

**INVESTMENT OPPORTUNITY**

The Fund seeks high current income and capital appreciation, and may provide a rising interest rate hedge. It offers a way to outsource the complexity of allocating between two rapidly converging non-investment-grade credit sectors: high yield corporate bonds and floating rate bank loans.

**KEY FEATURES**

**Diversification** — Combines two compelling non-investment-grade bond segments with historically low correlations to core fixed income into one portfolio

**Active Sector Weightings** — Top-down analysis determines sector allocations and industry positioning, with the ability to invest up to 100% in U.S. Treasuries when market conditions warrant

**Extensive Fundamental Research** — Security selection driven by bottom-up analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

**INVESTMENT PROCESS**

**Top-Down Sector and Industry Analysis**

Relative value determines the allocation between floating rate bank loans and high yield corporate bonds

- 1 Industry bias and analysis such as competition, industry cycle, secular trends, and relative value determine industry positioning  
Formal monthly Newfleet multi-sector meetings strengthen decision-making

**Bottom-Up Security Selection**

Analyst coverage of both bank loans and high yield allows for determination of best risk-adjusted relative value within the capital structure

- 2 In-depth fundamental credit analysis includes business drivers, financial analysis, management experience, capital markets access, liquidity, and enterprise value  
Identify companies with a competitive advantage, sustainable capital structure, stable cash flow, and a bias to deleverage

**Portfolio Construction, Opportunistic Trading, and Oversight**

Construct diversified portfolio across credit ratings, capital structure, issuers, and industries  
Dedicated traders actively take advantage of mispricings, market dislocations, and special situations

- 3 Constant evaluation using technology, proprietary credit monitoring tools, and research database provides early detection of potentially deteriorating credits or profitable trading opportunities

	<b>NYSE Arca</b>
NAV Symbol	BLHY.NV
IOPV Symbol	BLHY.IV
CUSIP	92790A207
Inception Date	12/05/16
Gross Expense Ratio	0.80%
Net Expense Ratio	0.68%
Adviser	Virtus ETF Advisers LLC
Distributor	ETF Distributors, LLC
Subadviser	Newfleet Asset Management, LLC
Benchmark	50% S&P LSTA Leveraged Loan / 50% Bloomberg Barclays HY 2% Issuer Cap

IOPV, or Indicative Optimized Portfolio Value, is a calculation disseminated by the stock exchange that approximates the Fund's NAV every fifteen seconds throughout the trading day.

Operating expenses reflect a contractual expense reimbursement in effect through November 28, 2019.

**PORTFOLIO MANAGEMENT**

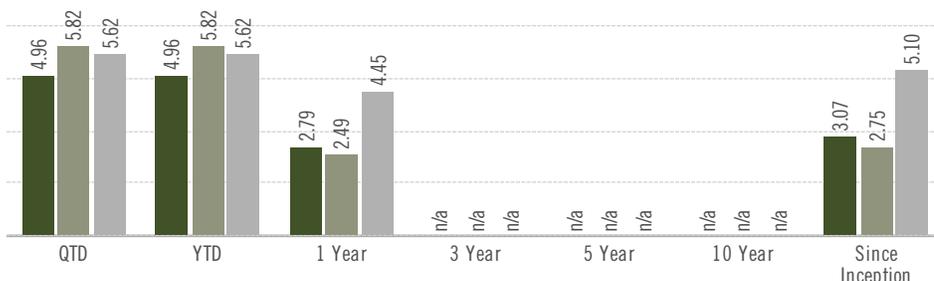


Newfleet Asset Management leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

**INVESTMENT PROFESSIONALS**

- David L. Albrycht, CFA**  
President and Chief Investment Officer  
Industry start date: 1985  
Start date as Fund Portfolio Manager: 2016
- Francesco Ossino**  
Senior Managing Director and Senior Portfolio Manager  
Industry start date: 1996  
Start date as Fund Portfolio Manager: 2016
- Jonathan Stanley, CFA**  
Managing Director and Portfolio Manager  
Industry start date: 1997  
Start date as Fund Portfolio Manager: 2016

**AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/19** ■ NAV ■ Market Price ■ Index

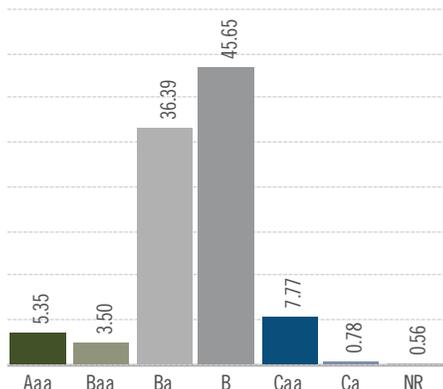


Returns for periods of less than one year are cumulative total returns.

**Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost. Please visit Virtus.com for performance data current to the most recent month-end.**

The Fund's investment adviser has entered into an expense limitation agreement to limit the Fund's total operating expenses (excluding the management fees paid to the Fund's adviser and sub-adviser and certain other expenses as described in the prospectus) so that such expenses do not exceed 0.68% of the Fund's average daily net assets through November 28, 2019.

RATINGS DISTRIBUTION % Invested Assets



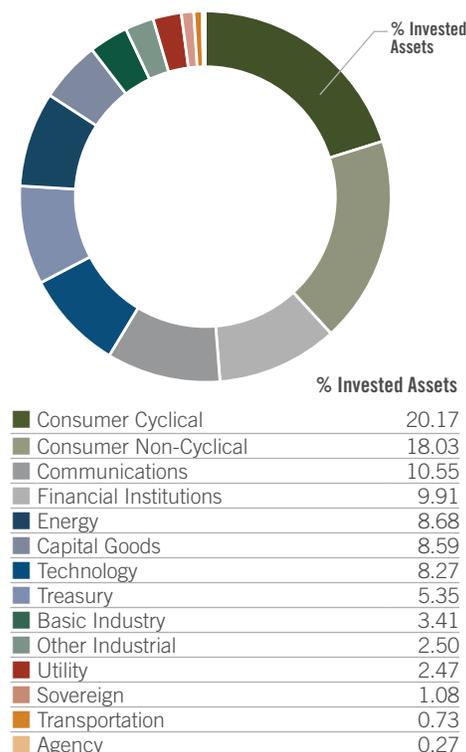
CHARACTERISTICS

	Fund
Effective Duration	1.82
Weighted Average Maturity	4.79

TOP TEN HOLDINGS % Fund

United States Treasury Bill, 0.0000% 09/05/2019	3.65
United States Treasury Bill, 0.0000% 02/27/2020	1.80
Vertafore Inc, Initial Term Loan (First Lien), 07/02/2025	0.91
Kronos Inc/MA, Incremental Term Loan (First Lien), 11/01/2023	0.83
Trans Union LLC, 2018 Incremental Term B-4 Loan, 06/19/2025	0.80
Univar USA Inc, Term B-3 Loan, 07/01/2024	0.78
Ardagh Packaging Finance PLC / Ardagh Holdings USA Inc, 6.0000% 02/15/2025	0.70
Caesars Resort Collection LLC, Term B Loan, 12/23/2024	0.68
Kloeckner Pentaplast of America Inc, Dollar Term Loan, 06/30/2022	0.67
Univision Communications Inc, 2017 Replacement Term Loan, 03/15/2024	0.65

SECTOR ALLOCATIONS % Invested Assets



Holdings and sector weightings are subject to change. To view the full list of holdings, please visit [virtus.com](http://virtus.com).

IMPORTANT RISK CONSIDERATIONS

**Exchange-Traded Funds (ETF):** The value of an ETF may be more volatile than the underlying portfolio of securities it is designed to track. The costs of owning the ETF may exceed the cost of investing directly in the underlying securities. **Credit & Interest:** Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **ABS/MBS:** Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the repayment of underlying collateral. **High Yield-High Risk Fixed Income Securities:** There is a greater level of credit risk and price volatility involved with high yield securities than investment grade securities. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Bank Loans:** Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale and/or trade infrequently on the secondary market. Loans can carry significant credit and call risk, can be difficult to value, and have longer settlement times than other investments, which can make loans relatively illiquid at times. **Tax Liability:** Noncompliant conduct by a municipal bond issuer, or adverse interpretations, could cause interest from a security to become taxable, subjecting shareholders to increased tax liability. **Market Price/NAV:** At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the fund's NAV, which may increase the investor's risk of loss. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

**Effective Duration:** The change in the value of a fixed income security that will result from a 1% change in interest rates while taking into account the way changes in rates will affect the expected cash flows of any bond with an embedded option such as call or prepayment option. This measure assigns a probability to the exercise of a call option, where applicable, based on specified shifts in the yield curve. Duration is expressed as a number of years, and generally, the larger the duration, the greater the interest rate risk or reward for a portfolio's underlying bond prices. **Weighted Average Maturity:** The length of time until the average security in a fund will mature, be redeemed by its issuer, or paid down over time, which is the case with most securitized assets.

RATINGS DISTRIBUTION METHODOLOGY

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund itself. The higher of the ratings between Moody's, Standard & Poor's, and Fitch

Please consider the Fund's objectives, risks, charges, and expenses before investing. Contact us at 1.800.243.4361 or visit [www.virtus.com](http://www.virtus.com) for a prospectus, which contains this and other information about the Fund. Read the prospectus carefully before investing.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

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is used. If one of the three agencies does not have a rating, the higher of the other two ratings is used. If only one agency has rated the bond, the rating from that agency is used. If none of the three agencies have rated the bond, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are below-investment grade ratings.

BENCHMARK

The composite index consists of 50% S&P/LSTA Leveraged Loan Index (an index that tracks the current outstanding balance and spread over LIBOR for fully funded term loans representing a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers, calculated on a total return basis) and 50% Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index (a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations, with no single issuer accounting for more than 2% of market cap, calculated on a total return basis). The composite index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

The Fund is an exchange-traded fund ("ETF"). The "net asset value" (NAV) of the Fund is determined at the close of each business day, and represents the dollar value of one share of the Fund; it is calculated by taking the total assets of the Fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV of the Fund is not necessarily the same as its intraday trading value. Fund investors should not expect to buy or sell shares at NAV because shares of ETFs such as the Fund are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Thus, shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. NAV returns are calculated using the Fund's daily 4:00 pm NAV, and include the reinvestment of all dividends and other distributions (reinvested at the Fund's NAV on distribution ex-date). Market price returns are calculated using the 4:00 pm midpoint between the bid and offer, and include the reinvestment of all dividends and other distributions (reinvested at the 4:00 pm bid/offer midpoint on distribution ex-date). Market price returns do not represent the return you would receive if you traded at other times.

The Fund is an actively managed exchange-traded fund and does not seek to replicate the performance of a specified index. The Fund may have a higher portfolio turnover than funds that seek to replicate the performance of an index.