

# Virtus Cumberland Municipal Bond ETF

# CUMB

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

NYSE Arca  
6.30.2017

## INVESTMENT OPPORTUNITY

The Virtus Cumberland Municipal Bond ETF (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-term and longer-term bonds. This helps the Fund benefit from the steepness of the municipal yield curve and allows it to capitalize on moves in the municipal bond yield curve and 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. Cumberland's philosophy centers on the fact that markets often become significantly overvalued or undervalued, but will 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 the 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 decisions on duration

### Strategic Bond Selection

- ▶ Utilize a proprietary credit scoring system is used 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	26923G 871
Inception Date	January 17, 2017
Management Fee	0.49%
Other Expenses	0.31%
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. Originally founded in 1973, the firm manages over \$2B. The firm has a wealth preservation bias and conservative investment orientation to manage both risks as well as returns.

### Portfolio Managers

#### David R. Kotok

Chief Investment Officer, Portfolio Manager

#### John R. Mousseau, CFA

Director of Fixed Income, Portfolio Manager



For more information, contact us at 1.888.383.0553 or go to [www.virtusefs.com](http://www.virtusefs.com).

Quarterly Performance (%) (as of 6/30/2017)								
	1 Mo.	3 Mo.	YTD	1YR	3YR	5YR	10YR	Since Inception
NAV	-0.22	2.38	NA	NA	NA	NA	NA	2.91
Price	-0.29	2.56	NA	NA	NA	NA	NA	2.75
Index	-0.36	1.96	NA	NA	NA	NA	NA	2.20

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. Please visit [www.cumberetfs.com](http://www.cumberetfs.com) for performance data current to the most recent month-end.

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.

**Management Fee:** 0.49%  
**Acquired Fund Fees:** 0.00%  
**Gross Expense Ratio:** 0.80%  
**Net Expense Ratio:** 0.59%  
**Fund Inception:** 1/17/2017  
**Index:** Bloomberg Barclays Municipal Bond Index

*Operating expenses reflect a contractual expense reimbursement in effect through 2/28/2018.*

*The Bloomberg Barclays Municipal Bond Index 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.*

You should consider the fund’s investment objectives, risks, and charges and expenses carefully before investing. Contact Virtus ETF Solutions at 1-888-383-0553 or visit [www.virtusetfs.com](http://www.virtusetfs.com) to obtain a prospectus which contains this and other information about the fund. The prospectus should be read carefully before investing.

**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.

Virtus ETF Advisers, LLC serves as the investment adviser and Cumberland Advisers, LLC serves as the investment sub-adviser to the Fund. The Fund is distributed by ETF Distributors LLC, an affiliate of Virtus ETF Advisers, LLC.

**Not FDIC Insured | Not Bank Guaranteed | May Lose Value**