

Ticker Symbol

MERFX

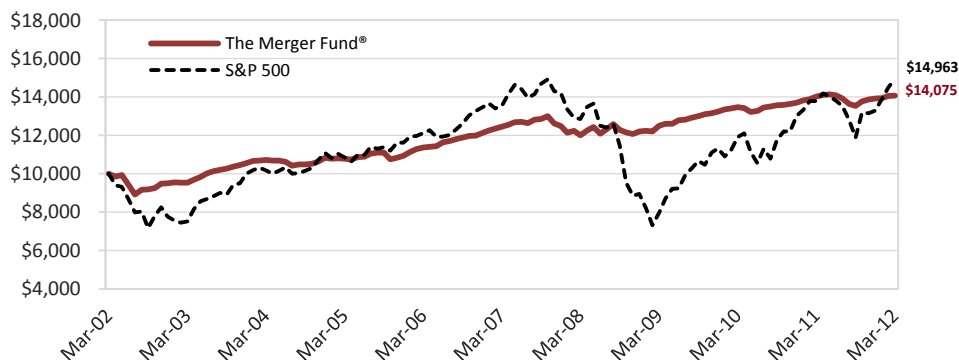
For more than 20 years, The Merger Fund® has attempted to help investors reduce total portfolio risk while providing absolute, non-correlated returns regardless of market movements.



PERFORMANCE

MARCH 31, 2012

10-Year Cumulative Change in Value of a \$10,000 Investment



This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund ten years ago. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees. This chart does not imply any future performance.

Average Annualized Total Returns and Risk Metrics as of March 31, 2012

	Q1	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
<b>The Merger Fund®</b>	1.09%	1.09%	0.35%	4.01%	2.47%	3.48%	7.07%
<b>S&amp;P 500 TR**</b>	12.58%	12.58%	8.53%	23.42%	2.01%	4.12%	9.31%

	Standard Deviation	Sharpe Ratio	Beta	Correlation
<b>The Merger Fund®</b>	5.34%	1.30	0.16	0.21
<b>S&amp;P 500 TR**</b>	15.06%	0.67	1.00	1.00

Performance data quoted represents past performance; past performance does not guarantee future results. The performance results portrayed herein reflect the reinvestment of all interest, dividends and distributions. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling (800) 343-8959 or by visiting [www.mergerfund.com](http://www.mergerfund.com).

\*January 31, 1989. \*\*The S&P 500 is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. It is shown with dividends reinvested. You cannot invest directly in the index.

<sup>1</sup>1.00% on net assets up to \$1.5 billion, 0.9% on net assets between \$1.5 billion and \$2.0 billion, 0.8% on net assets between \$2.0 billion and \$5.0 billion and 0.75% on net assets over \$5.0 billion.

<sup>2</sup>For period 10/1/11 to 12/31/11. The Fund changed its fiscal year from September 30 to December 31. For period 10/1/10 to 9/30/11, turnover was 292.79%

<sup>3</sup>Excludes acquired fund fees and expenses, interest expense, borrowing expense on securities sold short and dividends on securities sold short.

Overall Morningstar Rating™



Overall Morningstar Rating out of 50 Market Neutral Funds as of 3-31-2012. The overall Morningstar Rating is derived from a weighted average of the fund's 3-, 5-, and 10-year Morningstar Rating metrics.

INVESTMENT PHILOSOPHY

The Fund's seeks to provide attractive risk-adjusted returns in virtually all market environments while preserving investor capital and minimizing volatility-based risk.

PRINCIPAL INVESTMENT STRATEGY

The Fund normally invests at least 80% of its total assets in companies involved in publicly announced mergers, takeovers and other corporate reorganizations. For most of its merger arbitrage investments, the Fund's potential profit is equal to the difference between the price at which it acquires the target company's shares and their expected value upon completion of the transaction.

FUND FACTS

Inception Date:	1/31/1989
Minimum Initial Investment:	\$2,000
Total Net Assets:	\$5.0 billion
Management Fee <sup>1,2</sup> :	0.87%
Net Expense Ratio <sup>2,3</sup> :	1.33%
Total Operating Expense <sup>2</sup> :	1.68%
Portfolio Turnover Rate <sup>2</sup> :	48.13%

**PORTFOLIO**

Ten largest positions as a % of net assets:	46.80%
Average position size:	1.28%
Number of long positions:	68
Number of short positions:	15
% Invested:	86.98%

**GEOGRAPHIC ALLOCATION**

U.S. positions as % of longs:	74.79%
Canadian positions as % of longs:	10.83%
European ex. U.K. positions as % of longs:	5.84%
United Kingdom positions as % of longs:	4.91%
Australian positions as % of longs:	1.98%
Asian positions as % of longs:	1.12%
Japanese positions as a % of longs:	0.53%

**TOP TEN EQUITY HOLDINGS**

Goodrich Corporation
El Paso Corporation
Synthes, Inc.
Motorola Mobility Holdings, Inc.
Medco Health Solutions, Inc.
Dollar Thrifty Automotive Group, Inc.
TELUS Corporation
Viterra, Inc.
Solutia Inc.
Xstrata plc

Fund holdings and asset allocation are subject to change at any time and are not recommendations to buy or sell any security.

*Diversification does not assure a profit nor does it protect against a loss in a declining market.*

**Before investing in The Merger Fund, carefully consider its investment objectives, risks, charges and expenses. For a prospectus or summary prospectus containing this and other information, please call (800) 343-8959 or view it online at [www.mergerfund.com](http://www.mergerfund.com). Please read it carefully before investing.**

**Mutual fund investing involves risk. Principal loss is possible. The principal risk associated with the Fund's merger arbitrage investment strategy is that certain of the proposed reorganizations in which the Fund invests may be renegotiated or terminated, in which case losses may be realized. Investments in foreign companies involved in pending mergers, takeovers and other corporate reorganizations may entail political, cultural, regulatory, legal and tax risks different from those associated with comparable transactions in the United States.**

Performance data included herein for periods prior to 2011 reflect that of Westchester Capital Management, Inc., the Fund's prior investment advisor.

Definitions: **Standard Deviation** is the degree by which returns vary relative to the average return. The higher the standard deviation, the greater the variability of the investment; **Sharpe Ratio** measures reward vs. risk. 3-month T-Bill used for risk-free rate. A higher number is more favorable; **Beta** is a measure of the fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market and a portfolio with a beta less than 1 is less volatile than the market; **Correlation** is calculated using R-Squared; a measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. A fund with a low R-squared doesn't act much like the index.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) As of March 31, 2012 The Merger Fund® was rated against the following numbers of U.S.-domiciled Market Neutral funds over the following time periods: 50 funds in the last three years, 45 funds in the last five years, and 18 funds in the last ten years. With respect to these Market Neutral funds, The Merger Fund® received a Morningstar Rating of 3 stars, 4 stars and 3 stars for the three-, five- and ten-year periods, respectively. © 2012 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (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.

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**FUND MANAGERS**

**ROY D. BEHREN** | Began career in 1987  
With Westchester Capital Management since 1994;  
Portfolio Manager since 2006

Mr. Behren received a degree in Economics from the University of Pennsylvania, Wharton School, a J.D. from the University of Miami Law School and an LL.M. in corporate law from New York University School of Law.

**MICHAEL T. SHANNON** | Began career in 1988  
With Westchester Capital Management since 1996;  
Portfolio Manager since 2006

Mr. Shannon received a degree in Finance from Boston College. He is a CFA charter holder and a member of the CFA Institute.

**Why Invest with Us?**

- Having **invested in over 2,500 corporate reorganizations** and other event-driven situations, we're among the most experienced players in our space.
- **Our scale and strong Wall Street relationships** give us a competitive edge when it comes to research, trading and access to hard-to-borrow securities.
- **Our interests are completely aligned with those of our investors.** WCM limits personal trading, and each of our portfolio managers has committed the bulk of his investable assets to one or more of our funds.