

INVESTMENT OPPORTUNITY

The Fund seeks to generate income by investing primarily in short-duration, investment-grade securitized debt across asset-backed securities (ABS) and mortgage-backed securities (MBS), including commercial and residential MBS. A disciplined, time-tested investment process and rigorous risk management approach seeks to target ABS and MBS with competitive yield and current income across undervalued areas of securitized credit markets.

KEY FEATURES

Complement to Traditional Fixed Income — ABS (auto loans, equipment leases, credit card receivables, student loans, etc.) and MBS (pools of mortgages, both residential and commercial, agency and non-agency) sectors provide a wider investment opportunity set and much needed diversification relative to traditional fixed income

Relative Value Focused — With an emphasis on the out-of-index, niche areas of the securitized credit markets, Newfleet’s securitized credit specialists employ their hallmark relative value approach, exploiting inefficiencies by continuously evaluating the market, sectors, and securities

Lower Duration, Attractive Yield — Targeting a duration of between one- to three-years, significantly shorter than traditional core bond strategies, while focusing on investment-grade securitized credit, which has historically offered a yield advantage versus similarly rated traditional corporate bonds

INVESTMENT PROCESS

- 1 Top-Down Sector Allocation** — Continuous evaluation of the investable universe, sector evaluation, sector comparison, and sector allocation, all designed to identify relative value opportunities.
- 2 Bottom-Up Security Selection** — Quantitative and qualitative initial screens establish universe, understanding and reviewing underlying asset, assessing originator/management teams, analyzing deal structures, all designed to identify relative value opportunities.
- 3 Portfolio Management** — Sector/security investment recommendations debated, sector targets determined on relative value assessment, security-level implementation and positioning decided, ongoing stress testing, risk assessment, and trading reviews.

AVERAGE ANNUAL TOTAL RETURNS (%) as of 03/31/2024

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	1.95	1.95	7.16	1.53	n/a	n/a	1.42
Market Price	2.15	2.15	7.40	1.56	n/a	n/a	1.46
Index	0.88	0.88	5.30	0.74	n/a	n/a	0.67

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 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 ICE BofA 1-3 Year A-BBB US Corporate Index measures performance of U.S. corporate bond issues rated A through BBB, inclusive (based on an average of Moody’s, S&P and Fitch), with a remaining term to final maturity less than 3 years. 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.

	NYSE Arca
NAV Symbol	VABS.NV
IOPV Symbol	VABS.IV
CUSIP	92790A603
Inception Date	02/09/21
Gross Expense Ratio	0.49%
Net Expense Ratio	0.39%
30-day SEC Yield	4.71%
30-day SEC Yield (unsubsidized)	4.61%
Adviser	Virtus ETF Advisers LLC
Distributor	VP Distributors, LLC
Subadviser	Newfleet Asset Management
Index	ICE BofA 1-3 Year A-BBB US Corporate Index

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

The Adviser has agreed to waive a portion of the management fee equal to 0.10% through at least November 28, 2024, which will have the effect of reducing the Fund’s total expenses to 0.39%, excluding certain expenses as discussed above.

PORTFOLIO MANAGEMENT



Newfleet Asset Management leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

Newfleet Asset Management is a division of Virtus Fixed Income Advisers, LLC (“VFIA”), an SEC registered investment adviser.

INVESTMENT PROFESSIONALS

David L. Albrycht, CFA
President and Chief Investment Officer
Industry start date: 1985
Start date as Fund Portfolio Manager: 2021

Andrew Szabo, CFA
Portfolio Manager – Agency & Residential Mortgage-Backed Securities
Industry start date: 1986
Start date as Fund Portfolio Manager: 2021

Nicodemus Rinaldi
Portfolio Manager – Asset-Backed Securities & Commercial Mortgage-Backed Securities
Industry start date: 1992
Start date as Fund Portfolio Manager: 2021

Zachary Szyndlar, CFA
Director, Portfolio Manager, and Credit Analyst, Securitized Products
Industry start date: 2013
Start date as Fund Portfolio Manager: 2021

RATINGS DISTRIBUTION	% Invested Assets
Aaa	33.14
Aa	14.15
A	23.60
Baa	16.69
Ba	6.99
B	0.00
Caa	0.00
Ca	0.00
C	0.00
D	0.00
NR	5.44
Cash & Equivalents	0.00

FIXED CHARACTERISTICS	Fund
Effective Duration	1.74
Weighted Average Maturity	2.02

INCOME DISTRIBUTIONS

Month	NAV at Month-End
January 2024	\$0.010000 23.85
February 2024	\$0.076130 23.84
March 2024	\$0.081520 23.94

TOP TEN HOLDINGS	% Fund
Mercury Financial Credit Card Master Trust, 8.0400% 09/20/2027	3.32
Hotwire Funding LLC, 4.4590% 11/20/2051	3.06
Progress Residential 2021-SFR1, 1.5550% 04/01/2038	2.97
NBC Funding LLC, 2.9890% 07/30/2051	2.84
Adams Outdoor Advertising LP, 6.9670% 07/15/2053	2.82
JP Morgan Trust 2015-5, 6.9222%	2.77
Alaska Airlines 2020-1 Class A Pass Through Trust, 4.8000% 08/15/2027	2.74
ACC Auto Trust 2021-A, 3.7900% 04/15/2027	2.43
Affirm Asset Securitization Trust 2023-B, 6.8200% 09/15/2028	2.23
ORL Trust 2023-GLKS, 7.6758%	2.23

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

SECTOR ALLOCATIONS	% Invested Assets
Asset Backed Securities	57.26
Non-Agency Residential MBS	31.06
Non-Agency Commercial MBS	8.93
Corporate - High Quality	2.75

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. **ABS/MBS:** Changes in interest rates can cause both extension and prepayment risks for asset- and mortgage-backed securities. These securities are also subject to risks associated with the non-repayment of underlying collateral, including losses to the portfolio. **Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Variable Distribution Risk:** Periodic distributions by investments of variable or floating interest rates vary with fluctuations in market interest rates. **Derivatives:** Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or attempt to increase returns. Investments in derivatives may result in increased volatility and the portfolio may incur a loss greater than its principal investment. **Sector Focused Investing:** Events negatively affecting a particular industry or market sector in which the portfolio focuses its investments may cause the value of the portfolio to decrease. **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. **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. **Prospectus:** For additional information on risks, please see the fund's prospectus.

GLOSSARY

Effective Duration: The change in the value of a fixed income security that will result from a 1% change in interest rates while taking into account the way changes in rates will affect the expected cash flows of any bond with an embedded option such as call or prepayment option. This measure assigns a probability to the exercise of a call option, where applicable, based on specified shifts in the yield curve. Duration is expressed as a number of years, and generally, the larger the duration, the greater the interest rate risk or reward for a portfolio's underlying

bond prices. **Weighted Average Maturity:** The length of time until the average security in a fund will mature, be redeemed by its issuer, or paid down over time, which is the case with most securitized assets. **30-day SEC Yield** is a standardized yield calculated according to a formula set by the SEC, and is subject to change. **30-day SEC Yield (unsubsidized)** is the 30 day SEC yield without the effect of applicable expense waivers.

RATINGS DISTRIBUTION METHODOLOGY

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund. Ratings are provided by Standard & Poor's, Moody's, and Fitch. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. Where the rating agencies rate a security differently, Newfleet uses the higher rating. If a rating is not available, the bond is placed in the Not Rated category. Credit ratings are subject to change. Aaa, Aa, A, and Baa are investment grade ratings; Ba, B, Caa, Ca, C, and D are belowinvestment grade ratings.

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.

The Fund is an actively managed exchange-traded fund and does not seek to replicate the performance of a specified index. The Fund may have a higher portfolio turnover than funds that seek to replicate the performance of an index.

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 for a prospectus or summary prospectus. Read it carefully before investing.

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

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