

## INVESTMENT OPPORTUNITY

The Fund seeks current income and, secondarily, capital appreciation through a portfolio of preferred securities issued by U.S. companies with market capitalizations of over \$100 million.

## KEY FEATURES

**Focus on Income** — Offers the potential for attractive yields, while pursuing compelling total return results

**Active Management** — Security selection and weightings are based on a variety of quantitative, qualitative, and relative valuation factors

**Enhanced Exposure** — Modest leverage (typically 20-30%) is utilized to help enhance portfolio beta and current income

## INVESTMENT PROCESS

- 1 Evaluate potential investments on a variety of key variables, including the competitive position of a company; the perceived ability of the company to earn a high return on capital; the historical and projected stability and reliability of the profits of the company; the anticipated ability of the company to generate cash in excess of its growth needs; and the access of the company to additional capital.
- 2 Generally underweight or eliminate callable preferred securities exhibiting a low or negative yield-to-call ratio.
- 3 Apply leverage to potentially enhance portfolio exposure.
- 4 Employ option overlay strategies primarily to seek to provide additional current income; opportunistic short positions may be employed to hedge interest rate risk.

## AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/31/2023

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	8.93	24.82	24.82	6.99	8.29	n/a	5.88
Market Price	9.81	26.21	26.21	7.42	8.47	n/a	6.08
Index	5.99	12.02	12.02	-1.06	4.23	n/a	3.16

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](https://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.

Index: The S&P U.S. Preferred Stock Index measures performance of the U.S. preferred stock market. Preferred stocks pay dividends at a specified rate and receive preference over common stocks in terms of dividend payments and liquidation of assets. The index is calculated on a total return basis with dividend reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

	NYSE Arca
NAV Symbol	PFFA.NV
IOPV Symbol	PFFA.IV
CUSIP	26923G822
Inception Date	05/15/18
Total Expense Ratio	2.52%
30-day SEC Yield	10.09%
Adviser	Virtus ETF Advisers LLC
Distributor	VP Distributors, LLC
Subadviser	Infrastructure Capital Advisors
Index	S&P U.S. Preferred Stock Index

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

## PORTFOLIO MANAGEMENT



Infrastructure Capital Advisors, LLC (ICA) is a registered investment advisor that manages an actively managed ETF and a series of hedge funds. The firm was formed in 2012 and is based in New York City.

## INVESTMENT PROFESSIONALS

### Jay D. Hatfield

President and Chief Investment Officer

Industry start date: 2000

Start date as Fund Portfolio Manager: 2018

### Edward Ryan

Senior Managing Director and

Senior Portfolio Manager

Industry start date: 1980

Start date as Fund Portfolio Manager: 2018

### Andrew Meleney, CFA

Portfolio Manager and Director of Research

Industry start date: 2015

Start date as Fund Portfolio Manager: 2024

TOP TEN HOLDINGS	% Fund
SCE Trust III	5.33
NuStar Energy LP	3.40
Global Net Lease Inc	3.24
RLJ Lodging Trust cv pfd 1.95%	2.98
NuStar Energy LP	2.93
Ftai Aviation Ltd	2.85
DigitalBridge Group Inc	2.68
New York Mortgage Trust Inc	2.62
AES Corp Equity Unit Cons of 1 PC 15.02.24 + 1/10 10% CCRPP Sh A	2.35
SLM Corp	2.15

SECTOR ALLOCATIONS	% Fund
Real Estate	27.19
REITS-Mortgage	19.32
Financials	14.64
Utilities	11.91
Industrials	9.92
Pipelines	8.22
Other	5.69
Consumer Discretionary	1.56
Transport-Marine	1.49
Health Care	0.07

Holdings and sector weightings are subject to change.  
To view the full list of holdings, please visit [virtus.com](https://virtus.com).

INCOME DISTRIBUTIONS		NAV at Month-End
Month		
October 2023	\$0.165000	18.32
November 2023	\$0.165000	19.52
December 2023	\$0.165000	20.42

## 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. **Preferred Stocks:** Preferred stocks may decline in price, fail to pay dividends, or be illiquid. **Leverage:** When the Fund leverages its portfolio, the Fund may be less liquid and/or may liquidate positions at an unfavorable time, and the value of the Fund's shares will be more volatile and sensitive to market movements. **Non-Diversified:** The portfolio is not diversified and may be more susceptible to factors negatively impacting its holdings to the extent the portfolio invests more of its assets in the securities of fewer issuers than would a diversified 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.

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.

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](https://virtus.com) for a prospectus or summary prospectus. Read it carefully before investing.

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