance with each Series’ investment policies and procedures, compliance with applicable securities laws and assurances thereof. The Board also noted that VIA’s and the Subadvisers’ management of the Series is subject to the oversight of the Board and must be carried out in accordance with the investment objectives, policies and restrictions set forth in the Series’ prospectuses and statement of additional information. In considering the renewal of the Subadvisory Agreements, the Board also considered each Subadviser’s investment management process, including (a) the experience and capability of the Subadviser’s management and other personnel committed by the Subadviser to the respective Series; (b) the financial condition of the Subadviser; (c) the quality of the Subadviser’s regulatory and legal compliance policies, procedures and systems; and (d) the Subadviser’s brokerage and trading practices, including with respect to best execution and soft dollars. The Board

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS BY THE BOARD OF TRUSTEES (Continued)

also took into account the Subadviser's risk assessment and monitoring process. The Board noted each Subadviser's regulatory history, including whether it was currently involved in any regulatory actions or investigations as well as material litigation, and any settlements and amelioratory actions undertaken, as appropriate.

After considering all of the information provided to them, the Trustees concluded that the nature, extent and quality of the services provided by VIA and each Subadviser were satisfactory and that there was a reasonable basis on which to conclude that each would continue to provide a high quality of investment services to the applicable Series.

Investment Performance. The Board considered performance reports and discussions at Board meetings throughout the year, as well as a report (the "Lipper Report") for the Series prepared by Broadridge, an independent third party provider of investment company data, furnished in connection with the contract renewal process. The Lipper Report presented each Series' performance relative to a peer group of other mutual funds (the "Performance Universe") and relevant indexes, as selected by Broadridge. The Board also considered performance information presented by management and took into account management's discussion of the same, including the effect of market conditions on each Series' performance. The Board evaluated each Series' performance in the context of the considerations that a "manager of managers" structure requires. The Board noted that it also reviews on a quarterly basis detailed information about the Series' performance results and portfolio composition, as well as each Subadviser's investment strategy. The Board noted VIA's expertise and resources in monitoring the performance, investment style and risk-adjusted performance of each Subadviser. The Board also noted each Subadviser's performance record with respect to the Series. The Board was mindful of VIA's focus on each Subadviser's performance and noted VIA's performance in monitoring and responding to any performance issues with respect to the Series. The Board also took into account its discussions with management regarding factors that contributed to the performance of each Series.

The Board considered, among other performance data, the information set forth below with respect to the performance of each Series for the periods ended June 30, 2016:

Virtus International Series. The Board noted that the Series underperformed the median of its Performance Universe for the 1-, 3-, 5- and 10-year periods, and underperformed its benchmark for the 1-, 3- and 5- year periods. The Board also noted that the Series outperformed its benchmark for the 10 year period. The Board took into account management's discussion of the Series' performance, including the Subadviser's investment style in the current market environment and actions taken to address the Series' performance, including the replacement of the Series' Subadviser in September 2016. The Board also noted that because the Series' Subadviser changed in September 2016, all of the performance data shown reflected the performance of a prior subadviser.

Virtus Real Estate Securities Series. The Board noted that the Series outperformed the median of its Performance Universe for the 3-, 5- and 10-year periods, and underperformed the median of its Performance Universe for the 1-year period. The Board also noted that the Series underperformed its benchmark for the 1-, 3- and 5-year periods and outperformed its benchmark for the 10-year period. The Board took into account management's discussion of the factors that contributed to the Series' performance over the relevant periods. The Board also noted the Series' strong performance over the long term.

Virtus Capital Growth Series. The Board noted that the Series underperformed the median of its Performance Universe for the 5- and 10-year periods and outperformed the median of its Performance Universe for the 1- and 3- year periods. The Board also noted that the Series underperformed its benchmark for the 1-, 3-, 5- and 10-year periods. The Board took into account management's discussion of the Series' performance, including the Subadviser's investment style in the current market environment and any actions taken to address the Series' performance, including the replacement of the Series' Subadviser in November 2010 and change in the Series' portfolio manager in 2011. The Board also noted that because the Series' Subadviser changed in November 2010, 10-year performance data in part reflects the performance of a prior subadviser.

Virtus Small-Cap Growth Series. The Board noted that the Series outperformed the median of its Performance Universe and its benchmark for the 1-, 3-, 5- and 10-year periods.

Virtus Small-Cap Value Series. The Board noted that the Series outperformed the median of its Performance Universe and its benchmark for the 1-, 3-, and 5-year periods and underperformed the median of its Performance Universe and its benchmark for the 10-year period. The Board took into account management's discussion of the Series' performance, including the impact of market conditions on the Series' performance and the Subadviser's investment style in the current market environment as well as the type of fund. The Board noted that because the Series' Subadviser changed in November 2010, 10-year performance data in part reflects the performance of a prior subadviser.

Virtus Multi-Sector Fixed Income Series. The Board noted that the Series outperformed the median of its Performance Universe for the 3-, 5- and 10-year periods and outperformed its benchmark for the 5- and 10-year periods. The Board also noted that the Series underperformed the median of its Performance Universe for the 1-year period and underperformed its benchmark for the 1- and 3-year periods. The Board took into account management's discussion of the factors that contributed to the Series' performance over the relevant periods. The Board also noted the Series' strong performance over the long term.

Virtus Strategic Allocation Series. The Board noted that the Series underperformed the median of its Performance Universe for the 1-, 3-, and 10-year periods and outperformed its Performance Universe for the 5-year period. The Board also noted that the Series underperformed its benchmark for the 1-, 3-, 5- and 10-year periods. The Board took into account management's discussion of the factors that contributed to the Series' performance over the relevant periods and any actions taken to address the Series' performance, including the replacement of one of the Series' Subadvisers in September 2016.

Virtus Enhanced Core Equity Series (fka Growth & Income Series). The Board noted that the Series underperformed the median of its Performance Universe and its benchmark for the 1-, 3-, 5- and 10-year periods. The Board took into account management's discussion of the Series' performance and any actions taken to address the Series' performance, including the replacement of the Series' Subadviser in September 2016.

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS BY THE BOARD OF TRUSTEES (Continued)

Virtus Equity Trend Series. The Board noted that the Series underperformed the median of its Performance Universe and benchmark for the 1-, 3- and 5 year periods. The Board took into account management's discussion of the Series' performance, including the type of fund and the Series' peer group, and any actions taken to address the Series' performance, including the removal of the Series' prior subadviser in May 2015.

After reviewing these and related factors, the Board concluded that each Series' overall performance was satisfactory, or where noted above, action was being taken to address performance.

Management Fees and Total Expenses. The Board considered the fees charged to the Series for advisory services as well as the total expense levels of the Series. This information included comparisons of each Series' net management fee and total expense level to those of its peer group (the "Expense Group"). In comparing each Series' net management fee to that of comparable funds, the Board noted that in the materials presented such fee included both advisory and administrative fees. The Board also noted that all of the Series had fee waivers and/or expense caps in place to limit the total expenses incurred by the Series and its shareholders. The Board also noted that the subadvisory fees were paid by VIA out of its management fees rather than paid separately by the Series. In this regard, the Board took into account management's discussion with respect to the advisory/subadvisory fee structure, including the amount of the advisory fee retained by VIA after payment of the subadvisory fee. The Board also took into account the size of each of the Series and the impact on expenses. The Subadvisers provided, and the Board considered, expense information of comparable accounts managed by the Subadvisers, as applicable.

In addition to the foregoing, the Board considered, among other data, the information set forth below with respect to each Series' fees and expenses:

Virtus International Series. The Board considered that the Series' net management fee after waivers was below the median of the Expense Group and net total expenses after waivers were the same as the median of the Expense Group.

Virtus Real Estate Securities Series. The Board considered that the Series' net management fee after waivers and net total expenses after waivers were below the median of the Expense Group.

Virtus Capital Growth Series. The Board considered that the Series' net management fee after waivers was below the median of the Expense Group while the Series' net total expenses after waivers equaled the median of the Expense Group.

Virtus Small-Cap Growth Series. The Board considered that the Series' net management fee after waivers was below the median of the Expense Group while the Series' net total expenses after waivers were above the median of the Expense Group. The Board took into account management's discussion of the Series' expenses, including that VIA had waived a portion of its management fee.

Virtus Small-Cap Value Series. The Board considered that the Series' net management fee and net total expenses after waivers were above the median of the Expense Group. The Board took into account management's discussion of the Series' expenses, including that VIA had waived a portion of its management fee.

Virtus Multi-Sector Fixed Income Series. The Board considered that the Series' net management fee after waivers was below the median of the Expense Group while net total expenses after waivers were above the median of the Expense Group. The Board took into account management's discussion of the Series' expenses, including that VIA had waived a portion of its management fee.

Virtus Strategic Allocation Series. The Board considered that the Series' net management fee after waivers was below the median of the Expense Group while the Series' net total expenses after waivers were equal to the median of the Expense Group.

Virtus Enhanced Core Equity Series (fka Growth & Income Series). The Board considered that the Series' net management fee and net total expenses after waivers were below the median of the Expense Group.

Virtus Equity Trend Series. The Board considered that the Series' net management fee after waivers and the Series' net total expenses after waivers each equaled the median of the Expense Group.

The Board concluded that the advisory and subadvisory fees for each Series, including with any proposed amendments, were fair and reasonable in light of the usual and customary charges made for services of the same nature and quality and the other factors considered.

Profitability. The Board also considered certain information relating to profitability that had been provided by VIA. In this regard, the Board considered information regarding the overall profitability, as well as on a Series-by-Series basis, of VIA for its management of the Trust, as well as its profits and those of its affiliates for managing and providing other services to the Trust, such as distribution and administrative services provided to the Series by a VIA affiliate. In addition to the fees paid to VIA and its affiliates, including the applicable Subadvisers, the Board considered any other benefits derived by VIA or its affiliates from their relationships with the Series. The Board reviewed the methodology used to allocate costs to each Series, taking into account the fact that allocation methodologies are inherently subjective and various allocation methodologies may each be reasonable while producing different results. The Board concluded that the profitability to VIA and its affiliates from each Series was reasonable in light of the quality of the services rendered to the Series by VIA and its affiliates.

In considering the profitability to the Subadvisers in connection with their relationship to the Series, the Board noted that the fees under the Subadvisory Agreements are paid by VIA out of the fees that VIA receives under the Advisory Agreement, so that Series shareholders are not directly impacted by those fees. In considering the reasonableness of the fees payable by VIA to the affiliated Subadvisers, the Board noted that, because such Subadvisers are affiliates of VIA, such profitability might be directly or indirectly shared by VIA. For each of the above reasons, the Board concluded that the profitability to the Subadvisers and their affiliates from their relationships with the Series was not a material factor in approval of the Subadvisory Agreements.

CONSIDERATION OF ADVISORY AND SUBADVISORY AGREEMENTS BY THE BOARD OF TRUSTEES (Continued)

Economies of Scale. The Board received and discussed information concerning whether VIA realizes economies of scale as the Series' assets grow. The Board noted that the management fees for most of the Series included breakpoints based on assets under management, and that fee waivers and/or expense caps were also in place for all of the Series. The Board also took into account management's discussion of the Series' management fee and subadvisory fee structure, including with respect to the Series that does not currently have breakpoints. The Board also took into account the current size of each Series. The Board also noted that VIA had agreed to implement an extension of each Series' expense cap through April 30, 2018. The Board then concluded that no additional changes to the advisory fee structure of the Series were necessary at this time. The Board noted that VIA and the Series may realize certain economies of scale if the assets of the Series were to increase, particularly in relationship to certain fixed costs, and that shareholders of the Series would have an opportunity to benefit from these economies of scale.

For similar reasons as stated above with respect to the Subadvisers' profitability, and based upon the current size of the Series managed by each Subadviser, the Board concluded that the potential for economies of scale in the Subadvisers' management of the Series was not a material factor in the approval of the Subadvisory Agreements at this time.

Other Factors. The Board considered other benefits that may be realized by VIA and each Subadviser and their affiliates from their relationships with the applicable Series. Among them, the Board recognized that VP Distributors, LLC, an affiliate of VIA, serves as the Distributor for the Trust, and, as such, receives payments pursuant to Rule 12b-1 from the Series to compensate it for providing selling activities, which could lead to growth in the Trust's assets and corresponding benefits from such growth, including economies of scale. The Board noted that an affiliate of VIA also provides administrative services to the Trust. The Board noted management's discussion of the fact that, while the Subadvisers are affiliates of VIA, there are no other direct benefits to the Subadvisers or VIA in providing investment advisory services to the Series, other than the fee to be earned under the Subadvisory Agreement. There may be certain indirect benefits gained, including to the extent that serving the Series could provide the opportunity to provide advisory services to additional portfolios of the Trust or certain reputational benefits.

Based on all of the foregoing considerations, the Board, including a majority of the Independent Trustees, determined that approval of each Agreement, as amended, was in the best interests of each of the applicable Series and its respective shareholders. Accordingly, the Board, and the Independent Trustees voting separately, approved the Agreements, as amended, with respect to each Series.

FUND MANAGEMENT TABLES

Information pertaining to the Trustees and officers of the Trust as of December 31, 2016, is set forth below. The statement of additional information (SAI) includes additional information about the Trustees and is available without charge, upon request, by calling (800) 367-5877.

The address of each individual, unless otherwise noted, is c/o Virtus Variable Insurance Trust, 100 Pearl Street, Hartford, CT 06103. There is no stated term of office for Trustees or officers of the Trust.

Independent Trustees

Name, Year of Birth, Length of Time Served and Number of Portfolios in Complex Overseen	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
Brown, Thomas J. YOB: 1945 Served Since: 2011 65 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2011), Virtus Variable Insurance Trust (9 portfolios); Director (since 2010), D'Youville Senior Care Center; and Director (since 2005), VALIC Company Funds (49 portfolios).
Burke, Donald C. YOB: 1960 Served Since: 2016 69 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios), Virtus Variable Insurance Trust (9 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Director (since 2014) closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director, Avista Corp. (energy company) (since 2011); Trustee, Goldman Sachs Fund Complex (2010 to 2014); and Director, BlackRock Luxembourg and Cayman Funds (2006 to 2010).
Gelfenbien, Roger A. YOB: 1943 Served Since: 2000 65 Portfolios	Retired. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2000), Virtus Variable Insurance Trust (9 portfolios); and Director (since 1999), USAllianz Variable Insurance Product Trust (42 portfolios).
Mallin, John R. YOB: 1950 Served Since: 1999 65 Portfolios	Partner/Attorney (since 2003), McCarter & English LLP (law firm), Real Property Practice Group; and Member (since 2014), Counselors of Real Estate. Trustee (since 2016), Virtus Mutual Fund Complex (52 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); Director (since 2013), Horizons, Inc. (non-profit); and Trustee (since 1999), Virtus Variable Insurance Trust (9 portfolios).
McClellan, Hassell H. YOB: 1945 Served Since: 2008 65 Portfolios	Retired (since 2013); and Professor (1984 to 2013), Wallace E. Carroll School of Management, Boston College. Trustee (since 2016), Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2015), Virtus Mutual Fund Complex (52 portfolios); and Director (since 2010), Barnes Group, Inc. (diversified global components manufacturer and logistical services company); Trustee, Virtus Variable Insurance Trust (9 portfolios) (since 2008); and Trustee, John Hancock Fund Complex (since 2000) (collectively, 228 portfolios).
McLoughlin, Philip YOB: 1946 Served Since: 2003 74 Portfolios	Retired. Director and Chairman (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee and Chairman (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Trustee/Director and Chairman (since 2011), Virtus Closed-End Funds (3 funds); Chairman and Trustee (since 2003), Virtus Variable Insurance Trust (9 portfolios); Director (since 1995), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); Director (since 1991) and Chairman (since 2010), Lazard World Trust Fund (closed-end investment firm in Luxembourg); and Trustee (since 1989) and Chairman (since 2002), Virtus Mutual Fund Complex (52 portfolios).
McNamara, Geraldine M. YOB: 1951 Served Since: 2015 69 Portfolios	Retired. Trustee (since 2016) Virtus Alternative Solutions Trust (4 portfolios); Trustee (since 2015), Virtus Variable Insurance Trust (9 portfolios); Director (since 2003), closed-end funds managed by Duff & Phelps Investment Management Co. (4 funds); and Trustee (since 2001), Virtus Mutual Fund Complex (52 portfolios).
Oates, James M. YOB: 1946 Served Since: 2016 70 Portfolios	Managing Director (since 1994), Wydown Group (consulting firm). Director (since 2016), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios); Trustee/Director (since 2013), Virtus Closed-End Funds (3 funds); Trustee (since 2013), Virtus Alternative Solutions Trust (4 portfolios); Chairman and Trustee (since 2005), John Hancock Fund Complex (228 portfolios); Director (2002 to 2014), New Hampshire Trust Company; Chairman (since 2000), Emerson Investment Management, Inc.; Non-Executive Chairman (2000 to 2014), Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.) (financial services); Chairman and Director (1999 to 2014), Connecticut River Bank; Director (since 1996), Stifel Financial; and Trustee (since 1987), Virtus Mutual Fund Complex (52 portfolios).
Segerson, Richard E. YOB: 1948 Served Since: 2016 65 Portfolios	Retired; and Managing Director (1998 to 2013), Northway Management Company. Trustee (since 2016) Virtus Alternative Solutions Trust (4 portfolios) and Virtus Variable Insurance Trust (9 portfolios); and Trustee (since 1983), Virtus Mutual Fund Complex (52 portfolios).
Verdonck, Ferdinand L.J. YOB: 1942 Served Since: 2016 65 Portfolios	Vice Chairman (since 2014), Affirmed Therapeutics (biotechnology); Director (1998 to 2015), The J.P. Morgan Continental European Investment Trust; Director (2005 to 2013), Galapagos N.V. (biotechnology); Director (1998 to 2015) Groupe SNEF; and Mr. Verdonck is also a director of several non-U.S. companies. Trustee (since 2016) Virtus Variable Insurance Trust (9 portfolios) and Virtus Alternative Solutions Trust (4 portfolios); and Trustee (since 2002), Virtus Mutual Fund Complex (52 portfolios).

FUND MANAGEMENT TABLES (Continued)

Interested Trustee

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

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

FUND MANAGEMENT TABLES (Continued)

Officers

Name, Address and Year of Birth	Position(s) Held with Trust and Length of Time Served	Principal Occupation(s) During Past 5 Years
Bradley, W. Patrick YOB: 1972	Executive Vice President (since 2016); Senior Vice President (2013 to 2016); Vice President (2011 to 2013); Chief Financial Officer and Treasurer (since 2006).	Executive Vice President, Fund Services (since 2016), Senior Vice President, Fund Services (2010 to 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2004), Virtus Variable Insurance Trust; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2006), Virtus Mutual Fund Complex; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2012 to 2013) and Treasurer (Chief Financial Officer) (since 2007), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Executive Vice President (since 2016), Senior Vice President (2013 to 2016), Vice President (2011 to 2013), Chief Financial Officer and Treasurer (since 2011), Virtus Closed-End Funds; Vice President and Assistant Treasurer (since 2011), Duff & Phelps Global Utility Income Fund Inc.; Director (since 2013), Virtus Global Funds, PLC; and Executive Vice President (since 2016), Senior Vice President, Chief Financial Officer and Treasurer (2013 to 2016), Virtus Alternative Solutions Trust.
Engberg, Nancy J. YOB: 1956	Vice President and Chief Compliance Officer since 2011.	Vice President (since 2008) and Chief Compliance Officer (2008 to 2011 and since 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Vice President and Chief Compliance Officer (since 2011), Virtus Mutual Fund Complex; Vice President (since 2010) and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Vice President and Chief Compliance Officer (since 2011), Virtus Closed-End Funds; Vice President and Chief Compliance Officer (since 2012), The Zweig Fund, Inc. and Virtus Global Dividend & Income Fund Inc.; Vice President and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Chief Compliance Officer (since 2015), ETFis Series Trust I; and Chief Compliance Officer (since 2015), Virtus ETF Trust II.
Jennifer S. Fromm YOB: 1973	Vice President, Chief Legal Officer and Secretary, since 2013	Assistant Secretary of various Virtus-affiliated open-end funds (since 2008); and Vice President (since 2016) and Senior Counsel (since 2007), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; and Vice President, Chief Legal Officer, and Secretary (since 2013), Virtus Alternative Solutions Trust.
Waltman, Francis G. YOB: 1962	Executive Vice President (since 2013); Senior Vice President (2008-2013).	Executive Vice President, Product Development (since 2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions (since 2006) with Virtus affiliates; Executive Vice President (since 2013), Senior Vice President (2008 to 2013), Virtus Mutual Fund Complex; Executive Vice President (since 2013), Senior Vice President (2010 to 2013), Virtus Variable Insurance Trust; Executive Vice President (since 2013), Senior Vice President (2011 to 2013), Virtus Closed-End Funds; Director (since 2013), Virtus Global Funds PLC; and Executive Vice President (since 2013), Virtus Alternative Solutions Trust.

VIRTUS VARIABLE INSURANCE TRUST

100 Pearl Street
Hartford, CT 06103-4506

Trustees

George R. Aylward
Thomas J. Brown
Donald C. Burke
Roger A. Gelfenbien
John R. Mallin
Hassell H. McClellan
Philip R. McLoughlin, Chairman
Geraldine M. McNamara
James M. Oates
Richard E. Segerson
Ferdinand L. J. Verdonck

Officers

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

Investment Adviser

Virtus Investment Advisers, Inc.
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Hartford, CT 06103-4506

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Independent Registered Public Accounting Firm

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How to Contact Us

Mutual Fund Services
Website

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Virtus.com

Important Notice to Shareholders

The Securities and Exchange Commission has modified mailing regulations for semiannual and annual shareholder fund reports to allow mutual fund companies to send a single copy of these reports to shareholders who share the same mailing address. If you would like additional copies, please call Mutual Fund Services at 1-800-367-5877.



100 Pearl Street
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For more information about the Virtus Variable Insurance Trust,
please contact us at **1-800-367-5877** or **Virtus.com**.