

Virtus Global Multi-Sector Income Fund
Form N-CSRS
August 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22608

Virtus Global Multi-Sector Income Fund

(Exact name of registrant as specified in charter)

101 Munson Street

Greenfield, MA 01301-9683

(Address of principal executive offices) (Zip code)

William Renahan, Esq

Vice President, Chief Legal Officer and Secretary for Registrant

100 Pearl Street

Hartford, CT 06103-4506

(Name and address of agent for service)

Registrant's telephone number, including area code: (866) 270-7788

Date of fiscal year end: November 30

Date of reporting period: May 31, 2018

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

SEMIANNUAL REPORT

Not FDIC Insured

No Bank Guarantee

May Lose Value

May 31, 2018

FUND DISTRIBUTIONS AND MANAGED DISTRIBUTION PLAN

The Board of Trustees (the Board, or the Trustees) of the Virtus Global Multi-Sector Income Fund (the Fund) adopted a Managed Distribution Plan (the Plan) which currently provides for the Fund to make a monthly distribution rate of \$0.126 per share. Under the terms of the Plan, the Fund seeks to maintain a consistent distribution level that may be paid in part or in full from net investment income, realized capital gains, and a return of capital, or a combination thereof.

If the Fund estimates that it has distributed more than its income and capital gains in a particular period, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with yield or income.

To the extent that the Fund uses capital gains and/or return of capital to supplement its investment income, you should not draw any conclusions about the Fund's investment performance from the amount of the Fund's distributions or from the terms of the Fund's Managed Distribution Plan.

The amounts and sources of distributions reported in Section 19(a) notices of the Investment Company Act of 1940 are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send shareholders a Form 1099-DIV for the calendar year that will tell you how to report distributions for federal income tax purposes.

The Board may amend, suspend or terminate the Managed Distribution Plan at any time, without prior notice to shareholders, if it deems such action to be in the best interest of the Fund and its shareholders.

Information on the Fund is available through the closed end fund section on the web at www.Virtus.com. Section 19(a) notices are posted on the website at <https://www.virtus.com/our-products/closed-end-fund-details/VGI>.

MESSAGE TO SHAREHOLDERS

Dear Virtus Global Multi-Sector Income Fund Shareholder:

Enclosed is the semiannual report for the Virtus Global Multi-Sector Income Fund (VGI), which discusses performance for the six-month period ended May 31, 2018. This report contains commentary from the portfolio management team at Newfleet Asset Management on how the fixed income markets and the fund performed during the period, including the impact of the options overlay strategy on fund performance.

For the six months ended May 31, 2018, the fund's net asset value (NAV) decreased 9.85%, including \$0.936 in reinvested distributions, and its market price decreased 17.86%. For the same period, the fund's benchmark, the Bloomberg Barclays Global Aggregate Bond Index, decreased 0.68%, including reinvested dividends.

The fund's underperformance relative to its benchmark was reflective of the dramatic shift in the financial markets in early 2018 and the impact of the fund's options overlay strategy, which lost 6.60% (gross of expenses) for the six months ended May 31, 2018. As the managers note in their commentary, the highly unstable market with multiple sharp moves early in 2018 proved unprofitable for a series of the fund's options overlay trades. We continue to believe the options overlay strategy provides long-term benefits to the fund.

On behalf of Newfleet Asset Management and Virtus Investment Partners, I thank all of our shareholders for entrusting your assets to us. Should you have any questions or require support, the Virtus customer service team is ready to assist at 1-866-270-7788 or through the closed-end fund section of our website, www.virtus.com.

Sincerely,

George R. Aylward

President, Chief Executive Officer, and Trustee

Virtus Global Multi-Sector Income Fund

July 2018

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than performance shown above. Any market index referenced herein is unmanaged; its returns do not reflect any fees, expenses, or sales charges; and is not available for direct investment.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

MANAGER'S DISCUSSION OF FUND PERFORMANCE (Unaudited)

MAY 31, 2018

About the Fund

Virtus Global Multi-Sector Income Fund's (NYSE: VGI) (the Fund) investment objective is to maximize current income while preserving capital. The Fund seeks to achieve its investment objective by applying an approach, and extensive credit research, to capitalize on opportunities across undervalued areas of the global bond market. *There is no guarantee that the Fund will achieve its investment objective.*

The use of leverage currently enables the Fund to borrow at short-term rates and invest at higher yields on its investments. As of May 31, 2018, the Fund's leverage consisted of \$67 million of borrowings pursuant to a line of credit, which represented approximately 28% of the Fund's total assets.

Portfolio Review – Newfleet Asset Management LLC (Newfleet)

Newfleet's multi-sector fixed income strategies team manages the Fund, leveraging the knowledge and skills of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management for portfolio construction, avoiding interest rate bets and remaining duration neutral. A separate team at Newfleet also manages the Fund's options overlay strategy. The options overlay strategy seeks to generate additional income through the purchase and sale of paired out-of-the-money puts and calls. The following commentary is provided by the respective portfolio teams at Newfleet and covers the Fund's fixed income portfolio and options overlay strategy for the six months ended May 31, 2018.

How did global fixed income markets perform during the fiscal six-month period ended May 31, 2018?

U.S. Treasuries outperformed most fixed income sectors during the six-month period ended May 31, 2018, as the market experienced numerous periods of volatility. Within spread sectors, longer duration asset classes underperformed, including emerging market debt. Increases in the Fed Funds Rate by the Federal Reserve, fear of rising rates in the U.S., and a stronger U.S. Dollar led to outflows from the sector, resulting in the underperformance of emerging market debt (EMD).

The six-month period included multiple challenges, with bouts of elevated volatility during that time. Investors were forced to interpret the potential market implications of a looming trade war among major economic powers, the changing composition of the Federal Open Market Committee (FOMC), including a new Chair, and the ongoing evolution of the quantitative easing (QE) programs initiated by key global central banks in the aftermath of the financial crisis. Continued geopolitical tensions and the political climate in Washington added to the uncertainty at times. During the six-month period, oil prices moved higher, U.S. economic data modestly improved, tax reform passed in the U.S., and interest rate volatility remained elevated.

In largely anticipated moves, the U.S. Federal Reserve (the Fed) raised its target rate by 0.25% on two separate occasions during the six-month period to a range of 1.50% to 1.75%.

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During the reporting period, yields increased across the U.S. Treasury curve, more so for shorter maturity bonds, and the yield curve flattened.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 8.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

MANAGER'S DISCUSSION OF FUND

PERFORMANCE (Unaudited) (Continued)

MAY 31, 2018

What factors affected the performance of the Fund's fixed income portfolio during the fiscal six months?

The outperformance of U.S. Treasuries and the underperformance of longer duration foreign asset classes relative to most fixed income spread sectors were the key drivers of the Fund's underperformance of -2.70% (gross of expenses) versus the benchmark performance of -0.68% for the six-month period ended May 31, 2018.

Among fixed income sectors, the Fund's allocations to bank loans, corporate high yield, and residential mortgage-backed securities were positive contributors to performance during the period. Issue selection within the asset-backed security sector was also beneficial.

The Fund's exposures to the Yankee high quality and emerging markets high yield sectors detracted from performance during the period. Issue selection in corporate high yield was also a detractor, primarily driven by poor performance in Rusal Capital Designated Activity Co.

How did the options overlay strategy perform for the Fund during the fiscal six-month period?

The options overlay strategy seeks to exploit pricing inefficiencies in the index options market by selling put and call spreads to generate premium income.

The options overlay strategy has been successful in prior periods partly due to three key factors: the ability to adjust to changing market dynamics; the very short-term outlook, as option spreads are rolled every two-weeks; and the absence of frequent, sharp and significant moves in the S&P 500[®] Index. These factors allowed the strategy to incorporate new market conditions, and, as a result, to mitigate various market events that led to losses for other income-producing strategies. When the S&P 500[®] Index makes large and fast moves that are not priced into the implied volatility of the options market, the strategy can and will incur losses. This was the case in the first quarter of 2018, which produced a highly unstable market that experienced multiple sharp moves – both to the upside and the downside – during which the options overlay strategy made a series of unprofitable trades. In this challenging environment, the overlay strategy lost 6.60% (gross of expenses) for the six-month period ended May 31, 2018.

After a highly chaotic first quarter, April and May represented a return to relative normalcy, and all trades were profitable during those two months. We continue to believe that the options overlay strategy will provide long-term benefits to the Fund, as it has demonstrated with an annualized return of 1.22% (gross of expenses) since the strategy was implemented on June 1, 2014.

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 conditions and should not be relied upon as investment advice.

The Fund's portfolio holdings are subject to change and may not be representative of the portfolio managers current or future investments. The mention of individual securities held by the Fund is for informational purposes only

and should not be construed as a recommendation to purchase or sell any securities. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 8.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

MANAGER'S DISCUSSION OF FUND

PERFORMANCE (Unaudited) (Continued)

MAY 31, 2018

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.

Options Overlay: The options overlay strategy may not be successful in achieving its objective of increasing distributable income while limiting the risk of loss and, in periods of significant moves in the S&P 500® Index, has resulted and, in the future, may result in losses for investors.

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.

Leveraged 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.

Leverage: When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded.

Market Price/NAV: At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the Fund's NAV, which may increase the investor's risk of loss.

Fundamental Risk of Investing: There can be no assurance that the Fund will achieve its investment objectives. An investment in the shares of the Fund is subject to loss of principal; shares may decrease in value.

For information regarding the indexes and certain key investment terms, see Key Investment Terms starting on page 8.

OUR PRIVACY COMMITMENT

Virtus Global Multi-Sector Income Fund recognizes that protecting the privacy and security of the confidential personal information we collect about you is an important responsibility. The following information will help you understand our privacy policy and how we will handle and maintain confidential personal information as we fulfill our obligations to protect your privacy. Personal information refers to the nonpublic financial information obtained by us in connection with providing you a financial product or service.

Information We Collect

We collect personal information to help us serve your financial needs, offer new products or services, provide customer service and fulfill legal and regulatory requirements. The type of information that we collect varies according to the products or services involved, and may include:

Information we receive from you on applications and related forms (such as name, address, social security number, assets and income); and

Information about your transactions and relationships with us, our affiliates, or others (such as products or services purchased, account balances and payment history).

Information Disclosed in Administering Products and Services

We will not disclose personal information about current or former customers to non-affiliated third parties except as permitted or required by law. We do not sell any personal information about you to any third party. In the normal course of business, personal information may be shared with persons or entities involved in servicing and administering products and services on our behalf, including your broker, financial advisor or financial planner and other service providers and affiliates assisting us.

Procedures to Protect Confidentiality and Security of Your Personal Information

We have procedures in place that limit access to personal information to those employees and service providers who need to know such information in order to perform business services on our behalf. We educate our employees on the importance of protecting the privacy and security of confidential personal information. We also maintain physical, electronic and procedural safeguards that comply with federal and state regulations to guard your personal information.

We will update our policy and procedures where necessary to ensure that your privacy is maintained and that we conduct our business in a way that fulfills our commitment to you. If we make any material changes in our privacy policy, we will make that information available to customers through our website and/or other communications.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND
PORTFOLIO HOLDINGS SUMMARY WEIGHTINGS (Unaudited)**MAY 31, 2018**

The following tables present the portfolio holdings within certain sectors or countries as a percentage of total investments net of written options at May 31, 2018.

Asset Allocations

| | | |
|-------------------------------------|-----|------|
| Corporate Bonds and Notes | | 49% |
| Financials | 13% | |
| Energy | 12 | |
| Materials | 6 | |
| All other corporate bonds and notes | 18 | |
| Foreign Government Securities | | 17 |
| Leveraged Loans | | 13 |
| Mortgaged-Backed Securities | | 9 |
| Asset-Backed Securities | | 6 |
| Preferred Stocks | | 2 |
| Other | | 4 |
| Total | | 100% |

Country Weightings

| | | |
|---------------|--|------|
| United States | | 53% |
| Mexico | | 6 |
| Argentina | | 4 |
| Netherlands | | 3 |
| Canada | | 3 |
| Colombia | | 2 |
| Brazil | | 2 |
| Other | | 27 |
| Total | | 100% |

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

KEY INVESTMENT TERMS (Unaudited)

MAY 31, 2018

Bloomberg Barclays Global Aggregate Bond Index

The Bloomberg Barclays Global Aggregate Bond Index is a market-weighted index of global government, government-related agencies, corporate and securitized fixed income investments. 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.

Federal Open Market Committee (FOMC)

The branch of the Federal Reserve Board that determines the direction of monetary policy. The FOMC is composed of the board of governors, which has seven members, and five reserve bank presidents.

Federal Reserve (the Fed)

The Central Bank of the U.S., responsible for controlling 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.

London Interbank Offered Rate (LIBOR)

A benchmark rate that some of the world's leading banks charge each other for short term loans and that serves as the first step to calculating interest rates on various loans throughout the world.

Quantitative Easing (QE)

A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital in an effort to promote increased lending and liquidity.

Yield Curve

A line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|------------------------|--------------|
| U.S. GOVERNMENT SECURITIES 1.4% | | |
| U.S. Treasury Note | | |
| 1.375%, 4/30/20 | \$ 480 | \$ 471 |
| 2.250%, 8/15/27 | 1,875 | 1,782 |
| TOTAL U.S. GOVERNMENT SECURITIES | | 2,253 |
| (Identified Cost \$2,246) | | |
| MUNICIPAL BONDS 0.9% | | |
| California 0.5% | | |
| State of California Build America Bond Taxable | | |
| 7.500%, 4/1/34 | 570 | 802 |
| Illinois 0.4% | | |
| State of Illinois Build America Bond Taxable | | |
| 6.900%, 3/1/35 | 700 | 754 |
| TOTAL MUNICIPAL BONDS | | 1,556 |
| (Identified Cost \$1,482) | | |
| FOREIGN GOVERNMENT SECURITIES 24.1% | | |
| Argentine Republic | | |
| 5.625%, 1/26/22 | 520 | 498 |
| 7.500%, 4/22/26 | 1,895 | 1,869 |
| 6.875%, 1/26/27 | 545 | 515 |
| 5.875%, 1/11/28 | 395 | 345 |
| Series NY, 8.280%, 12/31/33 | 1,269 | 1,271 |
| 7.125%, 7/6/36 | 780 | 682 |
| 7.625%, 4/22/46 | 590 | 521 |
| 6.875%, 1/11/48 | 390 | 320 |
| Bermuda | | |
| RegS 4.854%, 2/6/24 ⁽⁴⁾ | 700 | 720 |
| Bolivarian Republic of Venezuela | | |
| RegS 7.650%, 4/21/25 ⁽⁴⁾⁽¹⁰⁾ | 1,380 | 397 |
| Dominican Republic | | |
| 144A, 6.875%, 1/29/26 ⁽³⁾ | 155 | 164 |
| 144A, 6.850%, 1/27/45 ⁽³⁾ | 800 | 795 |
| Federal Republic of Nigeria | | |
| 12.500%, 1/22/26 | 215,000 ^{NGN} | 572 |
| 144A, 6.500%, 11/28/27 ⁽³⁾ | 455 | 449 |
| 144A, 7.625%, 11/28/47 ⁽³⁾ | 440 | 433 |
| | PAR VALUE | VALUE |
| FOREIGN GOVERNMENT SECURITIES (continued) | | |

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| | | |
|--|--------------------------|--------|
| Federative Republic of Brazil | | |
| 12.500%, 1/5/22 | 2,185 ^{BRL} | \$ 670 |
| Notas de Tesouro National F Series, | | |
| 10.000%, 1/1/23 | 2,560 ^{BRL} | 705 |
| Notas de Tesouro National F Series, | | |
| 10.000%, 1/1/25 | 1,960 ^{BRL} | 523 |
| Notas do Tesouro Nacional Serie F, 10.000%, 1/1/25 | 940 ^{BRL} | 251 |
| 10.250%, 1/10/28 | 2,325 ^{BRL} | 677 |
| 5.625%, 1/7/41 | \$ 725 | 645 |
| Kingdom of Bahrain 144A 7.000%, 10/12/28 ⁽³⁾ | 795 | 706 |
| Kingdom of Jordan 144A 5.750%, 1/31/27 ⁽³⁾ | 1,085 | 1,031 |
| Kingdom of Morocco 144A 5.500%, 12/11/42 ⁽³⁾ | 800 | 828 |
| Provincia de Buenos Aires 144A, 9.125%, 3/16/24 ⁽³⁾ | 730 | 744 |
| 144A, 7.875%, 6/15/27 ⁽³⁾ | 1,165 | 1,109 |
| Republic of Armenia 144A 7.150%, 3/26/25 ⁽³⁾ | 700 | 746 |
| Republic of Chile 5.500%, 8/5/20 | 547,000 ^{CLP} | 902 |
| Republic of Colombia | | |
| Treasury Note Series B, 11.250%, 10/24/18 | 998,500 ^{COP} | 357 |
| 4.375%, 3/21/23 | 1,588,000 ^{COP} | 523 |
| 3.875%, 4/25/27 | 805 | 769 |
| 9.850%, 6/28/27 | 1,741,000 ^{COP} | 758 |
| Republic of Costa Rica | | |
| RegS, 7.000%, 4/4/44 ⁽⁴⁾ | 1,000 | 950 |
| 144A, 7.000%, 4/4/44 ⁽³⁾ | 800 | 760 |
| Republic of Ecuador 144A 8.875%, 10/23/27 ⁽³⁾ | 870 | 811 |
| Republic of Ghana 144A 10.750%, 10/14/30 ⁽³⁾ | 655 | 822 |
| Republic of Indonesia | | |
| FR63, 5.625%, 5/15/23 | 7,482,000 ^{IDR} | 512 |
| FR70, 8.375%, 3/15/24 | 7,721,000 ^{IDR} | 589 |
| Republic of South Africa | | |
| Series 2023, 7.750%, 2/28/23 | 10,000 ^{ZAR} | 779 |
| 4.875%, 4/14/26 | 370 | 360 |
| 4.300%, 10/12/28 | 1,885 | 1,722 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|-----------------------|---------------|
| FOREIGN GOVERNMENT SECURITIES (continued) | | |
| Republic of Turkey 6.250%, 9/26/22 | \$ 340 | \$ 345 |
| 7.375%, 2/5/25 | 420 | 441 |
| 4.875%, 10/9/26 | 2,185 | 1,960 |
| 4.875%, 4/16/43 | 935 | 708 |
| Republic of Uruguay 5.100%, 6/18/50 | 500 | 495 |
| Russian Federation Series 6216 6.700%, 5/15/19 | 78,125 ^{RUB} | 1,251 |
| Sultanate of Oman | | |
| 144A, 5.375%, 3/8/27 ⁽³⁾ | 1,240 | 1,198 |
| 144A, 5.625%, 1/17/28 ⁽³⁾ | 760 | 737 |
| Ukraine | | |
| 144A, 7.750%, 9/1/23 ⁽³⁾ | 785 | 793 |
| 144A, 7.750%, 9/1/26 ⁽³⁾ | 1,335 | 1,312 |
| United Mexican States | | |
| Series M, 6.500%, 6/9/22 | 9,038 ^{MXN} | 433 |
| 4.150%, 3/28/27 | 520 | 511 |
| 4.750%, 3/8/44 | 506 | 468 |
| TOTAL FOREIGN GOVERNMENT SECURITIES | | 39,452 |
| (Identified Cost \$42,829) | | |
| MORTGAGE-BACKED SECURITIES 12.5% | | |
| Agency 2.4% | | |
| Federal National Mortgage Association | | |
| Pool #AS6311, 3.500%, 12/1/45 | 455 | 455 |
| Pool #MA2471, 3.500%, 12/1/45 | 1,010 | 1,009 |
| Pool #MA2959, 3.500%, 4/1/47 ⁽¹⁴⁾ | 1,599 | 1,598 |
| Pool #AS9393, 4.000%, 4/1/47 | 427 | 436 |
| Pool #MA3121, 4.000%, 9/1/47 | 475 | 486 |
| | | 3,984 |
| Non-Agency 10.1% | | |
| American Homes 4 Rent Trust 2014-SFR2, C | | |
| 144A 4.705%, 10/17/36 ⁽³⁾ | 770 | 801 |
| | PAR VALUE | VALUE |
| Non-Agency (continued) | | |
| Ameriquest Mortgage Securities, Inc. Pass-Through Certificates, 2003-AR3, M4, (5.850% minus 1 month LIBOR) | | |
| 4.444%, 6/25/33 ⁽²⁾ | \$ 789 | \$ 784 |

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| | | |
|---|-------|-------|
| AMSR Trust 2016-SFR1, D 144A, (1 month LIBOR + 2.400%) 4.339%, 11/17/33 ⁽²⁾⁽³⁾ | 665 | 668 |
| Bayview Opportunity Master Fund IVa Trust 2016-SPL1, B1 144A, 4.250%, 4/28/55 ⁽³⁾ | 540 | 557 |
| 2017-SPL5, B1 144A, 4.000%, 6/28/57 ⁽²⁾⁽³⁾ | 130 | 133 |
| Bayview Opportunity Master Fund IVb Trust 2016-SPL2, B1 144A 4.250%, 6/28/53 ⁽²⁾⁽³⁾ | 385 | 397 |
| Caesars Palace Las Vegas Trust 2017-VICI, C 144A 4.138%, 10/15/34 ⁽³⁾ | 425 | 431 |
| CIT Home Equity Loan Trust 2003-1, A5 5.480%, 7/20/34 | 824 | 836 |
| Cold Storage Trust 2017-ICE3, A 144A, (1 month LIBOR + 1.000%) 2.919%, 4/15/36 ⁽²⁾⁽³⁾ | 1,200 | 1,204 |
| COLT Mortgage Loan Trust Funding LLC 2018-1, A1 144A 2.930%, 2/25/48 ⁽²⁾⁽³⁾ | 451 | 447 |
| Credit Suisse Commercial Mortgage-Backed Trust 2006-8, 3A1 6.000%, 10/25/21 | 145 | 135 |
| GAHR Commercial Mortgage Trust 2015-NRF, CFX 144A 3.382%, 12/15/34 ⁽²⁾⁽³⁾ | 525 | 524 |
| GSAA Home Equity Trust 2005-12, AF3W 4.999%, 9/25/35 ⁽²⁾ | 305 | 308 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|------------------|---------------|
| Non-Agency (continued) | | |
| Home Equity Loan Trust 2007-HSA3, AI4 6.110%, 6/25/37 ⁽²⁾ | \$ 564 | \$ 564 |
| JPMorgan Chase Mortgage Trust 2014-5, B2 144A, 2.995%, 10/25/29 ⁽²⁾⁽³⁾ | 239 | 225 |
| 2017-5, A1 144A, 3.180%, 10/26/48 ⁽²⁾⁽³⁾ | 589 | 583 |
| Motel 6 Trust 2017-MTL6, A 144A, (1 month LIBOR + 0.920%) 2.839%, 8/15/34 ⁽²⁾⁽³⁾ | 1,194 | 1,196 |
| New Residential Mortgage Loan Trust 2016-4A, B1A 144A 4.500%, 11/25/56 ⁽²⁾⁽³⁾ | 538 | 553 |
| Oak Hill Advisors Residential Loan Trust 2017-NPL2, A1 144A 3.000%, 7/25/57 ⁽³⁾ | 1,174 | 1,164 |
| One Market Plaza Trust 2017-1MKT, A 144A 3.614%, 2/10/32 ⁽³⁾ | 520 | 522 |
| Pretium Mortgage Credit Partners I LLC 2017-NPL5, A1 144A 3.327%, 12/30/32 ⁽²⁾⁽³⁾ | 223 | 222 |
| Towd Point Mortgage Trust 2015-6, M1 144A, 3.750%, 4/25/55 ⁽²⁾⁽³⁾ | 275 | 277 |
| 2017-1, M1 144A, 3.750%, 10/25/56 ⁽²⁾⁽³⁾ | 265 | 266 |
| 2017-6, A2 144A, 3.000%, 10/25/57 ⁽²⁾⁽³⁾ | 260 | 248 |
| 2015-2, 1M1 144A, 3.250%, 11/25/60 ⁽²⁾⁽³⁾ | 1,665 | 1,630 |
| Vericrest Opportunity Loan Trust LXIV LLC 2017-NP11, A1 144A 3.375%, 10/25/47 ⁽³⁾ | 974 | 970 |
| VSD 2017-PLT1, A 3.600%, 12/25/43 | 169 | 169 |
| Wells Fargo Commercial Mortgage Trust 2015-LC20, B 3.719%, 4/15/50 | 690 | 679 |
| | | 16,493 |
| TOTAL MORTGAGE-BACKED SECURITIES | | 20,477 |
| (Identified Cost \$20,609) | PAR VALUE | VALUE |

ASSET-BACKED SECURITIES 8.1%**Automobiles 4.0%**

| | | |
|---|--------|--------|
| ACC Trust 2018-1, B 144A 4.820%, 5/20/21 ⁽³⁾ | \$ 470 | \$ 471 |
| CarNow Auto Receivables Trust 2016-1A, D 144A 7.340%, 11/15/21 ⁽³⁾ | 640 | 647 |
| Drive Auto Receivables Trust 2017-2, C 2.750%, 9/15/23 | 790 | 788 |
| Exeter Automobile Receivables Trust 2014-3A, D 144A 5.690%, 4/15/21 ⁽³⁾ | 790 | 807 |
| Flagship Credit Auto Trust 2016-3, D 144A 3.890%, 11/15/22 ⁽³⁾ | 785 | 787 |
| GLS Auto Receivables Trust 2017-1A, C 144A, 3.500%, 7/15/22 ⁽³⁾ | 790 | 782 |
| 2018-1A, B 144A, 3.520%, 8/15/23 ⁽³⁾ | 760 | 753 |
| Hertz Vehicle Financing II LP 2016-4A, A 144A 2.650%, 7/25/22 ⁽³⁾ | 790 | 770 |
| Skopos Auto Receivables Trust 2018-1A, B 144A 3.930%, 5/16/22 ⁽³⁾ | 790 | 789 |
| | | 6,594 |

Other 4.1%

| | | |
|--|-----|-----|
| Aqua Finance Trust 2017-A, A 144A 3.720%, 11/15/35 ⁽³⁾ | 681 | 670 |
| Conn's Receivables Funding LLC 2017-B, B 144A 4.520%, 11/15/20 ⁽³⁾ | 655 | 660 |
| DB Master Finance LLC 2017-1A, A2I 144A 3.629%, 11/20/47 ⁽³⁾ | 657 | 645 |
| Diamond Resorts Owner Trust 2017-1A, A 144A 3.270%, 10/22/29 ⁽³⁾ | 481 | 470 |
| Drug Royalty III LP 1 2016-1A, A 144A 3.979%, 4/15/27 ⁽³⁾ | 513 | 510 |
| HOA Funding LLC 2014-1A, A2 144A 4.846%, 8/20/44 ⁽³⁾ | 735 | 720 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|------------------|---------------|
| Other (continued) | | |
| Oportun Funding VIII LLC 2018-A, A 144A 3.610%, 3/8/24 ⁽³⁾ | \$ 605 | \$ 604 |
| TGIF Funding LLC 2017-1A, A2 144A 6.202%, 4/30/47 ⁽³⁾ | 642 | 650 |
| Upstart Securitization Trust 2018-1, B 144A 3.887%, 8/20/25 ⁽³⁾ | 475 | 475 |
| Wendy s Funding LLC 2015-1A, A2II 144A, 4.080%, 6/15/45 ⁽³⁾ | 765 | 772 |
| 2018-1A, A2I 144A, 3.573%, 3/15/48 ⁽³⁾ | 524 | 511 |
| | | 6,687 |
| TOTAL ASSET-BACKED SECURITIES (Identified Cost \$13,314) | | 13,281 |
| CORPORATE BONDS AND NOTES 69.8% | | |
| Consumer Discretionary 6.7% | | |
| American Axle & Manufacturing, Inc. 6.250%, 3/15/26 | 35 | 34 |
| Beazer Homes USA, Inc. 6.750%, 3/15/25 | 195 | 189 |
| 5.875%, 10/15/27 | 375 | 332 |
| Charter Communications Operating LLC 4.908%, 7/23/25 | 655 | 666 |
| Clear Channel Worldwide Holdings, Inc. Series B 7.625%, 3/15/20 | 365 | 364 |
| Discovery Communications LLC 3.950%, 3/20/28 | 775 | 732 |
| DISH DBS Corp. 7.750%, 7/1/26 | 330 | 285 |
| Dollar Tree, Inc. 4.000%, 5/15/25 | 337 | 335 |
| Downstream Development Authority of The Quapaw Tribe of Oklahoma 144A 10.500%, 2/15/23 ⁽³⁾ | 140 | 141 |
| Gateway Casinos & Entertainment Ltd. 144A 8.250%, 3/1/24 ⁽³⁾ | 495 | 522 |
| | PAR VALUE | VALUE |

Consumer Discretionary (continued)

| | | |
|--|----------------------|--------|
| GLP Capital LP 5.250%, 6/1/25 | \$ 410 | \$ 410 |
| Graham Holdings Co. 144A 5.750%, 6/1/26 ⁽³⁾ | 330 | 332 |
| Grupo Televisa SAB 4.625%, 1/30/26 | 525 | 528 |
| 7.250%, 5/14/43 | 8,000 ^{MXN} | 285 |
| iHeartCommunications, Inc. 9.000%, 12/15/19 ⁽¹⁰⁾ | 255 | 200 |
| L Brands, Inc. 6.875%, 11/1/35 | 428 | 389 |
| Lear Corp. 3.800%, 9/15/27 | 600 | 571 |
| Lennar Corp. 144A 4.750%, 11/29/27 ⁽³⁾ | 640 | 597 |
| M/I Homes, Inc. 5.625%, 8/1/25 | 450 | 427 |
| McGraw-Hill Global Education Holdings LLC 144A 7.875%, 5/15/24 ⁽³⁾ | 425 | 397 |
| MDC Holdings, Inc. 5.500%, 1/15/24 | 545 | 553 |
| Meredith Corp. 144A 6.875%, 2/1/26 ⁽³⁾ | 315 | 318 |
| Neiman Marcus Group Ltd. 144A 8.000%, 10/15/21 ⁽³⁾ | 360 | 257 |
| QVC, Inc. 5.125%, 7/2/22 | 690 | 713 |
| Scientific Games International, Inc. 144A 5.000%, 10/15/25 ⁽³⁾ | 355 | 343 |
| Vista Outdoor, Inc. 5.875%, 10/1/23 | 530 | 498 |
| William Lyon Homes, Inc. 144A 6.000%, 9/1/23 ⁽³⁾ | 610 | 609 |
| | | 11,027 |

Consumer Staples 1.9%

| | | |
|--|-----|-----|
| BAT Capital Corp. 144A 3.557%, 8/15/27 ⁽³⁾ | 535 | 503 |
| JBS Investments GmbH 144A 7.250%, 4/3/24 ⁽³⁾ | 525 | 516 |
| MARB BondCo plc 144A 7.000%, 3/15/24 ⁽³⁾ | 595 | 563 |
| Safeway, Inc. 7.250%, 2/1/31 | 520 | 454 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|-----------|--------|
| Consumer Staples (continued) | | |
| Sigma Finance Netherlands BV | | |
| 144A 4.875%, 3/27/28 ⁽³⁾ | \$ 880 | \$ 835 |
| Tops Holding LLC | | |
| 144A 8.000%, 6/15/22 ⁽³⁾⁽¹⁰⁾ | 480 | 257 |
| | | 3,128 |
| Energy 17.7% | | |
| Afren plc | | |
| 144A, 10.250%, 4/8/19 ⁽³⁾⁽¹⁰⁾⁽¹³⁾ | 635 | 1 |
| 144A, 6.625%, 12/9/20 ⁽³⁾⁽¹⁰⁾⁽¹³⁾ | 732 | 1 |
| Alliance Resource Operating Partners LP | | |
| 144A 7.500%, 5/1/25 ⁽³⁾ | 531 | 560 |
| Alta Mesa Holdings LP | | |
| 7.875%, 12/15/24 | 315 | 332 |
| American Midstream Partners LP | | |
| 144A 8.500%, 12/15/21 ⁽³⁾ | 245 | 239 |
| Anadarko Petroleum Corp. | | |
| 6.600%, 3/15/46 | 390 | 484 |
| Bristow Group, Inc. | | |
| 144A 8.750%, 3/1/23 ⁽³⁾ | 210 | 206 |
| Callon Petroleum Co. | | |
| 6.125%, 10/1/24 | 495 | 499 |
| Cheniere Corpus Christi Holdings LLC | | |
| 7.000%, 6/30/24 | 495 | 546 |
| Chesapeake Energy Corp. | | |
| 8.000%, 6/15/27 | 555 | 551 |
| Continental Resources, Inc. | | |
| 4.500%, 4/15/23 | 260 | 265 |
| Denbury Resources, Inc. | | |
| 144A 9.250%, 3/31/22 ⁽³⁾ | 129 | 137 |
| Ecopetrol S.A. | | |
| 5.375%, 6/26/26 | 695 | 712 |
| Encana Corp. | | |
| 8.125%, 9/15/30 | 280 | 365 |
| EP Energy LLC | | |
| 144A, 9.375%, 5/1/24 ⁽³⁾ | 235 | 186 |
| 144A, 8.000%, 11/29/24 ⁽³⁾ | 350 | 346 |

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| | | |
|--|------------------|--------------|
| 144A, 7.750%, 5/15/26 ⁽³⁾ | 205 | 209 |
| Fermaca Enterprises S de RL de CV | | |
| 144A 6.375%, 3/30/38 ⁽³⁾⁽¹⁴⁾ | 1,281 | 1,331 |
| Geopark Ltd. | | |
| 144A 6.500%, 9/21/24 ⁽³⁾ | 595 | 577 |
| | PAR VALUE | VALUE |
| Energy (continued) | | |
| Jagged Peak Energy LLC | | |
| 144A 5.875%, 5/1/26 ⁽³⁾ | \$ 550 | \$ 543 |
| KazMunayGas National Co. JSC | | |
| 144A 4.750%, 4/19/27 ⁽³⁾ | 1,015 | 1,003 |
| Kinder Morgan, Inc. | | |
| 7.750%, 1/15/32 ⁽¹⁴⁾ | 980 | 1,214 |
| Lukoil International Finance BV | | |
| 144A, 6.125%, 11/9/20 ⁽³⁾⁽⁷⁾ | 1,100 | 1,154 |
| 144A, 4.563%, 4/24/23 ⁽³⁾ | 400 | 398 |
| Nabors Industries, Inc. | | |
| 5.500%, 1/15/23 | 355 | 348 |
| Odebrecht Offshore Drilling Finance Ltd. PIK Interest Capitalization, 6.720% interest, 1.00% Capitalization | | |
| 144A 7.720%, 12/1/26 ⁽³⁾⁽¹¹⁾⁽¹⁵⁾ | 978 | 281 |
| Odebrecht Oil & Gas Finance Ltd. | | |
| 144A 0.000% ⁽³⁾⁽⁵⁾ | 154 | 3 |
| Parker Drilling Co. | | |
| 6.750%, 7/15/22 | 315 | 240 |
| Petrobras Global Finance BV | | |
| 144A, 5.299%, 1/27/25 ⁽³⁾ | 395 | 371 |
| 7.375%, 1/17/27 | 1,590 | 1,614 |
| 6.750%, 1/27/41 | 1,800 | 1,669 |
| Petroleos de Venezuela S.A. | | |
| 144A 6.000%, 5/16/24 ⁽³⁾⁽¹⁰⁾ | 1,820 | 412 |
| Petroleos Mexicanos | | |
| 4.875%, 1/24/22 | 250 | 251 |
| 6.500%, 3/13/27 | 1,750 | 1,780 |
| 6.500%, 6/2/41 | 1,360 | 1,267 |
| 6.375%, 1/23/45 | 1,515 | 1,383 |
| PTTEP Treasury Center Co., Ltd. | | |
| 144A 4.875% ⁽³⁾⁽⁵⁾ | 383 | 383 |
| Range Resources Corp. | | |
| 4.875%, 5/15/25 | 650 | 611 |
| RSP Permian, Inc. | | |
| 5.250%, 1/15/25 | 665 | 682 |
| Sanchez Energy Corp. | | |
| 144A 7.250%, 2/15/23 ⁽³⁾ | 135 | 132 |
| SESI LLC | | |
| 7.750%, 9/15/24 | 520 | 539 |
| Southern Gas Corridor CJSC | | |
| 144A 6.875%, 3/24/26 ⁽³⁾ | 655 | 711 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|-----------|--------|
| Energy (continued) | | |
| State Oil Co. of the Azerbaijan Republic RegS 6.950%, 3/18/30 ⁽⁴⁾ | \$ 780 | \$ 830 |
| Sunoco LP | | |
| 144A, 5.500%, 2/15/26 ⁽³⁾ | 170 | 161 |
| 144A, 5.875%, 3/15/28 ⁽³⁾ | 150 | 141 |
| Transocean, Inc. | | |
| 144A, 9.000%, 7/15/23 ⁽³⁾ | 290 | 312 |
| 6.800%, 3/15/38 | 185 | 156 |
| Transportadora de Gas del Peru SA | | |
| 144A 4.250%, 4/30/28 ⁽³⁾ | 1,350 | 1,296 |
| Ultra Resources, Inc. | | |
| 144A, 6.875%, 4/15/22 ⁽³⁾ | 30 | 20 |
| 144A, 7.125%, 4/15/25 ⁽³⁾ | 146 | 90 |
| Vine Oil & Gas LP | | |
| 144A 8.750%, 4/15/23 ⁽³⁾ | 430 | 398 |
| Weatherford International Ltd. 9.875%, 2/15/24 | 170 | 167 |
| YPF S.A. | | |
| 144A, 8.750%, 4/4/24 ⁽³⁾ | 125 | 129 |
| 144A, 6.950%, 7/21/27 ⁽³⁾ | 835 | 773 |
| | | 29,009 |
| Financials 17.9% | | |
| Acrisure LLC | | |
| 144A 7.000%, 11/15/25 ⁽³⁾ | 620 | 578 |
| Africa Finance Corp. | | |
| 144A 4.375%, 4/29/20 ⁽³⁾ | 800 | 796 |
| Allstate Corp. (The) Series B | | |
| 5.750%, 8/15/53 ⁽⁶⁾⁽¹⁴⁾ | 1,446 | 1,495 |
| Apollo Management Holdings LP | | |
| 144A 4.000%, 5/30/24 ⁽³⁾ | 785 | 779 |
| Ares Finance Co., LLC | | |
| 144A 4.000%, 10/8/24 ⁽³⁾⁽¹⁴⁾ | 830 | 788 |
| Australia & New Zealand Banking Group Ltd. | | |
| 144A 4.400%, 5/19/26 ⁽³⁾ | 755 | 747 |
| Banco Bilbao Vizcaya Argentaria Bancomer S.A. | | |
| 144A, 6.500%, 3/10/21 ⁽³⁾⁽¹⁴⁾ | 900 | 934 |
| 144A, 5.125%, 1/18/33 ⁽³⁾ | 700 | 629 |

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| | 560 | 571 |
|--|------------------------|----------|
| | PAR VALUE | VALUE |
| Banco de Bogota S.A. 144A 6.250%, 5/12/26 ⁽³⁾ | | |
| Financials (continued) | | |
| Banco de Credito e Inversiones 144A 3.500%, 10/12/27 ⁽³⁾ | \$ 1,335 | \$ 1,205 |
| Banco Internacional del Peru SAA Interbank 144A 6.625%, 3/19/29 ⁽³⁾ | 1,085 | 1,142 |
| Banco Nacional de Comercio Exterior SNC 144A 4.375%, 10/14/25 ⁽³⁾ | 510 | 495 |
| Banco Santander Chile 144A 3.875%, 9/20/22 ⁽³⁾⁽¹⁴⁾ | 900 | 892 |
| Bancolombia S.A. 5.125%, 9/11/22 | 1,220 | 1,229 |
| Bank of China Hong Kong Ltd. 144A 5.550%, 2/11/20 ⁽³⁾ | 780 | 804 |
| Bank of Montreal 3.803%, 12/15/32 | 139 | 130 |
| Bonos del Banco Central de Chile 4.500%, 6/1/20 | 310,000 ^{CLP} | 513 |
| Brighthouse Financial, Inc. 3.700%, 6/22/27 | 660 | 598 |
| BrightSphere Investment Group plc 4.800%, 7/27/26 ⁽¹⁴⁾ | 675 | 668 |
| Compass Bank 3.875%, 4/10/25 | 945 | 919 |
| Development Bank of Kazakhstan JSC 144A, 4.125%, 12/10/22 ⁽³⁾ | 220 | 216 |
| 144A, 8.950%, 5/4/23 ⁽³⁾ | 105,000 ^{KZT} | 307 |
| Drawbridge Special Opportunities Fund LP 144A 5.000%, 8/1/21 ⁽³⁾⁽¹⁴⁾ | 925 | 926 |
| Fairfax Financial Holdings Ltd. 144A 4.850%, 4/17/28 ⁽³⁾ | 650 | 645 |
| FS Investment Corp. 4.750%, 5/15/22 | 225 | 225 |
| Goldman Sachs Group, Inc. (The), (3 month LIBOR + 1.170%) 3.491%, 5/15/26 ⁽²⁾ | 575 | 572 |
| GrupoSura Finance S.A. 144A 5.500%, 4/29/26 ⁽³⁾ | 755 | 777 |
| Guanay Finance Ltd. 144A 6.000%, 12/15/20 ⁽³⁾ | 1,115 | 1,122 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|------------------|--------------|
| Financials (continued) | | |
| ICAHN Enterprises LP 6.375%, 12/15/25 | \$ 630 | \$ 628 |
| ING Groep N.V. 6.000% ⁽⁵⁾⁽⁶⁾ | 615 | 617 |
| Jefferies Group LLC 4.850%, 1/15/27 | 180 | 178 |
| Kazakhstan Temir Zholy National Co. JSC 144A 4.850%, 11/17/27 ⁽³⁾ | 2,005 | 1,957 |
| Nuveen Finance LLC 144A 4.125%, 11/1/24 ⁽³⁾ | 985 | 990 |
| Santander Holdings USA, Inc. 4.400%, 7/13/27 | 660 | 636 |
| Sberbank of Russia 144A 5.500%, 2/26/24 ⁽³⁾⁽⁷⁾ | 650 | 653 |
| Springleaf Finance Corp. 7.125%, 3/15/26 | 290 | 290 |
| Teachers Insurance & Annuity Association of America 144A 4.375%, 9/15/54 ⁽³⁾⁽¹⁴⁾ | 640 | 637 |
| Turkiye Garanti Bankasi AS 144A 5.250%, 9/13/22 ⁽³⁾ | 435 | 416 |
| Turkiye Vakiflar Bankasi TAO 144A 5.625%, 5/30/22 ⁽³⁾ | 855 | 788 |
| Ukreximbank Via Biz Finance plc 144A 9.625%, 4/27/22 ⁽³⁾ | 870 | 901 |
| | | 29,393 |
| Health Care 3.4% | | |
| Avantor, Inc. 144A, 6.000%, 10/1/24 ⁽³⁾ | 260 | 259 |
| 144A, 9.000%, 10/1/25 ⁽³⁾ | 330 | 341 |
| Becton Dickinson & Co. 3.700%, 6/6/27 | 600 | 571 |
| Centene Escrow I Corp. 144A 5.375%, 6/1/26 ⁽³⁾ | 160 | 162 |
| Concordia International Corp. 144A 9.000%, 4/1/22 ⁽³⁾ | 160 | 145 |
| DJO Finco, Inc. 144A 8.125%, 6/15/21 ⁽³⁾ | 245 | 246 |
| Eagle Holding Co. II, LLC PIK Interest Capitalization, 144A 7.625%, 5/15/22 ⁽³⁾⁽¹¹⁾ | 300 | 304 |
| | PAR VALUE | VALUE |

Health Care (continued)

| | | |
|--|--------|--------|
| Mylan NV 3.950%, 6/15/26 | \$ 600 | \$ 572 |
| Polaris Intermediate Corp. PIK Interest Capitalization, 144A 8.500%, 12/1/22 ⁽³⁾⁽¹¹⁾ | 75 | 77 |
| Surgery Center Holdings, Inc. 144A, 8.875%, 4/15/21 ⁽³⁾ | 405 | 415 |
| 144A, 6.750%, 7/1/25 ⁽³⁾ | 70 | 65 |
| Tenet Healthcare Corp. 8.125%, 4/1/22 | 140 | 146 |
| 144A, 5.125%, 5/1/25 ⁽³⁾ | 195 | 189 |
| 144A, 7.000%, 8/1/25 ⁽³⁾ | 570 | 566 |
| Teva Pharmaceutical Finance Netherlands III BV 3.150%, 10/1/26 | 365 | 295 |
| Valeant Pharmaceuticals International, Inc. 144A, 6.500%, 3/15/22 ⁽³⁾ | 55 | 57 |
| 144A, 7.000%, 3/15/24 ⁽³⁾ | 65 | 68 |
| 144A, 5.500%, 11/1/25 ⁽³⁾ | 525 | 515 |
| 144A, 9.000%, 12/15/25 ⁽³⁾ | 100 | 105 |
| 144A, 9.250%, 4/1/26 ⁽³⁾ | 155 | 163 |
| 144A, 8.500%, 1/31/27 ⁽³⁾ | 350 | 356 |
| | | 5,617 |

Industrials 4.6%

| | | |
|--|-------|-------|
| Alfa SAB de CV 144A 5.250%, 3/25/24 ⁽³⁾ | 910 | 918 |
| Bombardier, Inc. 144A 6.125%, 1/15/23 ⁽³⁾ | 545 | 543 |
| DP World Ltd. 144A 6.850%, 7/2/37 ⁽³⁾ | 1,000 | 1,183 |
| Hulk Finance Corp. 144A 7.000%, 6/1/26 ⁽³⁾ | 495 | 480 |
| JSL Europe S.A. 144A 7.750%, 7/26/24 ⁽³⁾ | 675 | 661 |
| Latam Finance Ltd. 144A 6.875%, 4/11/24 ⁽³⁾ | 585 | 572 |
| New Enterprise Stone & Lime Co., Inc. 144A 10.125%, 4/1/22 ⁽³⁾ | 45 | 48 |
| Oshkosh Corp. 4.600%, 5/15/28 | 752 | 751 |
| Pitney Bowes, Inc. 4.375%, 5/15/22 ⁽²⁾ | 757 | 684 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**SCHEDULE OF INVESTMENTS (Unaudited) (Continued)****MAY 31, 2018**

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|-----------|--------|
| Industrials (continued) | | |
| SCF Capital Designated Activity Co. 144A 5.375%, 6/16/23 ⁽³⁾ | \$ 430 | \$ 423 |
| Standard Industries, Inc. 144A 6.000%, 10/15/25 ⁽³⁾ | 370 | 374 |
| Transnet SOC Ltd. 144A 4.000%, 7/26/22 ⁽³⁾ | 1,000 | 962 |
| | | 7,599 |
| Information Technology 2.0% | | |
| Citrix Systems, Inc. 4.500%, 12/1/27 ⁽¹⁴⁾ | 630 | 614 |
| Dell International LLC 144A, 5.450%, 6/15/23 ⁽³⁾ | 135 | 142 |
| 144A, 8.100%, 7/15/36 ⁽³⁾ | 255 | 298 |
| Jabil, Inc. 3.950%, 1/12/28 | 655 | 625 |
| Rackspace Hosting, Inc. 144A 8.625%, 11/15/24 ⁽³⁾ | 280 | 285 |
| Radiate Holdco LLC 144A, 6.875%, 2/15/23 ⁽³⁾ | 65 | 62 |
| 144A, 6.625%, 2/15/25 ⁽³⁾ | 615 | 564 |
| VMware, Inc. 3.900%, 8/21/27 | 627 | 586 |
| | | 3,176 |
| Materials 8.9% | | |
| AK Steel Corp. 7.500%, 7/15/23 | 275 | 289 |
| Alpek SAB de C.V. 144A 5.375%, 8/8/23 ⁽³⁾ | 1,000 | 1,011 |
| Anglo American Capital plc 144A 4.000%, 9/11/27 ⁽³⁾⁽¹⁴⁾ | 970 | 911 |
| BHP Billiton Finance USA Ltd. 144A 6.750%, 10/19/75 ⁽³⁾⁽⁶⁾ | 635 | 691 |
| CPG Merger Sub LLC 144A 8.000%, 10/1/21 ⁽³⁾ | 435 | 444 |

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| | | |
|---|------------------|--------------|
| Equate Petrochemical BV 144A 4.250%, 11/3/26 ⁽³⁾ | 790 | 759 |
| Fibria Overseas Finance Ltd. 4.000%, 1/14/25 | 789 | 738 |
| FMG Resources August 2006 Pty Ltd. 144A 5.125%, 3/15/23 ⁽³⁾ | 280 | 276 |
| GTL Trade Finance, Inc. 144A 5.893%, 4/29/24 ⁽³⁾ | 840 | 864 |
| Hexion Inc. 6.625%, 4/15/20 | 360 | 340 |
| | PAR VALUE | VALUE |
| Materials (continued) | | |
| Inversiones CMPC S.A. 144A 4.375%, 5/15/23 ⁽³⁾ | \$ 1,000 | \$ 998 |
| James Hardie International Finance DAC 144A 5.000%, 1/15/28 ⁽³⁾ | 515 | 489 |
| Kraton Polymers LLC 144A 7.000%, 4/15/25 ⁽³⁾ | 440 | 453 |
| LSB Industries, Inc. 144A 9.625%, 5/1/23 ⁽³⁾ | 230 | 234 |
| NOVA Chemicals Corp. 144A, 4.875%, 6/1/24 ⁽³⁾ | 245 | 234 |
| 144A, 5.000%, 5/1/25 ⁽³⁾ | 490 | 468 |
| OCP SA 144A 5.625%, 4/25/24 ⁽³⁾ | 1,500 | 1,540 |
| Rusal Capital Designated Activity Co. 144A 5.125%, 2/2/22 ⁽³⁾⁽¹³⁾ | 910 | 441 |
| Severstal OAO Via Steel Capital S.A. 144A 5.900%, 10/17/22 ⁽³⁾⁽⁷⁾ | 1,100 | 1,140 |
| Syngenta Finance N.V. 144A, 4.441%, 4/24/23 ⁽³⁾ | 355 | 354 |
| 144A, 4.892%, 4/24/25 ⁽³⁾ | 250 | 247 |
| Teck Resources Ltd. 144A 8.500%, 6/1/24 ⁽³⁾ | 125 | 138 |
| Trident Merger Sub, Inc. 144A 6.625%, 11/1/25 ⁽³⁾ | 345 | 340 |
| United States Steel Corp. 6.250%, 3/15/26 | 485 | 481 |
| Yamana Gold, Inc. 144A 4.625%, 12/15/27 ⁽³⁾ | 680 | 657 |
| | | 14,537 |
| Real Estate 1.9% | | |
| EPR Properties 4.750%, 12/15/26 | 260 | 255 |
| 4.500%, 6/1/27 | 395 | 378 |
| Hospitality Properties Trust 4.500%, 3/15/25 | 745 | 736 |
| MPT Operating Partnership LP 5.500%, 5/1/24 | 140 | 142 |
| 5.000%, 10/15/27 | 270 | 254 |

Physicians Realty LP 4.300%, 3/15/27

655

639

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|----------------------|--------|
| Real Estate (continued) | | |
| Select Income REIT 4.500%, 2/1/25 | \$ 690 | \$ 673 |
| | | 3,077 |
| Telecommunication Services 3.9% | | |
| Altice Luxembourg S.A. 144A 7.625%, 2/15/25 ⁽³⁾ | 590 | 522 |
| America Movil SAB de C.V. 6.450%, 12/5/22 | 8,000 ^{MXN} | 363 |
| Axtel SAB de C.V. 144A 6.375%, 11/14/24 ⁽³⁾ | 600 | 578 |
| Cincinnati Bell, Inc. 144A 7.000%, 7/15/24 ⁽³⁾ | 365 | 327 |
| Consolidated Communications, Inc. 6.500%, 10/1/22 | 378 | 352 |
| Digicel Group Ltd. 144A 8.250%, 9/30/20 ⁽³⁾ | 520 | 394 |
| Frontier Communications Corp. 8.500%, 4/15/20 | 195 | 200 |
| 7.125%, 1/15/23 | 225 | 165 |
| 7.625%, 4/15/24 | 340 | 231 |
| 144A, 8.500%, 4/1/26 ⁽³⁾ | 175 | 170 |
| GTH Finance BV 144A 7.250%, 4/26/23 ⁽³⁾ | 600 | 625 |
| Sprint Corp. 7.875%, 9/15/23 | 145 | 152 |
| 7.625%, 3/1/26 | 170 | 175 |
| Sprint Spectrum Co. LLC 144A 5.152%, 9/20/29 ⁽³⁾ | 485 | 483 |
| Telenet Finance Luxembourg Notes S.a.r.l. 144A 5.500%, 3/1/28 ⁽³⁾ | 800 | 776 |
| West Corp. 144A 8.500%, 10/15/25 ⁽³⁾ | 145 | 134 |
| Wind Tre SpA 144A 5.000%, 1/20/26 ⁽³⁾ | 425 | 340 |
| Windstream Services LLC 144A, 6.375%, 8/1/23 ⁽³⁾ | 330 | 186 |
| 144A, 8.625%, 10/31/25 ⁽³⁾ | 275 | 259 |

6,432

Utilities 0.9%Eskom Holdings SOC Ltd.
144A 7.125%, 2/11/25⁽³⁾

200

201

PAR VALUE**VALUE****Utilities (continued)**Ferrellgas Partners LP
8.625%, 6/15/20

\$ 125

\$ 120

State Grid Overseas Investment 2014 Ltd.
144A 4.125%, 5/7/24⁽³⁾

620

632

TerraForm Power Operating LLC
144A 5.000%, 1/31/28⁽³⁾

450

425

1,378

TOTAL CORPORATE BONDS AND NOTES**(Identified Cost \$119,964)****114,373****LEVERAGED LOANS⁽²⁾ 17.9%****Aerospace 0.3%**

TransDigm, Inc.

Tranche G, (3 month LIBOR + 2.500%)
4.641%, 8/22/24

273

272

2018, Tranche E, (3 month LIBOR + 2.500%)
0.000%, 5/30/25⁽⁸⁾

200

199

471

Chemicals 0.4%IPS Acquisition LLC First Lien, (1 month LIBOR +
3.250%)

5.230%, 11/7/24

50

50

New Arclin U.S. Holding Corp. First Lien, (3 month
LIBOR + 3.500%)

5.802%, 2/14/24

149

150

Omnova Solutions, Inc. Tranche B-2, (1 month
LIBOR + 3.250%)

5.230%, 8/25/23

451

453

653

Consumer Durables 0.4%Global Appliance, Inc. Tranche B, (1 month LIBOR +
4.000%)

5.990%, 9/29/24

448

454

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|------------------|--------------|
| Consumer Durables (continued) | | |
| Zodiac Pool Solutions LLC Tranche B-1, First Lien, (3 month LIBOR + 4.000%) 6.302%, 12/20/23 | \$ 178 | \$ 178 |
| | | 632 |
| Consumer Non-Durables 0.7% | | |
| American Greetings Corp., (1 month LIBOR + 4.500%) 6.479%, 4/6/24 | 245 | 247 |
| HLF Financing S.a.r.l. Senior Lien, (1 month LIBOR + 5.500%) 7.480%, 2/15/23 | 171 | 173 |
| Isagenix International LLC, (3 month LIBOR + 5.750%) 0.000%, 4/25/25 ⁽⁸⁾ | 425 | 424 |
| Parfums Holdings Co., Inc. First Lien, (3 month LIBOR + 4.750%) 7.052%, 6/30/24 | 273 | 276 |
| | | 1,120 |
| Energy 0.6% | | |
| California Resources Corp., (1 month LIBOR + 10.375%) 12.336%, 12/31/21 | 360 | 403 |
| Chesapeake Energy Corp. Tranche A, (1 month LIBOR + 7.500%) 9.468%, 8/23/21 | 106 | 111 |
| Delek US Holdings, Inc., (1 month LIBOR + 2.500%) 4.480%, 3/31/25 | 160 | 161 |
| Traverse Midstream Partners LLC, (3 month LIBOR + 4.000%) 5.850%, 9/27/24 | 375 | 375 |
| | | 1,050 |
| | PAR VALUE | VALUE |
| Financial 1.5% | \$ 819 | \$ 838 |

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| | | |
|--|-----|-------|
| Asurion LLC Tranche B-2, Second Lien, (1 month LIBOR + 6.000%) 7.980%, 8/4/25 | | |
| Blackhawk Network Holdings, Inc., (3 month LIBOR + 3.000%) 0.000%, 5/23/25 ⁽⁸⁾ | 300 | 300 |
| Ditech Holding Corp. Tranche B, (1 month LIBOR + 6.000%) 7.980%, 6/30/22 | 454 | 434 |
| FinCo I LLC, (1 month LIBOR + 2.500%) 4.480%, 12/27/22 | 150 | 150 |
| Genworth Holdings, Inc., (1 month LIBOR + 4.500%) 6.428%, 3/7/23 | 40 | 41 |
| iStar, Inc., (1 month LIBOR + 3.000%) 4.932%, 10/1/21 | 729 | 732 |
| | | 2,495 |

Food and Drug 0.3%

| | | |
|---|-----|-----|
| Albertson's LLC 2017-1, Tranche B-5, (3 month LIBOR + 3.000%) 5.292%, 12/21/22 | 509 | 504 |
|---|-----|-----|

Food/Tobacco 0.5%

| | | |
|--|-----|-----|
| Chobani LLC First Lien, (1 month LIBOR + 3.500%) 5.480%, 10/10/23 | 255 | 255 |
| JBS USA Lux S.A., (1 month LIBOR + 2.500%) 4.579%, 10/30/22 | 173 | 173 |
| Milk Specialties Co., (3 month LIBOR + 4.000%) 6.302%, 8/16/23 | 323 | 323 |

751

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|-----------|--------|
| Forest Prod/Containers 0.1% | | |
| Anchor Glass Container Corp. Second Lien, (1 month LIBOR + 7.750%) 9.668%, 12/7/24 | \$ 173 | \$ 153 |
| Gaming/Leisure 1.6% | | |
| Aristocrat Leisure Ltd. Tranche B-3, (1 month LIBOR + 1.750%) 0.000%, 10/19/24 ⁽⁸⁾ | 720 | 716 |
| Everi Payments, Inc. Tranche B, (1 month LIBOR + 3.000%) 4.980%, 5/9/24 | 184 | 184 |
| Gateway Casinos & Entertainment Ltd., (3 month LIBOR + 3.000%) 5.473%, 12/1/23 | 100 | 101 |
| Playa Resorts Holding B.V. Tranche B, (3 month LIBOR + 2.750%) 0.000%, 4/29/24 ⁽⁸⁾ | 115 | 114 |
| (1 month LIBOR + 3.250%) 5.220%, 4/29/24 | 418 | 415 |
| Scientific Games International, Inc. Tranche B-5, (1 month LIBOR + 2.750%) 0.000%, 8/14/24 ⁽⁸⁾ | 230 | 231 |
| Seminole Indian Tribe of Florida 2018, Tranche B, (1 month LIBOR + 1.750%) 3.730%, 7/8/24 | 413 | 415 |
| UFC Holdings LLC First Lien, (1 month LIBOR + 3.250%) 5.240%, 8/18/23 | 342 | 343 |
| Wyndham Hotels & Resorts, Inc. Tranche B, (3 month LIBOR + 1.750%) 0.000%, 5/30/25 ⁽⁸⁾ | 70 | 70 |
| | | 2,589 |
| | PAR VALUE | VALUE |
| Healthcare 0.8% | | |
| 21st Century Oncology, Inc. Tranche B, (3 month LIBOR + 6.125%) | \$ 160 | \$ 153 |

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| | | |
|---|-----|-------|
| 8.475%, 1/16/23 | | |
| CHG Healthcare Services, Inc. 2017, First Lien, (3 month LIBOR + 3.000%) | | |
| 5.207%, 6/7/23 | 436 | 439 |
| MPH Acquisition Holdings LLC, (3 month LIBOR + 2.750%) | | |
| 5.052%, 6/7/23 | 157 | 158 |
| PharMerica Corp. Second Lien, (1 month LIBOR + 7.750%) | | |
| 9.678%, 12/5/25 | 55 | 55 |
| Quorum Health Corp., (1 month LIBOR + 6.750%) | | |
| 8.730%, 4/29/22 | 203 | 206 |
| U.S. Renal Care, Inc. First Lien, (3 month LIBOR + 4.250%) | | |
| 6.552%, 12/30/22 | 268 | 267 |
| Valeant Pharmaceuticals International, Inc., (3 month LIBOR + 3.000%) | | |
| 0.000%, 6/2/25 ⁽⁸⁾ | 70 | 70 |
| | | 1,348 |
| Housing 0.7% | | |
| 84 Lumber Co. Tranche B-1, (1 month LIBOR + 5.250%) | | |
| 7.210%, 10/25/23 | 364 | 368 |
| American Builders & Contractors Supply Co., Inc. Tranche B-2, (3 month LIBOR + 2.000%) | | |
| 0.000%, 10/31/23 ⁽⁸⁾ | 580 | 577 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|-----------|--------|
| Housing (continued) | | |
| Capital Automotive LP Tranche B, Second Lien, (1 month LIBOR + 6.000%) 7.990%, 3/24/25 | \$ 253 | \$ 256 |
| | | 1,201 |
| Information Technology 1.5% | | |
| Applied Systems, Inc. Second Lien, (3 month LIBOR + 7.000%) 9.302%, 9/19/25 | 70 | 72 |
| Intralinks, Inc. First Lien, (1 month LIBOR + 4.000%) 5.990%, 11/14/24 | 234 | 234 |
| Kronos, Inc. First Lien, (2 month + 3.000%) 5.207%, 11/1/23 | 485 | 487 |
| Second Lien, (3 month LIBOR + 8.250%) 10.608%, 11/1/24 | 166 | 172 |
| Presidio Holdings, Inc. Tranche B, (3 month LIBOR + 2.750%) 4.949%, 2/2/24 | 488 | 489 |
| Rackspace Hosting, Inc. Tranche B, First Lien, (3 month LIBOR + 3.000%) 5.198%, 11/3/23 | 133 | 132 |
| SS&C Technologies Holdings, Inc. Tranche B-3, (1 month LIBOR + 2.500%) 4.480%, 4/16/25 | 471 | 474 |
| Tranche B-4, (1 month LIBOR + 2.500%) 4.480%, 4/16/25 | 176 | 177 |
| Veritas US, Inc. Tranche B, (3 month LIBOR + 4.500%) 6.802%, 1/27/23 | 262 | 248 |
| | | 2,485 |
| | PAR VALUE | VALUE |
| Manufacturing 0.8% | | |
| Accudyne Industries Borrower S.C.A., (1 month LIBOR + 3.250%) | \$ 472 | \$ 473 |

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| | | |
|--|-----|-------|
| 0.000%, 8/18/24 ⁽⁸⁾ | | |
| CPI Acquisition, Inc. First Lien, (3 month LIBOR + 4.500%) | | |
| 6.358%, 8/17/22 | 845 | 527 |
| Deliver Buyer, Inc. (MHS Holdings, Inc.), (3 month LIBOR + 5.000%) | | |
| 0.000%, 5/1/24 ⁽⁸⁾ | 295 | 294 |
| | | 1,294 |
| Media/Telecom - Diversified Media 0.2% | | |
| Meredith Corp., (1 month LIBOR + 3.000%) | | |
| 4.980%, 1/31/25 | 340 | 341 |
| Media/Telecom - Telecommunications 1.2% | | |
| CenturyLink, Inc. Tranche B, (1 month LIBOR + 2.750%) | | |
| 0.000%, 1/31/25 ⁽⁸⁾ | 634 | 626 |
| Securus Technologies Holdings, Inc. First Lien, (3 month LIBOR + 4.500%) | | |
| 6.480%, 11/1/24 | 649 | 651 |
| Second Lien, (1 month LIBOR + 8.250%) | | |
| 10.230%, 11/1/25 | 295 | 296 |
| West Corp. Tranche B-1, (1 month LIBOR + 3.500%) | | |
| 5.480%, 10/10/24 | 110 | 109 |
| Tranche B, (1 month LIBOR + 4.000%) | | |
| 5.980%, 10/10/24 | 322 | 321 |
| | | 2,003 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|---|------------------|--------------|
| Media/Telecom - Wireless Communications 0.1% | | |
| Digicel International Finance Ltd. Tranche B, First Lien, (3 month LIBOR + 3.250%) 5.610%, 5/27/24 | \$ 80 | \$ 78 |
| Metals/Minerals 0.5% | | |
| Contura Energy, Inc., (1 month LIBOR + 5.000%) 6.990%, 3/18/24 | 249 | 249 |
| Covia Holdings Corp., (3 month LIBOR + 3.750%) 0.000%, 6/1/25 ⁽⁸⁾ | 155 | 155 |
| Graftech International Ltd., (1 month LIBOR + 3.500%) 5.423%, 2/12/25 | 460 | 461 |
| | | 865 |
| Retail 0.9% | | |
| Bass Pro Group LLC, (1 month LIBOR + 5.000%) 6.980%, 9/25/24 | 393 | 395 |
| BJ's Wholesale Club, Inc. Second Lien, (1 month LIBOR + 7.500%) 9.423%, 2/3/25 | 339 | 341 |
| Neiman Marcus Group Ltd. LLC, (1 month LIBOR + 3.250%) 5.173%, 10/25/20 | 468 | 414 |
| Staples, Inc., (3 month LIBOR + 4.000%) 6.358%, 9/12/24 | 355 | 347 |
| | | 1,497 |
| Service 2.8% | | |
| Advantage Sales & Marketing, Inc. Tranche B-2, First Lien, (1 month LIBOR + 3.250%) 5.230%, 7/23/21 | 343 | 326 |
| Second Lien, (1 month LIBOR + 6.500%) 8.480%, 7/25/22 | 405 | 374 |
| | PAR VALUE | VALUE |
| Service (continued) | \$ 184 | \$ 184 |

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| | | |
|--|-----|-------|
| Hoya Midco LLC First Lien, (1 month LIBOR + 3.500%) 5.480%, 6/30/24 | | |
| Laureate Education, Inc. 2024, (1 month LIBOR + 3.500%) 5.480%, 4/26/24 | 404 | 407 |
| NAB Holdings LLC 2018 Refinancing, (3 month LIBOR + 3.000%) 5.302%, 7/1/24 | 469 | 469 |
| One Call Corp. First Lien, (3 month LIBOR + 5.250%) 7.169%, 11/27/22 | 456 | 437 |
| PI UK Holdco II Ltd., (3 month LIBOR + 3.500%) 0.000%, 1/3/25 ⁽⁸⁾ | 715 | 708 |
| Red Ventures LLC First Lien, (1 month LIBOR + 4.000%) 5.980%, 11/8/24 | 757 | 766 |
| Sedgwick Claims Management Services, Inc. Second Lien, (3 month LIBOR + 5.750%) 7.894%, 2/28/22 | 570 | 570 |
| TKC Holdings, Inc. First Lien, (1 month LIBOR + 4.250%) 6.230%, 2/1/23 | 381 | 383 |
| | | 4,624 |
| Transportation - Automotive 0.3% | | |
| Navistar, Inc. Tranche B, (1 month LIBOR + 3.500%) 5.430%, 11/6/24 | 489 | 491 |
| Utility 1.7% | | |
| APLP Holdings LP, (1 month LIBOR + 3.000%) 4.980%, 4/13/23 | 463 | 464 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**SCHEDULE OF INVESTMENTS (Unaudited) (Continued)****MAY 31, 2018**

(\$ reported in thousands)

| | PAR VALUE | VALUE |
|--|----------------------|---------------|
| Utility (continued) | | |
| Dynegy, Inc. Tranche C-2, (1 month LIBOR + 2.500%) 4.461%, 2/7/24 | \$ 624 | \$ 623 |
| NRG Energy, Inc., (3 month LIBOR + 1.750%) 4.052%, 6/30/23 | 440 | 439 |
| Talen Energy Supply LLC, (1 month LIBOR + 4.000%) 5.980%, 4/15/24 | 326 | 327 |
| Vistra Operations Co. LLC (1 month LIBOR + 2.500%) 4.480%, 8/4/23 | 283 | 282 |
| Tranche C, (1 month LIBOR + 2.500%) 4.480%, 8/4/23 | 51 | 50 |
| Tranche B3, (3 month LIBOR + 2.000%) 0.000%, 12/14/25 ⁽⁸⁾ | 520 | 519 |
| | | 2,704 |
| TOTAL LEVERAGED LOANS (Identified Cost \$29,524) | | 29,349 |
| | SHARES | |
| PREFERRED STOCKS 2.9% | | |
| Financials 2.2% | | |
| Huntington Bancshares, Inc. Series E, 5.700% | 595 ⁽⁹⁾ | 589 |
| KeyCorp Series D, 5.000% | 530 ⁽⁹⁾ | 517 |
| M&T Bank Corp. Series F, 5.125% | 795 ⁽⁹⁾ | 785 |
| MetLife, Inc. Series D, 5.875% | 313 ⁽⁹⁾ | 318 |
| Zions Bancorp 6.950% | 47,150 | 1,348 |
| | | 3,557 |
| Industrials 0.7% | | |
| General Electric Co. Series D, 5.000% ⁽¹⁴⁾ | 1,248 ⁽⁹⁾ | 1,233 |
| TOTAL PREFERRED STOCKS (Identified Cost \$4,593) | | 4,790 |

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| | SHARES | VALUE |
|--|-----------|-------------------------------|
| COMMON STOCKS 0.1% | | |
| Energy 0.1% | | |
| Frontera Energy Corp. ⁽¹⁾ | 3,851 | \$ 113 |
| Hercules Offshore, Inc. ⁽¹⁾⁽¹⁰⁾⁽¹⁶⁾ | 10,017 | (12) |
| Sabine Oil & Gas LLC ⁽¹⁾⁽¹³⁾ | 457 | 23 |
| TOTAL COMMON STOCKS | | |
| (Identified Cost \$775) | | 136 |
| WARRANTS 0.0% | | |
| Energy 0.0% | | |
| Sabine Oil & Gas LLC ⁽¹⁾⁽¹³⁾ | 258 | 1 |
| Sabine Oil & Gas LLC ⁽¹⁾⁽¹³⁾ | 1,450 | 9 |
| TOTAL WARRANTS | | |
| (Identified Cost \$12) | | 10 |
| TOTAL LONG-TERM INVESTMENTS 137.7% | | |
| (Identified Cost \$235,348) | | 225,677⁽¹⁷⁾ |
| SHORT-TERM INVESTMENTS 4.4% | | |
| Purchased Options 0.1% | | |
| (See the open purchased options table on page 24 for the detailed information) | | |
| TOTAL PURCHASED OPTIONS | | |
| (Premiums Paid \$320) | | 169 |
| Money Market Mutual Fund 4.3% | | |
| Dreyfus Government Cash Management Fund | | |
| Institutional Shares (seven-day effective yield 1.640%) ⁽¹⁸⁾ | 7,036,467 | 7,036 |
| TOTAL MONEY MARKET MUTUAL FUND | | |
| (Identified Cost \$7,036) | | 7,036 |
| TOTAL SHORT-TERM INVESTMENTS | | |
| (Identified Cost \$7,356) | | 7,205 |
| TOTAL INVESTMENTS, BEFORE WRITTEN OPTIONS 142.0% | | |
| (Identified Cost \$242,704) | | 232,882 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**SCHEDULE OF INVESTMENTS (Unaudited) (Continued)****MAY 31, 2018**

(\$ reported in thousands)

| | VALUE |
|--|------------------|
| WRITTEN OPTIONS (0.3)% | |
| (See the open written options table on page 24 for the detailed information) | |
| TOTAL WRITTEN OPTIONS | |
| (Premiums Received \$688) | \$ (425) |
| TOTAL INVESTMENTS NET OF WRITTEN OPTIONS 141.8% | |
| (Identified Cost \$242,016) | 232,457 |
| Other assets and liabilities, net (41.8)% | (68,511) |
| NET ASSETS 100.0% | \$163,946 |

Abbreviations:

LIBOR London Interbank Offered Rate

PIK Payment-in-Kind Security

REIT Real Estate Investment Trust

Footnote Legend:

- (1) Non-income producing.
- (2) Variable rate security. Rate disclosed is as of May 31, 2018. For leveraged loans, the rate shown may represent a weighted average interest rate. Information in parenthesis represents benchmark and reference rate for each security. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions, or, for mortgage-backed securities, are impacted by the individual mortgages which are paying off over time. These securities do not indicate a reference rate and spread in their descriptions.
- (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 May 31, 2018, these securities amounted to a value of \$108,627 or 66.3% 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 leveraged loan 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 May 31, 2018, at which time the interest rate, based on the 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) 100% of the income received was in cash.
- (12) Amount is less than \$500.
- (13) The value of this security was determined using significant unobservable inputs and is reported as a Level 3 security in the Fair Value Hierarchy table located at the end of the Schedule of Investments.
- (14) All or a portion of the security is segregated as collateral for written options.
- (15) 87% of the income received was cash and 13% was PIK.
- (16) Security valued at fair value as determined in good faith by or under the direction of the Trustees. This security is disclosed as a Level 3 security in the Fair Value Hierarchy table located after the Schedule of Investments.
- (17) All or a portion of the portfolio is segregated as collateral for borrowings.
- (18) Shares of this fund are publicly offered, and its prospectus and annual report are publicly available.

Foreign Currencies:

BRL Brazilian Real

CLP Chilean Peso

COP Colombian Peso

IDR Indonesian Rupiah

KZT Kazakhstani Tenge

MXN Mexican Peso

NGN Nigerian Naira

RUB Russian Ruble

ZAR South African Rand

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

MAY 31, 2018

(\$ reported in thousands)

Open Purchased Options contracts as of May 31, 2018, were as follows:

| Description of Options | Number of Contracts | Contract Notional Amount | Strike Price ⁽¹⁾ | Expiration Date | Value |
|--------------------------------|---------------------|--------------------------|-----------------------------|-----------------|---------------|
| Call Options | | | | | |
| S&P 500 [®] Index | 92 | \$ 26,220 | \$ 2,850 | 6/1/18 | \$ |
| S&P 500 [®] Index | 283 | 81,363 | 2,875 | 6/4/18 | |
| S&P 500 [®] Index | 384 | 109,632 | 2,855 | 6/6/18 | |
| S&P 500 [®] Index | 92 | 26,220 | 2,850 | 6/8/18 | (2) |
| S&P 500 [®] Index | 264 | 75,240 | 2,850 | 6/11/18 | 2 |
| S&P 500 [®] Index | 330 | 95,040 | 2,880 | 6/13/18 | |
| | | | | | 2 |
| Put Options | | | | | |
| S&P 500 [®] Index | 92 | 23,598 | 2,565 | 6/1/18 | 1 |
| S&P 500 [®] Index | 283 | 73,014 | 2,580 | 6/4/18 | 8 |
| S&P 500 [®] Index | 384 | 98,304 | 2,560 | 6/6/18 | 29 |
| S&P 500 [®] Index | 92 | 23,782 | 2,585 | 6/8/18 | 19 |
| S&P 500 [®] Index | 264 | 66,132 | 2,505 | 6/11/18 | 37 |
| S&P 500 [®] Index | 330 | 83,820 | 2,540 | 6/13/18 | 73 |
| | | | | | 167 |
| Total Purchased Options | | | | | \$ 169 |

Open Written Options contracts as of May 31, 2018, were as follows:

| Description of Options | Number of Contracts | Contract Notional Amount | Strike Price ⁽¹⁾ | Expiration Date | Value |
|----------------------------|---------------------|--------------------------|-----------------------------|-----------------|--------|
| Call Options | | | | | |
| S&P 500 [®] Index | 92 | \$ 26,496 | \$ 2,880 | 6/1/18 | \$ (2) |
| S&P 500 [®] Index | 283 | 79,523 | 2,810 | 6/4/18 | |
| S&P 500 [®] Index | 384 | 107,328 | 2,795 | 6/6/18 | (4) |
| S&P 500 [®] Index | 92 | 25,760 | 2,800 | 6/8/18 | (2) |
| S&P 500 [®] Index | 264 | 73,392 | 2,780 | 6/11/18 | (18) |

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| | | | | | |
|------------------------------|-----|---------|-------|---------|-----------------|
| S&P 500 [®] Index | 330 | 92,730 | 2,810 | 6/13/18 | (17) |
| | | | | | (41) |
| Put Options | | | | | |
| S&P 500 [®] Index | 92 | 24,058 | 2,615 | 6/1/18 | (1) |
| S&P 500 [®] Index | 283 | 74,854 | 2,645 | 6/4/18 | (28) |
| S&P 500 [®] Index | 384 | 100,608 | 2,620 | 6/6/18 | (67) |
| S&P 500 [®] Index | 92 | 24,242 | 2,635 | 6/8/18 | (33) |
| S&P 500 [®] Index | 264 | 67,980 | 2,575 | 6/11/18 | (59) |
| S&P 500 [®] Index | 330 | 86,130 | 2,610 | 6/13/18 | (196) |
| | | | | | (384) |
| Total Written Options | | | | | \$ (425) |

Footnote Legend:

- (1) Strike price not reported in thousands.
(2) Amounts are less than \$500.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**SCHEDULE OF INVESTMENTS (Unaudited) (Continued)****MAY 31, 2018**

(\$ reported in thousands)

The following table provides a summary of inputs used to value the Fund's investments as of May 31, 2018 (See Security Valuation Note 2A in the Notes to Financial Statements):

| | Total Value at May 31, 2018 | Level 1 Quoted Prices | Level 2 Significant Observable Inputs | Level 3 Significant Unobservable Inputs |
|---|--------------------------------|--------------------------|--|--|
| Debt Securities: | | | | |
| Asset-Backed Securities | \$ 13,281 | \$ | \$ 13,281 | \$ |
| Corporate Bonds and Notes | 114,373 | | 113,930 | 443 |
| Foreign Government Securities | 39,452 | | 39,452 | |
| Leveraged Loans | 29,349 | | 29,349 | |
| Mortgage-Backed Securities | 20,477 | | 20,477 | |
| Municipal Bonds | 1,556 | | 1,556 | |
| U.S. Government Securities | 2,253 | | 2,253 | |
| Equity Securities: | | | | |
| Common Stocks | 136 | 113 | | 23 |
| Preferred Stocks | 4,790 | 1,348 | 3,442 | |
| Purchased Options | 169 | 96 | 73 | |
| Money Market Mutual Fund | 7,036 | 7,036 | | |
| Warrants | 10 | | | 10 |
| Total Investments before Written Options | \$ 232,882 | \$ 8,593 | \$ 223,813 | \$ 476 |
| Liabilities: | | | | |
| Written Options | \$ (425) | \$ (229) | \$ (196) | \$ |
| Total Investments Net of Written Options | \$ 232,457 | \$ 8,364 | \$ 223,617 | \$ 476 |

There were no transfers between Level 1, Level 2, or Level 3 related to securities held at May 31, 2018.

Some of the Fund's investments that were 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 could result in a significantly lower or higher value of Level 3 investments.

Management has determined that the amount of Level 3 securities compared to total net assets is de minimis; therefore, the rollforward of Level 3 securities and assumptions are not shown for the period ended May 31, 2018.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**STATEMENT OF ASSETS AND LIABILITIES (Unaudited)****MAY 31, 2018**

(Reported in thousands except shares and per share amounts)

| | |
|--|-------------------|
| Assets | |
| Investment in securities at value (Identified cost \$242,704) | \$ 232,882 |
| Cash | 1,672 |
| Receivables | |
| Investment securities sold | 490 |
| Dividends and interest | 2,502 |
| Prepaid expenses | 29 |
| Prepaid trustees' retainer | 21 |
| Total assets | 237,596 |
| Liabilities | |
| Borrowings (Note 8) | 67,000 |
| Written options at value (Premiums received \$688) (Note 3) | 425 |
| Overdraft foreign currency at value (Identified cost \$1) | 1 |
| Payables | |
| Investment securities purchased | 5,949 |
| Investment advisory fees | 187 |
| Administration and accounting fees | 23 |
| Interest expense on borrowings (Note 8) | 15 |
| Professional fees | 12 |
| Transfer agent fees and expenses | 2 |
| Other accrued expenses | 36 |
| Total liabilities | 73,650 |
| Net Assets | \$ 163,946 |
| Net Assets Consist of: | |
| Capital paid in on shares of beneficial interest (no par value, unlimited authorization) | \$ 194,860 |
| Accumulated undistributed net investment income (loss) | (6,259) |
| Accumulated undistributed net realized gain (loss) | (15,088) |
| Net unrealized appreciation (depreciation) on investments | (9,830) |
| Net unrealized appreciation (depreciation) on written options | 263 |
| Net Assets | \$ 163,946 |
| Net Asset Value Per Share | |
| (Net assets/shares outstanding) Shares outstanding 11,304,232 | \$ 14.50 |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**STATEMENT OF OPERATIONS (Unaudited)****SIX MONTHS ENDED MAY 31, 2018**

(\$ reported in thousands)

| | |
|--|--------------------|
| Investment Income | |
| Interest | \$ 6,712 |
| Dividends | 62 |
| Foreign taxes withheld | (9) |
| Total investment income | 6,765 |
| Expenses | |
| Investment advisory fees | 1,162 |
| Administration and accounting fees | 136 |
| Trustees fees and expenses | 111 |
| Professional fees | 56 |
| Printing fees and expenses | 56 |
| Transfer agent fees and expenses | 7 |
| Custodian fees | 1 |
| Miscellaneous | 24 |
| Total expenses before interest expense | 1,553 |
| Interest expense on borrowings (Note 8) | 877 |
| Total expenses after interest expense | 2,430 |
| Net investment income (loss) | 4,335 |
| Net Realized and Unrealized Gain (Loss) on Investments | |
| Net realized gain (loss) on: | |
| Investments | (3,497) |
| Foreign currency transactions | (3) |
| Written options | (12,308) |
| Net change in unrealized appreciation (depreciation) on: | |
| Investments | (9,106) |
| Foreign currency transactions | (2) |
| Written options | 2,232 |
| Net realized and unrealized gain (loss) on investments | (22,684) |
| Net increase (decrease) in net assets resulting from operations | \$ (18,349) |

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND
STATEMENTS OF CHANGES IN NET ASSETS

(\$ reported in thousands)

| | Six Months Ended May 31, 2018 (Unaudited) | Year Ended November 30, 2017 |
|--|--|---------------------------------|
| INCREASE (DECREASE) IN NET ASSETS | | |
| From Operations | | |
| Net investment income (loss) | \$ 4,335 | \$ 10,078 |
| Net realized gain (loss) | (15,808) | 10,893 |
| Net change in unrealized appreciation (depreciation) | (6,876) | 4,988 |
| Increase (decrease) in net assets resulting from operations | (18,349) | 25,959 |
| From Dividends and Distributions to Shareholders | | |
| Net investment income | (10,567) ⁽¹⁾ | (8,813) |
| Net realized gains | | (8,739) |
| Return of capital | | (3,527) |
| Dividends and distributions to Shareholders | (10,567) | (21,079) |
| From Capital Share Transactions | | |
| Reinvestment of distributions resulting in the issuance of common stock (24,270 and 24,726 shares, respectively) | 379 | 428 |
| Increase (decrease) in net assets from capital share transactions | 379 | 428 |
| Net increase (decrease) in net assets | (28,537) | 5,308 |
| Net Assets | | |
| Beginning of period | 192,483 | 187,175 |
| End of period | \$ 163,946 | \$ 192,483 |
| Accumulated undistributed net investment income (loss) at end of period | \$ (6,259) | \$ (27) |

⁽¹⁾ Please note that the tax status of our distributions is determined at the end of the tax year. However, based on interim data as of May 31, 2018, we estimate that 41.0% will represent net investment income and 59.0% will represent tax return of capital. Also refer to inside front cover for information on the Managed Distribution Plan. See Notes to Financial Statements.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**STATEMENT OF CASH FLOWS (Unaudited)****FOR THE SIX MONTHS ENDED MAY 31, 2018**

(\$ reported in thousands)

Increase (Decrease) in cash**Cash Flows Provided by (Used for) Operating Activities:**

Net increase (decrease) in net assets resulting from operations \$ (18,349)

Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:

Proceeds from sales and paydowns of long-term investments 97,085

(Increase) Decrease in investment securities sold receivable 632

Purchases of long-term investments (71,271)

Increase (Decrease) in investment securities purchased payable 1,401

Net (purchases) or sales of short-term securities (6,812)

Net (purchases) or sales in purchased options (2,104)

Net purchases or (sales) in written options (12,412)

Net change in unrealized (appreciation)/depreciation on investments 6,874

Net realized (gains)/loss on investments 15,805

Amortization of premium and accretion of discounts on investments 62

(Increase) Decrease in deposits with options broker 2,877

(Increase) Decrease in dividends and interest receivable 640

(Increase) Decrease in prepaid expenses (29)

(Increase) Decrease in prepaid Trustee retainer (5)

Increase (Decrease) in interest payable on borrowings 11

Increase (Decrease) in affiliated expenses payable (20)

Increase (Decrease) in non-affiliated expenses payable (30)

Cash provided by (used for) operating activities 14,355

Cash provided by (used for) financing activities:

Cash payments to reduce borrowings (2,000)

Cash distributions paid to shareholders (10,188)

Increase (Decrease) in bank overdraft (496)

Cash provided by (used for) financing activities: (12,684)

Net increase (decrease) in cash 1,671**Cash:**

Cash and foreign currency at beginning of period *

Cash and foreign currency at end of period \$ 1,671

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Supplemental cash flow information:

| | | |
|--|----|-----|
| Reinvestment of dividends and distributions | \$ | 379 |
| Cash paid during the period for interest expense on borrowings | \$ | 866 |

* Amount is less than \$500.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

FINANCIAL HIGHLIGHTS

(Selected per share data and ratios for a share outstanding throughout each period)

| | Six Months Ended May 31, 2018 (Unaudited) | Year Ended November 30, 2017 | Year Ended November 30, 2016 | Period Ended November 30 ⁽¹⁾ 2015 |
|---|--|------------------------------------|------------------------------------|--|
| PER SHARE DATA: | | | | |
| Net asset value, beginning of period | \$ 17.06 | \$ 16.63 | \$ 16.79 | \$ 18.14 |
| Income from investment operations: | | | | |
| Net investment income (loss) ⁽²⁾ | 0.38 | 0.89 | 0.93 | 0.91 |
| Net realized and unrealized gain (loss) | (2.00) | 1.41 | 0.78 | (0.37) |
| Total from investment operations | (1.62) | 2.30 | 1.71 | 0.54 |
| Dividends and Distributions to Shareholders: | | | | |
| Net investment income | (0.94) | (0.78) | (0.89) | (0.70) |
| Net realized gains | | (0.78) | | (0.66) |
| Tax return of capital | | (0.31) | (0.98) | (0.53) |
| Total dividends and distributions to shareholders | (0.94) | (1.87) | (1.87) | (1.89) |
| Payment from affiliate | | | | ⁽⁸⁾ |
| Net asset value, end of period | \$ 14.50 | \$ 17.06 | \$ 16.63 | \$ 16.79 |
| Market value, end of period ⁽³⁾ | \$ 14.07 | \$ 18.19 | \$ 14.96 | \$ 14.26 |
| Total return, net asset value ⁽⁴⁾ | (9.85)% ⁽⁶⁾ | 14.73% | 12.45% | 4.34% ⁽⁶⁾ |
| Total return, market value ⁽⁴⁾ | (17.86)% ⁽⁶⁾ | 35.99% | 19.11% | 1.47% ⁽⁶⁾ |
| RATIOS/SUPPLEMENTAL DATA: | | | | |
| Ratio of total expenses after interest expense to average net assets ⁽⁵⁾ | 2.75% ⁽⁷⁾ | 2.42% | 2.24% | 2.08% ⁽⁷⁾ |
| Ratio of net investment income (loss) to average net assets | 4.91% ⁽⁷⁾ | 5.21% | 5.65% | 5.62% ⁽⁷⁾ |
| Portfolio turnover rate | 29% ⁽⁶⁾ | 57% | 60% | 50% ⁽⁶⁾ |
| Net assets, end of period (000 s) | \$ 163,946 | \$ 192,483 | \$ 187,175 | \$ 188,993 |
| Borrowings, end of period (000 s) | \$ 67,000 | \$ 69,000 | \$ 69,000 | \$ 68,000 |
| Asset coverage, per \$1,000 principal amount of borrowings ⁽⁹⁾ | \$ 3,447 | \$ 3,790 | \$ 3,713 | \$ 3,779 |

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- (1) During the period the Fund changed its fiscal year end from December 31 to November 30.
- (2) Calculated using average shares outstanding.
- (3) Closing price New York Stock Exchange (NYSE).
- (4) Total return on market value is calculated assuming a purchase of common shares of the opening of the first day and sale on the closing of the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's Automatic Reinvestment and Cash Purchase Plan. Total return on market value is not annualized for periods of less than one year. Brokerage commissions that a shareholder may pay are not reflected. Total return on market value does not reflect the deduction of taxes that a shareholder may pay on fund distributions or the sale of fund shares. Total return on net asset value uses the same methodology, but with use of net asset value for beginning, ending and reinvestment values.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND
FINANCIAL HIGHLIGHTS (Continued)

(Selected per share data and ratios for a share outstanding throughout each period)

| | Year Ended December 31, 2014 | Year Ended December 31, 2013 | From Inception ⁽¹⁰⁾ to December 31, 2012 |
|---|------------------------------------|------------------------------------|--|
| PER SHARE DATA: | | | |
| Net asset value, beginning of period | \$ 19.03 | \$ 20.32 | \$ 19.10 |
| Income from investment operations: | | | |
| Net investment income (loss) ⁽²⁾ | 1.23 | 1.34 | 1.08 |
| Net realized and unrealized gain (loss) | (0.50) | (1.10) | 1.19 |
| Total from Investment Operations | 0.73 | 0.24 | 2.27 |
| Dividends and Distributions to Shareholders: | | | |
| Net investment income | (1.16) | (1.29) | (0.93) |
| Net realized gains | (0.46) | (0.24) | (0.12) |
| Total dividends and distributions to shareholders | (1.62) | (1.53) | (1.05) |
| Net asset value, end of period | \$ 18.14 | \$ 19.03 | \$ 20.32 |
| Market value, end of period ⁽³⁾ | \$ 15.85 | \$ 16.92 | \$ 20.32 |
| Total return, net asset value ⁽⁴⁾ | 4.81% | 1.89% | 12.61% ⁽⁶⁾ |
| Total return, market value ⁽⁴⁾ | 2.94% | (2.55)% | (0.02)% ⁽⁶⁾ |
| RATIOS/SUPPLEMENTAL DATA: | | | |
| Ratio of total expenses after interest expense to average net assets ⁽⁵⁾ | 2.13% | 2.16% | 2.19% ⁽⁷⁾ |
| Ratio of net investment income (loss) to average net assets | 6.37% | 6.87% | 6.65% ⁽⁷⁾ |
| Portfolio turnover rate | 45% | 48% | 46% ⁽⁶⁾ |
| Net assets, end of period (000 s) | \$ 204,224 | \$ 214,197 | \$ 228,749 |
| Borrowings, end of period (000 s) | \$ 80,000 | \$ 93,000 | \$ 93,000 |
| Asset coverage, per \$1,000 principal amount of borrowings ⁽⁹⁾ | \$ 3,553 | \$ 3,303 | \$ 3,460 |

(5)

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Ratio of total expenses, before interest expense on the line of credit, was 1.76% for the six months ended May 31, 2018, 1.75% and 1.76% for the years ended November 30, 2017 and 2016, respectively, 1.71% for the fiscal period ended November 30, 2015, 1.74% and 1.73% for the years ended December 31, 2014 and 2013, respectively, and 1.74% from inception⁽¹⁾ to December 31, 2012.

(6) Not annualized.

(7) Annualized.

(8) Amount is less than \$0.005.

(9) Represents value of net assets plus the borrowings at the end of the period divided by the borrowings at the end of the period multiplied by \$1,000.

(10) The Fund commenced operations on February 23, 2012, the date which its initial public offering shares were issued.

See Notes to Financial Statements

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

MAY 31, 2018

Note 1. Organization

Virtus Global Multi-Sector Income Fund (the Fund) is a closed-end, diversified management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund was incorporated as a statutory trust under the laws of the State of Delaware on November 9, 2011. The Fund commenced operations on February 23, 2012. The Fund's investment objective is to maximize current income while preserving capital.

Note 2. Significant Accounting Policies

The Fund is an investment company that follows the accounting and reporting guidance of Accounting Standards Codification Topic 946 applicable to Investment Companies.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) 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 the Fund, 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 Fund (the Board, or the Trustees). All internally fair valued securities are approved by a valuation committee appointed by the Board (the Valuation Committee). 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 any model inputs and any changes to the model. Fair valuations are reviewed by the Board at least quarterly.

The Fund utilizes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The Fund's 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).

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

MAY 31, 2018

A description of the valuation techniques applied to the Fund's 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 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 the Fund 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 Fund 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 American Depositary Receipts, financial futures, exchange-traded funds 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 internally fair valued by the Valuation Committee are generally categorized as Level 3 in the hierarchy.

Claims are valued by brokers based on pricing models that take into account, among other factors, both cash and non-cash assets. The valuation is derived from expected cash flow of the claims and the non-cash assets, which include all real estate, private equity or other securities within the estate. To the extent that these inputs are observable, the values of the claims are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Listed derivatives, such as options, 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

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

MAY 31, 2018

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.

A summary of the inputs used to value the Fund's net assets by each major security type is disclosed at the end of the Schedule of Investments for the Fund. 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 the 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 Fund is notified. Interest income is recorded on the accrual basis. The Fund 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.

C. Income Taxes

The Fund is treated as a separate taxable entity. It is the Fund's intention 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.

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund 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 Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. As of May 31, 2018, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2014 forward (with limited exceptions).

D. Distributions to Shareholders

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from U.S. GAAP.

The Fund has a Managed Distribution Plan which currently provides for the Fund to make a monthly distribution of \$0.126 per share. Distributions may represent earnings from net investment income, realized capital gains, or, if necessary, return of capital. Shareholders should not draw any conclusions about the Fund's investment performance from the terms of the Fund's Managed Distribution Plan.

E. Foreign Currency Transactions

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

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

MAY 31, 2018

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 Fund does 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.

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

The Fund 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 the Fund to purchase or sell a security at a future date (ordinarily up to 90 days later). Delayed delivery enables the Fund 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. The Fund records delayed delivery securities on the trade date. The Fund maintains collateral for the securities purchased. Securities purchased on a when-issued or forward commitment basis begin earning interest on the settlement date.

G. Leveraged Loans

The Fund may invest in direct debt instruments which are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates. Leveraged loans are generally non-investment grade and often involve borrowers that are highly leveraged. The Fund may invest in obligations of borrowers who are in bankruptcy proceedings. Leveraged loans 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 leveraged loan. The Fund's 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, the Fund 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. The Fund generally has no right to enforce compliance with the terms of the leveraged loan with the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the lender that is selling the leveraged loan. When the Fund purchases assignments from lenders it acquires direct rights against the borrower on the loan.

The Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. Leveraged loans 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.

The leveraged loans have floating rate loan interests which generally pay interest at rates that are periodically determined by reference to a base lending rate plus a

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

MAY 31, 2018

premium. The base lending rates are generally LIBOR, the prime rate offered by one or more U.S. banks or the certificate of deposit rate. When a leveraged loan is purchased, the Fund may pay an assignment fee. On an ongoing basis, the Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a leveraged loan. Prepayment penalty fees are received upon the prepayment of a leveraged loan by a borrower. Prepayment penalty, facility, commitment, consent and amendment fees are recorded to income as earned or paid.

H. Expenses

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

In addition to the net annual operating expenses that the Fund bears directly, the shareholders of the Fund indirectly bear the Fund's pro rata expenses of any underlying mutual funds in which the Fund invests.

Note 3. 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 the Fund uses derivatives, how derivatives are accounted for, and how derivative instruments affect the Fund's results of operations and financial position. Summarized below are such disclosures and accounting policies for each specific type of derivative instrument used by the Fund.

A. 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. The Fund pursues an option income strategy whereby it purchases and sells out-of-the-money puts and calls, creating an options spread designed to generate a consistent level of option cash flow which should result in additional yield. The Fund is subject to equity price risk in the normal course of pursuing its investment objective.

When the Fund purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When the Fund 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 Fund designated to cover outstanding written options are noted in the Schedule of Investments. Purchased options are reported as an asset within Investment in securities at value in the Statement of Assets and Liabilities. Options written are reported as a liability within Written options at value. Changes in value of the purchased options is included in Net change in unrealized appreciation (depreciation) on investments in the Statement of Operations. Changes in value of written options is included in Net change in unrealized appreciation (depreciation) on written options.

If an option expires unexercised, the Fund 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

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)****MAY 31, 2018**

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 Statement of Operations. Gain or loss on written options is presented separately as Net realized gain (loss) on written options in the Statement of Operations.

The risk in writing call options is that the Fund 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 Fund 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 Fund 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 normally 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. However, the Fund may limit its risk of loss when writing an option by purchasing an option similar to the one that is sold, except for the fact it is further out of the money.

The Fund invested in derivative instruments during the period in the form of writing put/call options and buying put/call options on the S&P 500® Index. The primary risk associated with these derivative instruments is equity risk.

The following is a summary of the Fund's options contracts as presented in the Statement of Assets and Liabilities as of May 31, 2018:

| | |
|---------------------------------------|-----------------------|
| Assets: Purchased options at value | \$ 169 ⁽¹⁾ |
| Liabilities: Written options at value | (425) |
| Net asset (liability) balance | \$ (256) |

The following is a summary of the Fund's options contracts as presented in the Statements of Operations as of May 31, 2018:

| | |
|---|---------------------------|
| Net realized gain (loss) from purchased options | \$ (2,137) ⁽²⁾ |
| Net realized gain (loss) from written options | (12,308) |
| Net change in unrealized appreciation (depreciation) on purchased options | (124) ⁽³⁾ |
| Net change in unrealized appreciation (depreciation) on written options | 2,232 |
| Total realized and unrealized gain (loss) on purchased and written options | \$ (12,337) |

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

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(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 May 31, 2018, the average daily premiums paid by the Fund for purchased options was \$334 and the average daily premiums received by the Fund for written options was \$685.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

MAY 31, 2018

Note 4. Investment Advisory Fees and Related Party Transactions

(\$ reported in thousands)

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 Fund. The Adviser manages the Fund's investment program and the general operations of the Fund, including oversight of the Fund's subadviser.

As compensation for its services to the Fund, the Adviser receives a monthly fee at an annual rate of 0.95% of the Fund's average daily Managed Assets. Managed Assets is defined as the value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness, entered into for the purpose of leverage).

B. Subadviser

Newfleet Asset Management, LLC (Newfleet), an indirect wholly-owned subsidiary of Virtus, is the subadviser of the Fund. The subadviser is responsible for the day-to-day portfolio management of the Fund for which they are paid a fee by the Adviser.

C. Administrative Services

Virtus Fund Services, LLC (VFS), an indirect wholly-owned subsidiary of Virtus, serves as administrator to the Fund. For the services provided by the administrator under the Administration Agreement, the Fund pays the administrator a monthly asset-based fee calculated on the Fund's average daily Managed Assets.

For the period ended May 31, 2018, the Fund incurred administration fees totaling \$124 which are included in the Statement of Operations within the line item Administration and accounting fees.

D. Trustee Fees

For the period ended May 31, 2018, the Fund incurred Trustees fees totaling \$93 which are included in the Statement of Operations within the line item Trustees fees and expenses.

E. Affiliated Shareholders

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As of May 31, 2018, affiliates of Virtus Investment Partners, Inc. held 10,076 shares of the Fund, which represent 0.09% of shares of common stock outstanding. The shares may be sold at any time.

Note 5. Purchases and Sales of Securities

(\$ reported in thousands)

Purchases and sales of securities (excluding U.S. Government and agency securities, and short-term investments) during the period ended May 31, 2018, were as follows:

| | Purchases | Sales |
|--|------------------|--------------|
| | \$ 66,684 | \$ 88,043 |

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND**NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)****MAY 31, 2018**

Purchases and sales of long-term U.S. Government and agency securities during the period ended May 31, 2018, were as follows:

| | Purchases | Sales |
|--|------------------|--------------|
| | \$ 4,587 | \$ 9,042 |

Note 6. 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 Fund. 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.

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.

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

The Fund held securities considered to be illiquid at May 31, 2018, with an aggregate value of \$9 representing 0.02% of the Fund's net assets.

At May 31, 2018, the Fund did not hold any securities that were restricted.

Note 7. Credit Risk and Asset Concentrations

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 the Fund's 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 subadviser to accurately predict risk.

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

The Fund borrows through its line of credit for the purpose of leveraging its portfolio. While leverage presents opportunities for increasing the Fund's total return, it also has the effect of potentially increasing losses. Accordingly, any event which adversely affects the value of an investment held by the Fund would be magnified to the extent the Fund is leveraged.

Note 8. Borrowings

(\$ reported in thousands)

On March 19, 2018, the Fund entered into a new Credit Agreement (the Agreement), replacing its previous agreement, with a commercial bank (the Bank) that allows the Fund

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)**MAY 31, 2018**

to borrow cash from the Bank, up to a limit of \$90,000, which may be increased to \$110,000 under certain circumstances (Commitment Amount). Borrowings under the Credit Agreement are collateralized by investments of the Fund. The Credit Agreement results in the Fund being subject to certain covenants including asset coverage and portfolio composition (among others). If the Fund fails to meet or maintain certain covenants as required under the Credit Agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the Credit Agreement, necessitating the sale of securities at potentially inopportune times. Interest is charged at LIBOR plus an additional percentage rate on the amount borrowed. Commitment fees are charged on the undrawn balance, if less than 75% of the Commitment Amount is outstanding as a loan to the Fund. Total commitment fees paid and accrued for the period ended May 31, 2018 were \$11 and are included in the Interest expense on borrowings line of the Statement of Operations. The Credit Agreement is renewable by the Fund with the bank's consent and approval of the Board. The Credit Agreement can also be converted to a 179 day fixed term facility, one time at the Fund's option.

For the period ended May 31, 2018, the average daily borrowings under the Agreement and the weighted daily average interest rate were \$68,264 and 2.511% respectively. At May 31, 2018, the amount of such outstanding borrowings was as follows:

| | Outstanding Borrowings | Interest Rate |
|--|-----------------------------------|--------------------------|
| | \$ 67,000 | 2.830% |

Note 9. Indemnifications

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

Note 10. Capital Transactions

At May 31, 2018, the Fund had one class of common stock, no par value shares, of which unlimited shares are authorized and 11,304,232 shares are outstanding.

Registered shareholders may elect to have all distributions paid by check mailed directly to the shareholder by Computershare as dividend paying agent. Pursuant to the Automatic Reinvestment and Cash Purchase Plan (the Plan), shareholders not making such election will have all such amounts automatically reinvested by Computershare, as the Plan agent, in whole or fractional shares of the Fund, as the case may be. During the periods ended May 31, 2018 and November 30, 2017, there were 24,270 shares and 24,726 shares issued pursuant to the Plan, respectively.

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On June 18, 2018 the Fund paid a distribution of \$0.126 to shareholders of record on June 11, 2018. The distribution had an ex-dividend date of June 8, 2018.

On July 19, 2018, the Fund paid a distribution of \$ 0.126 to shareholders of record on July 12, 2018. The distribution had an ex-dividend date of July 11, 2018.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)**MAY 31, 2018****Note 11. Regulatory Matters and Litigation**

From time to time, the Adviser, Newfleet and/or their respective affiliates may be involved in litigation and arbitration as well as examinations and investigations by various regulatory bodies, including the Securities and Exchange Commission, 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 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 12. Federal Income Tax Information

(\$ reported in thousands)

At May 31, 2018, federal tax cost and aggregate gross unrealized appreciation (depreciation) of securities held by the Fund were as follows:

| | Federal | Unrealized | Unrealized | Net Unrealized |
|---|-----------------|---------------------|-----------------------|-----------------------|
| | Tax Cost | Appreciation | (Depreciation) | Appreciation |
| | | | | (Depreciation) |
| Investments (including Purchased Options) | \$242,813 | \$2,475 | \$(12,406) | \$(9,931) |
| Written Options | (688) | 311 | (48) | 263 |

Note 13. Recent Accounting Pronouncement

In March 2017, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities (the ASU) which amends the amortization period for certain purchased callable debt securities held at a premium, shortening such period to the earliest call date. The ASU does not require any accounting change for debt securities held at a discount; the discount continues to be amortized to maturity. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. At this time, management is evaluating the implications of these changes on the financial statements.

Note 14. Subsequent Events

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

CERTIFICATION (Unaudited)

The Fund's Chief Executive Officer (CEO) will file the required annual CEO certification regarding compliance with the NYSE's listing standards no more than 30 days after the Fund's annual shareholder meeting. The Fund also has included the certifications of the Fund's CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund's Form N-CSR filed with the SEC for the period of this report.

KEY INFORMATION

Shareholder Relations: 1-866-270-7788

For general information and literature, as well as updates on net asset value, share price, major industry groups and other key information.

REINVESTMENT PLAN

The Automatic Reinvestment and Cash Purchase Plan (the Plan) offers shareholders a convenient way to acquire additional shares of the Fund. Registered holders will be automatically placed in the Plan. If shares are held at a brokerage firm, contact your broker about participation in the Plan.

REPURCHASE OF SECURITIES

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that the Fund may from time to time purchase its shares of common stock in the open market when Fund shares are trading at a discount from their net asset value.

PROXY VOTING INFORMATION (FORM N-PX)

The Adviser and subadviser vote proxies relating to portfolio securities in accordance with procedures that have been approved by the Fund's Board. You may obtain a description of these procedures, along with information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, free of charge, by calling toll-free 1-866-270-7788. This information is also available through the SEC's website at <http://www.sec.gov>.

FORM N-Q INFORMATION

The Fund files a complete schedule of portfolio holdings 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.

Report on Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Virtus Global Multi-Sector Income Fund was held on May 22, 2018. The meeting was held for purposes of electing two (2) nominees to the Board of Trustees.

The results were as follows:

| Election of Trustees | Votes For | Votes Withheld |
|-----------------------------|------------------|-----------------------|
| George R. Aylward | 9,536,681 | 489,954 |
| Philip R. McLoughlin | 9,525,512 | 501,123 |

Based on the foregoing, George R. Aylward and Philip R. McLoughlin were re-elected to the Board of Trustees. The Fund's other Trustees who continue in office are William R. Moyer, James M. Oates, James B. Rogers, Jr., R. Keith Walton, and Brian T. Zino.

VIRTUS GLOBAL MULTI-SECTOR INCOME FUND

101 Munson Street

Greenfield, MA 01301-9668

Trustees

George R. Aylward

Philip R. McLoughlin, Chairman

William R. Moyer

James M. Oates

James B. Rogers, Jr.

R. Keith Walton

Brian T. Zino

William H. Wright II, Advisory member

Officers

George R. Aylward, President and Chief Executive Officer

Francis G. Waltman, Executive Vice President

W. Patrick Bradley, Executive Vice President, Chief Financial Officer and Treasurer

Nancy J. Engberg, Senior Vice President and Chief Compliance Officer

William Renahan, Vice President, Chief Legal Officer and Secretary

Investment Adviser

Virtus Investment Advisers, Inc.

100 Pearl Street

Hartford, CT 06103-4506

Administrator

Virtus Fund Services, LLC

100 Pearl Street

Hartford, CT 06103-4506

Custodian

The Bank of New York Mellon

240 Greenwich Street

New York, NY 10286

Transfer Agent

Computershare Trust Company, NA

P.O. Box 43078

Providence, RI 02940-3078

Fund Counsel

Sullivan & Worcester LLP

1666 K Street, NW

7th Floor

Washington, DC 20006

How to Contact Us

Shareholder Services 1-866-270-7788

Website **www.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 1-866-270-7788.

For more information about
Virtus Closed-End Funds, please
contact us at **1-866-270-7788**
or **closedendfunds@virtus.com**
or visit **Virtus.com**.

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Item 2. Code of Ethics.

Response not required for semi-annual report.

Item 3. Audit Committee Financial Expert.

Response not required for semi-annual report.

Item 4. Principal Accountant Fees and Services.

Response not required for semi-annual report.

Item 5. Audit Committee of Listed Registrants.

Response not required for semi-annual report.

Item 6. Investments.

- (a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.
- (b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Response not required for semi-annual report.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

- (a) Response not required for semi-annual report.
- (b) There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Registrant's Board of Trustees that were implemented after the Registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

Item 11. Controls and Procedures.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.

Not applicable.

Item 13. Exhibits.

- (a)(1) Not applicable.
- (a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a)(3) Not applicable.
- (a)(4) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

- (c) Copies of the Registrant's notices to shareholders pursuant to Rule 19a-1 under the 1940 Act which accompanied distributions paid for the period ended May 31, 2018 pursuant to the Registrant's Managed Distribution Plan are filed herewith as required by the terms of the Registrant's exemptive order issued on August 26, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Virtus Global Multi-Sector Income Fund

By (Signature and Title)* /s/ George R. Aylward
George R. Aylward, President
(principal executive officer)

Date 8/08/2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ George R. Aylward
George R. Aylward, President
(principal executive officer)

Date 8/08/2018

By (Signature and Title)* /s/ W. Patrick Bradley
W. Patrick Bradley, Executive Vice President,
Chief Financial Officer, and Treasurer
(principal financial officer)

Date 8/08/2018

* Print the name and title of each signing officer under his or her signature.