Westchester Capital
MANAGEMENT

Global

Absolute Return

Catalyst Driven

Q2 2021
Quarterly Review

OVERALL Morningstar Rating™

The Merger Fund® MERFX/MERIX	Investor	★★★	Out of 44 event driven funds as of 6/30/2021
	Institutional	★★★	
Event-Driven Fund WCERX/WCEIX	Investor	☆☆☆	Out of 44 event driven funds as of 6/30/2021
	Institutional	★★★★	
Credit Event Fund WCFRX/WCFIX	Investor	★★★★	Out of 44 event driven funds as of 6/30/2021
	Institutional	★★★★★	

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

The Merger Fund VL
Insurance Dedicated Vehicle
MERVX

STANDARDIZED PERFORMANCE SUMMARY
As of June 30, 2021

	Average Annual Total Return (%)						Annual Operating Expense Ratio (%)[3]				
	QTD	YTD	1 YR	5 YR	10 YR	Life	Gross Expense Ratio	Net Expense Ratio[1,2]	Net Expenses excluding Investment-Related Expenses[2,3]	Performance Inception	Ticker
Merger Arbitrage[2]											
The Merger Fund (Institutional)	0.69	1.61	6.84	5.12	n/a	3.77	1.27%	1.25%	1.18%	08/01/2013	MERIX
The Merger Fund (Investor)	0.63	1.49	6.56	4.80	3.13	6.01	1.56%	1.54%	1.47%	01/31/1989	MERFX
Insurance Dedicated Funds[2]											
The Merger Fund VL	0.64	2.78	10.18	5.50	3.23	4.97	1.95%	1.50%	1.40%	05/26/2004	MERVX
Opportunistic Credit[2]											
Credit Event Fund (Institutional)	1.59	7.04	31.68	n/a	n/a	9.21	5.46%	3.97%	1.64%	12/29/2017	WCFIX
Credit Event Fund (Investor)	1.50	6.91	31.36	n/a	n/a	9.05	5.71%	4.22%	1.89%	12/29/2017	WCFRX
Multi Event[2]											
Event-Driven Fund (Institutional)	1.55	4.05	18.96	6.84	n/a	4.80	1.80%	1.80%	1.57%	01/02/2014	WCEIX
Event-Driven Fund (Investor)	1.47	3.89	18.66	n/a	n/a	6.93	2.05%	2.05%	1.82%	03/22/2017	WCERX

	QTD	YTD	1-YR	5-YR	10-YR	15-YR
US Fund Event Driven	1.87	4.62	13.82	5.46	4.03	3.62
Wilshire Liq Alt Event Driven	1.29	3.10	9.44	3.96	2.08	2.97
Barc US Agg Bond	1.83	-1.60	-0.33	3.03	3.39	4.43
S&P 500	8.55	15.25	40.79	17.65	14.84	10.73
ICE BofAML US 3M Trsy Bill	0.00	0.02	0.09	1.17	0.63	1.08

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]Net expense ratios are as of a fund's most recent prospectus and were applicable to investors. [2]The Adviser has contractually agreed to waive a portion of its investment advisory fee through April 30, 2022 for The Merger Fund®. The Adviser has contractually agreed to limit the ordinary operating expenses through April 30, 2022 for The Merger Fund VL. The Adviser has contractually agreed to waive a portion of its investment advisory fee and to reimburse other ordinary operating expenses through April 30, 2022 for WCM Alternatives: Event-Driven Fund and WCM Alternatives: Credit Event Fund. [3]Investment related expenses include expenses related to short sales and interest on any borrowing or interest on reverse repurchase agreements, as applicable, and acquired fund fees and expenses.

Fellow Shareholders,

Although the development of the COVID Delta variant has rattled markets recently, the second quarter was unremarkably stable, with an upward trend in most markets. Almost all US equity sectors posted gains during the period. Though the DJIA had its weakest month since January, declining 0.1% and ending a four-month winning streak, the S&P 500 ended the quarter with its 34th record close of the year. After rising in Q1, yields reversed course in the second quarter, yet – as Barron's wrote in July – "year to date the average bond fund in Morningstar's Intermediate Core Bond category is down 0.6%, while the Long-Term Bond category is down 0.8%."

Despite a presumed Biden administration crackdown on antitrust, global deal activity broke records for a second consecutive quarter as companies continued to borrow cheaply and spend reserve cash on transformative deals to prepare for the post-COVID environment. Some illustrative data points on M&A from Reuters:

- Deals worth $1.5 trillion were announced in Q2, the most of any second quarter on record
- Q2 volumes rose 440% in the US, with $699 billion worth of deals, compared to the same quarter last year
- Asia Pacific deal-making jumped 104% to $327 billion
- Europe was up 50% to $293 billion
- Deals greater than $5 billion were up 127% although overall deal count was down 10%

Former House Speaker and current Vice Chairman at Moelis & Company, Eric Cantor, told CNBC in late July that his firm is seeing increased momentum around M&A, indicating "a lot of tailwinds." His caveat was that he also sees the Biden administration's policies on China, the impact of tax reform and the administration's negative view of "big" companies as potential hindrances to large-scale corporate transactions.

This brings us to the Biden administration's antitrust suit, filed by the Department of Justice, to block Aon's proposed $30 billion acquisition of Willis Towers Watson, alleging that the deal to create the world's largest insurance brokerage firm is anticompetitive. Although Aon and Willis Towers Watson publicly remained committed to the merger and were allegedly making progress negotiating a solution with regulators, the parties jointly agreed on July 26th to terminate the transaction (see Appendix for a more detailed discussion of this transaction).

<u>"Sympathy" Spread Widening</u>

Given the widespread institutional exposure to the Willis Towers merger, we are not surprised to see "sympathetic" spread widening in other pending deals that require regulatory approval. Arbitrageurs' risk management policies often require mechanistic exposure reduction as investors and deal principals reassess transaction risks.

Although interim market movements are ultimately irrelevant to merger arbitrage investments (as long as the deal is completed), in times of uncertainty, arbitrage and event spreads typically widen to reflect the additional return that investors require in order to incur a perceived increase in risk. This may cause the affected securities to trade inefficiently, at prices that do not accurately reflect the likelihood of transaction completion. These instances are often attractive opportunities to add exposure at discounted prices.

<u>China-U.S. Tensions</u>

Reciprocal scrutiny over corporate acquisitions has also intensified amid China-U.S. tensions, particularly in the technology sector. This has led to increased regulatory uncertainty, particularly on the part of China's oversight agency, called SAMR (State Administration for Market Regulation). Accordingly, spreads have widened significantly among deals that require Chinese approval. However, our view, based upon years of observation, is that innocuous transactions should still receive approval even though the process has become more politicized. We continue to be cautious about the more sensitive technology acquisitions.

We have experienced similar periods of "risk-off" sentiment, and our optimism for transaction volume and closing likelihoods remains. We will continue to focus on deal selection and risk assessment, and we will unwind positions where we deem the risk/reward profile to have deteriorated.

The bottom line remains that irrespective of equity market movements, for those transactions that proceed to closure, their spreads will tighten to zero, and the negative marks-to-market on those particular positions will be reversed.

MERGER ARBITRAGE

The Merger Fund® advanced by 0.69% (+1.61% YTD) for the Institutional share class and 0.63% (+1.49% YTD) for the Investor share class during the second quarter ending June 30, 2021, its 103rd gain in the 130 quarters since its 1989 inception. The Fund invested in 84 transactions during the quarter and added 14 new positions. Reflecting a roughly 3:1 ratio of winners to losers, 63 positions posted gains, more than offsetting the 21 which had negative marks-to-market. As of the end of June, the fund held 72 positions and was approximately 100% invested.

The Merger Fund VL advanced by 0.64% quarter-to-date and is up 2.78% on the year. Winners outnumbered losers by 3:1. The Fund invested in 14 new situations during the quarter and as of June 30, 2021, had 70 investments in the portfolio.

The biggest winner was AstraZeneca's mega $39 billion takeover of Alexion Pharmaceuticals, whose deal proceeded toward completion during the quarter and, subsequently closed on July 21, 2021 (+0.27%). Similarly, Salesforce.com Inc.'s takeover of Slack Technologies Inc. moved toward completion and subsequently closed on July 21, 2021 as well (+0.12%). In an interesting turn of events, Welbilt Inc., a U.S. foodservice equipment maker that is currently preparing for a merger with Middleby Corp, received an unsolicited non-binding offer by Ali Holding SRL for $3.3 billion, surpassing the $2.9 billion all-stock offer put forward by Middleby. In a regulatory filing, Welbilt said its Board had met and decided the Ali Group offer "constitutes or is reasonably likely to constitute" a superior proposal. Welbilt shares rose past the Ali Group offer price, indicating some shareholders expected Middleby would sweeten its offer. Ultimately, however, the Middleby deal was terminated on July 14, 2021, in favor of Ali's offer.

Our largest detractors were a result of generalized spread widening, resulting in negative NAV marks including Willis Towers Watson PLC/Aon PLC (-0.26%), Xilinx Inc./Advanced Micro Devices Inc. (-0.18%), and the Macro Portfolio Hedge (-0.12%). After the end of the quarter, the AON transaction was terminated and, as is the normal course, we are exiting the position in an orderly manner, as market conditions allow, and we remain directionally hedged in the interim.

EVENT DRIVEN

The WCM Alternatives: Event-Driven Fund was up 1.55% and 1.47% for the Institutional and Investor share classes respectively during the quarter, returning 4.05% and 3.89% year-to-date. During the quarter, the Fund participated in 109 events, 81 positions posted gains versus 28 with negative marks-to-market. Additionally, we entered 15 new positions and the fund was fully invested at quarter-end.

Many of the top performers and detractors for WCEIX overlapped with transactions invested in by The Merger Fund® due to several attractive merger arbitrage opportunities. In the event space, closed-end funds rallied as their spreads to NAV decreased. In addition, the NAVs themselves rallied with the rally in fixed income, the primary component of most closed-end funds.

The largest detractor was the GSE's (Government Sponsored Entities) (-0.52%). Unfortunately, in June 2021, the Supreme Court ruled against investor statutory claims challenging the transfer of $125 billion of Fannie-Freddie profits to the US Treasury. More details pertaining to this complicated situation are available upon request.

CREDIT EVENT

The WCM Alternatives: Credit Event Fund posted a gain of 1.59% for the Institutional share class and 1.50% for the Investor share class for the quarter, up 7.04% and 6.91%, respectively for the year-to-date period. Winners outnumbered losers by roughly 5:1. The Fund invested in 5 new situations during the quarter and as of June 30, 2021, had 27 credit event investments in the portfolio, including several residual special purpose acquisition company ("SPAC") positions.

IPO activities have slowed down in SPACs, which bode well for the existing SPAC positions we own. While once again our SPAC allocation was our largest contributor at 0.32%, we believe the strategy volatility is normalizing and return potential is reverting to the singles and doubles that are more in line with historical levels. We will continue to add selectively, where appropriate, mindful of the relative risk/reward opportunity set in the entire credit event universe.

Our second largest contributor came from WeWork 7.875% bonds (0.29%). WeWork announced that it would be going public through a merger with a SPAC called BowX Acquisition Corp. We opportunistically purchased these notes in the high 90s based on the expectation that the accompanying $1.3 billion equity cash infusion upon the merger with BowX would cause the bonds to re-rate upwards. These notes have traded up to approximately $102, while staying current in its coupons, in anticipation of an expected October 2021 transaction completion.

Similar to the Event Driven Fund, GSEs were the largest detractor during the quarter (-0.39%). The Supreme Court ruled against investor statutory claims which undermined our argument that the transfer of profits from shareholders to the government was illegal. In light of this decision, the preferred securities that we owned declined significantly. Unfortunately, this situation has become much longer-term in nature and as we await exit opportunities.

OUTLOOK

We are optimistic that the Event Driven/M&A opportunity set will remain strong, despite any regulatory headwinds, as the world continues to recover from the COVID Pandemic and governments inject literally trillions of dollars to normalize economic activity. Current low interest rates remain an attractive source of financing, cash is plentiful on both corporate and private equity balance sheets, and growth (particularly anticipatory growth) through acquisition remains a driver of consolidation.

It is not our function to predict equity prices; however, markets are at all-time highs, and should pandemic progress reverse course and interest rates reflect incipient inflation, we could see a double whammy of slowing growth and lower trading multiples. Fortunately, our results are more correlated with publicly announced transactions completing successfully than market movements.

ON A PERSONAL NOTE

We are beyond saddened to announce that our friend and long-time Chief Operating Officer, Bruce J. Rubin, passed away last month.

Bruce served as a member of our executive leadership team since 2010. With his assistance, Westchester developed into one of the leading liquid alternative asset managers in the country. He has mentored many members of our team and left an indelible mark on our firm and its culture.

We will miss Bruce, and we will endeavor to preserve his legacy of integrity and professionalism.

Our thoughts are with everyone affected by his passing.

Sincerely,

Roy Behren

Mike Shannon

OUR COMPANY

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

SEC '40-Act Funds		Ticker	Strategy	Inception
The Merger Fund®			Merger Arbitrage	
	Investor Share Class	MERFX		1989
	Institutional Share Class	MERIX		2013
WCM Alternatives: Event-Driven Fund			Event-Driven	
	Investor Share Class	WCERX		2017
	Institutional Share Class	WCEIX		2014
WCM Alternatives: Credit Event Fund			Opportunistic Credit	
	Investor Share Class	WCFRX		2017
	Institutional Share Class	WCFIX		2017

Variable Annuity Trust			
The Merger Fund VL	MERVX	Merger Arbitrage	2004

Sub-advised SEC '40-Act Funds		
JNL/Westchester Capital Event Driven Fund	Event-Driven	2015
Westchester Merger Arbitrage Strategy of the JNL Multi-Manager Alternative Fund	Merger Arbitrage	2016

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.

Appendix

Willis Towers Watson/Aon

On July 26th, insurance brokers Willis Towers Watson and Aon agreed to terminate their $30 billion merger agreement and end litigation with the U.S. Department of Justice.

The deal was struck in March 2020 and, shortly thereafter, both parties agreed to certain divestitures in connection with investigations by a variety of international regulatory agencies to resolve competition concerns.

Upon deal announcement, we analyzed the merger contract, engaged multiple antitrust counsel and industry consultants, and as a result, we forecast that the transaction was likely to be completed.

At the end of June 2021, the Justice Department sued to block the deal, stating that the proposed remedies were inadequate to protect United States consumers. After the lawsuit was filed, we continued to confer with counsel and consultants, and although the pending litigation increased uncertainty, we concluded that it remained more likely than not that the suit would either be settled prior to trial or that the parties would win at trial.

Prior to deal termination, WLTW/AON had been one of the more widely held and larger positions in the event-driven community, given high levels of conviction in the deal and presumed limited downside.

As recently as last week, the deal was trading in the market at an approximately 30% implied likelihood of success, which we thought was significantly mispriced. Additionally, our calculated downside was approximately 5% of the value of the position. The jury is still out on what the "seasoned downside" is, but our initial downside estimate has proven to be (hopefully temporarily) incorrect. In other words, on the day of termination the arbitrage spread was $24.65 (the discount to the dollar value of the consideration paid to WLTW holders) and we had calculated that it would widen out to approximately $41 on a break, but the surprise termination announcement, surprisingly announced during the early stages of litigation, caught many sophisticated investors wrong-footed and by mid-afternoon that same day, WLTW was trading at a $70 spread rather than the $41 we had estimated. To date, The Merger Fund® has given back more than 100 basis points of performance due to the deal's termination.

We have seen stock prices overreact in the past to unexpected events and terminations such as this, and have found that it is suboptimal to immediately liquidate positions into the announcements. As usual, we intend to exit the position, in an orderly manner, as market conditions allow, and we remain directionally hedged in the interim.

IMPORTANT DISCLOSURES

Before investing in The Merger Fund®, WCM Alternatives: Event-Driven Fund, and/or WCM Alternatives: Credit Event 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.

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 June 30, 2021, were: Willis Towers Watson Public Limited Co. (6.20%), Alexion Pharmaceuticals, Inc. (5.73%), IHS Markit Ltd. (5.34%), Altaba Inc. (4.91%), Maxim Integrated Products, Inc. (4.64%), Slack Technologies, Inc. (4.62%), Coherent, Inc. (4.44%), Xilinx, Inc. (4.36%), Nuance Communications, Inc. (3.98%), Kansas City Southern (3.30%). The Ten Largest Positions as a Percent of Net Assets for The Merger Fund VL as of June 30, 2021, were: Willis Towers Watson Public Limited Co. (6.20%), Alexion Pharmaceuticals, Inc. (5.77%), IHS Markit Ltd. (5.34%), Altaba Inc. (4.86%), Slack Technologies, Inc. (4.70%), Maxim Integrated Products, Inc. (4.61%), Coherent, Inc. (4.44%), Xilinx, Inc. (4.34%), Nuance Communications, Inc. (3.99%), Kansas City Southern (3.29%). The Ten Largest Positions as a Percent of Net Assets for WCM Alternatives: Event-Driven Fund as of June 30, 2021, were: Willis Towers Watson Public Limited Co. (6.36%), Alexion Pharmaceuticals, Inc. (5.84%), IHS Markit Ltd. (5.69%), Slack Technologies, Inc. (4.70%), Altaba Inc. (4.88%), Maxim Integrated Products, Inc. (4.66%), Coherent, Inc. (4.63%), Xilinx, Inc. (4.48%), Nuance Communications, Inc. (4.09%), Kansas City Southern (3.69%). The Ten Largest Positions as a Percent of Net Assets for WCM Alternatives: Credit Event Fund as of June 30, 2021, were: Deutsche Wohnen SE (5.47%), Forterra Finance LLC (4.21%), Nuance Communications, Inc. (3.97%), Altaba Inc. (3.80%), McGraw Hill LLC (3.49%), Cengage Learning Inc. (3.00%), Watts Guerra PCG (2.42%), Stars Group Holdings (2.25%), Navistar International Corp. (1.61%), Grubhub Holdings Inc. (1.39%).

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 events, 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. Investments in lower-rated and non-rated securities present a great risk of loss to principal and interest than higher-rated 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.

The views expressed are as of August 11, 2021, 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. Distributions are not guaranteed. 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% 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. As of June 30, 2021, The Merger Fund® was rated against the following numbers of U.S.-domiciled Event Driven funds over the following time periods: 44 funds in the last three years, 35 funds in the last five years, and 20 funds in the last ten years. With respect to these Event Driven funds, The Merger Fund® – Investor share class (MERFX) received a Morningstar Rating of 3 stars, 3 stars and 3 stars for the three-, five- and ten-year periods, respectively. The Merger Fund® – Institutional share class (MERIX) received a Morningstar rating of 3 stars, 3 stars and 3 stars for the three-, five- and ten-year periods, respectively. Ten-year ratings are Extended Performance Ratings computed by Morningstar using historical adjusted returns prior to the 8/1/2013 inception date of MERIX and reflect the historical performance of MERFX, (inception date 1/31/1989), adjusted to reflect the fees and expenses of the Institutional shares. As of June 30, 2021, WCM Alternatives: Event-Driven Fund was rated against the following numbers of U.S.-domiciled Event Driven funds over the following periods: 44 funds in the last three years and 35 funds in the last five years. With respect to these Event Driven funds, WCM Alternatives: Event-Driven Fund – Institutional share class (WCEIX) received a Morningstar Rating of 4 stars and 4 stars for the three- and five-year periods, respectively. WCM Alternatives: Event-Driven Fund – Investor share class (WCERX) received a Morningstar Rating of 3 stars and 4 stars for the three- and five-year periods, respectively. 5-year ratings are Extended Performance Ratings computed by Morningstar using historical adjusted returns prior to the 3/22/2017 inception date of WCERX and reflect the historical performance of WCEIX, (inception date 1/2/2014), adjusted to reflect the fees and expenses of the Investor shares. As of June 30, 2021, The WCM Alternatives: Credit Event Fund was rated against the following number of U.S.-domiciled Event Driven funds over the following time period: 44 funds in the last three years. With respect to these Event Driven funds, The Institutional Class and Investor Class received 5 and 4 stars, respectively. 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.

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.

A number of the comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of Westchester Capital Management's best judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class, or markets generally, nor are they intended to predict the future performance of any Westchester Capital Management account, portfolio or fund.

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 Bloomberg Barclays Aggregate Bond Index** is an intermediate-term index comprised of investment-grade bonds. **The Bloomberg Barclays US Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. **The Morningstar Category: US Fund Event Driven** is comprised of a universe of funds event-driven strategies that attempt to capitalize on security price changes that arise from certain corporate actions (such as mergers).
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. Indices are unavailable for direct investment. **The Dow Jones Industrial Average**, or simply the Dow, 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 in the stock market. Indices are unavailable for direct investment. **The Wilshire Liquid Alternative Event Driven Index^{SM}** measures the performance of the event-driven strategy component of The Wilshire Liquid Alternative IndexSM. 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. **HFRX Event Driven Index** is comprised of investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. **DOJ** or The United States Department of Justice Antitrust Division is a law enforcement agency responsible for enforcing the antitrust laws of the United States. **Standard Deviation** is the degree to which returns vary relative to the average return: The higher the standard deviation, the greater the variability of the investment. **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; 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; **A special purpose acquisition company (SPAC)** is a corporation formed by private individuals to facilitate investment through an initial public offering (IPO). The proceeds are used to buy one or more existing companies. Alpha is used in finance as a measure of performance, indicating when a strategy, trader, or portfolio manager has managed to beat the market return over some period. **Alpha**, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole. A **put** option is a contract giving the owner the right, but not the obligation, to sell–or sell short–a specified amount of an underlying security at a pre-determined price within a specified time frame. This pre-determined price that buyer of the put option can sell at is called the strike price.

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Shareholder Services: U.S. Bancorp Fund Services, LLC
P.O. Box 701 ■ Milwaukee ■ Wisconsin 53201
(800) 343-8959

Investment Adviser: Westchester Capital Management, LLC
100 Summit Lake Drive ■ Valhalla ■ New York 10595
(914) 741-5600 ■ Fax (914) 741-2950