

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 5,000 mergers, acquisitions, and corporate reorganizations, of which more than 98% were completed.

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/2024

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	0.63	0.63	4.82	1.59	3.63	3.21	4.48
Index 1	1.29	1.29	5.24	2.58	2.02	1.38	1.52
Index 2	-0.78	-0.78	1.70	-2.46	0.36	1.54	3.20
Index 3	1.03	1.03	7.16	2.36	3.56	3.42	4.51

ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	4.34	0.88	1.08	7.38	6.17	7.09	2.56	2.44	-0.90	1.37
Index 1	5.01	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05	0.03
Index 2	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97
Index 3	7.02	-2.81	6.18	3.27	7.49	1.07	4.40	5.10	0.80	1.67

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 for performance data current to the most recent month end.

Class I Shares have no sales charges and are not available to all investors. The fund class gross expense ratio is 1.68%. The net expense ratio is 1.52%, which reflects a contractual expense reimbursement in effect through 4/30/2024. 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%.

Other share classes may have sales charges. See virtus.com for details.

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.

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 Bloomberg U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. 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 3: The Morningstar US Insurance 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.

Since inception performance for the indexes reflect a start date of 05/26/2004, the same date as the inception of the Fund's Class I Shares.

SHARE CLASSES	Ticker	CUSIP
I Shares	MERVX	589512102

FUND INFORMATION

Inception Date (Class I)	05/26/04
AUM (\$ millions)	34.4
Dividends	Annually
Morningstar Category	Event Driven
Index 1	ICE BofA US Treasury Bill 3 Month Index
Index 2	Bloomberg U.S. Aggregate Bond Index
Index 3	Morningstar US Insurance Fund Event Driven Category Average

The Indexes shown represent the Fund's performance indexes, which may differ from the Fund's regulatory index included in its Prospectus.

FUND FACTS

Average Position Size	1.55
Number of Long Positions	59
Number of Short Positions	12
Percent Invested	91.58
Short Positions as a % of Net Assets	29.81

MORNINGSTAR RATINGS (CLASS I)

Time Period	# of Stars	# of Funds
Overall	★★★★	44
3 Year	★★★	44
5 Year	★★★	41
10 Year	★★★★	32

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

INVESTMENT ADVISER

Virtus Investment Advisers, Inc.

INVESTMENT SUBADVISER



For over 30 years, Westchester Capital Management has endeavored to deliver consistent, absolute returns through the disciplined execution of event-driven alternative investment strategies.

PORTFOLIO MANAGERS

Roy D. Behren

Industry start date: 1987

Start date as Fund Portfolio Manager: 2007

Michael T. Shannon, CFA

Industry start date: 1988

Start date as Fund Portfolio Manager: 2007

DEAL TERMS	% Long Positions
Cash	67.83
Stock with Fixed Exchange Ratio	23.34
Cash and Stock	8.82

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.

REGIONAL EXPOSURE	% Long Positions
United States	84.23
United Kingdom	3.97
Japan	3.20
Europe ex-U.K.	2.60
North America Offshore	2.34
Australia	1.59
Asia ex-Japan	1.09
Canada	0.98

Source: Westchester Capital Management.

Weightings may not add up to 100% as a result of the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or for risk management purposes.

Regional and sector exposure, top positions, and strategy allocation are subject to change.

SECTOR EXPOSURE	% Long Positions ex-SPACs
Energy	36.22
Health Care	15.14
Materials	14.21
Consumer Discretionary	10.04
Information Technology	8.94
Financials	7.12
Industrials	5.31
Consumer Staples	1.18
Communication Services	1.14
Utilities	0.52
Real Estate	0.18

TOP TEN HOLDINGS

1 Pioneer Natural Resources Company	
2 Hess Corporation	
3 WestRock Company	
4 United States Steel Corporation	
5 NFP Corp.	
6 Amedisys, Inc.	
7 Capri Holdings Limited	
8 Altaba Inc.	
9 Juniper Networks, Inc.	
10 Catalent, Inc.	
Top 10 Positions as % of Fund	39.96

RISK STATISTICS (3 YEAR)

	Fund	Index
Alpha	-0.93	n/a
Beta	1.05	1.00
R ²	0.06	1.00
Sharpe Ratio	-0.38	-0.19
Standard Deviation	2.93	0.66

Index: ICE BofA US Treasury Bill 3 Month Index

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 Investing:** 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. **Special Purpose Acquisition Company (SPAC):** The value of a SPAC's securities is particularly dependent on the ability of its management to identify and complete a profitable acquisition. There is no guarantee that the SPACs in which the Fund invests will complete an acquisition or that any acquisitions completed by the SPACs in which the fund invests will be profitable. The values of investments in SPACs may be highly volatile and these investments may also have little or no liquidity. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; 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:** Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or attempt to increase returns. Investments in derivatives may result in increased volatility and the portfolio may incur a loss greater than its 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. **Technology Concentration:** Because the portfolio is presently heavily weighted in the technology sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism,

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

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. **R²:** 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. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

MORNINGSTAR

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 800-367-5877 or visit virtus.com for a prospectus and/or summary prospectus. Read it carefully before you invest or send money.

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