

INVESTMENT OPPORTUNITY

The Fund actively invests in short term, below-investment grade bonds, seeking to generate both high current income and capital growth. Rigorous credit analysis and a relative value approach, coupled with opportunistic trading, strives to take advantage of mispricings, market dislocations, and other special situations.

KEY FEATURES

Higher-Quality High Yield and Shorter Duration — Seeks to manage interest rate risk and minimize volatility by investing in higher-quality high yield bonds with a duration of less than three years

Extensive Fundamental Research — Security selection driven by relative value analysis of individual bond quality, credit risk, valuation, company management, structure, and technical elements

Experienced Credit Management Team — Dedicated team of short-duration fixed income managers who have a strong history of achieving attractive risk-adjusted returns

INVESTMENT PROCESS

Intensive Credit Research

1 Continuous evaluation of the investable universe, sector evaluation, sector comparison, and sector allocation, all designed to identify risks and opportunities

Top-Down Industry Analysis

2 Continuous evaluation of the investable universe, industry evaluation, industry comparison, and industry allocation, all designed to identify risks and opportunities

Portfolio Construction and Opportunistic Trading

3 Industry/security investment recommendations debated, industry and security positions and sizing determined on relative value assessment against peer securities and the benchmark, ongoing stress testing, risk assessment, and trading reviews

| | NYSE Arca |
|---------------------------------|---|
| NAV Symbol | VSHY.NV |
| IOPV Symbol | VSHY.IV |
| CUSIP | 92790A207 |
| Inception Date | 12/05/16 |
| Total Expense Ratio | 0.40% |
| 30-day SEC Yield | 8.91% |
| 30-day SEC Yield (unsubsidized) | 5.81% |
| Adviser | Virtus ETF Advisers LLC |
| Distributor | VP Distributors, LLC |
| Subadviser | Newfleet Asset Management |
| Benchmark* | Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index |

The Index shown represents the Fund's performance index, which may differ from the Fund's regulatory index included in the Fund's Prospectus.

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.

Newfleet Asset Management is a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser.

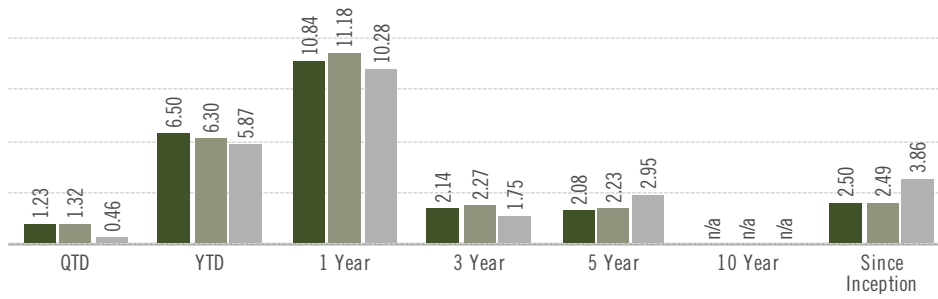
INVESTMENT PROFESSIONALS

David L. Albrycht, CFA
 President and Chief Investment Officer
 Industry start date: 1985
 Start date as Fund Portfolio Manager: 2016

William Eastwood, CFA
 Senior Managing Director and Senior Portfolio Manager
 Industry start date: 1995
 Start date as Fund Portfolio Manager: 2019

Eric Hess, CFA
 Managing Director and Portfolio Manager
 Industry start date: 2006
 Start date as Fund Portfolio Manager: 2019

AVERAGE ANNUAL TOTAL RETURNS (%) as of 09/30/2023 ■ NAV ■ Market Price ■ Index



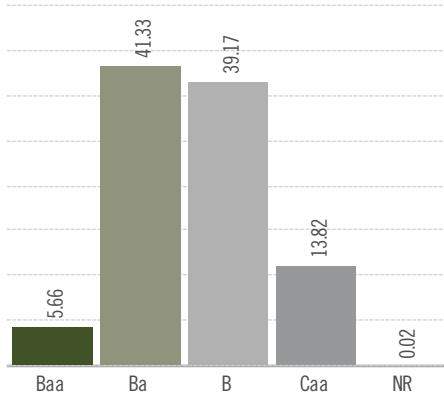
Returns for periods of less than one year are cumulative total returns.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit virtus.com for performance data current to the most recent month end.

The Total Expense Ratio represents the Fund's Total Annual Fund Operating Expenses, which includes the management fee and other expenses where applicable, except for certain payments that are paid directly by the Fund, as described in the Prospectus. Expenses paid by the Fund include 0.01% in acquired fund fees and expenses.

Effective November 28, 2023, this Fund's name, ticker, and investment opportunity have changed.
 *Effective November 28, 2023, this Fund's index is the ICE BofA 1-3 BB US Cash Pay High Yield Index.
 Please visit virtus.com for current index data.

RATINGS DISTRIBUTION % Invested Assets



CHARACTERISTICS

| | Fund |
|---------------------------|------|
| Effective Duration | 3.24 |
| Weighted Average Maturity | 4.50 |

INCOME DISTRIBUTIONS

| Month | NAV at Month-End |
|----------------|------------------|
| July 2023 | \$0.122680 21.27 |
| August 2023 | \$0.105460 21.27 |
| September 2023 | \$0.160220 20.90 |

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 to the portfolio of owning shares of an ETF may exceed the cost of investing directly in the underlying securities. **Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **High Yield Fixed Income Securities:** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade securities. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **Industry/Sector Concentration:** A portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio. **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. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

30-day SEC Yield is a standardized yield calculated according to a formula set by the SEC, and is subject to change. **30-day SEC Yield (unsubsidized)** is the 30 day SEC yield without the effect of applicable expense waivers. **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

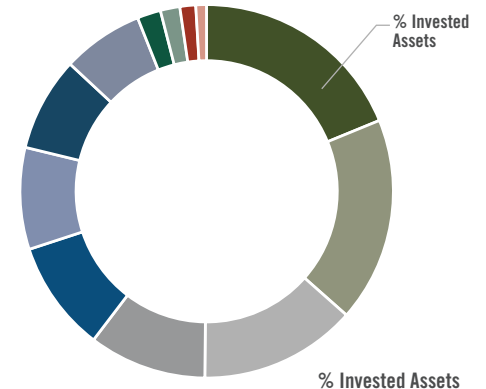
The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund. Ratings are provided by Standard & Poor's, Moody's, and Fitch. For certain

TOP TEN HOLDINGS % Fund

| | |
|--|------|
| Ford Motor Co, 3.2500% 02/12/2032 | 2.28 |
| CITGO Petroleum Corp, 7.0000% 06/15/2025 | 1.99 |
| Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp, 4.2500% 02/01/2027 | 1.90 |
| Acrisure LLC / Acrisure Finance Inc, 7.0000% 11/15/2025 | 1.81 |
| Medline Borrower LP, 5.2500% 10/01/2029 | 1.75 |
| Energy Transfer LP, 6.5000% 11/15/2171 | 1.72 |
| LSB Industries Inc, 6.2500% 10/15/2028 | 1.69 |
| Weekley Homes LLC / Weekley Finance Corp, 4.8750% 09/15/2028 | 1.62 |
| Coronado Finance Pty Ltd, 10.7500% 05/15/2026 | 1.61 |
| Gray Television Inc, 7.0000% 05/15/2027 | 1.61 |

Holdings and sector weightings are subject to change. To view the full list of holdings, please visit virtus.com.

SECTOR ALLOCATION



| Sector | % Invested Assets |
|------------------------|-------------------|
| Energy | 18.81 |
| Consumer Cyclical | 17.73 |
| Consumer Non-Cyclical | 13.63 |
| Capital Goods | 10.19 |
| Financial Institutions | 9.62 |
| Communications | 8.81 |
| Basic Industry | 8.15 |
| Technology | 7.04 |
| Agency | 2.03 |
| Utility | 1.69 |
| Other Industrial | 1.38 |
| Transportation | 0.92 |

securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Newfleet uses the higher rating. If a rating is not available, 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 Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

The ICE BofA 1-3 Year BB US Cash Pay High Yield Index is a subset of the ICE BofA US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. The ICE BofA US Cash Pay High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market. The index is calculated on a total return basis. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

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. 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.

Please consider a Fund's investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, contact your financial representative, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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