



The Arbitrage Funds

ADVISED BY WATER ISLAND CAPITAL

Merger Arbitrage Today

Offering Consistency in Uncertain Markets

Opportunities in Difficult Markets

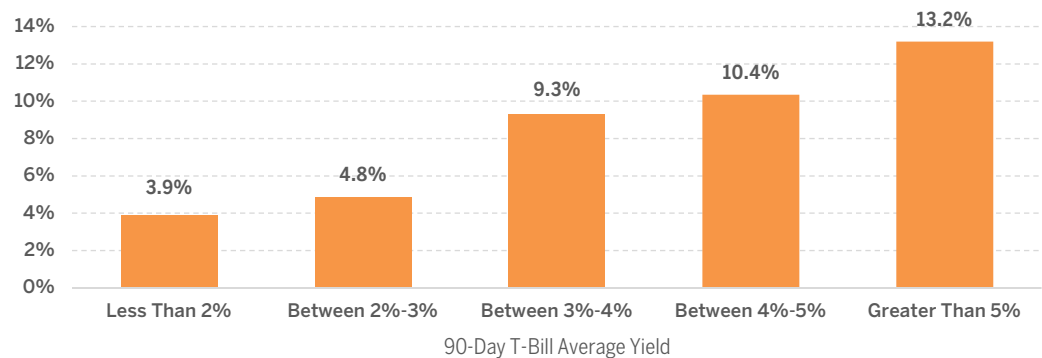
90 DAYS

The average merger takes approximately 90 to 100 days to complete. As deals roll off the portfolio and capital is reinvested, the return potential is typically correlated to the new interest rate environment.

Elevated Interest Rates

As a key building block of merger arbitrage returns, elevated interest rates have historically served as a tailwind for the strategy and bolstered performance.

MERGER ARBITRAGE: AVERAGE ANNUAL RETURNS IN DIFFERENT INTEREST RATE ENVIRONMENTS

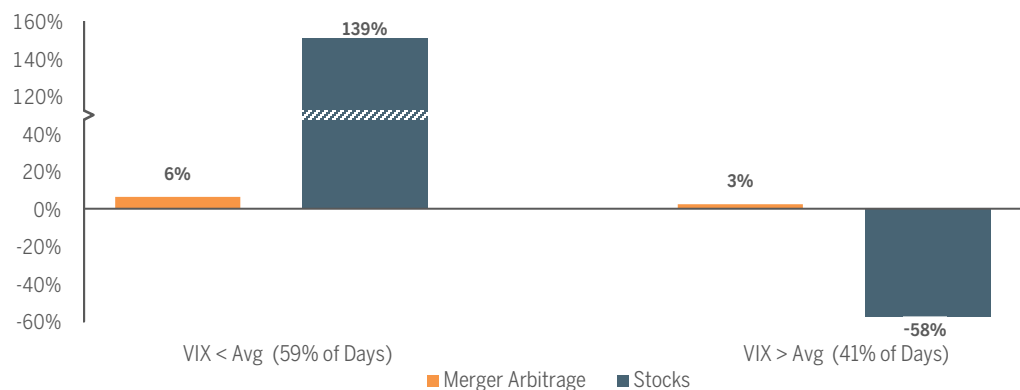


Date Range: 1/1/90-12/31/23. Source: Morningstar; Federal Reserve. **Past performance does not guarantee future results.** "Merger Arbitrage" represented by HFRI ED Merger Arbitrage Index. Index returns do not reflect any management fees, transaction costs, or expenses. Index returns are for illustrative purposes only and do not represent actual performance. The indexes shown are not intended to, and do not, parallel the risk or investment style of the fund's investment strategy. Indexes are unmanaged and one cannot invest directly in an index.

Greater Levels of Volatility

Because returns are closely tied to the outcome of specific, short-term events, rather than overall market direction, volatility can offer attractive entry points. It can also lead to the re-pricing of risk, allowing for greater return potential. Merger Arbitrage has historically performed better than Stocks when expected market volatility increases.

SUM OF DAILY RETURNS ON DAYS WHEN THE VIX IS ABOVE OR BELOW ITS AVERAGE LEVEL



Source: Morningstar, Bloomberg. Date Range: 1/1/18-12/31/23. Average VIX level over the period was 20.6. **Past performance does not guarantee future results.** "Merger Arbitrage" represented by HFRX Merger Arbitrage (in lieu of HFRI Merger Arbitrage, due to availability of daily returns). "Stocks" represented by S&P 500 Total Return Index. S&P 500 Index returns do not reflect any management fees, transaction costs, or expenses. Index returns are for illustrative purposes only and do not represent actual performance. The indexes shown are not intended to, and do not, parallel the risk or investment style of the fund's investment strategy. Indexes are unmanaged and one cannot invest directly in an index. See Glossary on the last page for important definitions.

99%

Percentage of time Merger Arbitrage outperformed Stocks in months Stocks were down.

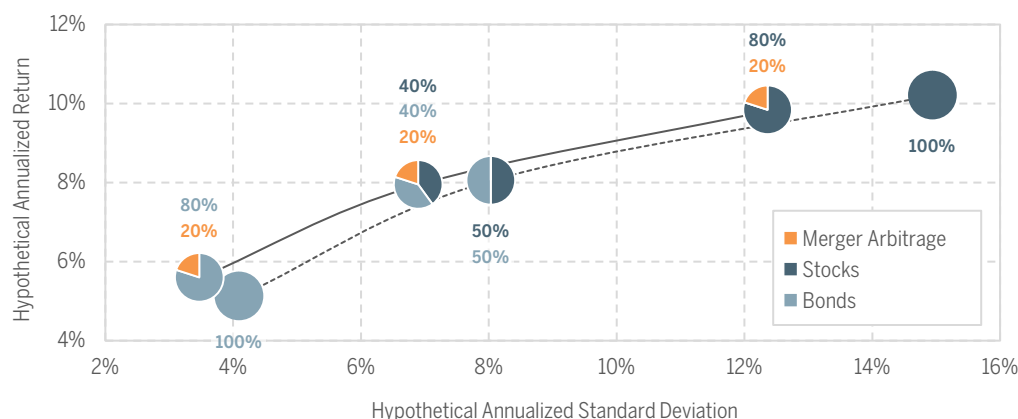
Source: Morningstar;
Date range: 1/1/90-12/31/23.

Potential Benefits for Your Portfolio

Diversifier/Risk Reducer

The strategy can act as a diversifier in both credit and equity portfolios, potentially reducing overall portfolio volatility and enhancing returns.

HISTORICAL RISK/RETURN PROFILE

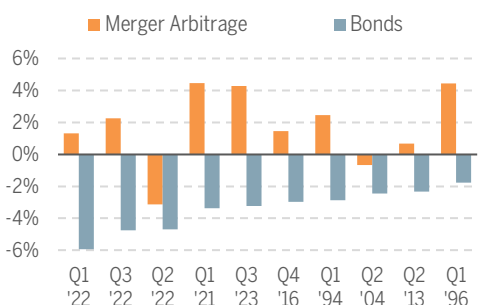


Source: Morningstar. Date range: 1/1/90-12/31/23. Allocations are for illustration only and are not indicative of any recommendation or investment. Hypothetical performance results are inherently limited and should not be considered a reliable indicator of future results. No investor received the indicated hypothetical performance. See important disclosures regarding hypothetical performance on the last page of this presentation.

Fixed Income Alternative

Merger Arbitrage has a similar risk-reward profile to fixed income, but utilizes a different component of the capital structure. It has historically benefited from rising interest rates, allowing it to provide a natural hedge during periods when fixed income typically declines.

TEN WORST-PERFORMING QUARTERS FOR BONDS



Source: Morningstar. Date range: 1/1/90-12/31/23.

Absolute Return

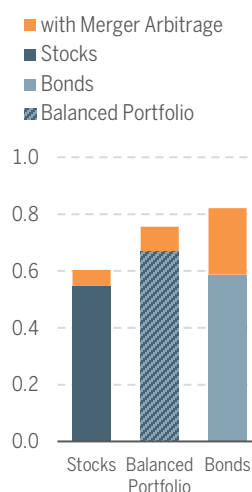
The strategy has historically preserved capital and generated absolute returns in bull, bear, and full market cycles.

		Merger Arbitrage	Stocks
Bull	1/90 – 3/00	12.8%	18.0%
Bear	4/00 – 9/02	5.2%	-20.6%
Full Cycle	1/90 – 9/02	11.2%	9.2%
Bull	10/02 – 9/07	8.1%	15.5%
Bear	10/07 – 2/09	-3.5%	-38.9%
Full Cycle	10/02 – 2/09	5.4%	0.3%
Bull	3/09 – 12/21	4.9%	18.0%
Bear	1/22 – 9/22	0.3%	-23.9%
Full Cycle	3/09 – 9/22	4.7%	14.6%

Source: Morningstar. Date range: 1/1/90-12/31/23. Periods represent full market cycles since HFRI Merger Arbitrage inception. Bull, bear, and full markets cycles established using monthly returns. Bull markets represent a period where Stocks rose at least 20% from their previous low. Bear markets represent a period where Stocks fell at least 20% from their previous high.

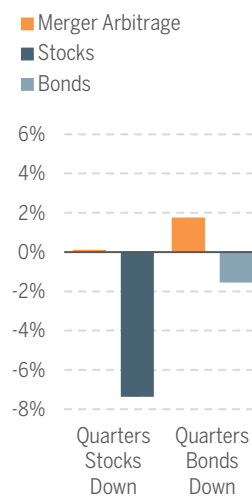
Past performance does not guarantee future results. “Stocks” represented by S&P 500 Total Return Index. “Bonds” represented by Bloomberg US Aggregate Bond Index. “Merger Arbitrage” represented by HFRI Merger Arbitrage. Index returns are for illustrative purposes only and do not represent actual performance. S&P 500 and Bloomberg Agg index returns do not reflect any management fees, transaction costs, or expenses. The indexes shown are not intended to, and do not, parallel the risk or investment style of the fund’s investment strategy. Indexes are unmanaged and one cannot invest directly in an index. See Glossary on the last page for important definitions.

CHANGE IN SHARPE RATIO WITH 20% MERGER ARBITRAGE ALLOCATION



Source: Morningstar. Date range: 1/1/90-12/31/23. Balanced portfolio is 50% Stocks and 50% Bonds.

AVERAGE RETURN IN DOWN QUARTERS OF STOCKS OR BONDS



Source: Morningstar. Date range: 1/1/90-12/31/23.

GLOSSARY

Bloomberg US Aggregate Bond Index (“Bloomberg Agg”): The Bloomberg US Aggregate Bond Index covers the US investment grade fixed rate bond market.

Bear Market: A market condition in which the prices of securities are falling, and widespread pessimism causes the negative sentiment to be self-sustaining.

Bull Market: A financial market characterized by optimism and investor confidence, in which prices are rising or are expected to rise, with expectations that strong results will continue.

Chicago Board Options Exchange (CBOE) Volatility Index (“VIX”): The CBOE Volatility Index, which tracks the market’s expectation of 30-day volatility, is a widely used measure of market risk and is often referred to as the “investor fear gauge.”

Correlation: A measure of how two securities move in relation to each other, ranging from -1 to +1. A correlation of 0 means the relationship between the two securities is completely random, while +1 indicates a perfect positive relationship and -1 indicates a perfect inverse relationship.

Federal Funds Target Rate: The interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight.

HFRI ED: Merger Arbitrage Index (“HFRI Merger Arbitrage”): A subset of the HFRI Event-Driven Index, this index includes strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. Constituents report on a monthly basis. Inception: 12/29/1989.

HFRX ED: Merger Arbitrage Index (“HFRX Merger Arbitrage”): A subset of the HFRX Event-Driven Index, this index includes strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. Constituents report on a daily basis. Inception: 1/30/1998.

Sharpe Ratio: A measure of risk-adjusted performance, calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

Standard & Poor’s 500 Total Return Index (“S&P 500”): The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic equity market. S&P 500 Total Return is adjusted for the reinvestment of dividends.

Standard Deviation: Represents the degree of variation of returns around the average return, commonly used as a measure of risk.

HYPOTHETICAL PERFORMANCE: The information generated regarding various portfolio allocations and investment outcomes is hypothetical in nature and does not reflect actual investment results. It is presented for illustrative purposes only. Other investments not considered may have characteristics similar or superior to those being analyzed. No representation is being made that any investment will achieve performance similar to the hypothetical portfolios shown. The information provided is not intended for trading purposes and should not be considered investment advice.

Hypothetical performance results are inherently limited and should not be considered a reliable indicator of future results. No investor received the indicated hypothetical performance. Different hypothetical scenarios will provide different results. Index returns were used to derive the hypothetical performance. Indexes are unmanaged, and one cannot invest directly in an index. Index performance assumes reinvestment of dividends, but does not reflect any management fees, transaction costs or other expenses that could be incurred by, or when investing in, an actual fund or other portfolio. Such fees and expenses would reduce returns. An actual fund or portfolio may differ significantly from the securities included in the indexes, and thus the hypothetical portfolios. Certain factors related to the markets and specific trading strategies of an actual portfolio cannot be fully captured in hypothetical returns. For example, the hypothetical portfolios do not reflect holdings in cash and/or short-term instruments. An actual portfolio would hold cash and/or short-term instruments. Different portfolio construction, rebalancing methodology, risk controls, trade implementation, and transaction costs in an actual portfolio may result in materially different performance results than those shown for the hypothetical portfolios. The results presented for the hypothetical portfolios should not be considered a substitute for the investment performance of an actual portfolio. The hypothetical returns presented are unaudited.

IMPORTANT INFORMATION

An investor should consider the investment objectives, risks, charges and expenses of The Arbitrage Funds carefully before investing. The current prospectus contains this and other information about the funds. To obtain a prospectus, please call (800) 295-4485 or visit our website at <http://arbitragefunds.com>. Please read the prospectus carefully before investing. There is no guarantee the funds will meet their stated objectives.

RISKS: Investments are subject to risk, including possible loss of principal. There can be no assurance that the fund will achieve its investment objectives. The fund uses investment techniques and strategies with risks that are different from the risks ordinarily associated with equity investments. Such risks include merger arbitrage risk (in that the proposed reorganizations in which the fund invests may be renegotiated or terminated, in which case the fund may realize losses); short sale risk; active management risk; concentration risk; high portfolio turnover risk (which may increase the fund’s brokerage costs, which would reduce performance); foreign securities risk; market risk; sector risk; derivatives risk; hedging transaction risk; counterparty risk; temporary investment/cash management risk; swap risk; options risk; liquidity risk; investment company and ETF risk; leverage risk; small and medium capitalization securities risk; and currency risk. Risks may increase volatility, increase costs, and lower performance.

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[ARBO02195 2025-04-01]