

### INVESTMENT OVERVIEW

The Fund seeks to deliver consistent, positive absolute returns with lower volatility to traditional stocks by investing in publicly announced mergers, acquisitions, takeovers, and other corporate reorganizations globally. The highly specialized team seeks to profit from the timely completion of corporate transactions with minimal correlation to traditional stocks and bonds and positive correlation to interest rates, all while striving to minimize drawdowns in volatile markets.

### KEY FEATURES

**Portfolio Diversifier and Potential Volatility Dampener** — Merger arbitrage strategies have historically provided attractive absolute returns with lower volatility and minimal correlation relative to traditional stock and bond strategies, making for a powerful portfolio diversifier.

**A Pioneer in Liquid Alternative Investments** — Westchester Capital Management launched their flagship strategy, The Merger Fund®, in 1989. Since then, they have been providing investors access to a proven array of alternative strategies, like The Merger Fund® VL, with the goal of identifying publicly announced, event-driven opportunities.

**Proven Expertise** — A leader in global event driven investing for over 30 years, Westchester has evaluated more than 10,000 announced transactions, and invested in over 4,500 mergers, acquisitions, and corporate reorganizations, of which more than 98% were completed.

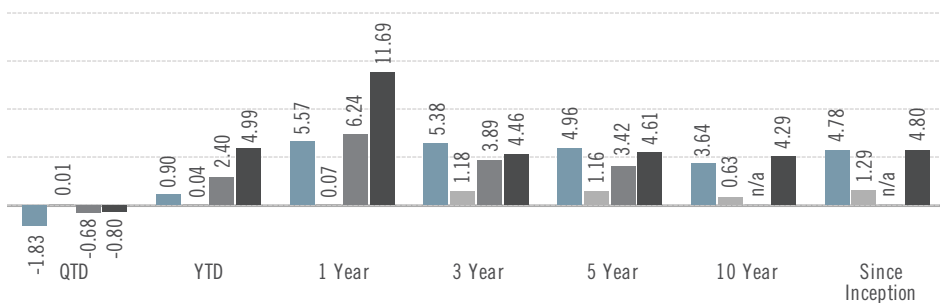
### FUND INFORMATION

	Ticker	CUSIP
I Shares	MERVX	589512102
Inception Date	5/26/04	
AUM (\$ millions)	58.4	
Dividends	Annually	
Morningstar Category	Event Driven	
Index	ICE BofA Merrill Lynch US 3-Month Treasury Bill Index	

### FUND FACTS

Average Position Size	1.28%
Number of Long Positions	71
Number of Short Positions	17
Percent Invested	90.8%
Short Positions as a % of Net Assets:	29%

### AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/21



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.

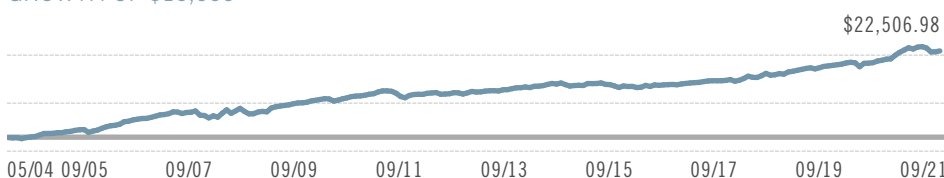
The fund class gross expense ratio is 1.65%. The net expense ratio is 1.50%, which reflects a contractual expense reimbursement in effect through 9/30/2023. This ratio reflects the direct and indirect expenses paid by the Fund. The net expense ratio minus dividend and interest expense on short sales and indirect expenses incurred by the underlying funds in which the Fund invests is 1.40%.

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	7.38	6.17	7.09	2.56	2.44	-0.90	1.37	3.88	2.52	0.87
Index	0.67	2.28	1.87	0.86	0.33	0.05	0.03	0.07	0.11	0.10
Index 2	4.93	6.11	0.27	2.79	3.46	-4.06	n/a	n/a	n/a	n/a
Index 3	3.27	7.49	1.07	4.40	5.10	0.80	1.67	7.40	3.94	1.22

### GROWTH OF \$10,000



This chart assumes an initial investment of \$10,000 made on 05/26/2004. As of 9/30/2021 the fund value would have been \$22,506.98. Fund performance assumes reinvestment of dividends and capital gain distributions. This growth reflects no front end sales charges.

Effective October 1, 2021, the Fund's investment adviser and distributor have changed.

### MORNINGSTAR RATINGS

Time Period	# of Stars	# of Funds
Overall	★★★	42
3 Year	★★★	42
5 Year	★★★	38
10 Year	★★★	20

Morningstar ratings are based on risk-adjusted returns. Strong ratings are not indicative of positive future performance.

### INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

### INVESTMENT SUBADVISER



Westchester Capital Management specializes in global event-driven investment strategies with a proven track record dating to 1989. Westchester invests in publicly announced mergers, acquisitions, takeovers, spin-offs, and other corporate reorganizations, with the goal of profiting from the timely completion of these transactions.

### INVESTMENT PROFESSIONALS

#### Roy Behren

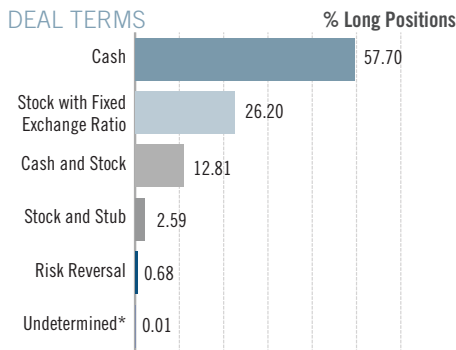
Industry start date: 1987

Start date as Fund Portfolio Manager: 2004

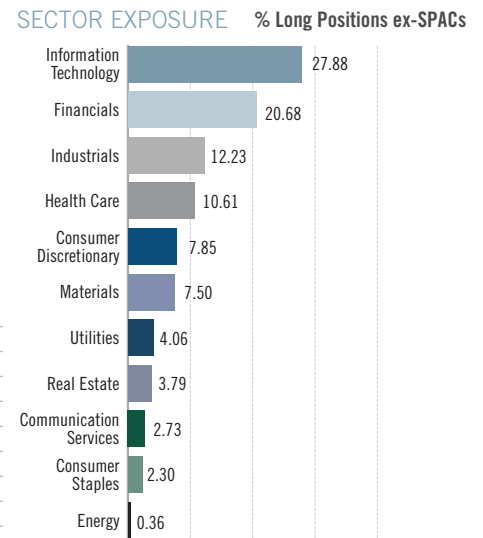
#### Michael Shannon, CFA

Industry start date: 1988

Start date as Fund Portfolio Manager: 2004



REGIONAL EXPOSURE	% Long Positions
United States	70.26
Europe ex-U.K.	11.89
United Kingdom	10.87
Australia	3.71
Asia ex-Japan	1.27
Japan	0.90
Canada	0.66
North America Offshore	0.43



RISK STATISTICS (3 YEAR)	Fund	Index 1
Alpha	4.28	n/a
Beta	-2.44	1.00
R <sup>2</sup>	0.05	n/a
Sharpe Ratio	1.15	0.12
Standard Deviation	3.69	0.33

TOP TEN POSITIONS	% Fund
1 IHS Markit Ltd.	
2 Willis Towers Watson Public Limited Co.	
3 Nuance Communications, Inc.	
4 Coherent, Inc.	
5 Xilinx, Inc.	
6 Kansas City Southern	
7 PPD, Inc.	
8 Athene Holding Ltd.	
9 Deutsche Wohnen SE	
10 Altaba Inc.	
<b>% Fund</b>	<b>39.20</b>

Source: Westchester Capital Management.

**IMPORTANT RISK CONSIDERATIONS**

**Fundamental Risk of Investing:** There can be no assurance that the portfolio will achieve its investment objectives. An investment in the portfolio is subject to the risk of loss of principal; shares may decrease in value. **Merger-arbitrage & Event-driven:** Merger-arbitrage and event-driven investing involve the risk that the adviser's evaluation of the outcome of a proposed event, whether it be a merger, reorganization, regulatory issue, or other event, will prove incorrect and that the Fund's return on the investment may be negative. **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. **Foreign:** 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. **Portfolio Turnover:** The portfolio's principal investment strategies may result in a consistently high portfolio turnover rate. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when the portfolio is held in a taxable account. **Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment. **Hedging:** The portfolio's hedging strategy will be subject to the portfolio's investment adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. **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.

Deal terms, regional exposure, sector exposure, and top positions are subject to change.

Deal terms reflect the classification of the type of transaction. Cash reflects an all-cash proposal by one company to buy another's outstanding shares; cash and stock involves a cash proposal and additional stock in the acquiring company; stock with a fixed exchange ratio refers to a strategy whereby the acquired company safeguards itself from fluctuation in share prices; stock with stub represents remaining equity left over after a company converts its bonds to stub stocks because of the takeover or bankruptcy; and risk reversal is a hedging strategy that protects a long or short position by using put and call options. \*The compensation is undetermined because the compensation to be received (e.g., stock, cash, escrow notes, other) will be determined at a later date, potentially at the option of the Fund's investment adviser.

**GLOSSARY**

**Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Long Position:** Refers to the purchase of a security with the expectation that it will rise in value. **R<sup>2</sup>:** A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. **Sharpe Ratio:** A risk-

adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Short Position:** Refers to the sale of a borrowed security with the intention of buying it back later at a lower price. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

**INDEX DEFINITION**

Index 1: The ICE BofA US Treasury Bill 3 Month Index measures performance of the three-month Treasury bill, based on monthly average auction rates. 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 is not available for direct investment. Index 2: The Wilshire Liquid Alternative Event Driven Index measures the performance of the event-driven strategy component of the Wilshire Liquid Alternative Index. Event-driven strategies predominantly invest in companies involved in corporate transactions such as mergers, restructuring, distressed, buy backs, or other capital structure changes. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. Index 3: The Morningstar US Fund Event Driven Category Average contains strategies that attempt to profit when security prices change in response to certain corporate actions, such as bankruptcies, mergers and acquisitions, emergence from bankruptcy, shifts in corporate strategy, and other atypical events. Activist shareholder and distressed investment strategies also fall into this category. These portfolios typically focus on equity securities but can invest across the capital structure. The category average is calculated on a total return basis with dividends reinvested. The category average is unmanaged and is not available for direct investment.

Morningstar Rating™ for funds, or 'star rating,' is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effect of sales charges and loads.

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The investments for the Virtus Variable Insurance Funds (the "Funds") are managed by the same portfolio manager(s) who manage one or more other funds that have similar names, investment objectives, and investment styles as the Funds. You should be aware that the Funds are likely to differ from the other mutual funds in size, cash flow pattern and tax matters. Accordingly, the holdings and performance of the Funds can be expected to vary from those of the other mutual funds.

Shares of the Funds are sold only through the currently effective prospectuses and are not available to the general public. Shares of the Funds may be purchased only by life insurance companies to be used with their separate accounts which fund variable annuity and variable life insurance policies or qualified retirement plans and are also available as an underlying investment fund for certain qualified retirement plans. The performance information for the Funds does not reflect fees and expenses of the insurance companies. If such fees and expenses were deducted, performance would be lower.

**Please carefully consider the investment objectives, risks, charges, and expenses of the Virtus Variable Insurance Funds before investing. For this and other information about any Virtus Variable Insurance Fund, call 1-800-367-5877 or visit Virtus.com for a prospectus and/or summary prospectus. Read it carefully before you invest or send money.**

