

**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**

	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)	128.9
Number of Holdings	47
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.

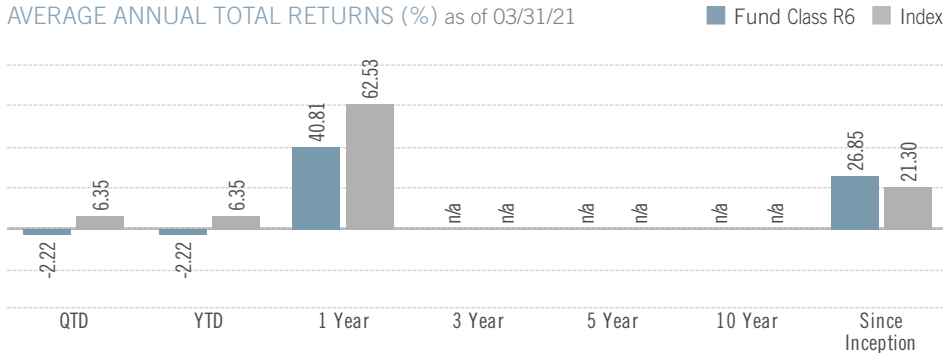
**PORTFOLIO MANAGER**

**Chris Wright, CFA**

Industry start date: 2012

Start date as Fund Portfolio Manager: 2018

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/21



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 2.19%. The net expense ratio is 2.02%, which reflects a contractual expense reimbursement in effect through 2/28/2022. This ratio reflects the direct and indirect expenses paid by the Fund.

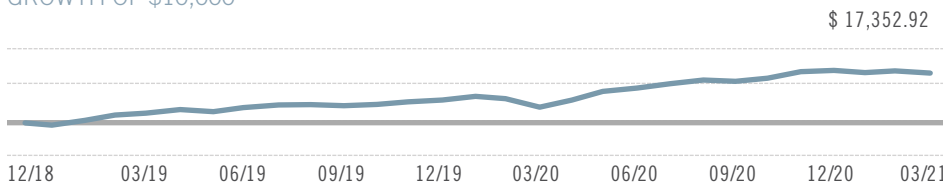
The net expense ratio minus dividend and interest expense on short sales and indirect expenses incurred by the underlying funds in which the Fund invests is 1.48%.

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 (%)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fund	32.67	38.34	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Index	20.89	31.02	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 3/31/2021 the fund value would have been \$17,352.92. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

CHARACTERISTICS	Fund
Total Long Exposure	95.77
Total Short Exposure	-21.26
Total Net Exposure	74.51

SECTOR WEIGHTINGS (% FUND)	% Long	% Short	% Net	% Index
Information Technology	29.27	0.00	29.27	25.68
Industrials	11.90	-9.67	2.24	9.83
Financials	11.45	-2.13	9.33	11.69
Communication Services	10.01	0.00	10.01	9.95
Consumer Discretionary	8.76	-7.57	1.19	12.28
Consumer Staples	8.06	-0.63	7.42	5.63
Health Care	6.13	0.00	6.13	13.57
Real Estate	6.02	-1.26	4.76	3.24
Materials	4.15	0.00	4.15	2.93
Energy	0.00	0.00	0.00	2.63
Utilities	0.00	0.00	0.00	2.57

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 portfolio may engage in short sales, and may incur a loss if the price of a borrowed security increases before the date on which the portfolio replaces the security. **Counterparties:** There is risk that a party upon whom the portfolio relies to complete a transaction will default. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Non-Diversified:** The portfolio 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 portfolio's assets. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio'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 © 2021 Morningstar, Inc. All rights reserved. Lipper Category Classifications © 2021 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.

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