

INVESTMENT OVERVIEW

The Fund seeks to deliver consistent, positive absolute returns with low duration and credit risk by investing across several catalyst-driven, credit strategies. The highly specialized team seeks to provide both current income and capital appreciation by investing in credit events, late stage distressed, pre- and post-bankruptcy opportunities, as well as similar thematic investments, serving as an alternative to traditional bond funds.

KEY FEATURES

Fixed Income Portfolio Diversifier — Investment returns are driven by the outcome of dynamic, catalyst-focused corporate events rather than duration, credit quality, and/or the general direction of the broad fixed income market.

A Differentiated Source and Pattern of Returns — Flexible credit event strategies seek to provide attractive risk-adjusted returns independent of credit market cycles and, unlike bonds, the strategy has a positive correlation to interest rates.

Proven Expertise — With a history spanning more than three decades, Westchester is a leading investment manager of event-driven strategies. The Firm has a proven track record of identifying profitable event-driven opportunities through all market cycles.

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

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Class I	1.52	3.38	7.89	2.63	6.72	n/a	6.12
Class A NAV	1.49	3.30	7.59	2.30	6.49	n/a	5.88
Class A POP	-4.09	-2.38	1.68	0.39	5.29	n/a	4.96
Index 1	1.32	2.63	5.40	3.03	2.16	n/a	2.14
Index 2	0.07	-0.71	2.63	-3.02	-0.23	n/a	0.74
Index 3	0.91	2.69	7.05	0.80	1.94	n/a	1.97

ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Class I	9.56	-4.87	7.57	15.89	12.87	-2.93	n/a	n/a	n/a	n/a
Index 1	5.01	1.46	0.05	0.67	2.28	1.87	n/a	n/a	n/a	n/a
Index 2	5.53	-13.01	-1.54	7.51	8.72	0.01	n/a	n/a	n/a	n/a
Index 3	6.81	-6.38	1.53	3.29	6.72	-1.21	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 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 1.61%.

The gross expense ratio minus dividend and interest expenses on short sales and indirect expenses incurred by the underlying funds in which the Fund invests is 1.45%.

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 1.93%. The net expense ratio is 1.86%, 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 1.70%.

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 Fund Nontraditional Bond Category Average contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. 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 12/29/2017, the same date as the inception of the Fund's Class I and Class A Shares.

SHARE CLASSES	Ticker	CUSIP
I Shares	WCFIX	95737C806
A Shares	WCFRX	95737C707

FUND INFORMATION

Inception Date (Class I)	12/29/17
AUM (\$ millions)	79.2
Dividends	Annually
Morningstar Category	Nontraditional Bond
Index 1	ICE BofA US Treasury Bill 3 Month Index
Index 2	Bloomberg U.S. Aggregate Bond Index
Index 3	Morningstar US Fund Nontraditional Bond 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	2.43
Number of Positions	39
Long Exposure	94.77
Short Exposure	0.48
Net Exposure	94.29
Gross Exposure	95.25
Effective Duration	1.34
Weighted Average Maturity	3.06

MORNINGSTAR RATINGS (CLASS I)

Time Period	# of Stars	# of Funds
Overall	★★★★★	278
3 Year	★★★★★	278
5 Year	★★★★★	249
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 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: 2017

Michael T. Shannon, CFA

Industry start date: 1988

Start date as Fund Portfolio Manager: 2017

Steven V. Tan

Industry start date: 2000

Start date as Fund Portfolio Manager: 2017

SECTOR EXPOSURE	% Long Positions ex-SPACs
Financials	24.28
Energy	16.48
Consumer Discretionary	12.20
Information Technology	11.29
Health Care	10.07
Communication Services	8.06
Consumer Staples	7.35
Materials	6.09
Industrials	4.19

RISK STATISTICS (3 YEAR)	Fund	Index
Alpha	-0.12	n/a
Beta	2.48	1.00
R ²	0.17	1.00
Sharpe Ratio	-0.14	-0.21
Standard Deviation	3.92	0.66

Index: ICE BofA US Treasury Bill 3 Month Index

REGIONAL EXPOSURE	% Long Positions
United States	84.70
Europe ex-U.K.	8.86
Canada	5.46
United Kingdom	0.75
Asia ex-Japan	0.18
North America Offshore	0.03

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.

RATINGS DISTRIBUTION	% Fixed Income
A-/BBB-/BBB-	5.49
BB+	0.03
BB	0.80
BB-	31.79
B+	8.00
B	12.00
B-	0.90
<CCC+	17.50
Not rated	23.49

The ratings are provided by Standard & Poor's and assess the credit worthiness of a corporation's debt issues. The ratings apply to the fund's holdings and not the fund itself. Credit ratings are expressed as letters ranging from AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C, and D are below-investment grade ratings. NR (Not Rated) includes holdings that are not rated by S&P. Credit ratings are subject to change.

TOP TEN POSITIONS	
1 Kronos Acquisition Holdings Inc.	
2 Michael Kors USA Inc.	
3 California Resources Corporation	
4 Summit Midstream Holdings LLC	
5 Petroleum Geo-Services AS	
6 Everi Holdings Inc.	
7 Shockwave Medical Inc.	
8 Encavis Finance BV	
9 Catalent Pharma Solutions Inc.	
10 Big River Steel/BRS Finance Corp.	
Top 10 Positions as % of Fund	41.79

SUB-STRATEGY ALLOCATION	% Fund
Merger-Related Credit	84.22
Catalyst Driven Credit	8.99
Relative Value Credit	6.30
Restructuring/ Reorg Credit	0.49

Sector and regional exposure, top positions, ratings distribution, and sub-strategy allocations are subject to change.

Sub-strategy allocation reflects the classification of the type of transaction. Merger-related credit, in general, invests after a public acquisition is made; catalyst-driven credit involves investing while firms go through bankruptcy; relative-value credit seeks to take advantage of inefficiencies in the pricing of fixed income securities; and restructuring/reorg generally invest in value enhancing events like restructurings.

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. **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. **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. **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. **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. **Lower-Rated Securities:** Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. **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. **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. **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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