

The Virtus Cumberland Municipal Bond ETF seeks to provide a competitive level of current income exempt from federal income tax, while preserving capital.

INVESTMENT OPPORTUNITY

The Fund is actively managed and seeks to maximize total return of income and capital appreciation. The Fund offers investors the opportunity to access Cumberland Advisors' portfolio strategy and its top-down economic approach to municipal bond management.

The Fund employs a barbell structure emphasizing shorter- and longer-term bonds. This helps the Fund benefit from the steepness of the municipal yield curve and allows it to capitalize on municipal "centric" events, such as pre-refundings of municipal bonds and upgrades of municipal credits.

The Fund will evolve over the interest rate cycle with changes in durations and maturities depending upon economic outlook, inflation, Federal Reserve decision making, and the shape of the yield curve. Though markets often become significantly overvalued or undervalued, Cumberland believes they revert to mean valuations over time. Cumberland also analyzes the relative value of municipal bonds to taxable bond markets, such as U.S. Treasuries, over the entire spectrum of the yield curve.

INVESTMENT PROCESS

Top-down Macroeconomic Data

- › Regular reviews and analysis of geopolitical events and dynamic macroeconomic data set the foundation of our overall approach
- › Analysis takes into account the forecasted interest rate, GDP, unemployment, and inflation
- › Interest rate forecasting informs duration decisions

Strategic Bond Selection

- › Utilize a proprietary credit scoring system to evaluate bond credits beyond the guidelines of the rating agencies
- › 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

- › 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
- › Manage the Fund throughout the full interest rate cycle, always considering credits, relative yields, and duration

FUND INFORMATION

NAV symbol	CUMB.NV
IOPV symbol	CUMB.IV
CUSIP	26923G871
Inception Date	1/17/17
Gross Expense Ratio	0.80%
Net Expense Ratio	0.59%
Adviser	Virtus ETF Advisers LLC
Distributor	ETF Distributors, LLC
Subadviser	Cumberland Advisors®

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.

FUND 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

John R. Mousseau, CFA
Director of Fixed Income, Portfolio Manager

Performance—Total Returns in % as of 9/30/17

	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception (1/17/17)
NAV	0.81	n/a	n/a	n/a	n/a	n/a	3.75
Market Price	0.91	n/a	n/a	n/a	n/a	n/a	3.68
Index	1.06	n/a	n/a	n/a	n/a	n/a	3.28

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: 0.80%; Net Expense Ratio: 0.59%.

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 subadviser 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, 2018.

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 **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.

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

FUND RISKS

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: The value of an ETF may be more volatile than the underlying portfolio of securities the ETF 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 FDIC insured	May lose value	Not bank guaranteed
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The Fund is distributed by **ETF Distributors, LLC**, an affiliate of Virtus ETF Advisers LLC.

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