

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.

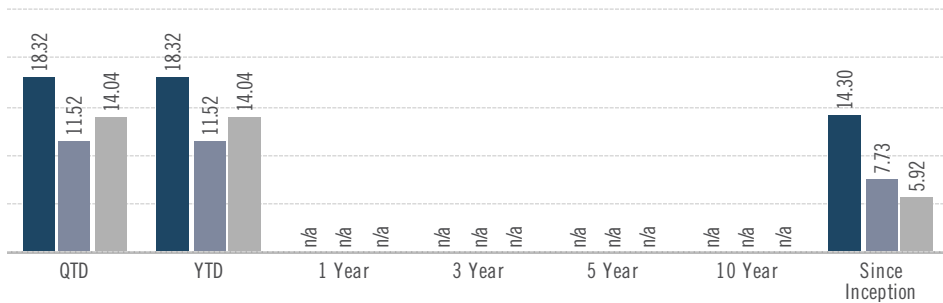
KEY FEATURES

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.

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/19



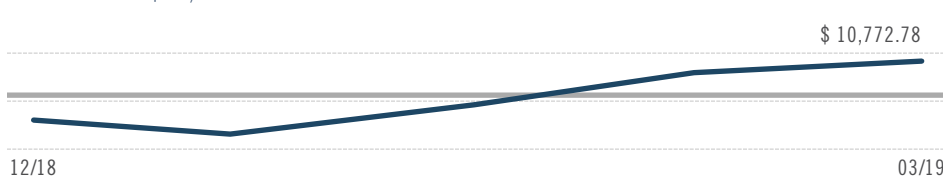
Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.

The fund class gross expense ratio is 2.75%. The net expense ratio is 2.29%, which reflects a contractual expense reimbursement in effect through 2/28/2020. This ratio reflects the direct and indirect expenses paid by the Fund.

The net expense ratio minus dividend and interest expense on short sales is 1.80%.

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. Class A shares have a maximum sales charge of 5.75%. A contingent deferred sales charge of 1% may be imposed on certain redemptions within 18 months on purchases on which a finder's fee has been paid. POP (Public Offering Price) performance reflects the deduction of the maximum sales charge.

GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 12/6/2018. As of 3/29/2019 the fund value would have been \$10,772.78. Fund performance assumes reinvestment of dividends and capital gain distributions and reflects a front end sales charge of 5.75%.

FUND INFORMATION

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

Inception Date	12/06/18
AUM (\$ millions)	7.2
Number of Holdings	49
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

CHARACTERISTICS **Fund**

Total Long Exposure	90.08
Total Short Exposure	-20.95
Total Net Exposure	69.13

SECTOR WEIGHTINGS (% FUND) **% Long % Short % Net % Index**

Financial Services	31.06	-8.36	22.70	20.45
Technology	18.28	-1.20	17.08	21.35
Consumer Discretionary	13.97	-3.51	10.47	14.39
Producer Durables	11.43	-6.69	4.73	10.50
Consumer Staples	6.77	-1.19	5.57	5.74
Materials & Processing	5.69	0.00	5.69	3.45
Health Care	2.88	0.00	2.88	13.91
Utilities	0.00	0.00	0.00	5.12
Energy	0.00	0.00	0.00	5.10

Sector weightings are subject to change.

IMPORTANT RISK CONSIDERATIONS

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. **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. **Counterparties:** There is risk that a party upon whom the fund relies to complete a transaction will default. **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. **Market Volatility:** The securities in the fund may go up or down in response to the prospects of individual companies and general

economic conditions. Price changes may be short or long term. **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.

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