Westchester Capital
FUNDS

2017

Q3 Quarterly Review

	Share class	Ticker	Morningstar Category	OVERALL Morningstar Rating™
The Merger Fund®	Investor	MERFX	Market Neutral NE	★★★ Out of 112 market neutral funds as of 9/30/2017
	Institutional	MERIX		★★★ Out of 112 market neutral funds as of 9/30/2017
The Merger Fund VL	Insurance Dedicated Fund	MERVX	Market Neutral NE	
Event-Driven Fund	Investor	WCERX	Multi-Alternative	☆☆☆ Out of 253 multi-alternative funds as of 9/30/2017
	Institutional	WCEIX		★★★ Out of 253 multi-alternative funds as of 9/30/2017

The Overall Morningstar Rating is derived from a weighted average of the Fund's 3-, 5-, and 10-year Morningstar Rating metrics.

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STANDARDIZED PERFORMANCE SUMMARY

As of September 30, 2017

Strategy Assets:

Merger Arbitrage[1]	$3.0 billion
Multi-Event[2]	$369.1 million

Merger Arbitrage	Average Annual Total Return (%) QTD	YTD	1 YR	5 YR	10 YR	Life	Annual Operating Expense Ratio (%)[3] Gross Expense Ratio	Net Expense Ratio[3]	Net Expenses excluding Investment-Related Expenses[4]	Performance Inception[5]	Fund AUM
The Merger Fund (Investor)	0.31	2.43	3.55	2.11	2.09	6.10	2.12%	2.01%	1.40%	01/31/1989	$1.3 b
The Merger Fund (Institutional)	0.38	2.70	3.88	n/a	n/a	2.14	1.79%	1.68%	1.07%	08/01/2013	$1.4 b

Insurance Dedicated Funds	Average Annual Total Return (%) QTD	YTD	1 YR	5 YR	10 YR	Life	Annual Operating Expense Ratio (%)[3] Gross Expense Ratio	Net Expense Ratio[6]	Net Expenses excluding Investment-Related Expenses[4]	Performance Inception[7]	Fund AUM
The Merger Fund VL	0.28	2.47	3.29	2.09	2.94	4.61	2.85%	2.09%	1.40%	05/26/2004	$32.2 m

Multi-Event	Average Annual Total Return (%) QTD	YTD	1 YR	5 YR	10 YR	Life	Annual Operating Expense Ratio (%)[3] Gross Expense Ratio	Net Expense Ratio[8]	Net Expenses excluding Investment-Related Expenses[4]	Performance Inception	Fund AUM
Event-Driven Fund (Investor)	0.00	4.01	n/a	n/a	n/a	6.24	2.79%	2.78%	1.99%	03/22/2017	$5.1 m
Event-Driven Fund (Institutional)	0.00	4.18	5.51	n/a	n/a	2.32	2.54%	2.53%	1.74%	01/02/2014	$112.5 m

MARKET INDICES	QTD	YTD	1 YR	5 YR	10 YR
ICE BofAML 3-Month U.S. Treasury Bill Index	0.26%	0.57%	0.66%	0.22%	0.47%
Barclays Aggregate Bond Index	0.38%	2.26%	-1.67%	1.27%	3.71%
S&P 500 Index	4.48%	14.24%	18.61%	14.23%	7.44%
The Wilshire Liquid Alternative ED Index	0.44%	2.48%	3.18%	0.99%	2.05%
US Fund Multialternative	1.53%	3.87%	3.78%	1.40%	0.36%
US Fund Market Neutral	1.01%	1.66%	3.29%	1.18%	0.25%

QTD and YTD performance is not annualized. Performance data quoted represent 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 Funds may be lower or higher than the performance quoted. Performance data included herein for periods prior to 2011 reflect that of Westchester Capital Management, Inc., the Funds' prior investment advisor. Messrs. Behren and Shannon, the Funds' current portfolio managers, have served as co-portfolio managers of the Funds since 2007. Performance data current to the most recent month-end may be obtained by calling (800) 343-8959 or by visiting www.westchestercapitalfunds.com.

[1]Includes USD 54 million in private funds advised by Westchester Capital Management, LLC's affiliated investment advisor and USD 132 million in a sub-advised fund. [2]Includes USD 251 million in sub- advised funds. [3]Net expense ratios are as of a fund's most recent prospectus and were applicable to investors. Prospectus dates vary among funds. For The Merger Fund®, expense ratios are as of the April 27, 2017 prospectus. The Advisor has contractually agreed to waive a portion of its management fee until April 30, 2018 if its assets exceed certain thresholds, beginning at $1.5 billion. For The Merger Fund VL, expense ratios are as of the April 21, 2017 prospectus. For the Event-Driven Fund, expense ratios are as of the April 27, 2017 prospectus. [4]Investment related expenses for The Merger Fund, The Merger Fund VL and the WCM Alternatives: Event-Driven Fund include acquired fund fees and expenses of 0.09%, 0.10% and 0.17%, short interest and dividend expenses of 0.52%, 0.59% and 0.62% respectively. [5]The inception date of the Merger Fund® Investor share class is January 31, 1989. [6]The Merger Fund VL: The Adviser has contractually agreed to waive its investment advisory fee and to reimburse the Fund for other ordinary operating expenses to the extent necessary to limit ordinary operating expenses to an amount not to exceed 1.40%. The expense limitation is expected to apply until April 30, 2018, except that it may be terminated by the Board of Trustees at any time. [7]The inception date of The Merger Fund VL is May 26, 2004. [8]Event-Driven Fund: The Adviser has contractually agreed to waive its investment advisory fee and to reimburse the Fund for other ordinary operating expenses to the extent necessary to limit ordinary operating expenses of the institutional and investor class shares to 1.74% and 1.99% respectively. The expense limitation is expected to apply until April 30, 2018, except that it may be terminated by the Board of Trustees at any time.

Fellow Shareholders,

Our funds delivered stable performance during the third quarter. As of September 30, The Merger Fund® (MERIX), The Merger Fund VL and our Event-Driven Fund (WCEIX) have respectively returned 2.70%, 2.47% and 4.18% over the first three quarters of the year, including 0.38%, 0.28% and 0% during this quarter. We are pleased to have resumed more historically "normal" risk-adjusted run rates of return over the past eight quarters since mid-2015, while maintaining our historically low volatility and correlation with equity and fixed income markets[1].

As we pass the 30th anniversary of 1987's Black Monday on October 16th, when the Dow Jones Industrial Average fell 508 points (22.8%) in one session[2], we are reminded that although now a distant memory, such outlier events can occur and should be prepared for. For perspective, that one-day move would be the equivalent of a ***five thousand point*** drop today. There are some surface parallels: equity indices are trading at all-time highs, at arguably extended earnings multiples, as they were then. The price of oil had dropped by 50% during 1986, as we have seen during recent years. Although interest rates were higher then than now, by 1987 they had been cut in half from their 1981 all-time highs. Presently, interest rates are still bumping along at historic lows, at a fraction of the levels seen 6 years ago. There was strife in the Middle East then, as now. Economic optimism abounded thirty years ago as the country recovered from the **Organization of Petroleum Exporting Countries (OPEC)** oil shock and Iranian hostage crisis. However, as distinguished from Black Monday, we are in the midst of a multi-year economic expansion, with huge increases in productivity driven by technological innovation. Currently low interest rates are driving high equity multiples (a function of a lower discount rate), which in turn imply larger present values of future cash flows.

Technology has also influenced the investing landscape. Systematic, factor, rule-based, and "smart beta" investing have become the flavors of the month and have supplanted much human selection input. Artificial intelligence ("AI") has invaded the investment world. It is estimated that 90 percent of all the data in existence today was created in the past two years. The price of storing information has plummeted—a gigabyte of data storage cost $300,000 in 1981, yet costs 10 cents today. AI investment systems gather and make judgements based upon patterns extracted from historical data and current events. Although quantitative investing has used statistical analysis to glean investment insights for years, it was based upon computers executing human instructions. AI has evolved this concept as investing systems can now recognize patterns and adjust their programs autonomously, a process known as machine learning. Such quantitative funds have seen tremendous asset flows and have birthed a cottage industry of passive investments where silicon chips have become the new portfolio managers. A Swiss scientist has been cited as joking that we'll know artificial intelligence has approached humanlike awareness when it starts cheating![3] Unfortunately, the huge influx of money into these vehicles, many of whom follow the same rules, risks crowding effects, both into and out of popular investments. These flows have aided performance as stocks have been chased higher, but may exacerbate declines as investment exits become crowded as well.

Fortunately for us, merger arbitrage is as much an art as a science, and depends upon analytical human judgement to forecast items such as odds of deal completion, timing of regulatory approvals, litigation outcomes and other qualitative investment considerations.

[1] Three-year standard deviation for The Merger Fund was 2.65%, for The Merger Fund VL was 2.53% and for WCM Alternatives: Event-Driven Fund was 3.80% versus 10.07% for the S&P 500 Index through September 30.
[2] CNN, "Remembering the Worst Day in Wall Street History", October 19, 2017
[3] Bloomberg, "The Massive Hedge Fund Betting on AI", 9/27/17

Current market dynamics show no hint of a slowdown. Although historically a tough month, the major indices powered ahead in September. The **Dow Jones Industrial Average ("DJIA")** was up 2.08% in September (a month in which it has averaged a loss of 1.9% over the last century), and posted a quarterly gain of 4.9%, its eighth straight winning quarter for the first time in the last 20 years[4]. Similarly, the S&P 500, NASDAQ and Russell 2000 all turned in solid gains to finish at or near record highs.

<u>Looking Ahead</u>

Most investors measure "success" against the S&P 500 Index, a widely known and used benchmark. Perhaps a longer term chart can provide some insight:

The S&P 500 Index has provided both feast and famine over the past decade. The first half, 2007 – 2012, was volatile (inclusive of the 2008 financial crisis) experiencing a market drawdown of over 50%; the second 5-year period, 2012 – 2017 has been unusually rewarding and stable, delivering an annualized return of almost 15%, with minimal drawdowns.

This chart illustrates the performance of a hypothetical $2,000 investment, represented by the S&P 500 Index, 10 years ago. This chart does not imply future performance. The index is not available for direct investment.

Although it's possible that the multi-year bull market could continue indefinitely, just as it is possible that my new evergreen tree will grow to the moon or the Mets or Knicks will win their respective divisions, it is not probable.

For decades now, the 60/40 stock-vs-bond rule of thumb has been the go-to formula for a moderate-risk retirement portfolio. While past performance is no guarantee of future results, in our view it is HIGHLY unlikely that bond returns can continue to provide the capital gains provided over the past ten years. In fact, in the last 12 months the Bloomberg Barclays Aggregate Bond Index has declined by 0.79% and cash balances have returned zero.

As food for thought, we commend an October 2017 Bloomberg article by Leonid Bershidsky entitled *The Balanced Portfolio Has Had Its Time*. It discusses the potential risks of complacency after a multi-year period in which both stock and bond prices soared and volatility collapsed[5]. He questions whether the classic "balanced

[4] CNBC, "Dow posts first 8-quarter win streak in 20 years", September 29, 2017

[5] From March 2009 through mid-October 2017, The S&P 500 returned a cumulative 279% and the Barclays Global Aggregate Bond Index was up a cumulative 36%, providing a 15% annualized return for a representative 60/40 portfolio during that period.

portfolio" of stock and bond exposure remains prudent, positing that as return drivers change, so must investing behavior. The positive correlation between equity and bond values is historically anomalous and will probably not continue, absent a negative development for both categories.

As interest rates begin to rise, there's increased risk of a surprise jump in inflation that would drag bond prices down and put equity returns in jeopardy as the Fed tightens monetary policy and stock multiples contract.

Volatility is also likely to increase from historically low levels as the central bank moves away from asset purchases, and geopolitical tensions continue.

He concludes that investors will require portfolio construction based upon additional diversification rather than return-chasing, and suggests that liquid alternatives could potentially provide stable sources of return to complement more conventional stock and bond holdings in a multi-asset portfolio.

We have long advocated diversification and risk management. Given that one should close the barn door before the horse leaves the stable, investors may want to consider proactively rotating their allocation towards absolute return investments seeking low-correlation, such as The Merger Fund or the WCM Alternatives: Event-Driven Fund, with the intention of being preventatively positioned for either equity or fixed income market turbulence.

STRATEGY UPDATES

Merger & Acquisition ("M&A") Environment

We remain optimistic that the deal-making environment will provide sufficient opportunities, as the mix of deals continues to evolve for a variety of geopolitical and economic reasons. According to Reuters, the global value of mergers and acquisitions dropped slightly in the third quarter, with fewer deals worth $10 billion due to uncertainty about economic and tax policy in the U.S. and Europe[6]. This decline in large deals continues a multi-quarter trend. Key statistics courtesy of UBS include:

- US Deal Volumes declined significantly: 3Q17 announced deal value of $102 billion represented a 25% sequential and a 25% YoY decrease
- Deal Announcement Pace Slowed: The deal count of 29 in 3Q17 represented a 34% sequential and a 24% YoY decrease
- Deal size distribution skewed to small- and mid-size deals
- Average deal size increased modestly to $3.5 billion
- Annualized deal spreads remained relatively tight with median returns on straightforward transactions averaging 4.1% in 3Q17. Again contributing to the tightness of spreads in 3Q17 were (i) rising equity markets, (ii) low equity volatility and narrow credit spreads, (iii) declining deal duration, (iv) improved downside levels relative to those at initial announcement (see point i), (v) the continued prevalence of small- to mid-size deals, and (vi) a relative shortage of deals with substantial regulatory risk[7].

Finally, tax reform uncertainty has slowed activity, with deal transaction levels remaining below recent record highs. If the administration's promised corporate tax cut materializes, U.S. corporations will be encouraged to repatriate (and hopefully spend) the estimated $3 trillion of cash currently held offshore. Meaningful tax reform would provide an immediate catalyst for renewed M&A activity, particularly in the technology and healthcare sectors. However, as the timeline for reform has drifted out, known sector consolidators seem to have hit the pause button. If Congress votes on draft legislation before the end of this year, we should have a clearer picture in early 2018.

6 Reuters, "With mega-deals elusive, global third-quarter M&A deal volumes slip", September 28, 2017
7 UBS M&A Review 3Q17

CFIUS

Due to both pipeline and political considerations, a large backlog has built up of deals being reviewed by the Committee on Foreign Investment in the United States ("CFIUS"). CFIUS is an inter-agency committee that reviews the national security implications of foreign investments in US companies.

China's three-fold increase in US investments over the past year has caused a step up of scrutiny of technology transactions by entities affiliated with State Owned Enterprises. Although Chinese purchases span a spectrum from buildings and movie theater chains to technology firms and agriculture, ownership of even pedestrian businesses may give China the ability to capture data on critical infrastructure as well as personal data on customers and participants (another example of technology's ability to parse data in ways not previously possible).

Detailed in CFIUS' recently released annual report, the data shows a multi-year trend of increased deal scrutiny both in number of deals and complexity, causing significant delays as parties are often required to re-apply once statutory time limits have expired prior to approval.

CFIUS recently made headlines after denying approval to a proposed acquisition of US chipmaker Lattice Semiconductor Corp by a Chinese private equity firm. This has been widely seen as a message to Bejing from the Trump administration that it will block deals that involve potential military applications, however tenuous.

Although there are congressionally proposed reforms of CFIUS, we don't expect significant effects on global transactions. The marketplace appears to have adjusted to frequent approval delays, and we likewise have evolved our timing and approval assessment into our investment process for determining likelihood of deal closure.

Portfolio Highlights

The Merger Fund® (MERIX) advanced by 0.38% during the third quarter, bringing its year-to-date performance to 2.70%, and marking the Fund's 91st gain in the 115 quarters since its 1989 inception. We held 79 investments during the quarter and experienced no terminated deals. Reflecting a greater than 2:1 ratio of winners to losers, 59 positions posted positive gains while only 20 had negative marks-to-market. We invested in 22 new situations during the quarter, and as of the end of September we held 60 positions and were approximately 96% invested.

Winners

- Hewlett Packard Enterprise completed the spin-off and subsequent merger of its software business with Micro Focus International PLC, a leading global enterprise software company headquartered in Newbury, U.K.
- Dow Chemical and DuPont successfully completed their planned $130 billion merger to form DowDuPont. Post-merger, Dow and DuPont are expected to break up into three independent, publicly traded units.
- NXP – Qualcomm: During the quarter NXPI shares rallied from about $109, a $1 **Discount** to the $110 deal with Qualcomm, to a $3 **Premium** at the end of Q3. Three factors contributed to the move: (1) Comparable companies in the SOX semiconductor index have rallied 14% during the quarter; (2) Quarter-end 13f filings disclosed that multiple institutional investors built significant positions, theorizing that QCOM will revise their offer higher in order to receive shareholder support; (3) Elliot Associates launched an activist campaign aimed at forcing QCOM to pay a higher price or finding an alternate buyer for the $38 billion chipmaker target.

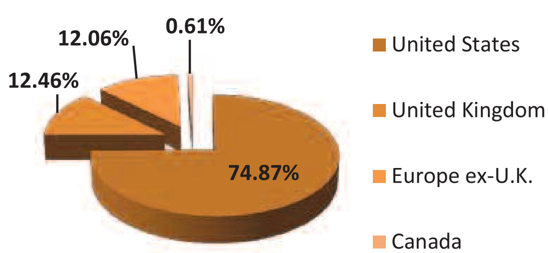
Losers

- FOX's acquisition of UK broadcaster SKY was sent into an extended investigation by Karen Bradley, the Secretary of State for Media, for a broader regulatory review than anticipated. Initially, it was expected that the only major question Bradley would ask regulators to research is whether this transaction would lead to too little "plurality" in Britain's media landscape – an easily solvable problem. However, in addition to plurality issues, Bradley has requested regulators also contemplate whether the combined entity would maintain a "genuine commitment to broadcasting standards." In light of the recent scandals at FOX, investors have become nervous about the likelihood of approval under the latter test.

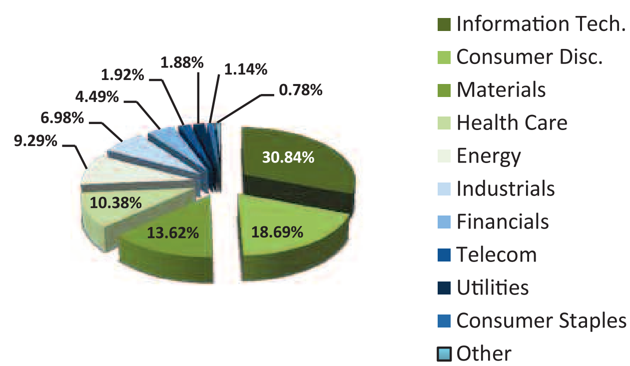
- BHGE (Baker Hughes/General Electric): A subsidiary of General Electric (GE) completed its buyout of Baker Hughes (BHI), creating the world's second-largest oilfield service provider with roughly $23B in annual revenue. The combined independent company now trades under the ticker "BHGE." The deal, when announced last autumn, was predicated on a recovery in oil prices above $60 per barrel by 2019, an increase that seemed uncertain in the third quarter as oil prices dropped into the 40's. The company also has exposure to Venezuela, which recently defaulted on several tranches of foreign debt. The market was disappointed with these developments causing a sell-off in BHGE. Although the position was "collared" by selling a call and buying a put, we experienced a drawdown post-deal closing as we were exiting the position over the following month.
- Brocade – Broadcom Avago. This deal spread widened during the quarter as CFIUS delays raised concerns. At the start of the quarter, a tight spread suggested that few were worried about the deal gaining approval. However, by quarter-end, questions remained concerning the ability of a Singaporean-domiciled company to buy a US tech company with potentially sensitive technologies and government contracts. Investors also began questioning Avago's commitment to the transaction in light of the delays. We think Avago is fully committed to the deal and that its US R&D presence and US corporate offices are a significant factor in its credibility with US regulators. We are optimistic that the concerns are easily resolvable and that CFIUS will approve the transaction.

Statistical Summary

REGIONAL EXPOSURE



SECTOR EXPOSURE



Type of Buyer	
Strategic	100.00%
Financial	0.00%

By Deal Type	
Friendly	100.00%
Hostile	0.00%

Deal Terms	
Cash	36.78%
Stock & Stub	21.87%
Cash & Stock	21.50%
Stock with Flexible Exchange Ratio (Collar)	12.22%
Stock with Fixed Exchange Ratio	5.71%
Undetermined*	1.91%

* 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.

Event-Driven Activity

Portfolio Performance Summary

Strategy	Allocations
Arbitrage	69.67%
Special Situations	16.73%
Restructurings	7.96%
Credit-Catalyst Opportunities	5.64%
Total	100.00%

Strategy allocations result from our bottom-up process; our investment decisions are based on the unique characteristics of each opportunity. Every investment is based on disseminated information rather than speculation, has a defined timeline and calculable expected return. The strategy is designed to "go where the events are." We do not proactively weight the portfolio according to defined allocations to macro-factors such as strategy, sector and even country.

The WCM Alternatives: Event-Driven Fund (WCEIX) was flat for the quarter, returning 4.18% year-to-date and 5.51% over the trailing twelve-month period. The Fund participated in 111 events throughout the quarter, 81 positions posted gains versus 30 with negative marks-to-market. 16 situations successfully completed; we entered into 24 new positions and suffered no terminated transactions. As of September 30, the Fund held 87 positions and was fully invested.

Delphi announced that it has accelerated the spin-off of its Powertrain Segment (to be called Delphi Technologies) from an initial plan of 1Q18 to late 2017. The remaining company will be named Aptiv and will be a leading systems integrator in the growing autonomous and connected vehicles markets. By creating two separate companies, DLPH may be able to unlock the premium multiple that a faster growing entity in the automobile technology field, such as Aptiv, would presumably trade at as a standalone company.

Another a recent event-driven investment involved Marathon Petroleum Corp. We have exited this position but are still monitoring further developments, as it has announced multiple initiatives to unlock shareholder value. The strategic review included consideration of the sale or spinoff of Speedway LLC, its wholly owned gasoline and convenience store chain, which has been postponed indefinitely but the company has increased its share buyback commitment to $1 billion by the end of 2017. It appears that the remaining Marathon Petroleum, ex-Speedway (worth as much as $20 per Marathon share), is extremely undervalued but pending reconsideration of the Speedway separation, we will remain on the sidelines.

During the third quarter we continued exploring catalyst-driven fixed income ideas that provide attractive risk/reward tradeoffs. For example, we re-invested in Energy Future Intermediate Holdings (EFIH) 11.75% second lien notes. Previously we had owned and sold these notes prior to the rejection by the Public Utility Commission of Texas (PUCT) of the acquisition of Oncor (a subsidiary of EFIH) by NextEra Energy Inc. Since then a number of events had occured that made these notes more attractive and by our assessment safer. Berkshire Hathaway bid for Oncor. Within a few months, Sempra then made a higher offer for Oncor. Both Berkshire and Sempra made commitments to the PUCT that significantly increased the odds of approval. We expect EFIH to exit bankruptcy in Q2 2018.

Additionally, we continue to selectively add to our SPAC (Special Purpose Acquisition Company) sub-portfolio as high quality offerings with attractive attributes continue to flow through the IPO pipeline. We believe these offer low risk profiles, with the potential for excellent rates of return.

OUR COMPANY

WCM manages a total of five SEC-registered mutual funds. Our other vehicles span a spectrum from lower-return, lower-volatility expectations to higher volatility with potentially higher return expectations:

Account	Vehicle	Strategy	Inception
The Merger Fund®			
Investor Share Class (MERFX)	SEC '40-Act Fund	Merger Arbitrage	1989
Institutional Share Class (MERIX)	SEC '40-Act Fund	Merger Arbitrage	2013
The Merger Fund VL (MERVX)	Variable Insurance Trust	Merger Arbitrage	2004
WCM Alternatives: Event-Driven Fund	SEC '40-Act Fund	Event-Driven	2014
Investor Share Class (WCERX)	SEC '40-Act Fund	Event-Driven	2017
Institutional Share Class (WCEIX)	SEC '40-Act Fund	Event-Driven	2014
JNL/Westchester Capital Event Driven Fund	Sub-advised SEC '40-Act Fund	Event-Driven	2015
Westchester Merger Arbitrage Strategy of the JNL Multi-Manager Alternative Fund	Sub-advised SEC '40-Act Fund	Merger Arbitrage	2016

As noted in prior updates, Westchester Capital Management, LLC is the portfolio manager for several '40-Act registered mutual funds, which provide alternative market-neutral profiles to The Merger Fund. We are in the process of releasing an additional complementary product with a slightly more aggressive posture, focused on the catalyst-driven fixed income space, to be called The WCM Alternatives: Credit Event Fund. Many of our investors have requested such a vehicle, which aims to provide a regular income stream in the form of monthly distributions. It will have differentiated exposure but will have higher targeted return and volatility levels than The Merger Fund. We view this as a natural extension of our business model of providing dependable, liquid, alternative investment products to investors wishing to diversify their portfolio of otherwise correlated investments. We are targeting a January 1, 2018 opening to new investors.

As usual, quarterly statistical summaries for any of our vehicles are provided within two weeks of the end of the quarter – typically one month prior to the release of the quarterly letter. They are available electronically on our website, and we would be happy to provide a scheduled email as soon as the data becomes available. For convenience, investors can arrange for e-alerts of important Fund communications. Through our website at www.westchestercapitalfunds.com, you can check direct account balances, make purchases and sales, and sign up for notification of trade confirmations, statements, and shareholder communications via e-mail.

Roy Behren

Mike Shannon

IMPORTANT DISCLOSURES

Before investing in The Merger Fund® and/or WCM Alternatives: Event-Driven Fund, carefully consider the investment objectives, risks, charges, and expenses. For a prospectus or summary prospectus containing this and other information, please call (800) 343-8959. Please read the prospectus carefully before investing. The Merger Fund VL is available through variable products offered by third-party insurance companies. For a prospectus containing information for any variable annuity or variable life product that invests in The Merger Fund VL, contact your financial advisor or the offering insurance company for a contract prospectus and prospectus for the underlying funds. Please read it carefully before investing. Shares of JNL/Westchester Capital Event Driven Fund are offered to separate accounts of participating life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Shares of the fund are not offered directly to the public. For a prospectus containing information for any variable annuity or variable life product that invests in the Fund, contact your financial advisor or the offering insurance company for a contract prospectus and prospectus for the underlying funds. Please read it carefully before investing. Variable annuities are long-term, tax-deferred investments designed for retirement, involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed and may be subject to a 10% federal tax penalty if withdrawn before age 59½. Optional benefit costs are added to the ongoing fees and expenses of the variable annuity. A prospectus for WCM Alternatives: Credit Event Fund may be obtained, when available, by calling (800) 343-8959.

Variable annuities (VA650, VA660) are issued by Jackson National Life Insurance Company® (Home Office: Lansing, Michigan) and in New York (VA650NY, VA660NY) by Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York). Variable annuities are distributed by Jackson National Life Distributors LLC, member FINRA. May not be available in all states and state variations may apply. These products have limitations and restrictions, including withdrawal charges, recapture charges and excess interest adjustments (interest rate adjustments in New York) where applicable. Jackson® issues other annuities with similar features, benefits, limitations and charges. Contact Jackson for more information. Jackson is the marketing name for Jackson National Life Insurance Company and Jackson National Life Insurance Company of New York.

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. The Ten Largest Positions as a Percent of Net Assets for The Merger Fund® as of September 30, 2017, were: Altaba Inc. (10.52%), Time Warner Inc. (8.76%), NXP Semiconductors NV (6.86%), C.R. Bard, Inc. (6.09%), Sky PLC (4.30%), Worldpay Group PLC (4.27%), Rice Energy Inc. (3.34%), Huntsman Corp (3.29%), DowDuPont Inc. (2.91%), The Advisory Board Company (2.36%). The Ten Largest Positions as a Percent of Net Assets for The Merger Fund VL as of September 30, 2017, were: Altaba Inc. (10.47%), Time Warner Inc. (8.78%), NXP Semiconductors NV (6.53%), C.R. Bard, Inc. (5.88%), Worldpay Group PLC (4.24%), Sky PLC (4.18%), Rice Energy Inc. (3.35%), Huntsman Corp (3.14%), DowDuPont Inc. (2.89%), American International Group, Inc (2.63%) The Ten Largest Positions as a Percent of Net Assets for WCM Alternatives: Event-Driven Fund as of September 30, 2017, were: Altaba Inc. (10.10%), Time Warner Inc. (9.92%), NXP Semiconductors NV (6.80%), DowDuPont Inc. (6.35%), Worldpay Group PLC (5.92%), Sky PLC (5.77%), C.R. Bard, Inc. (5.75%), Hewlett Packard Enterprise Company (3.97%), CBS Corporation (3.95%), American International Group, Inc. (3.817%).

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

Mutual fund investing involves risk. Principal loss is possible. 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 Funds' return on the investment will be negative. Investments in foreign companies may entail political, cultural, regulatory, legal, and tax risks different from those associated with comparable transactions in the United States. The frequency of the Fund's transactions will vary from year to year, though merger arbitrage portfolios typically have higher turnover rates than portfolios of typical long-only funds. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups, and other transaction costs. The higher costs associated with increased portfolio turnover may offset gains in the Fund's performance. The Funds' may enter into short sale transactions for, among other reasons, purposes of protecting against a decline in the market value of the acquiring company's shares prior to the acquisition completion. If the price of a security sold short increases between the time of the short sale and the time the Fund covers its short position, the Fund will incur a loss. The amount of a potential loss on an uncovered short sale transaction is theoretically unlimited. Debt securities may fluctuate in value due to, among other things, changes in interest rates, general economic conditions, industry fundamentals, market sentiment and the financial condition of the issuer, including the issuer's credit rating or financial performance. Derivatives may create leverage which will amplify the effect of the performance of those instruments on the Funds' and may produce significant losses. The Funds' hedging strategy will be subject to the Funds' investment adviser's ability to assess correctly 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.

References to other mutual funds do not construe an offer of those securities. Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Funds' nor any of their representatives may give legal or tax advice.

Performance data quoted represents past performance; past performance does not guarantee future results.

The views expressed are as of November 20, 2017, and are a general guide to the views of Westchester Capital Management, are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. This document does not replace portfolio and fund-specific materials.

The 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, and the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receives 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. As of September 30, 2017, The Merger Fund® was rated against the following numbers of U.S.-domiciled Market Neutral funds over the following time periods: 112 funds in the last three years, 74 funds in the last five years, and 34 funds in the last ten years. With respect to these Market Neutral funds, The Merger Fund® – Investor share class received a Morningstar Rating of 3 stars, 4 stars and 3 stars for the three-, five- and ten-year periods, respectively. The Merger Fund® – Institutional share class received a Morningstar rating of 3 stars, 4 stars and 3 stars for the three-, five- and ten-year periods, respectively. Five and ten year ratings are Extended Performance Ratings computed by Morningstar using historical adjusted returns prior to the 8/1/2013 inception date of the MERIX Institutional shares, and reflect the historical performance of the MERFX class, (inception date 1/31/1989), adjusted to reflect the fees and expenses of the Institutional shares. As of September 30, 2017, WCM Alternatives: Event Driven Fund was rated against the following numbers of U.S.-domiciled Multi Alternative funds over the following time periods: 253 funds in the last three years. With respect to these Market Neutral funds, WCM Alternatives: Event-Driven Fund – Institutional share class received a Morningstar rating of 3 stars for the three year period. WCM Alternatives: Event-Driven Fund – Investor share class received a Morningstar Rating of 3 stars for the three year period. 3-year ratings are Extended Performance Ratings computed by Morningstar using historical adjusted returns prior to the 3/22/2017 inception date of the WCERX Investor shares, and reflect the historical performance of the WCEIX share class, (inception date 1/2/2014), adjusted to reflect the fees and expenses of the Investor shares. Past performance is no guarantee of future results.

Absolute return strategies are not intended to outperform stocks and bonds during strong market rallies. An absolute return fund may not achieve its goals and may underperform during periods of strong positive market performance.

Definitions: **The S&P 500 Index** is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general; **The Barclays Aggregate Bond Index** is an intermediate term index comprised of investment grade bonds. **The Morningstar Category: US Fund Market Neutral** is comprised of a universe of funds with similar investment objectives. **The Morningstar Category: The US Fund MultiAlternative** encompasses funds that have a majority of their assets exposed to alternative strategies and include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes. **The ICE BofA Merrill Lynch US 3-Month Treasury Bill Index** is comprised of a single issue purchased at the beginning of the month and held for a full month. The **Nasdaq Stock Market** Index is an American stock exchange. It is the second-largest exchange in the world by market capitalization, behind only the New York Stock Exchange. **The Dow Jones Industrial Average, also called DJIA**, is a stock market index that shows how 30 large publicly owned companies based in the United States have traded during a standard trading session. Indices are unavailable for direct investment. **The Russell 2000 Index** is a market capitalization-weighted benchmark index made up of the 2000 smallest US companies in the Russell 3000. **The Wilshire Liquid Alternative Event Driven Index℠** measures the performance of the event driven strategy component of The Wilshire Liquid Alternative Index℠. Event driven strategies predominantly invest in companies involved in corporate transactions such as mergers, restructuring, distressed, buy backs, or other capital structure changes. The Wilshire Liquid Alternative Event Driven Index (WLIQAED) is designed to provide a broad measure of the liquid alternative event-driven market. **A special purpose acquisition company (SPAC)** is a type of investment fund that allows public stock market investors to invest in private equity type transactions, particularly leveraged buyouts. SPACs are shell or blank-check companies that have no operations but go public with the intention of merging with or acquiring a company with the proceeds of the SPAC's initial public offering (IPO). **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. **Correlation** is calculated using R-Squared; which is a measure that represents the percentage of a fund's movements that can be explained by movements in a benchmark index. A fund with low R-squared doesn't act much like the index. **OPEC** is a group consisting of 12 of the world's major oil-exporting nations. A **Drawdown** is a decline in an investment. A security trading higher than a specific price is said to trade at a **Premium**, while one trading lower is trading at a **Discount**. A **Put** option gives the holder the right to sell shares. A **Call** option gives the holder the right to buy shares.

The return shown is based on net asset values calculated for shareholder transactions and may differ from the return shown in the financial highlights of the annual report, which reflects adjustments made to the net asset values in accordance with accounting principles generally accepted in the United States of America.

The SEC does not endorse, indemnify, approve nor disapprove of any security.

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