

# Virtus ETF Solutions and InfraCap Introduce Preferred Stock ETF

## Virtus InfraCap U.S. Preferred Stock ETF Launches on NYSE as 'PFFA'

NEW YORK, May 17, 2018 /PRNewswire/ -- Virtus ETF Solutions, an affiliate of [Virtus Investment Partners, Inc.](#) (NASDAQ: VRTS), has partnered with Infrastructure Capital Advisors, LLC (InfraCap) to introduce the [Virtus InfraCap U.S. Preferred Stock ETF](#), which begins trading today under the ticker "PFFA" on NYSE Arca.

The fund seeks current income and capital appreciation in a sector that may be less understood by investors, said Jay Hatfield, founder and chief executive officer of InfraCap and co-portfolio manager. The fund will invest in a portfolio of more than 100 preferred securities issued by U.S. companies with market capitalizations of more than \$100 million. With a focus on income, the fund offers the potential for attractive yields, while pursuing compelling total return results.

Portfolio managers rely on a variety of quantitative, qualitative and relative valuation factors to select securities and weightings for the fund. As part of their investment process, they evaluate companies for their competitive position, potential to earn high returns on capital, stability and reliability of profits, potential to generate cash in excess of growth needs, and access to capital. Modest leverage is used to seek enhanced portfolio beta and options strategies are used to seek enhanced current income.

"We are excited to offer PFFA because the nuances of preferred stock investing demands active management, which we can provide in an ETF form," Hatfield said. "Investors can benefit from active management in this sector, as the call features of preferred stock often require portfolio managers to avoid capital losses on mandatory calls."

The new ETF joins two other InfraCap products on the Virtus ETF platform, the InfraCap MLP ETF (AMZA), an actively managed MLP offering, and InfraCap Preferred REIT ETF (PFFR).

"InfraCap's management style lends itself well to asset-like preferred stocks, and we believe investors seeking an enhanced income experience will find PFFA attractive," said William Smalley, executive managing director of Virtus ETF Solutions. "We are also pleased to have the opportunity to extend our longstanding partnership with InfraCap with the launch of this third ETF on the Virtus ETF Solutions platform."

### **About Infrastructure Capital Advisors, LLC**

[Infrastructure Capital Advisors, LLC](#) is an registered investment advisor that manages exchange-traded funds and a series of hedge funds. The firm, formed in 2012 and based in New York City, seeks total-return opportunities in key infrastructure sectors, including energy, real estate, transportation, industrials and utilities. It often identifies opportunities in entities that are not taxed at the entity level, such as master limited partnerships (MLPs) and real estate investment trusts (REITs). InfraCap also looks for opportunities in credit and related securities, such as preferred stocks. Current income is a primary objective in most, but not all, of the company's investing activities. The focus is generally on asset-intensive companies that generate and distribute substantial streams of free cash flow. For more information, visit [www.infracapfunds.com](http://www.infracapfunds.com).

### **About Virtus ETF Solutions**

[Virtus ETF Solutions](#) (VES) is a New York-based, multi-manager ETF sponsor and affiliate of Virtus Investment Partners. With actively managed and index-based investment capabilities across multiple asset classes, VES seeks to deliver a family of complementary exchange-traded funds subadvised by select

investment managers.

### **About Virtus Investment Partners**

[Virtus Investment Partners](#) (NASDAQ: VRTS) is a distinctive partnership of boutique investment managers singularly committed to the long-term success of individual and institutional investors. The company provides investment management products and services through its affiliated managers and select subadvisers, each with a distinct investment style, autonomous investment process and individual brand. Virtus Investment Partners offers access to a variety of investment styles across multiple disciplines to meet a wide array of investor needs. In addition to [Virtus ETF Solutions](#), its affiliated managers include [Ceredex Value Advisors](#), [Duff & Phelps Investment Management](#), [Kayne Anderson Rudnick Investment Management](#), [Newfleet Asset Management](#), [Rampart Investment Management](#), [Seix Investment Advisors](#), and [Silvant Capital Management](#). Additional information can be found at [virtus.com](http://virtus.com)

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.

### **Fund Risks**

**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. **Preferred Stock:** Preferred stocks may decline in price, fail to pay dividends, or be illiquid. **Non-Diversified:** The fund is non-diversified and may be more susceptible to factors negatively impacting its holdings to the extent that each security represents a larger portion of the fund's assets. **Short Sales:** The fund may engage in short sales, and may experience a loss if the price of a borrowed security increases before the date on which the fund replaces the security. **Leverage:** When a fund leverages its portfolio, the value of its shares may be more volatile and all other risks may be compounded. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment. **No Guarantee:** There is no guarantee that the portfolio will meet its objective. **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 Virtus 1.800.243.4361 or visit [www.virtus.com](http://www.virtus.com) for a copy of the fund's prospectus. Read the prospectus carefully before you invest or send money.**

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