The Merger Fund®

First Quarter 2012 Performance Update

Inception:	January 31, 1989	Phone:	(914) 741 - 5600
Total Fund Assets:	USD 5.0 billion	Address:	100 Summit Lake Drive Valhalla, NY 10595
Symbol:	MERFX		U.S. Investors/Tax-exempt U.S. Investors

The Merger Fund® (the "Fund") is a merger arbitrage fund which principally invests in publicly announced mergers, acquisitions, takeovers and other corporate reorganizations, with the goal of profiting from the timely completion of these transactions. In each case, we purchase these securities at a discount to their expected value upon completion of the transaction, and employ a variety of hedging strategies in an attempt to limit market-related risk.

The goal of this Fund is dual: to provide attractive risk-adjusted returns in virtually all market environments while preserving investor capital and minimizing volatility-based risk.

As of March 31, 2012

Average Annualized Total Returns and Risk Metrics

	1-year	3-year	5-year	10-year	Since Inception	Standard Deviation	Beta	R-Squared	Max Drawdown	Max Drawdown Length	Months to Recover	Percent Profitable Periods
The Merger Fund®	0.34%	4.00%	2.47%	3.48%	7.07%	5.34%	0.16	0.21	-14.03%	11.00	16.00	78.78%
S&P 500 TR	8.53%	23.42%	2.01%	4.12%	9.31%	15.06%	1.00	1.00	-50.95%	16.00	-	63.67%
Barclays Agg. Bond	7.73%	6.85%	6.26%	5.80%	7.24%	3.82%	0.04	0.02	-5.15%	5.00	8.00	71.22%

As of the latest Prospectus, the gross expense ratio for the Fund is 1.99%. 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.

Quarterly Performance Since Inception

	March	June	September	December	YTD
2012	1.09				1.09
2011	2.41	0.50	-4.01	2.91	1.66
2010	1.74	-1.45	2.25	0.88	3.41
2009	2.51	2.18	1.73	1.84	8.52
2008	-3.79	0.62	1.72	-0.74	-2.26
2007	2.75	1.99	1.10	-2.83	2.96
2006	4.09	2.29	2.11	2.07	10.98
2005	-0.45	0.91	1.87	-1.49	0.81
2004	1.64	-0.97	-1.37	3.45	2.70
2003	0.29	5.08	2.56	2.73	11.04
2002	-0.74	-5.87	-2.46	3.51	-5.61
2001	1.03	1.28	-0.82	0.52	2.01
2000	5.03	4.20	4.90	2.41	17.57
1999	3.53	5.90	3.16	3.78	17.38
1998	0.92	3.57	-6.02	7.25	5.35
1997	1.13	3.85	3.58	2.63	11.64
1996	3.82	2.39	1.53	1.88	9.96
1995	3.80	1.68	4.96	3.04	14.15
1994	1.00	2.67	3.27	0.03	7.12
1993	2.26	5.48	3.82	5.09	17.68
1992	2.26	-1.23	5.05	-0.72	5.34
1991	3.69	4.99	2.63	4.57	16.83
1990	-1.01	3.80	-10.04	9.38	1.11
1989	3.93	2.62	-0.48	0.53	6.70

***** As per the Fund's latest Prospectus, the Net Expense Ratio of 1.34% excludes acquired fund fees and expenses, interest expense, borrowing expense on securities sold short and dividends on securities sold short.***

Must be preceded or accompanied by a current prospectus or summary prospectus.

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. Merger arbitrage portfolios may have higher turnover rates than portfolios of typical long-only funds. This may result in increased transaction costs to the Fund, which could impact the Fund's performance.

Definitions: **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. **The Barclays Aggregate Bond Index** is an intermediate term index comprised of investment grade bonds. Indices are unavailable for direct investment. **Standard Deviation** is the degree by which returns deviate relative to the average return. The higher the standard deviation, the greater the variability of the investment; **Beta** measures the volatility of the fund, as compared to that of the overall market. The market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile; **R-Squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. A high R-squared (between 85 and 100) indicates the fund's performance patterns have been in line with the index. A fund with a low R-squared (70 or less) doesn't act much like the index; **Maximum Drawdown** is measured from the time a retrenchment begins to when a new high is reached. Drawdowns help determine an investment's financial risk; **Months to Recover** measures the amount of time it took for an investment to recover from the referenced drawdown.

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