

**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

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

**FUND INFORMATION**

Inception Date (Class I)	12/06/18
AUM (\$ millions)	72.8
Number of Holdings	41
Dividends	Semi-Annually
Morningstar Category	Long-Short Equity
Index	Russell 3000® Index

The Index shown represents the Fund's performance index, which may differ from the Fund's regulatory index included in its Prospectus.

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

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	7.09	7.09	17.62	4.68	11.69	n/a	13.81
Class A NAV	7.01	7.01	17.39	4.44	11.41	n/a	13.53
Class A POP	1.12	1.12	10.93	2.49	10.16	n/a	12.32
Class R6	7.12	7.12	17.76	4.77	11.77	n/a	13.89
Index	10.02	10.02	29.29	9.78	14.34	n/a	14.67

**ANNUAL PERFORMANCE (%)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	13.99	-18.36	12.56	32.52	38.34	n/a	n/a	n/a	n/a	n/a
Index	25.96	-19.21	25.66	20.89	31.02	n/a	n/a	n/a	n/a	n/a

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.

**Class I Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 2.02%. The net expense ratio is 1.91%, which reflects a contractual expense reimbursement in effect through 2/28/2025.

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

**Class A shares have a maximum sales charge of 5.50%. 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.** The fund class gross expense ratio is 2.39%. The net expense ratio is 2.15%, which reflects a contractual expense reimbursement in effect through 2/28/2025.

The net expense ratio minus dividend and interest expenses on short sales and indirect expenses incurred by the underlying funds in which the Fund invests is 1.80%.

**Class R6 Shares have no sales charges and are not available to all investors.** The fund class gross expense ratio is 1.88%. The net expense ratio is 1.83%, which reflects a contractual expense reimbursement in effect through 2/28/2025.

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

**Other share classes may have sales charges. See [virtus.com](http://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: 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.

Since inception performance for the index reflects a start date of 12/6/2018, the same date as the inception of the Fund's Class I, Class A, and Class R6 Shares.

**MORNINGSTAR RATINGS (CLASS I)**

Time Period	# of Stars	# of Funds
Overall	★★★★★	154
3 Year	★★★★	154
5 Year	★★★★★	137
10 Year	Not Rated	n/a

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

**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 MANAGERS**

**Chris Wright, CFA**

Industry start date: 2012

Start date as Fund Portfolio Manager: 2018

**Julie Biel, CFA**

Industry start date: 2004

Start date as Fund Portfolio Manager: 2022

CHARACTERISTICS	Fund		SECTOR WEIGHTINGS (% FUND)	% Long	% Short	% Net	% Index
Total Long Exposure	99.71		Financials	29.22	-1.61	27.61	13.90
Total Short Exposure	-28.76		Information Technology	20.31	-3.38	16.93	27.58
Total Net Exposure	70.96		Industrials	16.68	-8.62	8.05	10.08
			Consumer Discretionary	9.23	-8.05	1.18	10.46
			Communication Services	8.61	-1.01	7.59	8.33
			Consumer Staples	8.59	-2.76	5.84	5.58
			Health Care	7.08	0.00	7.08	12.44
			Energy	0.00	0.00	0.00	4.10
			Materials	0.00	0.00	0.00	2.67
			Utilities	0.00	0.00	0.00	2.17
			Real Estate	0.00	-3.32	-3.32	2.71

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-2.81	n/a
Beta	0.69	1.00
R <sup>2</sup>	0.78	1.00
Sharpe Ratio	0.14	0.40
Standard Deviation	13.71	17.58

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, medium, or large-sized companies may enhance that risk. **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. **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. **Counterparty:** 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; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **Non-Diversified:** The portfolio is not diversified and may be more susceptible to factors negatively impacting its holdings to the extent the portfolio invests more of its assets in the securities of fewer issuers than would a diversified portfolio. **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. **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. **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.

© 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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 FDIC Insured | May Lose Value | Not Bank Guaranteed**

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

1285 04-24 © 2024 Virtus Mutual Funds

