

Virtus WMC Global Factor Opportunities ETF

Taking Risk Dynamically

VGFO

The rising popularity of index investing over the past decade has spawned a new investment style that resides between traditional passive and active management. Often called “smart beta,” factor-based investments have become an important part of the portfolio construction process for investors of all stripes. Academic research suggests that exposure to certain factors—or characteristics of a group of stocks that lead to a common price movement—can help investors target desired investment outcomes over the long run.

Despite the recent proliferation of smart beta products, factor investing is not new. Active managers have been utilizing factor-based investment processes to explain past performance and assist in positioning portfolios for the future.

VGFO allows investors to outsource the complexity of determining factor tilts.

Introducing the Virtus WMC Global Factor Opportunities ETF

Virtus WMC Global Factor Opportunities ETF (NYSE Arca: VGFO) espouses a dynamic, multi-factor approach that seeks to harness the power of explanatory factors. VGFO leverages Wellington Management’s risk management platform, allowing investors to outsource the complexity of determining factor tilts in a global equity portfolio as valuations change.

Investment Opportunity

- › VGFO seeks superior risk-adjusted returns relative to the MSCI AC World Index

Role in a Diversified Portfolio

- › Cost effective, core global equity strategy

Distinctive Product Features

- › “Dynamic factor” approach combines quantitative portfolio construction with active risk management from Wellington Management
- › Identifies opportunities in Value, Momentum, and Quality factors while striving to manage risk and mitigate drawdowns

About Wellington Management

Wellington Management offers comprehensive investment management capabilities that span nearly all segments of the global capital markets. Their investment solutions, tailored to the unique return and risk objectives of institutional clients in more than 65 countries, draw on a robust body of proprietary research and a collaborative culture that encourages independent thought and healthy debate. Wellington seeks to provide superior investment results, exceptional service, and multiple layers of risk management.

Why Multi-Factor?

**Worst one year excess return versus market:
Select U.S. factors (January 2002–March 2019, in %)¹**



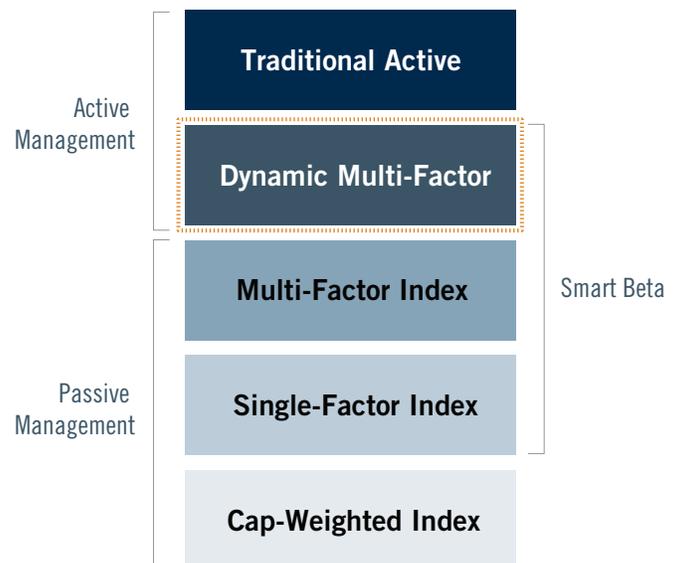
Product innovation has made factor-based investing scalable and inexpensive. While investors now have many tools to tilt portfolios to a factor of their choice, performance challenges remain.

- › The “ride” for any single factor can be a rocky one, particularly in the short run
- › Certain factors naturally diversify each other and combining them could reduce aggregate risk
- › VGFO has the flexibility to be opportunistic with rebalancing at extremes

Dynamic Multi-Factor = “The New Active”

Academic research and historical performance have shown that using factor analysis to assess risk and/or determine excess return opportunities has offered investors a better experience, over the long run.

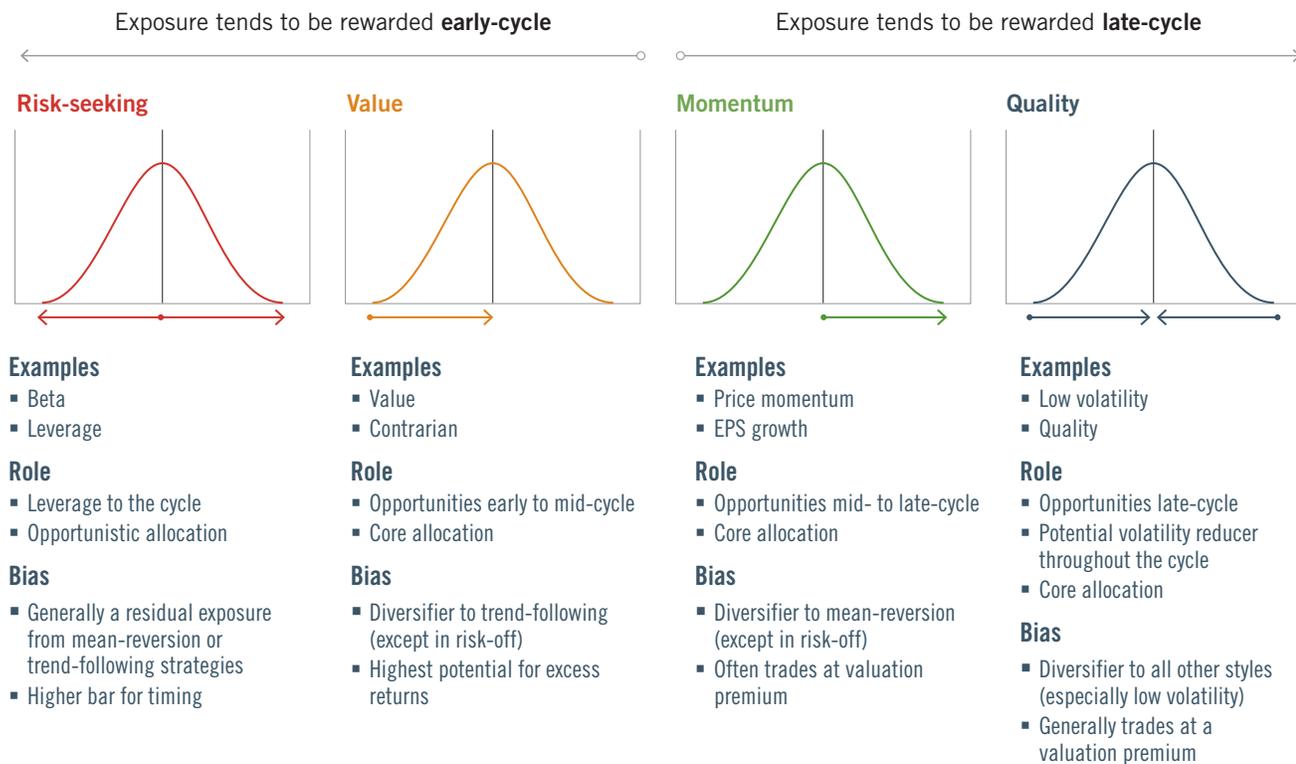
VGFO’s dynamic factor approach differs from most single- and multi-factor ETFs which rely on static index methodologies. Wellington Management leverages both its quantitative factor platform and its fundamental research to seek opportunities and manage risk as markets move.



¹Source: Wellington Management Company LLP and FactSet. All factor returns are based on the MSCI USA Index and represent factor returns calculated by Wellington Management’s Investment Strategy and Risk “ISR” Team. Information shown is for illustrative purposes only and does not represent an actual investment.

The Business Cycle Creates Opportunities

Wellington believes the factor opportunity set is created by the local business cycle. Assessed at each of the four regions comprising the global investment universe (U.S., Europe, Japan, and Emerging Markets), VGFO seeks to align factor exposure in accordance with the respective market cycles of those regions. Wellington’s factor platform classifies factors in four primary categories: risk-seeking, mean-reversion (value), trend-following (momentum), and risk-averse (quality).



Current Returns Outlook

The Fund seeks to provide some exposure to value, momentum, and quality within each region at all times. Thematic and factor allocations are varied to manage risk and to take advantage of any opportunities that may arise.

Wellington’s current outlooks for return potential² (as of 3/31/19)

	U.S.	Europe	Japan	Emerging Markets
Value	✓	✓	✓	—
Momentum	✗	✗	✗	✓
Quality	✓	—	—	✗

✓ Positive ✗ Negative — Neutral

² Investments outside of these four regions seek neutral exposure to the benchmark.



For more information, contact us at 1-800-243-4361 or visit www.virtus.com.

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.

The fund's benchmark is the **MSCI ACWI Index**. The MSCI AC World Index (net) is a free-float-adjusted market-capitalization-weighted index that measures equity performance of developed and emerging markets. The index is calculated on a total return basis with net dividends reinvested.

The **MSCI USA Index** is a market capitalization-weighted index designed to measure the performance of equity securities in the top 85% by market capitalization of equity securities listed on stock exchanges in the United States.

The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

Wellington Management Company LLP is a registered investment advisor and an independent and unaffiliated subadvisor to Virtus.

FUND RISKS

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.

Foreign & Emerging Markets: Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk.

Geographic Concentration: That events negatively affecting the fiscal stability of a state, country, or region will cause the value of the fund's shares to decrease. Because the fund concentrates its assets in a state, country, or region, the fund is more vulnerable to those areas' financial, economic, or other political developments.

Equity REITs: The fund may be negatively affected by factors specific to the real estate market, including interest rates, leverage, property, and management.

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.

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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