

VIRTUS ALPHASIMPLEX MANAGED FUTURES ETF (ASMF)

May 2024

IMPORTANT RISK CONSIDERATIONS



| | |
|---|---|
| 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 to the portfolio of owning shares of an ETF may exceed the cost of investing directly in the underlying securities. |
| Derivatives | Derivatives may include, among other things, futures, options, forwards, and swap agreements and may be used in order to hedge portfolio risks, create leverage, or attempt to increase returns. Investments in derivatives may result in increased volatility and the portfolio may incur a loss greater than its principal investment. |
| 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, medium, or large-sized companies may enhance that risk. |
| Interest Rate | The values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced for securities with longer maturities. |
| Credit Risk | If the issuer of a debt instrument fails to pay interest or principal in a timely manner, or negative perceptions exist in the market of the issuer's ability to make such payments, the price of the security may decline. |
| Currency Rate | Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares. |
| Commodity and Commodity-Linked Instruments | Commodity and commodity-linked instruments may experience a return different than the commodity they attempt to track and may also be exposed to counterparty risk. |
| Foreign & Emerging Markets | Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. |
| Leverage | When a portfolio is leveraged, the value of its securities may be more volatile and all other risks may be compounded. |
| Financial Concentration | Because the portfolio is presently heavily weighted in the financial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. |
| Portfolio Turnover | The portfolio's principal investment strategies may result in a consistently high portfolio turnover rate. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when the portfolio is held in a taxable account. |
| Quantitative Model | Investments selected using quantitative models may perform differently from the market as a whole or from their expected performance. There can be no assurance that use of a quantitative model will enable the portfolio to achieve positive returns or outperform the market. |
| Market Price/NAV | At the time of purchase and/or sale, an investor's shares may have a market price that is above or below the fund's NAV, which may increase the investor's risk of loss |
| Market Volatility | The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended. |
| Prospectus | For additional information on risks, please see the fund's prospectus. |

KEY FACTS

\$179.3

Billion in
AUM

35

Funds Rated
4 or 5 Stars¹



Past performance is not indicative of future results.

As of 3/31/24. ¹Based on institutional-class or I shares. Please see page 16 for additional Morningstar disclosure. Strong ratings are not indicative of positive fund performance. ²Newfleet Asset Management, Seix Investment Advisors, and Stone Harbor Investment Partners are divisions of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser. Virtus has a majority or minority interest in the managers shown, with exception of Voya Investment Management.

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ABOUT ALPHASIMPLEX

ADAPTIVE STRATEGIES FOR EVOLVING MARKETS®



AT-A-GLANCE

YEAR FOUNDED

1999

VIRTUS AFFILIATE SINCE

2023

HEADQUARTERS

Boston, MA

AUM

\$7.3 Billion*

INVESTMENT STYLE

**Systematic/Quantitative
Alternative Strategies**

OF INVESTMENT PROFESSIONALS

19

AVERAGE INVESTMENT EXPERIENCE

19 Years

PHILOSOPHY

The philosophy that informs the development of all of AlphaSimplex's strategies is based on the Adaptive Markets Hypothesis ("AMH"). An innovative theory of market behavior, the AMH recognizes that financial markets are neither always efficient nor always rational, but that they are highly competitive and adaptive. As a result, market conditions are ever-changing; market volatility, risk premia, and cross-asset correlations are not static. The implication is that investment strategies must continuously adapt as markets evolve in order to deliver more consistent performance.

As of 3/31/24. Source: AlphaSimplex Group, LLC and Virtus Investment Partners.

*Assets under management (AUM) includes the trading size (capital) of separately managed accounts managed by AlphaSimplex for which the client has elected to fund the capital of the strategy on a partial basis. Therefore, this measure of AUM does not correspond to regulatory AUM.

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PORTFOLIO MANAGEMENT TEAM

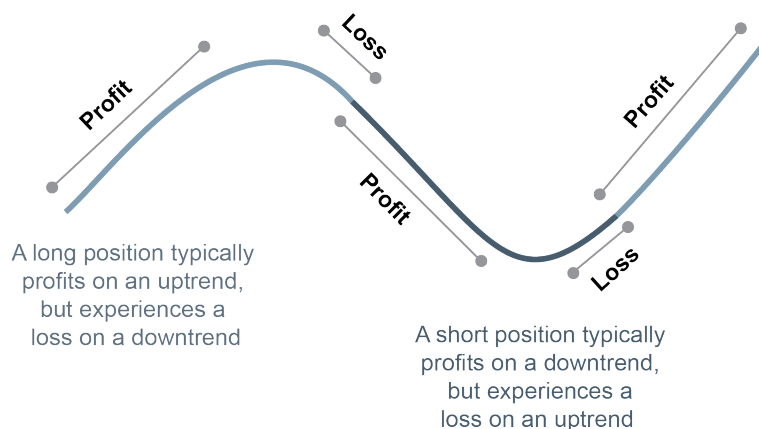
EXPERIENCED AND STABLE TEAM



| Name | Title | Industry Start Date | Firm Start Date |
|----------------------------------|--|--------------------------------|----------------------------|
| Alexander D. Healy, Ph.D. | Chief Investment Officer, Portfolio Manager | 2007 | 2007 |
| Kathryn M. Kaminski, Ph.D., CAIA | Chief Research Strategist, Portfolio Manager | 2008 | 2018 |

Trend-following strategies seek to:

- Take a data-driven approach to capture market momentum.
- Go long in markets that are trending higher and short in markets that are trending lower, with the expectation that price movements continue their direction.



- Take advantage of well-documented behavioral biases:
 - **Anchoring** – relying on historical data and underreacting to new information, which manifests in slower price movements both up and down.
 - **Confirmation Bias** – investors tend to look for information that confirms their views and beliefs, leading them to buy assets that are trending up and selling assets that have declined.
 - **Herding** – after prices trend in a direction for a period of time, investors tend to jump on the bandwagon.

We believe Managed Futures strategies provide:

1. Low Long-Term Correlations

Generally have a low long-term correlation to traditional asset classes.

2. Diversification

Can provide diversification to lower overall portfolio risk and potentially enhance overall returns.



**MANAGED
FUTURES
STRATEGIES**

3. Potential Crisis Alpha

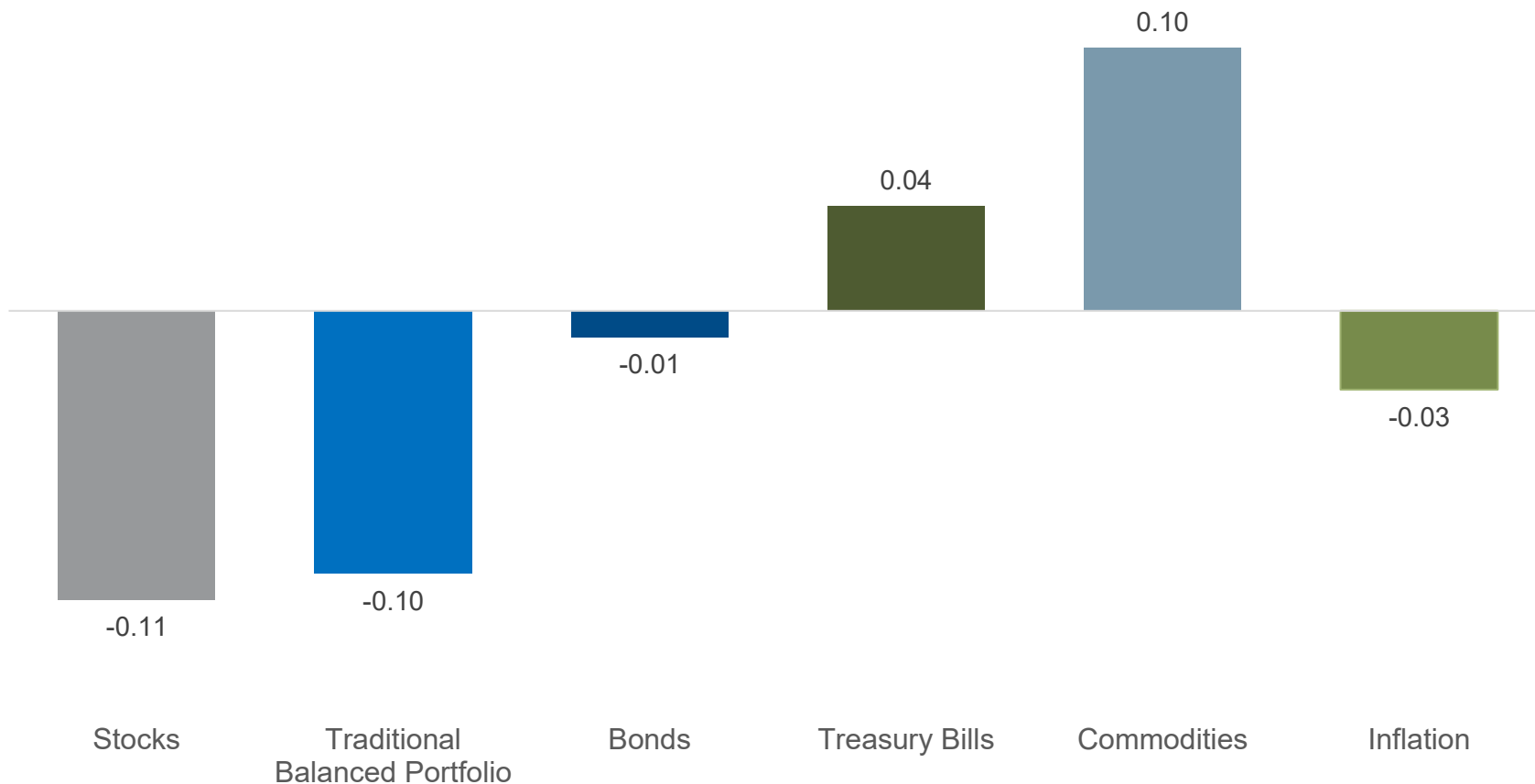
Seek to provide strong returns during market crises.

4. Global Long/Short Exposure

Access to multiple asset classes across the world, using both long and short exposure.

HISTORICALLY LOW CORRELATION OF MANAGED FUTURES

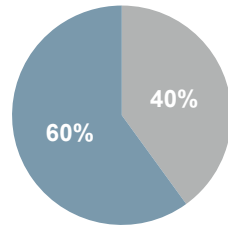
April 2000 – March 2024



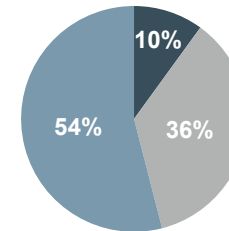
Past performance is not indicative of future results. Chart shows correlations of the SG CTA Index to these indices: Stocks: S&P 500® Index, Traditional Balanced Portfolio: 60/40 S&P 500 Index/Bloomberg US Aggregate Bond Index, Bonds: Bloomberg US Aggregate Bond Index, Treasury Bills: Bloomberg U.S. Treasury Bill 1-3 Month Index, Commodities: S&P Goldman Sachs Commodity Index, Inflation: U.S. Consumer Price Index. Source: Morningstar Direct and Virtus Performance & Analytics. Please see page 16 for index definitions.
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Diversification of a traditional portfolio

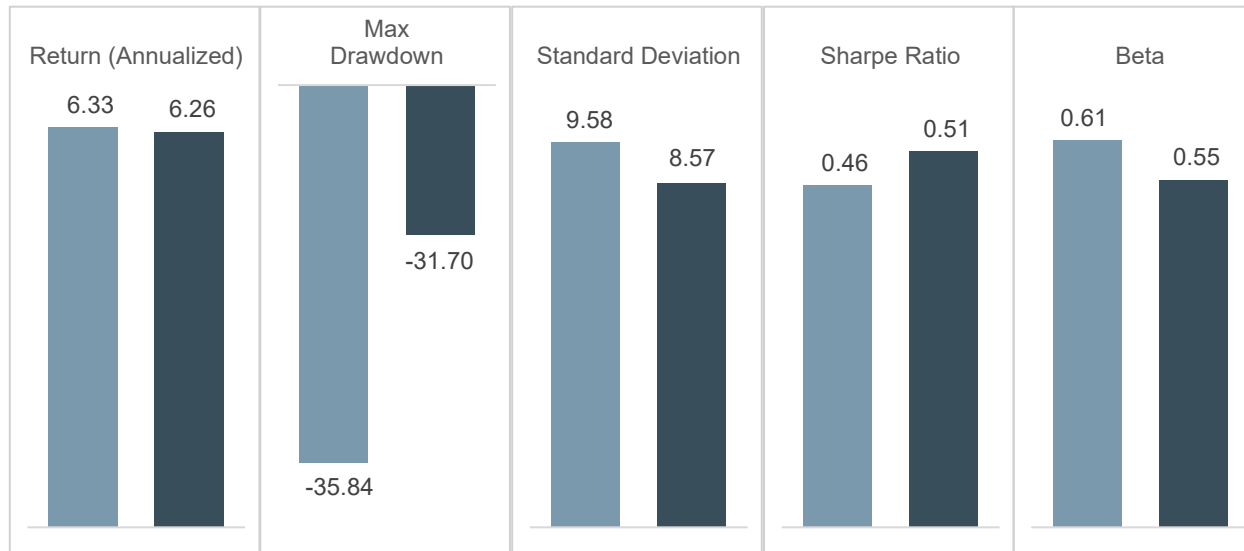
TRADITIONAL BALANCED PORTFOLIO



ALTERNATIVE ENHANCED PORTFOLIO



- SG CTA Index
- Bloomberg U.S. Aggregate Bond Index
- S&P 500[®] Index



■ 60% S&P 500[®] Index/40% Bloomberg U.S. Aggregate Bond Index

■ 54% S&P 500[®] Index/36% Bloomberg U.S. Aggregate Bond Index/10% SG CTA Index

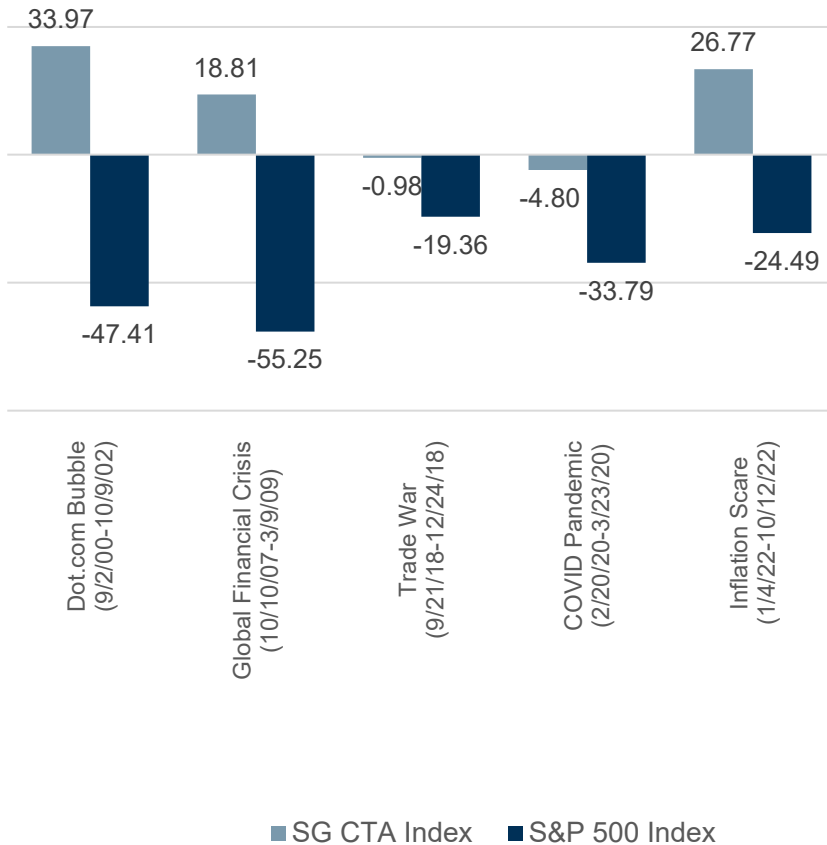
WHAT IS CRISIS ALPHA?

“The potential opportunities from persistent trends during periods of market stress or crisis.”

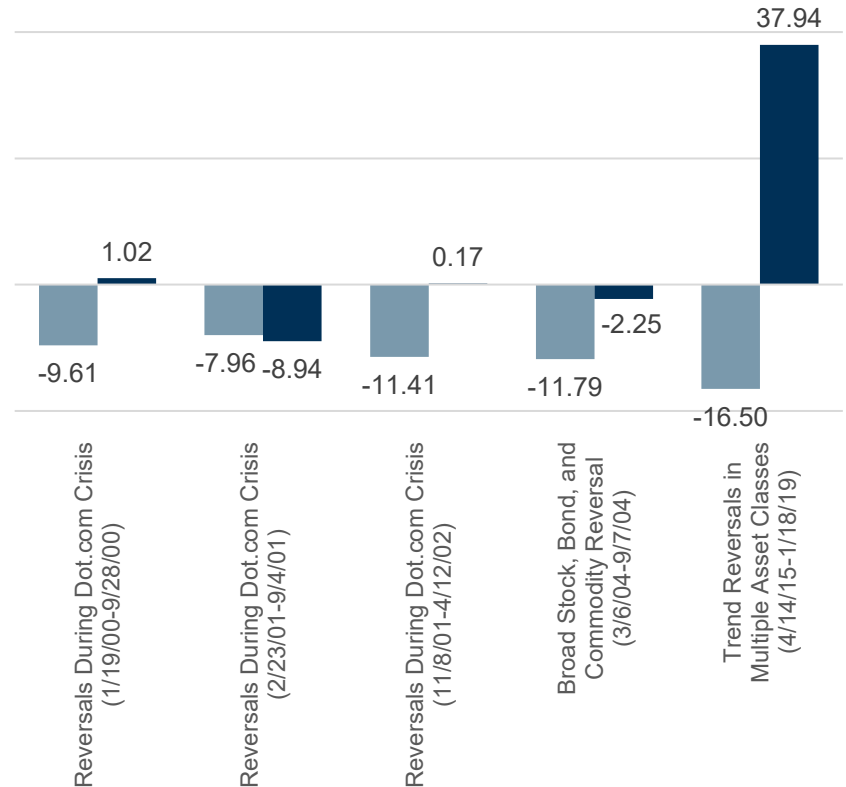
*-Kathryn M. Kaminski, Ph.D., CAIA®
Chief Research Strategist and Portfolio Manager*



PERFORMANCE OF TREND STRATEGIES DURING THE FIVE LARGEST S&P 500® INDEX DRAWDOWNS (%)



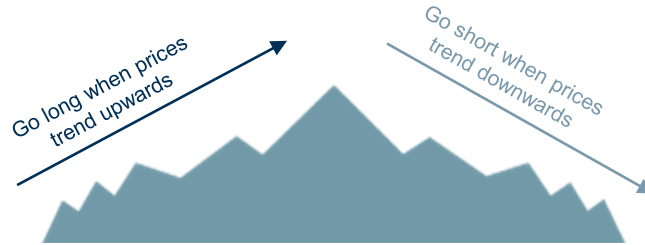
PERFORMANCE OF THE S&P 500® INDEX DURING THE FIVE LARGEST TREND STRATEGY DRAWDOWNS (%)



Past performance is not indicative of future results. Time periods chosen represent periods in which the S&P 500® Index or SG CTA Index declined by more than 15%. Data from January 1, 2000, which was the inception of the SG CTA Index, through March 31, 2023. Returns are cumulative. Source: Morningstar Direct and Virtus Performance & Analytics. It is not possible to invest directly in any index. Trend-following strategies may see profits when markets have strong trends and losses when markets are choppy or in transition.

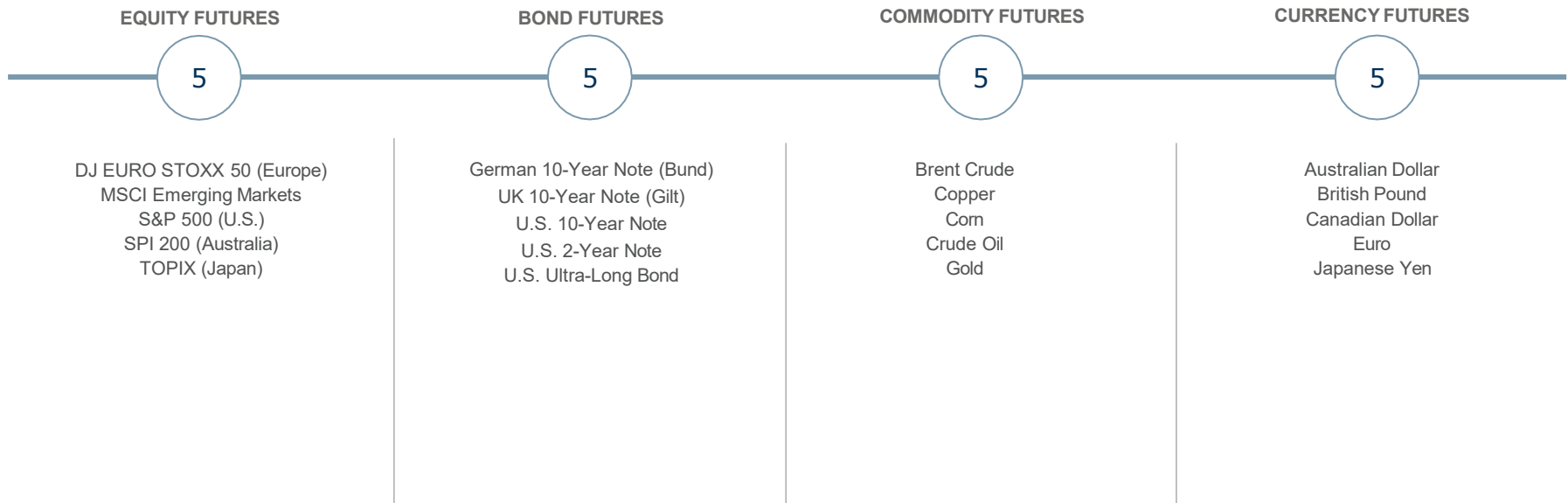
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By taking long and/or short positions, trend following has the potential to provide gains as prices go up—or down.



For illustration purposes only

GLOBAL EXPOSURE provides access to a diverse set of assets through futures contracts



Source: AlphaSimplex Group, LLC. Sample assets expected to be traded by the Virtus AlphaSimplex Managed Futures ETF. There is no guarantee that targets or objectives will be achieved. Trends are not predictive of market performance or investment decisions by the portfolio management team. Trend-following strategies may see profits when markets have strong trends and losses when markets are choppy or in transition. The investment universe of the Virtus AlphaSimplex Managed Futures ETF is subject to change.

A diversified approach to trend following

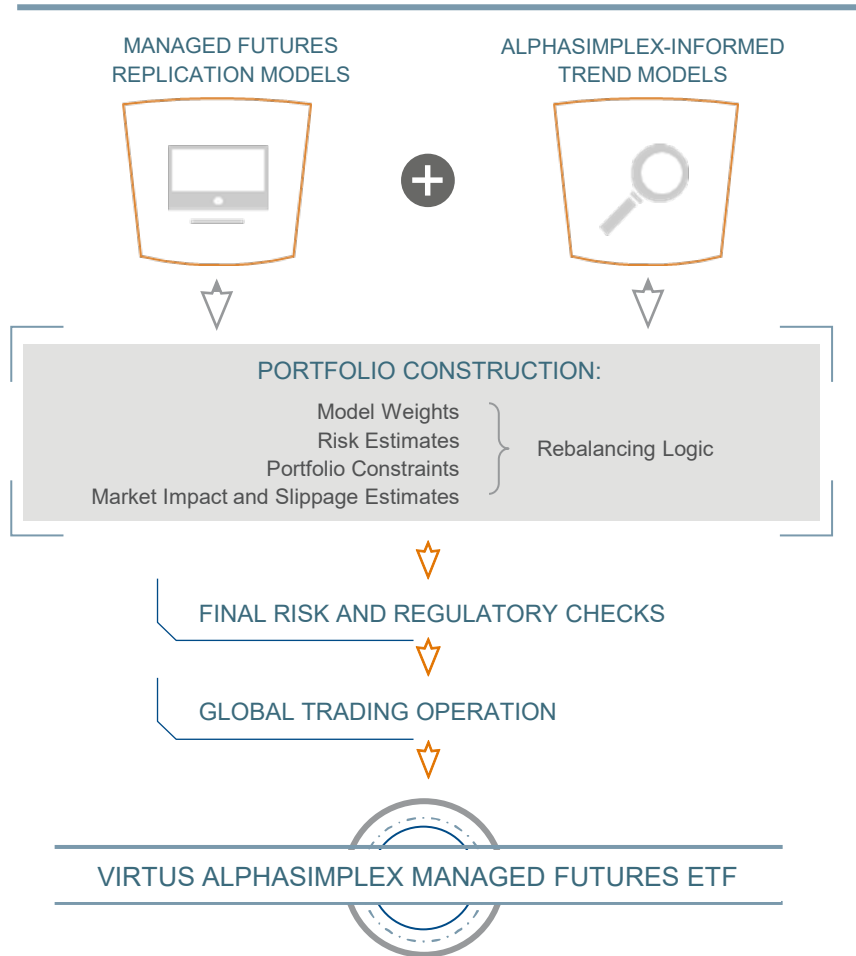
| CATEGORY | VIRTUS ALPHASIMPLEX MANAGED FUTURES ETF |
|-------------------------------------|---|
| Overview of Strategy | The AlphaSimplex Managed Futures ETF seeks to provide capital appreciation consistent with the risk/return characteristics of a basket of the largest Managed Futures funds in the world. |
| Portfolio Role | Complementary to a stock and bond or stock, bond, and alternatives portfolio |
| Portfolio Management | Systematic, team-based approach |
| Model Type | Managed Futures Industry Replication Models combined with AlphaSimplex-Informed Trend Models |
| Asset Classes and Contracts Traded* | 20 futures contracts across equities, fixed income, currencies, and commodities, held both long and short. Equities: DJ EURO STOXX 50 (Europe), MSCI Emerging Markets Index, S&P 500, SPI 200 (Australia), TOPIX (Japan) Bonds: German Bund, U.K. Gilt, U.S. 2-Year Note, U.S. 10-Year Note, U.S. Ultra-Long Bond Commodities: Brent crude, copper, corn, crude oil, gold Currencies: Australian dollar, British pound, Canadian dollar, euro, Japanese yen |
| Risk Level | Targets a volatility in line with the managed futures industry (long-term expected average volatility of 8-12%) |
| Risk Management Factors | Volatility, correlation, notional size, liquidity, margin to equity, value at risk, and trade volume are all considered in the overall risk management process |
| Fee Structure | Total Expense Ratio: 0.80% |

Source: AlphaSimplex Group, LLC.

*Does not include cash investments in money market instruments. There is no guarantee that targets or objectives will be achieved.

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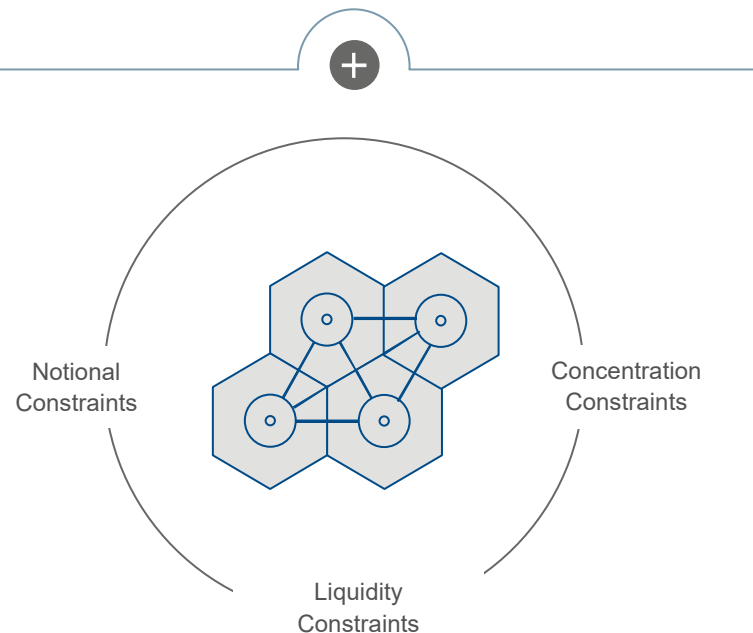
Summary of Investment Process



Multiple Dimensions to Risk Management

STRATEGY IS RISK-MANAGED IN AN EFFORT TO PRESERVE CAPITAL

- Risk is analyzed and portfolio is managed according to several different risk measures.
- Portfolio is managed to target a volatility in line with the long-term average of the managed futures industry.



Source: AlphaSimplex Group, LLC. There is no assurance that targets or objectives will be achieved. The actual trend models used in the Virtus AlphaSimplex Managed Futures ETF vary and are subject to change.

Diversification

- Replication models utilize 20 liquid futures contracts across global equity, fixed income, currency, and commodity markets.

Risk Management

- Disciplined, systematic approach to risk management process that considers volatility and correlation, among other aspects of risk.

ETF Accessibility

- ETF and index-replication approach reduces fees and single-manager risk while offering daily liquidity and transparency.

Glossary

Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Correlation:** A measure that determines the degree to which two variables' movements are associated. The correlation coefficient will vary from -1 to +1. A -1 indicates perfect negative correlation and +1 indicates perfect positive correlation. **Maximum Drawdown:** The peak-to-trough decline during a specific record period of an investment, fund, or commodity. A drawdown is usually quoted as the percentage between the peak and the trough. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

Index Definitions

The **Bloomberg U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. The **Bloomberg U.S. Treasury Bill 1-3 Month Index** includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The **S&P GSCI® Index** is designed to reflect the performance of a production-weighted basket of physical commodities. The index is calculated on a total return basis with all proceeds reinvested. The **SG CTA Index** is designed to represent the performance of the 20 largest Trend Following commodity trading advisors (CTA) programs in the managed futures space. To qualify for inclusion in the index, a program must be open to new investment, report returns on a daily basis, and be an industry recognized trend follower as determined at the discretion of the SG Index Committee. The index is equally weighted, and rebalanced and reconstituted annually. AlphaSimplex Group, LLC is a part of the SG CTA Index. All indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

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- We are not constrained by a single investment approach; rather, we provide access to independent, specialized investment philosophies through our multi-discipline, multi-strategy approach.
- We have the flexibility, agility, and responsiveness of a boutique asset management firm with similar product breadth and investment talent of our larger peers.
- We are committed to thoughtfully providing investment solutions, adhering to the highest standards of product quality, operational excellence, and fiduciary responsibility.

Your clients should consider a Fund’s investment objectives, risks, charges, and expenses carefully before investing. For this and other information about any Virtus Fund, call 800-243-4361 or visit virtus.com for a prospectus or summary prospectus. Read it carefully before investing.

Not all products or marketing materials are available at all firms.

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