# Reaves Utilities ETF

# UTES

**The Reaves Utilities ETF (NYSE Arca: UTES) 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.**

**NYSE Arca**
12.31.2016

## INVESTMENT OPPORTUNITY

Founded in 1961 as an investment research boutique, Reaves Asset Management specializes in the utility and energy infrastructure sectors. Reaves believes in a philosophy that adheres to the following approach:

- Consistently execute a disciplined, long-term strategy focused on companies and industries that Reaves knows well
- Know and understand regulations, federal and state, that govern the earnings level, financials and operations of public utilities
- Compound long-term value and reduce portfolio volatility through dividend and earnings growth and the reinvestment of dividends
- Fundamental in-house research that serves as the basis for bottom-up securities selection

UTES is an actively-managed ETF that embodies the investment philosophy that Reaves has employed since it began managing institutional portfolios 38 years ago.

## 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** | September 23, 2015 |
| **Management Fee** | 0.95% |
| **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.

Reaves Asset Management

## FUND MANAGEMENT

Reaves is an investment advisor that manages over $2.8B 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

**Louis Cimino, PhD**
Chief Operating Officer, Portfolio Manager, Research Analyst

**John P. Bartlett, CFA**
Vice President, Portfolio Manager, Research Analyst

**Joseph (Jay) Rhame, III, CFA**
Vice President, Portfolio Manager, Research Analyst

VIRTUS ETF Solutions

**For more information, contact us at 1.888.383.0553 or go to www.reavesetfs.com.**

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## FUND PERFORMANCE

| Quarterly Performance (%) (as of 12/31/2016) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Mo. | 3 Mo. | YTD | 1YR | 3YR | 5YR | 10YR | Since Inception |
| **NAV** | 3.57 | -1.36 | 15.77 | 15.77 | NA | NA | NA | 17.55 |
| **Price** | 3.61 | -1.37 | 15.80 | 15.80 | NA | NA | NA | 17.58 |
| **Index** | 4.94 | 0.14 | 16.29 | 16.29 | NA | NA | NA | 16.36 |

**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.reavesetfs.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.**

**Expense Ratio:** 0.95%
**Fund Inception:** 9/23/2015
**Index:** S&P 500 Utilities Index

*Expenses are based on estimated amounts for the current fiscal year. The management fee is structured as a "unified fee", out of which the Fund's sub-adviser pays all routine expenses for the Fund, except payments under any 12b-1 plan; taxes and other governmental fees; brokerage fees, commissions and other transaction expenses; interest and other costs of borrowing money; litigation or arbitration expenses; acquired fund fees and expenses; and extraordinary expenses of the Fund, each of which is paid by the Fund.*

*The S&P 500® Utilities Index 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.*

**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.reavesetfs.com to obtain a prospectus which contains this and other information about the fund. The prospectus should be read carefully before investing.**

### Fund Risks

**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.

Virtus ETF Advisers LLC serves as the investment adviser and W.H. Reaves & Co., Inc. (d/b/a Reaves Asset Management) 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**

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