

**Virtus Balanced Fund  
and Virtus Tactical Allocation Fund  
each a series of Virtus Equity Trust**

Supplement dated September 7, 2016 to the Summary and  
Statutory Prospectuses dated July 29, 2016

**IMPORTANT NOTICE TO INVESTORS**

As approved by the Board of Trustees of Virtus Equity Trust, effective September 7, 2016, Duff & Phelps Investment Management Co. (“Duff & Phelps”) and Kayne Anderson Rudnick Investment Management, LLC (“Kayne Anderson Rudnick”) became subadvisers to the above-named funds. Also effective September 7, 2016, Euclid Advisors LLC (“Euclid”), a current subadviser to the funds, is removed as subadviser. Accordingly, effective September 7, 2016, all references to Euclid as subadviser to the funds, and to David Dickerson and Carlton Neel as portfolio managers, are hereby removed from the funds’ prospectuses. Frederick A. Brimberg, a portfolio manager at Euclid and Duff & Phelps will continue to be the portfolio manager for the funds. Virtus Investment Advisers, Inc. (“VIA”) will continue to serve as the funds’ investment adviser. Newfleet Asset Management, LLC, also currently a subadviser to each of the funds, will continue to manage the fixed income portfolios for the funds. Each of Duff & Phelps and Kayne Anderson Rudnick will serve under an interim subadvisory agreement until such time as the funds’ standard subadvisory agreement is implemented, not to exceed 150 days.

Effective September 7, 2016, the Balanced Linked Benchmark consists of 45% Russell 1000® Growth Index (a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE® Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, calculated on a total return basis with net dividends reinvested), and 40% Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis). The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Balanced Fund Linked Benchmark prior to September 7, 2016 represents an allocation consisting of 60% S&P 500® Index and 50% Barclays U.S. Aggregate Bond Index. The change in the composition of the fund’s linked benchmark is being made so that it more closely reflects the composition of the fund’s portfolio following the subadviser and investment strategy changes described in this supplement.

Effective September 7, 2016, the Tactical Allocation Fund Linked Benchmark consists of 45% Russell 1000® Growth Index (a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies, calculated on a total return basis with dividends reinvested), 15% MSCI EAFE® Index (a free float-adjusted market capitalization-weighted index that measures developed foreign market equity performance, excluding the U.S. and Canada, calculated on a total return basis with net dividends reinvested), and 40% Barclays U.S. Aggregate Bond Index (an index that measures the U.S. investment grade fixed rate bond market, calculated on a total return basis). The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Performance of the Tactical Allocation Fund Linked Benchmark prior to September 7, 2016 represents an allocation consisting of 50% S&P 500® Index and 50% Barclays U.S. Aggregate Bond Index. The change in the composition of the fund’s linked benchmark is being made so that it more closely reflects the composition of the fund’s portfolio following the subadviser and investment strategy changes described in this supplement.

Additionally, effective October 11, 2016, Virtus Balanced Fund’s name will be changed to **Virtus Strategic Allocation Fund**. Effective October 11, 2016, all references in the fund’s summary and statutory prospectuses to the fund’s former name will be deemed changed to Virtus Strategic Allocation Fund.

Additional disclosure changes resulting from the subadviser changes are described below and are also effective September 7, 2016.

## Virtus Balanced Fund

The first paragraph under “Principal Investment Strategies” in the summary prospectus and the summary section of the statutory prospectus is hereby replaced with the following:

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

The disclosure under “Principal Risks” in the summary prospectus and in the summary section of the statutory prospectus is hereby amended by adding the following disclosure:

- > **Growth Stocks Risk.** The risk that the fund’s investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.

The second paragraph under “Management” in the summary prospectus and in the summary section of the statutory prospectus is hereby revised to state: The fund’s subadvisers are Duff & Phelps Investment Management Co. (“Duff & Phelps”) (international equity portion), Kayne Anderson Rudnick Investment Management, LLC (“Kayne Anderson Rudnick”) (domestic equity portion) and Newfleet Asset Management, LLC (“Newfleet”) (fixed income portion), each an affiliate of VIA.

The disclosure under “Portfolio Managers” in the summary prospectus and in the summary section of the statutory prospectus is hereby replaced with the following:

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

The first two paragraphs of the disclosure under “Principal Investment Strategies” on page 49 of the statutory prospectus are hereby replaced with the following:

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

For the fund's U.S. equity allocation, the fund invests in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index. Because large market capitalization companies are defined by reference to an index, the market capitalization of companies in which the fund invests may vary with market conditions. As of June 30, 2016, the market capitalization of companies included in the Russell 1000<sup>®</sup> Index was \$1.14 billion to \$524 billion.

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

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

The first sentence of the third paragraph of the disclosure in the same section is hereby replaced with the following: "For the fund's non-U.S. equity allocation, which may be implemented through ADRs, the subadviser's process is driven by bottom-up fundamental research and informed by top-down macro views."

The table under "More Information About Risks Related to Principal Investment Strategies" on page 62 of the statutory prospectus is hereby amended by adding an "X" in the row entitled "Growth Stocks" thereby indicating that this risk applies to the fund.

### **Virtus Tactical Allocation Fund**

The disclosure under "Principal Investment Strategies" in the summary prospectus and the summary section of the statutory prospectus is hereby replaced with the following:

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

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

Generally, the fund's U.S. equity investments are in large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index. Because large market capitalization companies are defined by reference to an index, the market capitalization of companies in which the fund invests may vary with market conditions. As of June 30, 2016, the market capitalization of companies included in the Russell 1000<sup>®</sup> Index was \$1.14 billion to \$524 billion.

The disclosure under "Principal Risks" in the summary prospectus and in the summary section of the statutory prospectus is hereby amended by adding the following disclosure:

- > **Growth Stocks Risk.** The risk that the fund's investments in growth stocks will be more volatile than investments in other types of stocks, or will perform differently from the market as a whole and from other types of stocks.
- > **Large Market Capitalization Companies Risk.** The risk that the value of investments in larger companies may not rise as much as smaller companies, or that larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.

The second paragraph under "Management" in the summary prospectus and in the summary section of the statutory prospectus is hereby revised to state: The fund's subadvisers are Duff & Phelps Investment Management Co. ("Duff & Phelps") (international equity portion), Kayne Anderson Rudnick Investment Management, LLC ("Kayne Anderson Rudnick") (domestic equity portion) and Newfleet Asset Management, LLC ("Newfleet") (fixed income portion), each an affiliate of VIA.

The disclosure under "Portfolio Managers" in the summary prospectus and in the summary section of the statutory prospectus is hereby replaced with the following:

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

The first two paragraphs under "Principal Investment Strategies" on page 60 of the statutory prospectus is hereby replaced with the following:

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

For the fund's U.S. equity allocation, the fund invests in equity securities of large market capitalization companies. As of the date of this Prospectus, the fund's subadviser considers large market capitalization companies for this purpose to be those companies that, at the time of initial purchase, have market capitalizations within the range of the Russell 1000<sup>®</sup> Index. Because large market capitalization companies are defined by reference to an index, the market capitalization of companies in which the fund invests may vary with market conditions. As of June 30, 2016, the market capitalization of companies included in the Russell 1000<sup>®</sup> Index was \$1.14 billion to \$524 billion. The

fund's policy of investing 65% of its assets in large market capitalization companies may be changed only upon 60 days' written notice to shareholders.

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

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

The first sentence of the third paragraph of the disclosure in the same section is hereby replaced with the following: "For the fund's non-U.S. equity allocation, which may be implemented through ADRs, the subadviser's process is driven by bottom-up fundamental research and informed by top-down macro views."

The table under "More Information About Risks Related to Principal Investment Strategies" on page 62 of the statutory prospectus is hereby amended by adding an "X" in the row entitled "Growth Stocks" thereby indicating that this risk applies to the fund.

**Both Funds**

Under "The Adviser" on page 69 of the statutory prospectus, the first table is hereby amended by replacing the rows for the funds shown below with the following information:

|                                 |  |
|---------------------------------|--|
| Virtus Balanced Fund            | Duff & Phelps Investment Management Co. ("Duff & Phelps") (international equity portion)<br>Kayne Anderson Rudnick Investment Management, LLC ("Kayne Anderson Rudnick") (domestic equity portion)<br>Newfleet Asset Management, LLC ("Newfleet") (fixed income portion) |
| Virtus Tactical Allocation Fund | Duff & Phelps (international equity portion)<br>Kayne Anderson Rudnick (domestic equity portion)<br>Newfleet (fixed income portion)  |

Under "The Subadvisers" on page 70 of the statutory prospectus, the following paragraph is hereby added:

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

Under "The Subadvisers" on page 70 of the statutory prospectus, the table showing subadvisory fees is hereby amended by replacing the rows for the funds shown below with the following information:

|                      |  |
|----------------------|--|
| Virtus Balanced Fund | 50% of Net Advisory fee to Duff & Phelps (international equity portion)<br>50% of the Net Advisory fee to Kayne Anderson Rudnick (domestic equity portion)<br>50% of the Net Advisory Fee to Newfleet (fixed income portion) |
|----------------------|--|

|                                 |  |
|---------------------------------|--|
| Virtus Tactical Allocation Fund | 50% of Net Advisory fee to Duff & Phelps (international equity portion)<br>50% of the Net Advisory fee to Kayne Anderson Rudnick (domestic equity portion)<br>50% of the Net Advisory Fee to Newfleet (fixed income portion) |
|---------------------------------|--|

Under “Portfolio Management” beginning on page 71 of the statutory prospectus, the following information for “Duff & Phelps” is hereby added:

***Duff & Phelps***

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

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

Also in this section, the information for “Kayne” is amended by adding the following information to the table:

|  |  |
|--|--|
| Virtus Balanced Fund (domestic equity portion only)            | Doug Foreman, CFA (since September 2016) |
| Virtus Tactical Allocation Fund (domestic equity portion only) | Doug Foreman, CFA (since September 2016) |

Additionally, the information for “Newfleet” is amended by adding the following information to the table:

|  |  |
|--|--|
| Virtus Balanced Fund (fixed income portion only) | Christopher J. Kelleher (since September 2016) |
|--|--|

All other disclosure concerning the funds, including fees and expenses, remains unchanged from their prospectuses dated July 29, 2016.

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