

INVESTMENT OPPORTUNITY

The Fund seeks to provide a competitive level of current income exempt from federal income tax, while preserving capital. It employs an actively managed top-down economic approach to municipal bond management.

KEY FEATURES

Barbell Structure — Emphasizes shorter- and longer-term bonds, aiming to capitalize on municipal bond yield curve moves and events such as pre-refundings and credit upgrades

Full Interest Rate Cycle Management — Evolves credits, relative yields, and duration depending on interest rate changes, economic outlook, and market conditions

Strategic Bond Selection — Utilizes a proprietary credit scoring system to evaluate credits beyond rating agency guidelines, seeking attractive valuations with a high degree of credit quality

INVESTMENT PROCESS

Top-down Macroeconomic Data

Regular reviews and analysis of geopolitical events and dynamic macroeconomic data set the foundation of our overall approach

- 1 Analysis takes into account the forecasted interest rate, GDP, unemployment, and inflation

Interest rate forecasting informs duration decisions

Strategic Bond Selection

Proprietary credit scoring system evaluates bond credits beyond the guidelines of the rating agencies

- 2 Monitor credit, default, interest rate, and prepayment risks

Seek pricing opportunities among different coupon structures and maturities while maintaining a high degree of credit quality

Tactical Adjustments

- 3 Maintain portfolio duration flexibility. Shorten duration when interest rates are expected to rise, and extend duration when interest rates have risen and are expected to drop

TOTAL RETURN PERFORMANCE (%) as of 3/31/18

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (1/17/17)
NAV	-1.63	-1.63	2.91	n/a	n/a	n/a	2.88
Market Price	-1.59	-1.59	3.01	n/a	n/a	n/a	2.67
Benchmark	-1.11	-1.11	2.66	n/a	n/a	n/a	2.42

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

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.

The Fund's investment adviser has entered into an expense limitation agreement to limit the Fund's total operating expenses (excluding the management fees paid to the Fund's adviser and sub-adviser and certain other expenses as described in the prospectus) so that such expenses do not exceed 0.59% of the Fund's average daily net assets through February 28, 2019.

NYSE Arca

NAV Symbol	CUMB.NV
IOPV Symbol	CUMB.IV
CUSIP	26923G871
Inception Date	1/17/17
Gross Expense Ratio	1.21%
Net Expense Ratio	0.59%
Adviser	Virtus ETF Advisers LLC
Distributor	ETF Distributors, LLC
Subadviser	Cumberland Advisors®
Benchmark	Bloomberg Barclays Municipal Bond Index

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.

Operating expenses reflect a contractual expense reimbursement in effect through February 28, 2018.

PORTFOLIO MANAGEMENT



Cumberland Advisors® is a registered investment advisory firm headquartered in Sarasota, FL. Founded in 1973, and managing over \$2B, the firm has a wealth preservation bias and conservative investment orientation to manage both risks and returns.

PORTFOLIO MANAGERS

David R. Kotok

Chief Investment Officer, Portfolio Manager
Industry start date: 1973
Start date with Fund: 2017

John R. Mousseau, CFA

Director of Fixed Income, Portfolio Manager
Industry start date: 1980
Start date with Fund: 2017

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.

Benchmark: The Fund’s benchmark is the Bloomberg Barclays Municipal Bond Index, which is a market capitalization-weighted index that measures the long-term tax-exempt bond market. 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.

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.

IMPORTANT RISK CONSIDERATIONS

Credit & Interest: Debt securities are subject to various risks, the most prominent of which are credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt securities may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Municipal Market:** Events negatively impacting a municipal security, or the municipal bond market in general, may cause the fund to decrease in value. **State & AMT Tax:** A portion of income may be subject to some state and/or local taxes and, for certain investors, a portion may be subject to the federal alternative minimum tax. **Tax Liability Risk:** Noncompliant conduct by a municipal bond issuer, or adverse interpretations, could cause interest from a security to become taxable, subtracting shareholders to increased tax liability. **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. **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 insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.

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