

**INVESTMENT OVERVIEW**

The Fund seeks to generate attractive risk-adjusted returns using subadviser Kayne Anderson Rudnick's disciplined quality-driven investment process to purchase long positions in companies with durable competitive advantages and strong management teams, and sell short positions in companies with poor financial performance, flawed business models, or aggressive capital structures.

**KEY FEATURES**

**Long High-Quality/Short Low-Quality Businesses** — Utilizes fundamental research to identify companies with solid balance sheets, consistent growth, profitability, and market dominant business models for long positions, while seeking companies with weak balance sheets, inconsistent growth and profitability, and a flawed business model for short positions

**Lower Volatility Approach** — An alternative strategy that strives for equity-like returns with less downside risk over a full market cycle, relative to the broad market—without the use of leverage.

**High-Conviction Portfolio** — A concentrated, low-turnover approach featuring long positions in 20-30 stocks and short positions in 20-30 stocks.

**FUND INFORMATION**

	<b>Ticker</b>	<b>CUSIP</b>
A Shares	VLSAX	92835M539
C Shares	VLSCX	92835M521
I Shares	VLSIX	92835M513
R6 Shares	VLSRX	92835M497

Inception Date	12/06/18
AUM (\$ millions)	82.0
Number of Holdings	51
Dividends	Semi-Annually
Morningstar Category	Long-Short Equity
Lipper Category	Alternative Long/Short Equity Funds
Index	Russell 3000® Index

**INVESTMENT ADVISER**

Virtus Alternative Investment Advisers, Inc.

**INVESTMENT SUBADVISER**



Kayne Anderson Rudnick

A VIRTUS INVESTMENT PARTNER

Kayne Anderson Rudnick believes that superior risk-adjusted returns may be achieved through investment in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

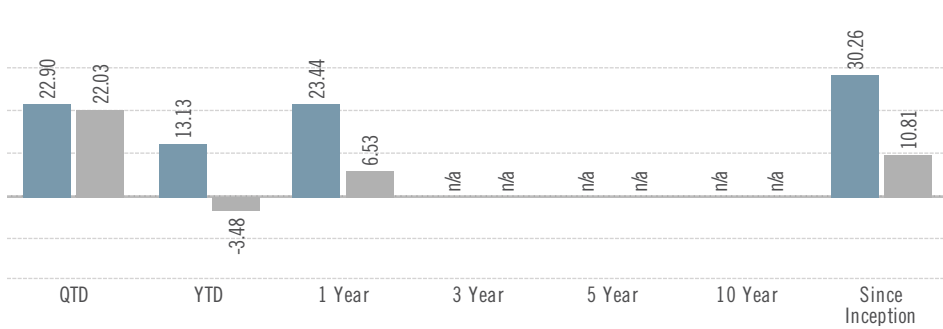
**PORTFOLIO MANAGER**

**Chris Wright, CFA**

Industry start date: 2012

Start date as Fund Portfolio Manager: 2018

**AVERAGE ANNUAL TOTAL RETURNS (%) as of 06/30/20**



**Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit [virtus.com](http://virtus.com) for performance data current to the most recent month end. This share class has no sales charges and is not available to all investors. Other share classes have sales charges. See [virtus.com](http://virtus.com) for details.**

The fund class gross expense ratio is 4.04%. The net expense ratio is 2.09%, which reflects a contractual expense reimbursement in effect through 2/28/2021. This ratio reflects the direct and indirect expenses paid by the Fund.

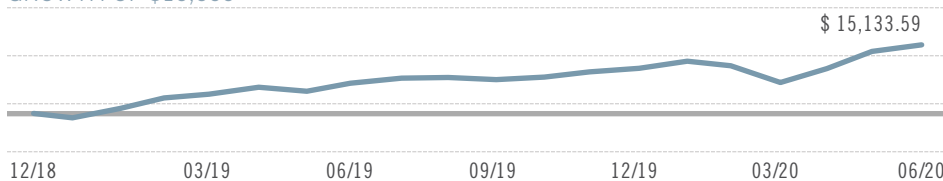
The net expense ratio minus dividend and interest expense on short sales and indirect expenses incurred by the underlying funds in which the Fund invests is 1.55%.

Average annual total return is the annual compound return for the indicated period and reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns.

**ANNUAL PERFORMANCE (%)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Fund</b>	38.34	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Index</b>	31.02	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**GROWTH OF \$10,000**



This chart assumes an initial investment of \$10,000 made on 12/6/2018. As of 6/30/2020 the fund value would have been \$15,133.59. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

CHARACTERISTICS	Fund
Total Long Exposure	92.19
Total Short Exposure	-18.17
Total Net Exposure	74.03

SECTOR WEIGHTINGS (% FUND)	% Long	% Short	% Net	% Index
Financial Services	29.59	-6.61	22.98	17.84
Technology	15.22	-1.58	13.64	27.23
Consumer Discretionary	14.73	-4.07	10.66	15.57
Consumer Staples	11.93	-0.93	11.00	5.55
Producer Durables	10.76	-4.97	5.78	8.77
Materials & Processing	5.60	0.00	5.60	3.23
Health Care	4.37	0.00	4.37	14.42
Utilities	0.00	0.00	0.00	4.70
Energy	0.00	0.00	0.00	2.69

Sector weightings are subject to change.

### IMPORTANT RISK CONSIDERATIONS

**Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Short Sales:** The fund may engage in short sales, and may experience a loss if the price of a borrowed security increases before the date on which the fund replaces the security. **Counterparties:** There is risk that a party upon whom the fund relies to complete a transaction will default. **Foreign Investing:** Investing internationally involves additional risks such as currency, political, accounting, economic, and market risk. **Non-Diversified:** The fund is non-diversified and may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the fund's assets. **Market Volatility:** Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the fund

and its investments, including hampering the ability of the fund's portfolio manager(s) to invest the fund's assets as intended. **Prospectus:** For additional information on risks, please see the fund's prospectus.

### INDEX DEFINITION

Index: The Russell 3000® Index is a market capitalization-weighted index that measures the performance of the 3,000 largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

Morningstar Category Classifications © 2020 Morningstar, Inc. All rights reserved.  
 Lipper Category Classifications © 2020 Lipper. All rights reserved.

Please consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial professional, call 800-243-4361, or visit [virtus.com](http://virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

Mutual funds distributed by VP Distributors, LLC, member FINRA and subsidiary of Virtus Investment Partners, Inc.

1280 07-20 © 2020 Virtus Mutual Funds

