

Investment Case: Virtus Duff & Phelps Clean Energy ETF

VCLN

Understanding VCLN

The Fund seeks attractive total returns by investing globally in a portfolio of clean, renewable, and sustainable companies and technologies that will power the energy needs of the future. Actively managed, the Fund focuses on well-positioned market leaders at the forefront of clean energy innovation and commercialization.

Investment Process

We believe the Fund's investment process contrasts favorably with the less defined investment processes of passive clean energy indexes, which are driven by market capitalization and clean energy exposure scores derived from opaque, static criteria. Duff & Phelps' active investment management approach is more comprehensive than those of its passive competitors, resulting in a diversified and more balanced risk profile.

Starting with a global clean energy universe comprising hundreds of stocks, Duff & Phelps selects a portfolio of 30 to 40 names through a well-defined investment process that, in addition to assessment of current revenues and future capital outlays, includes in-depth analysis of companies' business models, sustainability, asset and management quality, and regulatory and legislative environments.

Identifying Clean Energy Investment Candidates

GLOBAL CLEAN ENERGY UNIVERSE

Focus on developed markets but includes select developing markets

~700 STOCKS – Utilities, Industrials, Technology, and Energy

INVESTABLE CLEAN ENERGY UNIVERSE

Screen for trading liquidity and market cap consideration

~250 STOCKS – Market Cap and Liquidity Screen

CORE RESEARCH LIST

Evaluate clean energy eligibility, business model suitability, and long-term sustainability

~150 STOCKS – Producers, Technology and Transmission and Distribution

FOCUS LIST

Ranked by asset management quality, and favorable regulatory environment

~100 STOCKS – Focus List

The Clean Energy Opportunity

Electricity consumption produced through clean energy technology is projected to more than triple from less than 10% of global consumption at present, to at least one-third of global consumption by 2035. This timeframe creates a long and sustained runway for growth and investment. Renewables are projected to account for approximately 38% of U.S. electricity generation by 2050, with solar and wind, respectively, projected to account for approximately 46% and 33% of electricity generated by renewables¹.

The transition to cleaner energy infrastructure will affect energy producers, technology and equipment providers, transmission, and distribution, and projections estimate that this transition could generate more than \$10 trillion in global investment opportunity by 2030².

We believe that by investing in a portfolio of the best-positioned leaders in clean and sustainable energy, we strive to provide investors with the opportunity to achieve attractive risk adjusted returns while taking advantage of the secular trend towards ESG investing.

¹Source: US Energy Information Administration, *Annual Energy Outlook 2021* (AEO 2021). www.eia.gov/aeo

²Source: Aurora Energy Research, research commissioned for UBS. 9/17/2019.

Defining Primary Categories and Determining Finalists

1. Clean Energy Producers:	<ul style="list-style-type: none"> > Biofuel and Biomass Production > Hydro Electricity Production > Wind Energy Production > Battery Storage* > Specialized Service Providers* 	
2. Clean Energy Technology and Equipment Providers:	<ul style="list-style-type: none"> > Biomass and Biofuel Technology > Hydrogen and Fuel Cell Technology > Wind Turbines > Photovoltaic Cells and Equipment > Clean Water Equipment* 	
3. Clean Energy Transmission and Distribution:	<ul style="list-style-type: none"> > Clean Water Distribution* > Transmission and Distribution of Renewable Energy* > Distribution of Cleaner Energy that helps transition to better future options* 	

Investment Attributes	
<ul style="list-style-type: none"> > Secular Growth > Pricing Power > Growing Cash Flows 	<ul style="list-style-type: none"> > Growing Universe > Portfolio Diversification > Long-Term Projects vs. Short-Term Trends

*These sub-categories are not included in the S&P Global Clean Energy Index.

Competitive Advantage

Duff & Phelps’ proven history in utilities and energy investment, spanning more than eight decades, provides the Firm with a specialized perspective on clean energy that is informed by experience. The Firm has witnessed and participated in every major evolution of the utility and energy generation and delivery process since 1932 and understands that the energy sector is beginning another major shift.

We believe the Fund’s rigorous investment methodology and active management offer an edge vis-à-vis passive indexes and other actively managed funds in the clean energy sector.

Through research, analysis, and direct sourcing of industry knowledge, the team effectively monitors the Porter’s Five Forces framework of the clean energy sector from a central vantage point, thereby keeping an in-depth and comprehensive view of suppliers, buyers, new entrants, threats of substitutes, and industry rivalry within the sector. Utilizing this differentiated vantage point, VCLN invests in clean energy innovation where it is most commercially proven.

Implementing Clean Energy in a Portfolio

Thematic investing should play a role in any strategically balanced and diversified portfolio. And because clean energy is in the early stages of long-term secular growth, we believe it has the potential to offer investors the unique ability to capitalize on society's move towards a more sustainable future. Investors seeking targeted, efficient, and cost-effective exposure to growing clean energy demand can participate in the projected build-out of renewable energy generation, benefiting from diversification across the utility, industrial, technology, and energy sectors.

KEY FEATURES – VCLN

1 Pure Play Exposure to Clean Energy

A specialized portfolio of clean energy market leaders with a balanced and diversified approach across technologies, sectors, and geographies. Investors may benefit from the long-term secular growth of clean energy demand and the projected build-out of renewable energy generation across the utility, industrial, technology, and energy sectors.

2 Actively Managed, Built for Transformation

The team selects a high-conviction portfolio of clean energy producers, clean energy technology and equipment providers, and clean energy transmission and distribution companies where innovation is most commercially proven.

3 Time-Tested, Experienced Investment Team

Duff & Phelps' history and proven process with utilities and energy investments spans more than eight decades. Maintaining direct insight into every part of the clean energy value chain, through specialized research and analysis, along with crucial knowledge of the legislative and regulatory environment, provides for a distinct vantage point.

About Duff & Phelps Investment Management

Duff & Phelps Investment Management pursues specialized investment strategies with exceptional depth of resources and expertise. Since its earliest beginnings, providing research and analysis of income producing securities to Depression-era investors, the firm's attention has been set on identifying attractive opportunities through active management and fundamental research, while managing the associated risks. Today, building on a distinguished legacy, Duff & Phelps has earned a reputation as a leader in investing in Global Listed Infrastructure, Global Listed Real Estate, Clean Energy, and Diversified Real Assets. Quality. Reliability. Specialization. Since 1932.



DUFF & PHELPS
INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

About Virtus Investment Partners

Virtus Investment Partners (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors. The company provides investment management products and services through its affiliated managers and select subadvisers, each with a distinct investment style, autonomous investment process, and individual brand.



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

The commentary is the opinion of the Duff & Phelps Investment Management, Co. 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.

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 fund of owning shares of an 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. **Clean Energy Industry:** Developments in the clean energy segment could adversely affect the price and valuations of portfolio holdings. These developments include swift price and supply fluctuations caused by events relating to international politics, the success of project development, and tax and other governmental regulatory policies. There could also be weak demand for clean energy company products or services, the obsolescence of existing technology or short product cycles, and falling prices and profits due to the supply of, and demand for, oil and gas along with competition from new market entrants. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated portfolio. **Foreign & Emerging Market:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **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. **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:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended. **Prospectus:** For additional information on risks, please see the fund's 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 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 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.

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