

**INVESTMENT OPPORTUNITY**

The Fund seeks to provide a high level of current income and capital appreciation. It strives to achieve long-term excess returns through the combination of actively managed sector rotation, individual security selection, and disciplined risk management.

**KEY FEATURES**

**High-Conviction Portfolio** — Opportunistic, diversified bond portfolio pursues the greatest risk/reward potential across bond markets

**Flexible Fixed Income Exposure** — Unconstrained across sectors with no target duration

**Active Sector Rotation** — Top-down analysis weighs relative attractiveness of bond sectors, evaluating fundamentals, yields, spreads, and supply/demand dynamics

**INVESTMENT PROCESS**

**Macro / Interest Rate Outlook and Sector Analysis**

- Top-down relative value assessment of sectors determines under- and overweights
- Interest rate outlook and sector allocation targets drive duration range

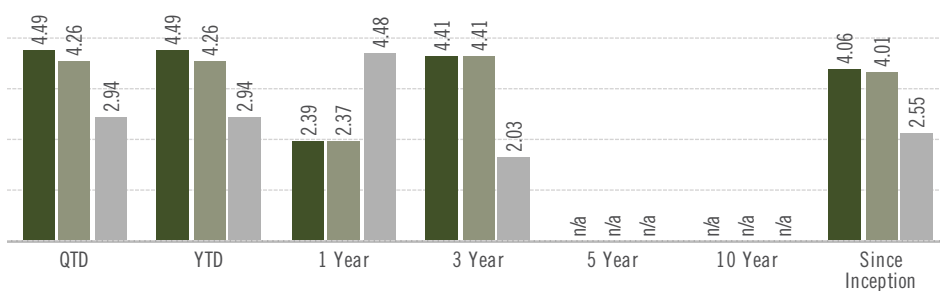
**Issue Selection**

- Bottom-up, fundamental research
- Assessment of credit risk, company management, issue structure, and technical market conditions with a focus on valuations

**Portfolio Construction and Risk Management**

- High-conviction, diversified portfolio across 14 sectors, without restrictions on below investment grade or non-U.S. securities
- No equity investments

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 certain expenses, including acquired fund fees and expenses, as described in the prospectus) so that such expenses do not exceed 0.80% of the Fund's average daily net assets through February 29, 2020.

|                     | <b>NYSE Arca</b>                             |
|---------------------|--|
| NAV Symbol          | NFLT.NV                                      |
| IOPV Symbol         | NFLT.IV                                      |
| CUSIP               | 26923G707                                    |
| Inception Date      | 08/10/15                                     |
| Gross Expense Ratio | 0.87%  |
| Net Expense Ratio   | 0.81%  |
| Adviser             | Virtus ETF Advisers LLC                      |
| Distributor         | ETF Distributors, LLC                        |
| Subadviser          | Newfleet Asset Management, LLC               |
| Benchmark           | Bloomberg Barclays U.S. Aggregate Bond Index |

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 February 29, 2020.

**PORTFOLIO MANAGEMENT**



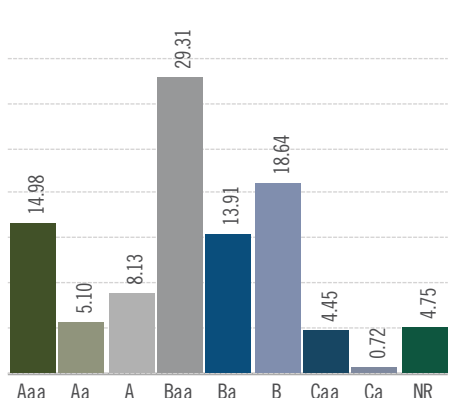
Newfleet Asset Management leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

**INVESTMENT PROFESSIONALS**

**David L. Albrycht, CFA**  
President and Chief Investment Officer  
Industry start date: 1985  
Start date as Fund Portfolio Manager: 2015

**Jonathan Stanley, CFA**  
Managing Director and Portfolio Manager  
Industry start date: 1997  
Start date as Fund Portfolio Manager: 2015

RATINGS DISTRIBUTION



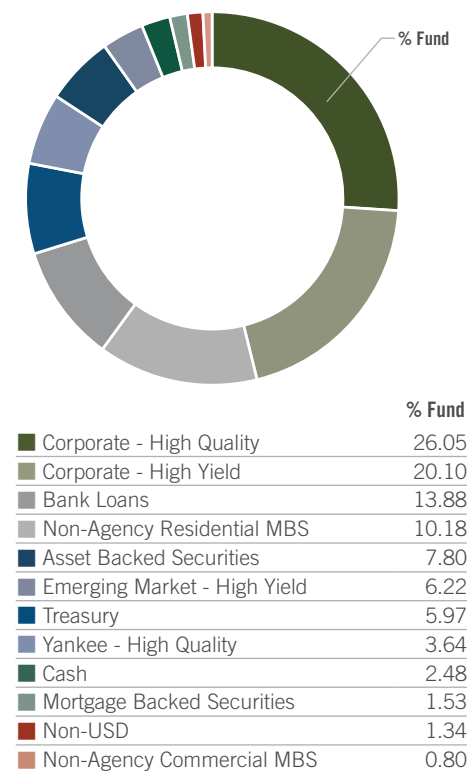
CHARACTERISTICS

| Characteristic            | Fund |
|---------------------------|------|
| Effective Duration        | 3.80 |
| Weighted Average Maturity | 5.59 |

TOP TEN HOLDINGS

| Top Ten Holdings                                    | % Fund |
|---|--------|
| United States Treasury Note/Bond                    | 2.82   |
| Fannie Mae Pool                                     | 1.52   |
| United States Treasury Note/Bond                    | 1.19   |
| Indonesia Government International Bond             | 0.99   |
| Wells Fargo & Co                                    | 0.82   |
| Teachers Insurance & Annuity Association Of America | 0.80   |
| Skopos Auto Receivables Trust 2018-1                | 0.79   |
| American Homes 4 Rent 2015-SFR2 Trust               | 0.75   |
| Flagship Credit Auto Trust 2016-3                   | 0.74   |
| Societe Generale SA                                 | 0.72   |

SECTOR ALLOCATIONS



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. **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. **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. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment. **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 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 Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond 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.

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 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.

Distributed by ETF Distributors, LLC, an affiliate of Virtus ETF Advisers LLC.

1119 04-19 © 2019 Virtus Exchange-Traded Funds. All Rights Reserved.