# ETFis Series Trust I

## REAVES UTILITIES ETF

Virtus ETFs

**ANNUAL REPORT**

July 31, 2018

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Dear Reaves Utilities ETF Shareholder:

On behalf of Virtus ETF Advisers LLC (the "Adviser"), I am pleased to present the shareholder report for the ETFis Series Trust I (the "Trust") for the fiscal period ended July 31, 2018.

The Adviser is part of Virtus Investment Partners, a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors.

The report provides financial statements and portfolio information for the Reaves Utilities ETF (UTES), an actively-managed equity fund that invests in the utility sector. The fund is subadvised by Reaves Asset Management, an independent asset management company that specializes in the utility and energy infrastructure sectors.

Thank you for your investment. If you have questions, please contact your financial adviser, or call 1-888-383-0553. For more information about the fund and the other ETFs we offer, we invite you to visit our website, www.virtusetfs.com.

Sincerely,

William Smalley
President

ETFis Series Trust I

**This material must be accompanied or preceded by the prospectus.**

## Reaves Utilities ETF

Reaves Utilities ETF (the "Fund") navigated a tough macro environment over the past fiscal year, generating a positive return and beating its benchmark net of fees in the 12-month period ended July 31, 2018. The Fund's positive performance occurred despite a rise in the 10-year U.S. Treasury interest rate from 2.29% to 2.95% over the year. Improving company fundamentals outweighed the negative effects of rising interest rates and contributed to positive return. The average earnings growth in the past year for companies in the Fund's portfolio was over 10%, and the dividend growth rate was greater than 7%. Changes in interest rates may affect the trading of utilities companies because investors tend to compare dividend yields with government interest rates, but this perspective may cause investors to overlook companies we believe have strong growth potential in improving regulatory environments. We believe these qualities can lead to attractive total return opportunities for the Fund.

Examples of such companies are Florida-based NextEra Energy, Inc., a renewable energy development business, and its parent company, NextEra Energy Partners, LP. Both stocks declined early in the fiscal year over concerns about rising interest rates and other factors.

The top contributor to the Fund's outperformance in the past fiscal year, PPL Corp, highlights the value we believe our active management strategy can create. We avoided the stock for most of the past fiscal year because of political and regulatory concerns at its UK subsidiary. As concerns over declining regulatory relationships gave way to panic selling, we decided in early June that the market was discounting such an awful outcome that the stock represented, in our view, a great value and purchase. Since inclusion in the Fund and though the end of the fiscal year, PPL Corp contributed an 8.4% total return for the Fund while the stock declined nearly 21% over the full fiscal year. We believe having flexibility as an active manager to invest in various situations can continue to provide opportunity to the Fund.

### Performance as of 7/31/2018

| | Average Annual Total Return | | |
|---|---|---|---|
| | Fund Net Asset Value | Fund Market Price | S&P 500® Utilities Index(1) |
| 1 Year | 3.05% | 3.01% | 2.83% |
| Since Inception(2) | 13.92% | 13.90% | 12.20% |

(1) The S&P 500® Utilities Index is a free-float market capitalization-weighted index comprised of companies included in the S&P 500® utilities sector. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

(2) September 23, 2015.

**Performance data quoted represents past performance and past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance data may be higher or lower than actual data quoted. Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. For the most current month-end performance data please visit www.virtusetfs.com or call toll free (800) 243-4361. Market price returns are based on the mid-point of the highest bid and lowest offer for Fund shares as of the scheduled close of regular trading on the New York Stock Exchange Arca ("NYSE"), ordinarily 4:00 p.m. Eastern time, on each day during which the NYSE is open for trading, and do not represent the returns an investor would receive if shares were traded at other times.**

**Exchange Traded Funds**: The value of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. The costs of owning the ETF may exceed the cost of investing directly in the underlying securities.

**Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer- specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk.

**Market Price/NAV:** Shares of ETFs often trade at a discount to their net asset value, which may increase investors' risk of loss. At the time of sale, an investor's shares may have a market price that is above or below the Fund's NAV.

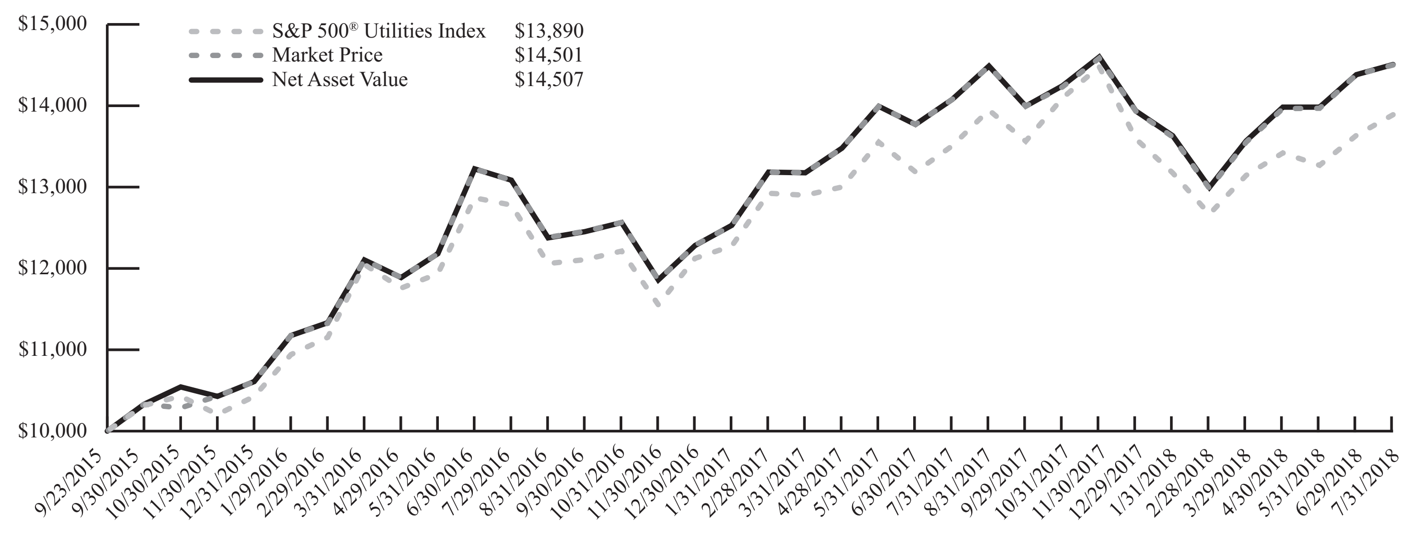
**Utility Sector Concentration:** The Fund's investments are concentrated in the securities of issuers engaged primarily in utilities-related industries (i.e., Utility Sector Companies). This may make the Fund particularly susceptible to adverse economic, political or regulatory occurrences and changes affecting utilities and Utility Sector Companies. A downturn in utilities related industries would have a larger impact on the Fund than on an investment company that does not concentrate solely in utilities related industries. As concentration in the securities of Utility Sector Companies increases, so does the potential for fluctuation in the NAV of the Fund's Shares.

**Non-Diversified:** The Fund is non-diversified and may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the Fund's assets.

**No Guarantee:** There is no guarantee that the Fund will meet its objective.

**Prospectus:** For additional information on risks, please see the Fund's prospectus. The Fund may not be suitable for all investors.

**Value of a $10,000 Investment Since Inception at Net Asset Value**




**The chart above represents historical performance of a hypothetical investment of $10,000 over the life of the Fund, assuming reinvestment of distributions. Past performance does not guarantee future results.**

As a shareholder of the Fund, you incur ongoing costs, including advisory fees and other fund expenses, if any. The following example is intended to help you understand your ongoing costs (in dollars and cents) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The examples are based on an investment of $1,000 invested at the beginning of the period and held throughout the entire period (February 1, 2018 to July 31, 2018).

**Actual expenses**

The first line under the Fund in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line for your Fund under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical example for comparison purposes**

The second line under the Fund in the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line under the Fund in the table is useful in comparing ongoing Fund costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

| | Beginning Account Value 2/01/18 | Ending Account Value 7/31/18 | Annualized Expense Ratios for the period | Expenses Paid During Period(2) |
|---|---|---|---|---|
| **Reaves Utilities ETF** | | | | |
| Actual | $1,000.00 | $1,064.20 | 0.95% | $4.86 |
| Hypothetical(1) | $1,000.00 | $1,020.08 | 0.95% | $4.76 |

(1) Assuming 5% return before expenses.

(2) Expenses are calculated using the Fund's annualized ratio, multiplied by the average account value for the period, multiplied by 181/365 (to reflect the six-month period).

July 31, 2018

| Security Description | Shares | Value |
|---|---|---|
| **Common Stocks — 96.0%** | | |
| **Real Estate — 4.2%** | | |
| InfraREIT, Inc. | 26,779 | $ 561,020 |
| **Utilities — 91.8%** | | |
| American Water Works Co., Inc. | 7,853 | 693,027 |
| Atmos Energy Corp. | 3,928 | 360,865 |
| CMS Energy Corp. | 12,807 | 619,090 |
| Dominion Energy, Inc. | 8,811 | 631,837 |
| DTE Energy Co. | 7,708 | 836,626 |
| Edison International | 2,000 | 133,260 |
| Eversource Energy | 9,921 | 602,403 |
| Exelon Corp. | 6,400 | 272,000 |
| NextEra Energy Partners LP | 13,149 | 618,924 |
| NextEra Energy, Inc. | 12,338 | 2,067,109 |
| NiSource, Inc. | 27,295 | 714,583 |
| NRG Energy, Inc. | 5,650 | 178,936 |
| NRG Yield, Inc. Class C | 4,499 | 83,681 |
| Pinnacle West Capital Corp. | 4,896 | 393,785 |
| PPL Corp. | 13,000 | 374,010 |
| Public Service Enterprise Group, Inc. | 11,489 | 592,373 |
| Sempra Energy | 9,559 | 1,104,925 |
| South Jersey Industries, Inc. | 13,889 | 471,254 |
| Southwest Gas Holdings, Inc. | 4,680 | 365,976 |
| Vectren Corp. | 1,956 | 139,795 |
| WEC Energy Group, Inc. | 9,591 | 636,555 |
| Xcel Energy, Inc. | 9,047 | 423,942 |
| Total Utilities | | 12,314,956 |
| **TOTAL INVESTMENTS — 96.0%** (Cost $10,975,446) | | **12,875,976** |
| Other Assets in Excess of Liabilities — 4.0% | | 539,354 |
| **Net Assets — 100.0%** | | **$13,415,330** |

**Portfolio Composition**

July 31, 2018

Asset Allocation as of 07/31/2018 (based on net assets)

| | |
|---|---|
| Utilities | 91.8% |
| Real Estate | 4.2% |
| Other Assets in Excess of Liabilities | 4.0% |
| **Total** | **100.0%** |

The following table summarizes valuation of the Fund's investments under the fair value hierarchy levels as of July 31, 2018:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Asset Valuation Inputs** | | | | |
| Common Stocks | $12,875,976 | $ — | $ — | $12,875,976 |
| Total | $12,875,976 | $ — | $ — | $12,875,976 |

For significant movements between levels within the fair value hierarchy, the Fund adopted a policy of recognizing transfers at the end of the reporting year. There were no significant transfers between levels during the year ended July 31, 2018.

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 investments at the end of the reporting period. There were no Level 3 securities as of July 31, 2018.

*The accompanying notes are an integral part of these financial statements.*

## Statement of Assets and Liabilities

July 31, 2018

| | Reaves Utilities ETF |
|---|---|
| **Assets:** | |
| Investments, at cost | $10,975,446 |
| Investments, at value | 12,875,976 |
| Cash and cash equivalents | 528,217 |
| Receivables: | |
| Dividends and interest receivable | 21,585 |
| Prepaid expenses | 57 |
| **Total Assets** | 13,425,835 |
| **Liabilities:** | |
| Payables: | |
| Sub-advisory fees | 10,505 |
| **Total Liabilities** | 10,505 |
| **Net Assets** | **$13,415,330** |
| **Net Assets Consist of:** | |
| Paid-in capital | $11,668,573 |
| Undistributed net investment income | 2,289 |
| Undistributed net realized gain on investments | (156,062) |
| Net unrealized appreciation on investments | 1,900,530 |
| **Net Assets** | **$13,415,330** |
| Shares outstanding (unlimited number of shares of beneficial interest authorized, no par value) | 400,004 |
| Net asset value per share | $ 33.54 |

*The accompanying notes are an integral part of these financial statements.*

# Statement of Operations

For the Year Ended July 31, 2018

| | Reaves Utilities ETF |
|---|---|
| **Investment Income:** | |
| Dividend income | $ 404,720 |
| Interest income | 845 |
| **Total Investment Income** | $ 405,565 |
| **Expenses:** | |
| Sub-advisory fees | 129,548 |
| **Total Expenses** | 129,548 |
| **Net Investment Income** | **276,017** |
| **Net Realized Gain (Loss) on:** | |
| Investments | (152,412) |
| In-kind transactions | 381,593 |
| **Total Net Realized Gain** | 229,181 |
| **Change in Net Unrealized Depreciation on:** | |
| Investments | (79,036) |
| **Total Change in Net Unrealized Depreciation** | (79,036) |
| Net Realized and Change in Unrealized Gain | 150,145 |
| **Net Increase in Net Assets Resulting from Operations** | **$ 426,162** |

*The accompanying notes are an integral part of these financial statements.*

| | Reaves Utilities ETF | |
|---|---|---|
| | For the Year Ended July 31, 2018 | For the Year Ended July 31, 2017 |
| **Increase (Decrease) in Net Assets Resulting from Operations:** | | |
| Net investment income | $ 276,017 | $ 311,822 |
| Net realized gain on investments | 229,181 | 315,077 |
| Net change in unrealized appreciation (depreciation) on investments | (79,036) | 449,832 |
| Net increase in net assets resulting from operations | 426,162 | 1,076,731 |
| **Distributions to Shareholders from:** | | |
| Net investment income | (297,175) | (314,058) |
| Net realized gains | (81,673) | (198,411) |
| Total distributions | (378,848) | (512,469) |
| **Shareholder Transactions:** | | |
| Proceeds from shares sold | — | 3,064,794 |
| Cost of shares redeemed | (1,699,981) | (1,479,437) |
| Net increase (decrease) in net assets resulting from shareholder transactions | (1,699,981) | 1,585,357 |
| Increase (decrease) in net assets | (1,652,667) | 2,149,619 |
| **Net Assets:** | | |
| Beginning of year | 15,067,997 | 12,918,378 |
| End of year | $13,415,330 | $15,067,997 |
| Undistributed net investment income | $ 2,289 | $ 23,453 |
| **Changes in Shares Outstanding:** | | |
| Shares outstanding, beginning of year | 450,004 | 400,004 |
| Shares sold | — | 100,000 |
| Shares redeemed | (50,000) | (50,000) |
| Shares outstanding, end of year | 400,004 | 450,004 |

*The accompanying notes are an integral part of these financial statements.*

| | Reaves Utilities ETF | | |
|---|---|---|---|
| | For the Year Ended July 31, 2018 | For the Year Ended July 31, 2017 | For the Period September 23, 2015[(1)] Through July 31, 2016 |
| **Per Share Data for a Share Outstanding Throughout each period presented:** | | | |
| Net asset value, beginning of period | $ 33.48 | $ 32.30 | $ 25.00 |
| Investment operations: | | | |
| Net investment income[(2)] | 0.66 | 0.69 | 0.47 |
| Net realized and unrealized gain | 0.32 | 1.63 | 7.19 |
| Total from investment operations | 0.98 | 2.32 | 7.66 |
| **Less distributions from:** | | | |
| Net investment income | (0.72) | (0.70) | (0.36) |
| Net realized gains | (0.20) | (0.44) | — |
| Total distributions | (0.92) | (1.14) | (0.36) |
| **Net Asset Value, End of period** | $ 33.54 | $ 33.48 | $ 32.30 |
| Net Asset Value Total Return[(3)] | 3.05% | 7.59% | 30.85% |
| Net assets, end of period (000's omitted) | $13,415 | $15,068 | $12,918 |
| **RATIOS/SUPPLEMENTAL DATA:** | | | |
| **Ratios to Average Net Assets:** | | | |
| Expenses | 0.95% | 0.95%[(5)] | 0.95%[(4,5)] |
| Net investment income | 2.02% | 2.23% | 1.89%[(4)] |
| Portfolio turnover rate[(6)] | 29% | 33% | 46%[(7)] |

(1) Commencement of operations.

(2) Based on average shares outstanding.

(3) Net Asset Value Total Return is calculated assuming an initial investment made at the net asset value on the first day of the period, reinvestment of dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period. Total return calculated for a period of less than one year is not annualized.

(4) Annualized.

(5) The ratio of expenses to average net assets include tax expense fees of less than 0.01%.

(6) Portfolio turnover excludes the value of portfolio securities received or delivered as a result of in-kind creations or redemptions of the Fund's capital shares.

(7) Not annualized.

*The accompanying notes are an integral part of these financial statements.*

**1. ORGANIZATION**

The ETFis Series Trust I (the “Trust”) was organized as a Delaware statutory trust on September 20, 2012 and is registered with the Securities and Exchange Commission (the “SEC”) as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). Reaves Utilities ETF (the “Fund”), a separate investment portfolio of the Trust, is presented herein. The offering of shares is registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Fund commenced operations on September 23, 2015.

The Fund is a “non-diversified” Fund, as defined under the 1940 Act.

The Fund’s investment objective is to seek to provide total return through a combination of capital appreciation and income.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 Financial Services — Investment Companies. The Fund prepares its financial statements in accordance with generally accepted accounting principles (“GAAP”) in the United States of America and follows the significant accounting policies described below.

**Use of Estimates**

Management makes certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of increases and decreases in the net assets from operations during the reporting period. Actual results could differ from those estimates.

**Indemnification**

In the normal course of business, the Fund may enter into contracts that contain a variety of representations which provide general indemnifications for certain liabilities. The Fund’s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**Security Valuation**

Equity securities are valued based on their last sale price. Price information on listed securities is taken from the exchange where the security is primarily traded. Securities regularly traded in an over the counter market are valued at the latest quoted sale price in such market or in the case of the New York Stock Exchange (“NYSE”) or NASDAQ, at the NYSE or NASDAQ Official Closing Price. Such valuations are typically categorized as Level 1 in the fair value hierarchy described below.

If market quotations are not readily available, or if it is determined that a quotation of a security does not represent fair value, then the security is valued at fair value as determined in good faith using procedures adopted by the Trust’s Board of Trustees (the “Board”). Such valuations are typically categorized as Level 2 or Level 3 in the fair value hierarchy described below.

Investments in other open-end investment companies are valued based on their net asset value each business day and are typically categorized as Level 1 in the fair value hierarchy described below.

**Fair Value Measurement**

Accounting Standards Codification, Fair Value Measurement (“ASC 820”) defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or liability, when a transaction is not orderly, and how that information must be incorporated into fair value measurement. Under ASC 820, various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the following hierarchy:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The hierarchy classification of inputs used to value the Fund's investments at July 31, 2018, is disclosed at the end of the Fund's Schedule of Investments.

**Security Transactions**

Security transactions are accounted for on the trade date. Realized gains and losses on sales of investment securities are calculated using specific identification.

**Investment Income and Expenses**

Dividend income is recognized on the ex-dividend date. Expenses and interest income are recognized on the accrual basis.

The Fund pays all of its expenses not assumed by W. H. Reaves & Co., Inc. doing business as Reaves Asset Management (the "Sub-Adviser"). General Trust expenses that are allocated among and charged to the assets of the Fund and other series of the Trust are done so on a basis that the Board deems fair and equitable, which may be on a basis of relative net assets of the Fund and other series of the Trust or the nature of the services performed and relative applicability to the Fund and other series of the Trust.

**Distributions to Shareholders**

Distributions are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations that may differ from GAAP in the United States of America.

**Cash**

Cash includes interest bearing non-restricted cash with one or more financial institutions.

## 3. INVESTMENT MANAGEMENT, RELATED PARTIES AND OTHER AGREEMENTS

**Investment Advisory Agreement**

The Trust has entered into an Investment Advisory Agreement (the "Advisory Agreement") with Virtus ETF Advisers LLC (the "Adviser"), a wholly-owned subsidiary of ETFis Holdings LLC, on behalf of the Fund. ETFis Holdings LLC is majority-owned by Virtus Investment Partners, Inc. (Ticker: VRTS) (together with its affiliates, "Virtus"). Pursuant to the Advisory Agreement, the Adviser has overall supervisory responsibility for the general management and investment of the Fund's securities portfolio. For its services to the Fund, the Adviser is entitled to receive a fee, payable monthly, at an annual rate of 0.075% of the Fund's average daily net assets, subject to a minimum annual fee of $25,000. The Sub-Adviser pays the Adviser's fee out of the Sub-Adviser's fee, pursuant to the Sub-Adviser's unified fee arrangement with the Fund, as described below.

The Advisory Agreement may be terminated by the Trust on behalf of the Fund with the approval of the Fund's Board or by a vote of the majority of the Fund's shareholders. The Advisory Agreement may also be terminated by the Adviser by not more than 60 days' nor less than 30 days' written notice.

**Sub-Advisory Agreement**

The Sub-Adviser provides investment advice and management services to the Fund. Pursuant to an investment sub-advisory agreement among the Trust, the Sub-Adviser and the Adviser, the Sub-Adviser is entitled to receive a fee from the Fund, payable monthly, at an annual rate of 0.95% of the Fund's average daily net assets. The Sub-Adviser has agreed to pay all expenses of the Fund, except the Sub-Adviser's fee, brokerage expenses, acquired fund fees and expenses, taxes, interest, litigation and arbitration expenses, fees for professional services stemming from litigation or arbitration, payments under any 12b-1 plan adopted by the Fund, and other extraordinary expenses of the Fund.

**Principal Underwriter**

Pursuant to the terms of a Distribution Agreement with the Trust, ETF Distributors LLC (the "Distributor") serves as the Fund's principal underwriter. The Distributor receives compensation from the Adviser for the statutory underwriting services it provides to the Fund. The Distributor will not distribute shares in less than Creation Units (as hereinafter defined), and does not maintain a secondary market in shares. The shares are traded in the secondary market. The Distributor is a wholly-owned subsidiary of Virtus.

**Operational Administrator**

Virtus ETF Solutions LLC (the "Administrator") serves as the Fund's operational administrator. The Administrator supervises the overall administration of the Trust and the Fund including, among other responsibilities, the coordination and day-to-day oversight of the Fund's operations, the service providers' communications with the Fund and each other and assistance with Trust, Board and contractual matters related to the Fund and other series of the Trust. The Administrator also provides persons satisfactory to the Board to serve as officers of the Trust. The Administrator is a wholly-owned subsidiary of Virtus.

**Accounting Services Administrator, Custodian and Transfer Agent**

The Bank of New York Mellon ("BNY Mellon") provides administrative, accounting, tax and financial reporting for the maintenance and operations of the Trust as the Fund's accounting services administrator. BNY Mellon also serves as the custodian for the Fund's assets, and serves as transfer agent and dividend paying agent for the Fund.

**Affiliated Shareholders**

At July 31, 2018, the Sub-Adviser held 11,402 shares of the Fund, which represent 2.9% of shares outstanding. These shares may be sold at any time.

## 4. CREATION AND REDEMPTION TRANSACTIONS

The Fund issues and redeems shares on a continuous basis at Net Asset Value ("NAV") in groups of 50,000 shares called "Creation Units." The Fund's Creation Units may be issued and redeemed generally for cash or an in-kind deposit of securities held by the Fund. In each instance of cash creations or redemptions, the Trust may impose transaction fees based on transaction expenses related to the particular exchange that will be higher than the transaction fees associated with in-kind purchases or redemptions.

Only "Authorized Participants" who have entered into contractual arrangements with the Distributor may purchase or redeem shares directly from the Fund. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a DTC participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors will purchase shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees.

## 5. FEDERAL INCOME TAX

The Fund intends to qualify as a "regulated investment company" under Sub-chapter M of the Internal Revenue Code of 1986 (the "Code"), as amended. The Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders. Therefore, no federal income or excise tax provision is required. Accounting for Uncertainty in Income Taxes as issued by the Financial Accounting Standards Board provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements, and requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Interest and penalties related to income taxes would be recorded as income tax expense. Management of the Fund is required to analyze all open tax years (2015, 2016 and 2017), as defined by IRS statute of limitations, for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of July 31, 2018, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the amounts of unrecognized tax benefits will significantly change in the next twelve months.

The Fund recognizes interest accrued related to unrecognized tax benefits and penalties as income tax expense. For the year ended July 31, 2018, the Fund had no accrued penalties or interest.

The adjusted cost basis of investments and gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

| Federal Tax Cost of Investments | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation (Depreciation) |
|---|---|---|---|
| $10,975,446 | $1,985,747 | $(85,217) | $1,900,530 |

At July 31, 2018, the components of accumulated earnings/loss on a tax-basis were as follows:

| Undistributed Ordinary Income | Accumulated Capital and Other Gain (Loss) | Net Unrealized Appreciation (Depreciation) | Total Accumulated Earnings (Loss) |
|---|---|---|---|
| $2,289 | $(156,062) | $1,900,530 | $1,746,757 |

Capital losses incurred after October 31 ("Post-October Losses") and ordinary losses incurred after December 31 ('Late Year Ordinary Losses") within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. During the fiscal year ended July 31, 2018, the Fund did not incur and or elect to defer Post-October losses and Late Year Ordinary Losses.

The tax character of distributions paid during the years ended July 31, 2018 and July 31, 2017 were as follows:

| 2018 | | 2017 | |
|---|---|---|---|
| Distributions Paid From Ordinary Income | Distributions Paid From Long-Term Capital Gains | Distributions Paid From Ordinary Income | Distributions Paid From Long-Term Capital Gains |
| $297,181 | $81,667 | $512,469 | $ — |

At July 31, 2018, for Federal income tax purposes, the Fund has capital loss carryforwards available to offset future capital gains for an unlimited period. To the extent that these loss carryforwards are utilized, capital gains so offset will not be distributed to shareholders:

| Short-Term No Expiration | Long-Term No Expiration | Total |
|---|---|---|
| $147,583 | $8,479 | $156,062 |

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Results of operations and net assets were not affected by these reclassifications. Reclassifications are primarily due to tax treatment of redemptions in kind. At July 31, 2018, the effect of permanent book/tax reclassifications resulted in increases (decreases) to the components of net assets as follows:

| Undistributed Net Investment Income | Accumulated Net Realized Gain/(Loss) On Investments | Paid-in-Capital |
|---|---|---|
| $(6) | $(384,631) | $384,637 |

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments), subscriptions in-kind and redemptions in-kind for the year ended July 31, 2018 were as follows:

| Purchases | Sales | Subscriptions In-Kind | Redemptions In-Kind |
|---|---|---|---|
| $3,882,281 | $4,339,122 | $ — | $1,613,317 |

## 7. INVESTMENT RISKS

As with any investment, an investment in the Fund could result in a loss or the performance of the Fund could be inferior to that of other investments. An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. The Fund's prospectus and statement of additional information contain this and other important information.

## 8. ASSET CONCENTRATION RISK

The Fund may invest a high percentage of its assets in the securities of issuers engaged primarily in utilities-related industries. Fluctuations in these industries of concentration may have a greater impact on the Fund, positive or negative, than if the Fund did not concentrate its investments in such industries.

**9. 10% SHAREHOLDERS**

As of July 31, 2018, the Fund had individual shareholder account(s) and/or omnibus shareholder account(s) (comprised of a group of individual shareholders), which individually amounted to more than 10% of the total shares outstanding of the Fund as detailed below:

| % of Shares Outstanding | Number of Accounts |
|---|---|
| 73% | 4 |

**10. SUBSEQUENT EVENTS**

The Fund is required to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the issuance of these financial statements and has determined that there are no material events that would require disclosure.

**To the Board of Trustees of ETFis Series Trust I and Shareholders of Reaves Utilities ETF**

**Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Reaves Utilities ETF (one of the funds constituting ETFis Series Trust I, hereafter referred to as the "Fund") as of July 31, 2018, the related statement of operations for the year ended July 31, 2018, the statement of changes in net assets for the year ended July 31, 2018, including the related notes, and the financial highlights for the year ended July 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of July 31, 2018, the results of its operations for the year then ended, the changes in its net assets for the year ended July 31, 2018 and the financial highlights for the year ended July 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of July 31, 2018 by correspondence with the custodian. We believe that our audit provides a reasonable basis for our opinion. The financial statements of the Fund as of and for the year ended July 31, 2017 and the financial highlights for each of the periods ended on or prior to July 31, 2017 (not presented herein, other than the statement of changes in net assets and the financial highlights) were audited by other auditors whose report dated September 29, 2017 expressed an unqualified opinion on those financial statements and financial highlights.

**/s/ PricewaterhouseCoopers LLP**
**Philadelphia, PA**
**September 20, 2018**

We have served as the auditor of one or more investment companies in Virtus ETF Solutions since 2017.

**February 8, 2018 Annual Consideration of Advisory and Sub-Advisory Agreements for Reaves Utilities ETF (the "Fund")**
On February 8, 2018, at an in-person meeting (the "Meeting") at which all of the Trustees were present, including all of the Trustees who were not "interested persons" (as that term is defined in the Investment Company Act of 1940) of the Trust (the "Independent Trustees"), the Board of Trustees (the "Board") of ETFis Series Trust I (the "Trust"), including the Independent Trustees voting separately, reviewed and unanimously approved for the Fund the continuance of an investment advisory agreement between Virtus ETF Advisers LLC (the "Adviser") and the Trust (the "Advisory Agreement") and an investment sub-advisory agreement among W. H. Reaves & Co., Inc. d/b/a/ Reaves Asset Management (the "Sub-Adviser"), the Adviser and the Trust (the "Sub-Advisory Agreement").

At the Meeting, the Board received and reviewed information provided by the Adviser and the Sub-Adviser in response to requests of the Board and its counsel, including a memorandum from the Adviser that included a description of the Adviser's business, a copy of the Adviser's Form ADV, and certain other information about the Adviser to be considered in connection with the Trustees' review process (the "Adviser Memorandum"), and a memorandum from the Sub-Adviser that included a description of the Sub-Adviser's business, a copy of the Sub-Adviser's Form ADV and certain other information about the Sub-Adviser to be considered in connection with the Trustees' review process (the "Sub-Adviser Memorandum"). The Board also met in person with representatives of the Adviser to discuss the Fund.

**Advisory Agreement**
In deciding on whether to approve the continuance of the Advisory Agreement with the Adviser on behalf of the Fund, the Board considered numerous factors, including:

*The nature, extent, and quality of the services provided by the Adviser*. The Board considered the responsibilities the Adviser has under the Advisory Agreement, and the services provided by the Adviser to the Fund, including, without limitation, the management, oversight, and administrative services that the Adviser and its employees provide to the Fund, the Adviser's coordination of services for the Fund by the Trust's service providers, and its compliance procedures and practices, particularly with respect to the Trust's exemptive order permitting the operation of the Fund as an exchange-traded fund. The Board noted that many of the Trust's executive officers are employees of the Adviser, and serve the Trust without additional compensation from the Fund. The Board also considered the information in the Adviser Memorandum, including descriptions of the Adviser's investment advisory services and its related non-advisory business. The Board concluded that the quality, extent, and nature of the services provided by the Adviser are satisfactory and adequate for the Fund.

*The investment management capabilities and experience of the Adviser*. The Board evaluated the management experience of the Adviser, in light of the services it has provided to the Fund. In particular, the Board received information from the Adviser regarding, among other things, the Adviser's experience in organizing, managing and overseeing the Fund and coordinating their operation and administration. The Board determined that the Adviser possessed adequate capabilities and experience for the management of the Fund.

*The costs of the services provided and profits to be realized by the Adviser from its relationship with the Fund*. The Board examined and evaluated the arrangements between the Adviser and the Fund under the Advisory Agreement. The Board considered the fact that the Fund utilizes a "unified fee" structure in which a Fund's ordinary operating expenses (subject to customary exclusions) are paid from the Sub-Adviser's management fee.

The Board also considered potential benefits for the Adviser in managing the Fund, including promotion of the Adviser's name and the interests of the Adviser in providing management and oversight services to the Fund. In addition, at the Meeting, the Board compared the management fee and total expense ratio of the Fund to the expense ratios of other funds considered by the Adviser to have similar investment objectives and strategies to the Fund and comparable assets under management ("AUM"). Following these comparisons and upon further consideration and discussion of the foregoing, the Board concluded that the fees to be paid to the Adviser (pursuant to the Sub-Advisory Agreement) are appropriate and representative of arm's-length negotiations.

*The extent to which economies of scale would be realized as the Fund grows and whether management fee levels reflect these economies of scale for the benefit of the Fund's investors*. The Board considered the AUM and operational history of the Fund, together with the fees paid to the Adviser (including any capped fees). The Board considered that the Fund is subject to a unified fee. The Board considered that the Fund has experienced benefits from the unified fee arrangement, and would continue to do so even after the Fund's assets grow to a level where the Sub-Adviser is no longer required to reimburse the Fund's ordinary operating expenses in excess of the amount received by the Sub-Adviser under the unified fee. Accordingly, the Board concluded that the Fund's fee arrangement with the Adviser and Sub-Adviser would provide benefits through the unified fee structure, and that, at the Fund's current and projected asset levels, the Fund's arrangement with the Adviser would be appropriate.

*Other benefits derived by the Adviser from its relationship with the Fund*. The Board considered material "fall-out" or ancillary benefits that accrue to the Adviser as a result of its relationship with the Fund (other than the advisory fee). The Board noted that ETF Distributors

LLC (the "Distributor"), an affiliate of the Adviser, serves as principal underwriter for the Fund, and that Virtus ETF Solutions LLC (the "Administrator"), also an affiliate of the Adviser, serves as the operational administrator for the Fund. The Board noted that the Adviser is responsible for the payment of any fees to the Distributor and the Administrator. The Board considered that the association of the Distributor and the Administrator with the Fund could result in non-quantifiable reputational benefits for those entities. Based on the foregoing information, the Board concluded that such potential benefits are immaterial to its consideration and approval of the continuance of the Advisory Agreement.

*Conclusion*. The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed with counsel to the Independent Trustees the legal standards applicable to its consideration of the Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its reasonable business judgment, that the Advisory Agreement was fair and reasonable in light of the services performed or to be performed, expenses incurred or to be incurred and such other matters as the Board considered relevant.

After full consideration of the above factors as well as other factors, the Board, including the Independent Trustees, unanimously approved the continuance of the Advisory Agreement on behalf of the Fund.

**Sub-Advisory Agreement**

In deciding on whether to approve the continuance of the Sub-Advisory Agreement with the Sub-Adviser on behalf of the Fund, the Board considered numerous factors, including:

*The nature, extent, and quality of the services provided by the Sub-Adviser*. The Board considered the responsibilities the Sub-Adviser has under the Sub-Advisory Agreement and the services provided by the Sub-Adviser including, without limitation, its investment advisory services and compliance procedures and practices. After reviewing the foregoing information and further information in the materials, including the Sub-Adviser Memorandum (which included descriptions of the Sub-Adviser's business and the Sub-Adviser's Form ADV), the Board concluded that the quality, extent, and nature of the services provided by the Sub-Adviser are satisfactory and adequate for the Fund.

*The investment management capabilities and experience of the Sub-Adviser*. The Board evaluated the investment management experience of the Sub-Adviser and experience of the Sub-Adviser in carrying out the day-to-day management of the Fund's portfolio. In particular, the Board received information from the Sub-Adviser regarding the performance of its portfolio managers in implementing the investment strategies for the Fund. The Board discussed the investment objective and strategies for the Fund and the Sub-Adviser's performance in implementing the strategies. After consideration of these factors, the Board determined that the Sub-Adviser continued to be an appropriate sub-adviser to the Fund.

*The costs of the services provided and profits to be realized by the Sub-Adviser from its relationship with the Fund*. The Board examined and evaluated the arrangements between the Sub-Adviser and the Adviser under the Sub-Advisory Agreement. The Board considered the fact that the Fund utilizes a "unified fee" structure in which the Fund's ordinary operating expenses (subject to customary exclusions) are paid from the Sub-Adviser's management fee. The Board noted that, under such an arrangement, the Sub-Adviser would likely supplement a portion of the cost of operating the Fund for some period of time and considered the benefits that would accrue to the Fund.

The Board considered the Sub-Adviser's staffing, personnel, and methods of operating; the Sub-Adviser's compliance policies and procedures; the financial condition of the Sub-Adviser and the level of commitment to the Fund by the Sub-Adviser; the current and projected asset levels of the Fund; the Sub-Adviser's payment of startup costs for the Fund; and the overall projected expenses of the Fund. The Board also considered potential benefits to the Sub-Adviser in sub-advising the Fund, including promotion of the Sub-Adviser's name.

The Board compared the fees and expenses of the Fund (including the sub-advisory fee) to other funds considered by the Adviser to have investment objectives and strategies similar to the Fund and comparable AUM. Following these comparisons and upon further consideration and discussion of the foregoing, the Board concluded that the fees to be paid to the Sub-Adviser by the Fund are appropriate and representative of arm's-length negotiations.

*The extent to which economies of scale would be realized as the Fund grows and whether sub-advisory fee levels reflect these economies of scale for the benefit of the Fund's investors*. The Board considered the AUM and operational history of the Fund, together with the fees paid to the Sub-Adviser (including any capped fees). The Board considered that the Fund is subject to a unified fee. The Board considered that the Fund has experienced benefits from the unified fee arrangement, particularly where the Sub-Adviser is paying Fund expenses in excess of the unified fee. The Board considered that the Fund would continue to experience such benefits even after each Fund's assets grow to a level where the Sub-Adviser is no longer required to reimburse the Fund's ordinary operating expenses in excess of the amount received by the Sub-Adviser under the unified fee. Accordingly, the Board concluded that, in light of the current AUM for the Fund, it was not necessary to consider economies of scale at this time.

*Conclusion*. The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed with counsel to the Independent Trustees the legal standards applicable to its consideration of the Sub-Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its reasonable business judgment, that the sub-advisory arrangement, as outlined in the Sub-Advisory Agreement, was fair and reasonable in light of the services performed or to be performed, expenses incurred or to be incurred, and such other matters as the Board considered relevant.

After full consideration of the above factors as well as other factors, the Board, including the Independent Trustees, unanimously approved the continuance of the Sub-Advisory Agreement with the Sub-Adviser on behalf of the Fund.

**TRUSTEES AND OFFICERS OF THE TRUST**

The Trustees of the Trust, their addresses, positions with the Trust, years of birth, length of time served, principal occupations during the past five years, the number of portfolios in the Fund Complex overseen by each Trustee and other directorships, if any, held by the Trustees are set forth below. The SAI includes additional information about the Fund's Trustees and is available, without charge, upon request, by calling the Adviser (toll-free) at (888)-383-4184.

| Name and Year of Birth | Position(s) Held with Trust | Length of Time Served | Principal Occupation(s) During Past Five Years | Number of Portfolios in Fund Complex* Overseen by Trustee | Other Directorships Held by Trustee During Past Five Years |
|---|---|---|---|---|---|
| **INDEPENDENT TRUSTEES** | | | | | |
| James Simpson<br>Year of Birth: 1970 | Trustee | Since Inception | President, ETP Resources, LLC (since 2009) (a financial services consulting company) | 14 | Trustee (since 2018), Asset Management Fund (5 portfolios); Trustee (since 2015), Virtus ETF Trust II (3 portfolios) |
| Robert S. Tull<br>Year of Birth: 1952 | Trustee | Since Inception | Independent Consultant (since 2013); Chief Operating Officer, Factor Advisors, LLC (2010-2013) | 14 | Trustee (since 2015), Virtus ETF Trust II (3 portfolios) |
| Stephen O'Grady<br>Year of Birth: 1946 | Trustee | Since 2014 | Lead Market Maker, GFI Group (2011-2012); Partner, Kellogg Capital Markets (2004-2011) | 14 | Trustee (since 2015), Virtus ETF Trust II (3 portfolios); Trustee (2013-2015), Greenhaven LLC; Trustee (since 2014), Acacia Group LLC; Trustee (since 2014), ETFS Trust (5 portfolios) |
| Myles J. Edwards<br>Year of Birth: 1961 | Trustee | Since 2016 | Chief Executive Officer (since 2018), Final Compliance; Chief Compliance Officer (since 2018), Knight Vinke; General Counsel, CCO and COO, Shufro, Rose & Co., LLC (2014-2018); General Counsel and CCO, Constellation Wealth Advisers, LLC (2011-2014). | 14 | Trustee (since 2015), Virtus ETF Trust II (3 portfolios) |
| **INTERESTED TRUSTEE**** | | | | | |
| William J. Smalley<br>Year of Birth: 1983 | Trustee, President and Chief Executive Officer | Since Inception | President, Virtus ETF Solutions LLC (since 2012); Managing Principal, ETF Distributors LLC (since 2012); Managing Director, Virtus ETF Advisers LLC (since 2012); President and Chief Executive Officer, Virtus ETF Trust II (since 2015); Vice President, Factor Advisors, LLC (2010-2012) | 11 | None |

| Name and Year of Birth | Position(s) Held with Trust | Length of Time Served | Principal Occupation(s) During Past Five Years | Number of Portfolios in Fund Complex* Overseen by Trustee | Other Directorships Held by Trustee During Past Five Years |
|---|---|---|---|---|---|
| **OTHER EXECUTIVE OFFICERS** | | | | | |
| Kevin J. Carr<br>Year of Birth: 1954 | Secretary | Since 2015 | Vice President and Senior Counsel (2017 to present); Senior Vice President (2009 to 2017), Vice President, Counsel and Secretary (2008 to 2009), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various senior officer positions (since 2005) with Virtus affiliates; Senior Vice President (since 2013), Vice President (2005 to 2013), Chief Legal Officer, Counsel and Secretary (since 2005), Virtus Mutual Fund Family; Senior Vice President (2013 to 2014), Vice President (2012 to 2013), Secretary and Chief Legal Officer (2005 to 2013), and Assistant Secretary (2013 to 2014 and since 2017), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Senior Vice President (since 2017), Assistant Secretary (since 2013), Vice President, Chief Legal Officer, Counsel and Secretary (2010 to 2013), Virtus Variable Insurance Trust; Senior Vice President (2013 to 2014), Vice President (2011 to 2013), and Assistant Secretary (since 2011), Virtus Global Multi-Sector Income Fund; Assistant Secretary (since 2015), Duff & Phelps Select Energy MLP Fund Inc.; Senior Vice President (since 2017), Assistant Secretary (since 2013), Virtus Alternative Solutions Trust; and Secretary (since 2015), Virtus ETF Trust II. | N/A | N/A |
| Brinton W. Frith<br>Year of Birth: 1969 | Treasurer and Chief Financial Officer | Since Inception | President, Virtus ETF Advisers LLC (since 2013); Managing Director, Virtus ETF Solutions LLC (since 2013); Treasurer and Chief Financial Officer (since 2015), Virtus ETF Trust II; President, Javelin Investment Management, LLC (2008-2013) | N/A | N/A |
| Nancy J. Engberg<br>Year of Birth: 1956 | Chief Compliance Officer | Since 2015 | Senior Vice President (since 2017); Vice President (2008 to 2017) and Chief Compliance Officer (2008 to 2011 and since 2016), Virtus Investment Partners, Inc. and/or certain of its subsidiaries; various officer positions (since 2003) with Virtus affiliates; Senior Vice President (since 2017), Vice President (2011 to 2017) and Chief Compliance Officer (since 2011), Virtus Mutual Fund Family; Senior Vice President (since 2017), Vice President (2010 to 2017) and Chief Compliance Officer (since 2011), Virtus Variable Insurance Trust; Senior Vice President (since 2017), Vice President (2011 to 2017) and Chief Compliance Officer (since 2011), Virtus Global Multi-Sector Income Fund; Senior Vice President (since 2017), Vice President (2012 to 2017) and Chief Compliance Officer (since 2012), Virtus Total Return Fund Inc. and Virtus Global Dividend & Income Fund Inc.; Senior Vice President (since 2017), Vice President (2013 to 2017) and Chief Compliance Officer (since 2013), Virtus Alternative Solutions Trust; Senior Vice President (since 2017), Vice President (2014 to 2017) and Chief Compliance Officer (since 2014), Duff & Phelps Select Energy MLP Fund Inc.; Chief Compliance Officer (since 2015), Virtus ETF Trust II. | N/A | N/A |

The address for each Trustee and officer is 1540 Broadway, 16th Floor, New York, NY 10036. Each Trustee serves until resignation, death, retirement or removal. Officers are elected yearly by the Trustees.

* As of July 31, 2018, the Fund Complex consisted of the Trust, which consisted of eleven portfolios — InfraCap REIT Preferred ETF, iSectors® Post-MPT Growth ETF, Reaves Utilities ETF, Virtus Cumberland Municipal Bond ETF, Virtus Glovista Emerging Markets ETF, Virtus InfraCap U.S. Preferred Stock ETF, Virtus LifeSci Biotech Clinical Trials ETF, Virtus LifeSci Biotech Products ETF, Virtus Newfleet Multi-Sector Bond ETF, Virtus WMC Global Factor Opportunities ETF and InfraCap MLP ETF, and Virtus ETF Trust II, which consisted of three portfolios —Virtus Newfleet Dynamic Credit ETF, Virtus Enhanced U.S. Equity ETF and Virtus Enhanced Short U.S. Equity ETF.

** William J. Smalley is an “interested person” as defined in the Investment Company Act of 1940, because he is an employee of the Adviser.

**INFORMATION ABOUT PORTFOLIO HOLDINGS**

The Fund files its complete schedule of portfolio holdings for its first and third fiscal quarters with the Securities and Exchange Commission (the "SEC") on Form N-Q (or any successor Form). The Fund's Form N-Q (or any successor Form) is available without charge, upon request, by calling toll-free at (888) 383-4184. Furthermore, you may obtain the Form N-Q (or any successor Form) on the SEC's website at www.sec.gov. The Fund's portfolio holdings are posted daily on the Fund's website at www.virtusetfs.com.

The Funds' premium/discount information for the most recently completed calendar year and the most recently completed calendar quarters since that year is available by visiting www.virtusetfs.com or by calling (888) 383-4184.

**INFORMATION ABOUT PROXY VOTING**

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is provided in the Statement of Additional Information ("SAI"). The SAI is available without charge upon request by calling toll-free at (888) 383-4184, by accessing the SEC's website at www.sec.gov, or by accessing the Fund's website at www.virtusetfs.com.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30th is available by calling toll-free at (888) 383-4184 or by accessing the SEC's website at www.sec.gov.

**TAX INFORMATION**

For the fiscal year ended July 31, 2018, the Fund makes the following disclosures for federal income tax purposes. Below is listed the percentages, or the maximum amount allowable, of its ordinary income dividends ("QDI") to qualify for the lower tax rates applicable to individual shareholders, and the percentage of ordinary income dividends earned by the Fund which qualifies for the dividends received deduction ("DRD") for corporate shareholders. The actual percentage of QDI and DRD for the calendar year will be designated in yearend tax statements.

| QDI | DRD |
|---|---|
| 100% | 100% |

**c/o ETF Distributors LLC**
1540 Broadway, Suite 1610
New York, NY 10036