

## 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** — The Merger Fund® was the first mutual fund devoted exclusively to merger arbitrage, offering access to an alternative strategy in a regulated, transparent, and daily liquidity fund that has provided investors positive performance in 30 of 34 years since its inception in 1989.\*

**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.

The track record refers to the original share class of the Fund, which was known as Investor Class at the time and is now known as Class A, from inception of 1/31/89 until inception on 8/1/13 of the Institutional Class which is now known as Class I. Returns would differ only to the extent that Class I shares do not have the same expenses as Class A shares.

## AVERAGE ANNUAL TOTAL RETURNS (%) as of 06/30/2024

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	0.06	0.65	6.21	1.53	3.00	2.92	3.15
Class A NAV	0.06	0.58	5.91	1.24	2.70	2.62	5.60
Class A POP	-5.45	-4.95	0.09	-0.65	1.55	2.04	5.43
Index 1	1.32	2.63	5.40	3.03	2.16	1.51	1.39
Index 2	0.07	-0.71	2.63	-3.02	-0.23	1.35	1.62
Index 3	-0.19	0.42	5.13	1.39	3.61	3.14	3.39

## ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	4.51	1.01	0.10	5.15	6.32	7.98	2.74	2.94	-0.52	1.63
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	5.60	-1.32	4.21	6.24	7.65	1.95	4.32	4.18	-0.72	1.66

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](https://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 1.37%. The net expense ratio is 1.27%, which reflects a contractual expense reimbursement in effect through 4/30/2025. 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 1.17%.

**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 1.67%. The net expense ratio is 1.56%, which reflects a contractual expense reimbursement in effect through 4/30/2025.

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 1.46%.

**Other share classes may have sales charges. See [virtus.com](https://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 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 08/01/2013, the same date as the inception of the Fund's Class I Shares. Class A inception date: 01/31/1989.

SHARE CLASSES	Ticker	CUSIP
I Shares	MERIX	589509207
A Shares	MERFX	589509108

## FUND INFORMATION

Inception Date (Class I)	08/01/13
AUM (\$ millions)	2,621.3
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 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.

## POSITION SUMMARY

Average Position Size	1.65
Number of Long Positions	60
Number of Short Positions	15
Percent Invested	98.86
Short Positions as a % of Net Assets	31.28

## MORNINGSTAR RATINGS (CLASS I)

Time Period	# of Stars	# of Funds
Overall	★★★★	45
3 Year	★★★	45
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



Westchester Capital Management (Westchester) is an event-driven alternatives manager that, for over 40 years, has endeavored to deliver consistent, absolute returns through disciplined execution.

## 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	68.22
Stock with Fixed Exchange Ratio	19.58
Cash and Stock	7.99
Undetermined	4.21

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.

#### TOP TEN POSITIONS

1	Hess Corporation
2	Endeavor Group Holdings, Inc.
3	WestRock Company
4	Virtus Westchester Event-Driven Fund
5	United States Steel Corporation
6	Catalent, Inc.
7	Amedisys, Inc.
8	Equitrans Midstream Corporation
9	Axonics, Inc.
10	Altium Limited

Top 10 Positions as % of Fund 39.05

Holdings and sector weightings are subject to change.

#### 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

REGIONAL EXPOSURE	% Long Positions
United States	83.48
United Kingdom	6.21
Europe ex-U.K.	3.21
Australia	2.67
Japan	1.48
Canada	1.32
Asia ex-Japan	0.84
North America Offshore	0.57
Mexico	0.23

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.

SECTOR EXPOSURE	% Long Positions ex-SPACs
Financials	26.92
Energy	18.41
Health Care	13.76
Information Technology	12.40
Materials	10.78
Communication Services	5.72
Industrials	5.65
Consumer Discretionary	4.68
Consumer Staples	1.21
Utilities	0.44
Real Estate	0.03

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-1.42	n/a
Beta	1.06	1.00
R <sup>2</sup>	0.06	1.00
Sharpe Ratio	-0.56	-0.21
Standard Deviation	2.90	0.66

Index: ICE BofA US Treasury Bill 3 Month Index

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.

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