

InfraCap REIT Preferred ETF

NYSE ARCA | NAV Symbol PFFR.NV | IOPV Symbol PFFR.IV | CUSIP 26923G400

INDEX DESCRIPTION

The InfraCap REIT Preferred ETF (Fund) tracks a modified market-cap-weighted index designed to provide diversified exposure to high yielding, liquid preferred securities issued by real estate investment trusts (REITs) listed in the United States.

ACCESSING MARKET DISLOCATIONS WITH REIT PREFERRED

Real estate preferreds outperformed the broader preferred-stock asset class in the second quarter of 2024, as positive economic data continued to support rate cuts this year as the base-case scenario. Expectations of lower rates are thought to propel transaction volume and provide more amenable financing terms for real estate companies. Idiosyncratic situations such as opportunistic sales and successful deleveraging by certain issuers successfully supported substantial outperformance from a handful of REITs. As interest rates stabilize and the path forward becomes clearer, we expect further transactions to crystalize value and provide support for preferreds.

HOW THE FUND PERFORMED

For the quarter, the Fund returned 1.06% on NAV, while the Fund's benchmark, the Indxx REIT Preferred Stock Index (Benchmark Index), returned 1.23%.

The Fund paid a monthly dividend of \$0.12 per share for each month of the quarter, while NAV per share at quarter-end was \$18.37 and the Fund's 30-day SEC yield¹ was 7.15%. This annualized figure reflects the dividends received during the period, minus Fund expenses.

PORTFOLIO CHANGES

Over the quarter, there were no substantial portfolio changes. The manager will aim to utilize Fund rebalancing strategies in an effort to outperform the Benchmark Index.

OUTLOOK

We believe REIT preferreds offer an attractive way to access market dislocations and capture opportunities within the real estate sector. Global economies are continuing to return to normal operations and investors may benefit from market rotations by investing in REIT preferreds. REIT preferred securities continue to offer potentially attractive yields at prices below par with risk levels typically below common equity.

¹30-day SEC yield is a standardized yield calculated according to a formula set by the SEC and is subject to change.

PORTFOLIO MANAGEMENT

Infrastructure Capital Advisors, LLC (ICA)

INVESTMENT PROFESSIONALS



Jay D. Hatfield
Chief Investment Officer
Industry start date: 2000
Start date as Fund Portfolio Manager: 2017



Edward Ryan
Chief Operating Officer
Industry start date: 1980
Start date as Fund Portfolio Manager: 2017



Andrew Meleney, CFA
Portfolio Manager and Director of Research
Industry start date: 2015
Start date as Fund Portfolio Manager: 2024

TOP TEN HOLDINGS

	% Fund
DigitalBridge Group Inc.	2.87
DigitalBridge Group Inc.	2.50
Digital Realty Trust Inc.	2.48
UMH Properties Inc.	2.09
Hudson Pacific Properties Inc.	2.05
AGNC Investment Corp.	2.02
Kimco Realty Corp.	1.90
Digital Realty Trust Inc.	1.75
DigitalBridge Group Inc.	1.74
Vornado Realty Trust	1.69

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

AVERAGE ANNUAL TOTAL RETURNS (%) as of 6/30/24

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (02/07/17)
NAV	1.06	2.81	11.69	-2.56	1.08	n/a	2.39
Market Price	0.38	2.19	12.09	-2.44	1.03	n/a	2.42
Index	1.23	3.13	12.28	-2.02	1.93	n/a	3.19

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 class gross expense ratio is 0.45%.

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.

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 bid/offer midpoint on distribution ex-date. Market price returns do not represent the return you would receive if you traded at other times.

Benchmark: The **Indxx REIT Preferred Stock Index** 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 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.

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 FIVE CONTRIBUTORS

	% Contribution
DBRG 7.15 PERP	0.12
VNO 4.45 PERP	0.08
DLR 5.85 PERP	0.08
LAND 6 PERP	0.07
CIM 7 3/4 PERP	0.07

BOTTOM FIVE CONTRIBUTORS

	% Contribution
SLG 6 1/2 PERP	-0.20
DHC 5 5/8 08/01/42	-0.16
DHC 6 1/4 02/01/46	-0.07
PSA 4 5/8 PERP	-0.06
FRT 5 PERP	-0.05

% Contribution: Absolute weighted contribution.

To obtain the top/bottom holdings calculation methodology, call 800-243-4361.

Notes on Risk: 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. **Equity REITs:** The portfolio may be negatively affected by factors specific to the real estate market, such as interest rates, leverage, property, and management; and factors specific to investing in a pooled vehicle such as poor management and concentration risk. **Preferred Stocks:** Preferred stocks may decline in price, fail to pay dividends, or be illiquid. **Industry/Sector Concentration:** A portfolio 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 portfolio. **Passive Strategy/Index Risk:** A passive investment strategy seeking to track the performance of the underlying Index may result in the portfolio holding securities regardless of market conditions or their current or projected performance. This could cause the portfolio's returns to be lower than if the portfolio employed an active strategy. **Correlation to Index:** The performance of the portfolio and its index may vary due to factors such as flows, transaction costs, whether the portfolio obtains every security in the index, and timing differences associated with additions to and deletions from the index. **REIT Interest Rate:** When interest rates rise, the value of REIT securities (including preferred securities) can be expected to decline. The current historically low interest rate environment increases the risk associated with rising interest rates. **Small Companies:** The market price of equity securities may be 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:** 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. **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 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.

The commentary is the opinion of the subadviser. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities.

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 professional, call 800-243-4361, or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

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