

INVESTMENT OPPORTUNITY

The Fund seeks investment results that correspond, before fees and expenses, to the price and yield performance of the Indxx REIT Preferred Stock Index.

Key Features:

- **Targeted Exposure:** The only ETF offering a diversified investment in preferred securities issued by Real Estate Investment Trusts (REITs)
- **Attractive Attributes:** REIT preferreds tend to offer attractive yield potential, both fixed income and equity characteristics, and low equity beta
- **Advantages Over Traditional Preferreds:** These securities are also typically exposed to less leverage with generally more predictable revenue streams than those issued by banks and insurance companies

FUND INFORMATION

NAV symbol	PFFR.NV
IOPV symbol	PFFR.IV
CUSIP	26923G400
Index	INDXX REIT Preferred Stock Index
Index Symbol	IPFFR
Inception Date	2/7/2017
Gross Expense Ratio	0.45%
Net Expense Ratio	N/A
Adviser	Virtus ETF Advisers LLC
Distributor	ETF Distributors, LLC
Subadviser	Infrastructure Capital Advisors, LLC
Index Provider	INDXX, LLC

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.

TOP 10 HOLDINGS AS OF 12/31/17

VEREIT Inc. 6.700%	8.7%
Welltower Inc. 6.500%	6.9
Digital Realty Trust Inc. 6.625%	3.5
CBL & Associates Properties Inc. 7.375%	3.2
National Retail Properties Inc. 5.200%	2.8
Chimera Investment Corp. 8.000%	2.5
Vornado Realty Trust 5.400%	2.4
American Homes 4 Rent 6.500%	2.3
National Retail Properties Inc. 5.700%	2.3
Colony NorthStar Inc. 7.125%	2.3

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

FUND MANAGEMENT

Infrastructure Capital Advisors is a New York-based investment



management firm specializing in energy infrastructure, real estate, and credit analysis.

PORTFOLIO MANAGERS

Jay D. Hatfield
Chief Investment Officer

Edward Ryan
Chief Operating Officer

PERFORMANCE—TOTAL RETURNS IN % AS OF 12/31/17

	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception (2/7/17)
NAV	-0.03	n/a	n/a	n/a	n/a	n/a	6.87
Market Price	-0.45	n/a	n/a	n/a	n/a	n/a	6.65
Index	0.08	n/a	n/a	n/a	n/a	n/a	7.40

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

Gross Expense Ratio: 0.45%; Net Expense Ratio: N/A.

Expenses are based on estimated amounts for the current fiscal year. The gross expense ratio represents the Fund's management fee, which is structured as a "unified fee," out of which the Fund's adviser pays all routine expenses, except for certain payments as described in the prospectus, which are paid by the Fund.

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 p.m. 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 4:00pm 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's benchmark is the **INDXX REIT Preferred Stock Index**, which is a market cap weighted index designed to provide diversified exposure to high yielding liquid preferred securities issued by Real Estate Investment Trusts listed in the U.S. The index is unmanaged, its returns do not reflect any fees, expenses or sales changes, and is not available for direct investment.

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

FUND RISKS

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. **Preferred Stocks:** Preferred stocks may decline in price, fail to pay dividends, or be illiquid. **Real Estate Investments:** The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management. **Industry/Sector Concentration:** A fund 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 fund. **Passive Strategy/Index Risk:** A passive investment strategy seeking to track the performance of the Underlying Index may result in the fund holding securities regardless of market conditions or their current or projected performance. This could cause the fund's returns to be lower than if the Fund employed an active strategy. **Correlation to Index:** The performance of the fund and its index may vary somewhat due to factors such as fund flows, transaction costs, and timing differences associated with additions to and deletions from its index. **Market Volatility:** Securities in the fund may go up or down in response to the prospects of individual companies and general economic conditions. Price changes may be short or long term. **Prospectus:** For additional information on risks, please see the fund's prospectus.

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

Not FDIC insured	May lose value	Not bank guaranteed
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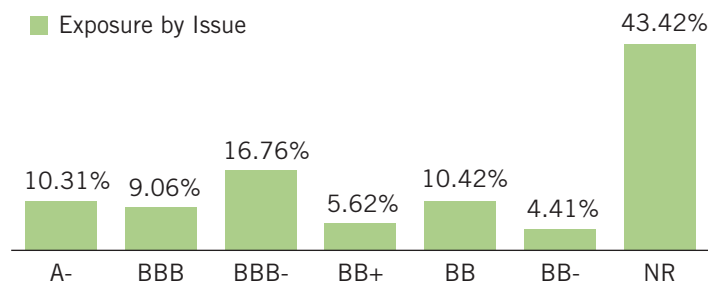
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EXPOSURE BY SECTOR

Mortgage REITs	19.89%
Property REITs	80.11%
Property REIT allocation	
Retail	17.67%
Office	13.24%
Self-storage	10.31%
Lodging	8.87%
Data Center	7.83%
Health Care	6.97%
Diversified	6.73%
Residential	6.04%
Industrial	2.45%
Total	100.00%

Sector weightings are subject to change.

EXPOSURE BY RATING*



Data presented as of 12/31/17.

*Credit quality ratings on underlying securities of the Fund are received from S&P, Moody's, and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by Infrastructure Capital Advisors and takes the median rating of the three agencies when all three agencies rate a security, the lower of the two ratings if only two agencies rate a security, and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.