

Ticker Symbol

MERFX



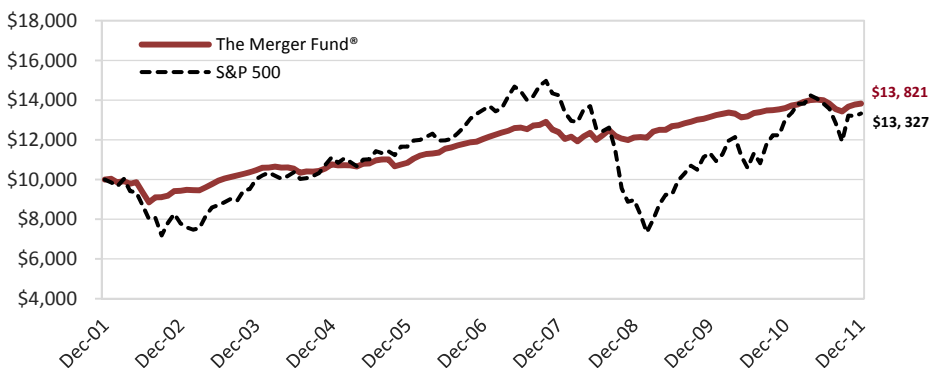
For more than 20 years, The Merger Fund® has helped investors reduce total portfolio risk while providing absolute, non-correlated returns regardless of market movements.

PERFORMANCE

Annualized Total Returns

	Q3	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
The Merger Fund®	2.91%	1.66%	1.66%	4.49%	2.80%	3.29%	7.10%
S&P 500 TR**	11.82%	2.11%	2.11%	14.11%	-0.25%	2.92%	8.85%

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



RISK MEASURES*

	Standard Deviation	Sharpe Ratio	Beta	Correlation
The Merger Fund®	5.37%	1.30	0.16	0.21
S&P 500 TR**	15.13%	0.64	1.00	1.00

*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.

Past performance is no guarantee of future results.

Total return and average annual returns are historical and reflect changes in share price, reinvestment of dividends and capital gains and are net of expenses. Due to market volatility, current performance may be lower or higher than the figures shown. Investment return and principal value will fluctuate so, upon redemption, shares may be worth more or less than their original cost. The Fund imposes a 2% redemption fee on shares redeemed within 30 days of purchase. Performance data does not reflect the redemption fee and if it had returns would be lower. © 2011 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.

Morningstar Rating™

Overall ★★★★★
3 Year ★★★★★
5 Year ★★★★★
10 Year ★★★

Overall rating out of 48 Market Neutral Funds as of 12-31-2011.

INVESTMENT PHILOSOPHY

The Fund’s philosophy is 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.

PRINCIPAL INVESTMENT RISK

The principal risk associated with the Fund’s merger arbitrage strategy is that any of the proposed reorganizations in which the Fund invests may be renegotiated or terminated, in which case losses may be realized. The Fund’s investment strategy may result in short-term capital appreciation. The Fund is not a “diversified” fund, as defined in the Investment Company Act of 1940.

FUND FACTS

Ticker:	MERFX
Inception Date:	1/31/1989
Minimum Initial Investment:	\$2,000
Minimum Initial IRA Investment:	\$2,000
Total Net Assets:	\$5.0 billion
Management Fee ^{1,2} :	0.927%
Net Expense Ratio ² :	2.61%
Total Operating Expense ³ :	1.41%
Portfolio Turnover Rate ² :	192.21%

PORTFOLIO

Five largest positions as a % of net assets:	25.68%
Average position size:	1.31%
Number of long positions:	62
Number of short positions:	16
% Invested:	80.96%

GEOGRAPHIC ALLOCATION

U.S. positions as % of longs:	91.20%
United Kingdom positions as % of longs:	3.21%
Canadian positions as % of longs:	3.11%
Australian positions as % of longs:	1.72%
Europe ex. U.K. positions as % of longs:	.39%
Asia positions as % of longs:	.36%

TOP TEN EQUITY HOLDINGS

Goodrich Corporation
Synthes, Inc.
Motorola Mobility Holdings, Inc.
El Paso Corporation
NetLogic Microsystems Inc.
Temple-Inland Inc.
SuccessFactors, Inc.
Dollar Thrifty Automotive Group, Inc.
Constellation Energy Group, Inc.
AT&T Inc.

**THE
MERGER
FUND®**

**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 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.

For more information please call: (800) 343-8959 or
visit us at: www.mergerfund.com

Westchester Capital Management, LLC
100 Summit Lake Drive • Valhalla, NY • 10595
(914) 741-5600

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

Before investing in The Merger Fund, consider its investment objectives, risks, charges and expenses. For a prospectus or summary prospectus containing this and other information, contact your investment professional or view it online at www.mergerfund.com. Please read it carefully.

¹ 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.

² For period 10/01/09 to 09/30/10

³ Includes interest expense, borrowing expense on securities sold short and dividends on securities sold short.

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.