

INVESTMENT OPPORTUNITY

The Fund seeks to provide total return through a combination of capital appreciation and income, primarily through investments in equity securities of companies in the utility sector.

Key Features:

- › **Stronger Risk/Return Potential:** Aims to deliver stronger risk-adjusted performance from energy exposure than pure passive plays
- › **Sector Expertise:** Offers experienced insights into utility and energy investments through a disciplined, long-term strategy focused on companies and industries the subadviser knows well
- › **Actively Managed:** Qualitative and quantitative analysis inform bottom-up security selection through a dynamic investment process emphasizing disciplined risk management

INVESTMENT PROCESS

The portfolio management team relies on both qualitative processes (management interviews, field research, macro factor analysis) and quantitative processes (modeling, valuation, technicals) to inform investment decisions.

- › Dynamic evaluation of research analysts' recommendations; determination of priority and attractiveness in accordance with investment guidelines
- › Risk management reviews conducted before investments are made
- › Timing of entry and exit assessed by mapping out catalysts, assessing market conditions and conducting technical analysis
- › Investments continuously re-evaluated and conviction level checked

FUND INFORMATION

NAV symbol	UTES.NV
IOPV symbol	UTES.IV
CUSIP	26923G806
Inception Date	9/23/2015
Gross Expense Ratio	0.95%
Net Expense Ratio	N/A
Adviser	Virtus ETF Advisers LLC
Distributor	ETF Distributors, LLC
Subadviser	Reaves Asset Management

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.

FUND MANAGEMENT

Reaves is an investment advisor that manages over **Reaves** Asset Management \$3B for both institutional and retail clients. Its portfolio managers are supported by a highly experienced management team, and its research team averages over 20 years of experience.

PORTFOLIO MANAGERS**John P. Bartlett, CFA**

Vice President, Portfolio Manager, Research Analyst

Joseph (Jay) Rhame, III, CFA

Vice President, Portfolio Manager, Research Analyst

Performance—Total Returns in % as of 12/31/17

	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception (9/23/15)
NAV	-0.43	13.45	13.45	n/a	n/a	n/a	15.75
Market Price	-0.45	13.40	13.40	n/a	n/a	n/a	15.74
Index	0.21	12.11	12.11	n/a	n/a	n/a	14.49

Performance data quoted represents past results. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Please visit www.virtus.com for performance data current to the most recent month-end.

Gross Expense Ratio: 0.95%; Net Expense Ratio: N/A.

The gross expense ratio represents the Fund's management fee, which is structured as a "unified fee," out of which the Fund's subadviser pays all routine expenses, except for certain payments as described in the prospectus, which are paid by the Fund.

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 p.m. 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 4:00pm 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's benchmark is the **The S&P 500® Utilities Index**, which is a free-float market capitalization-weighted index comprised of companies included in the S&P 500 utilities sector. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

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.

Returns for periods of less than one year are cumulative total returns.

Top 10 Holdings as of 12/31/17

NextEra Energy Inc.	14.8%
Sempra Energy	7.9
American Water Works Co Inc.	5.5
DTE Energy Co.	5.4
NextEra Energy Partners LP	5.4
NiSource Inc.	5.4
Eversource Energy	5.1
WEC Energy Group Inc.	4.9
CMS Energy Corp.	4.7
Public Service Enterprise Group Inc.	4.6

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

FUND RISKS

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 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.

Utility Sector Concentration: The fund's investments are concentrated in the utility sector and may present more risks than if the fund were broadly diversified over numerous sectors of the economy.

Industry/Sector Concentration: A fund 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 fund.

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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