

# Virtus Investment Partners to Acquire Majority Interest In ETF Issuer Solutions

## Transaction adds platform for actively managed exchange-traded funds

HARTFORD, Conn., Jan. 26, 2015 /PRNewswire/ -- [Virtus Investment Partners, Inc.](#) (NASDAQ: VRTS), which operates a multi-manager asset management business, today announced an agreement to acquire a majority interest in ETF Issuer Solutions (ETFis), a New York City-based company that operates a platform for listing, operating, and distributing exchange-traded funds. The transaction will provide Virtus with manufacturing capabilities for both active and passive ETFs, adding to its broad product line-up.

ETFis, founded in 2012, recently introduced the industry's first actively managed ETF investing exclusively in master limited partnerships, the InfraCap MLP ETF (NYSE: AMZA)<sup>1</sup>. It currently manages two other ETFs and has seven additional ETFs in registration with the Securities and Exchange Commission. All of the company's ETFs are managed by external subadvisers.

"There is growing interest among financial advisors and investors to use exchange-traded funds in their retail and institutional portfolios because of the tax efficiency and liquidity benefits that ETFs offer," said George R. Aylward, president and chief executive officer of Virtus. "The ETFis business model is similar to the Virtus approach of offering investors access to strategies of boutique managers. This partnership with ETFis will expand our product capabilities and allow us to offer compelling investment strategies in an actively managed ETF format."

ETFis will become a Virtus affiliate and continue to operate as a multi-manager ETF platform, providing investors access to differentiated investment capabilities from select subadvisers. The company is led by its co-founders, Matthew B. Brown, who manages operations and technology capabilities, and William J. Smalley, head of product strategy and management.

"We developed ETF Issuer Solutions to provide a technology-driven, ETF-specific platform that offers significant cost and operational efficiencies. The partnership with Virtus gives us the resources and support to execute on our long-term vision of building a leading multi-manager ETF platform," said Smalley. "We are excited to have the opportunity to combine our offerings with Virtus' extensive distribution capabilities to create a compelling alternative for asset managers that want to make their actively managed strategies available in an exchange-traded fund structure."

The Newfleet Multi-Sector Unconstrained Bond ETF<sup>2</sup> will be the first new offering managed by a Virtus affiliate added to the ETFis platform. The fund will leverage the [Newfleet Asset Management](#) team's broad experience in multi-sector fixed-income investing in a strategy that will have the flexibility to capitalize on opportunities across all sectors of the bond markets, including evolving, specialized, and out-of-favor sectors, as it seeks to deliver relatively high income and an attractive total return. A registration statement for the fund has been filed with the SEC.

The transaction is expected to close in March. Terms were not disclosed. Paul, Weiss, Rifkind, Wharton & Garrison LLP acted as legal advisor to Virtus. Haynes & Boone LLP acted as legal advisor to ETFis.

### About ETF Issuer Solutions Inc.

[ETF Issuer Solutions Inc.](#) offers a comprehensive services platform designed specifically to build, operate, and market exchange-traded funds. Its affiliated companies include [ETF Distributors LLC](#) (Member: FINRA), a broker-dealer that operationally administers and actively distributes exchange traded funds; and

Etfis Capital, an SEC-registered investment advisor that is the adviser to three ETFs: InfraCap MLP ETF (NYSE: AMZA), subadvised by Infrastructure Capital Advisors, LLC; and BioShares Biotechnology Products Fund (NASDAQ: BBP) and BioShares Biotechnology Clinical Trials Fund (NASDAQ: BBC), both sub-advised by LifeSci Index Partners, LLC.

### **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. Virtus offers access to a variety of investment styles across multiple disciplines to meet a wide array of investor needs, and provides products and services through affiliated managers and select subadvisers, each with a distinct investment style, autonomous investment process and individual brand. Its affiliated managers include [Cliffwater Investments](#), [Duff & Phelps Investment Management](#), [Euclid Advisors](#), [Kayne Anderson Rudnick Investment Management](#), [Kleinwort Benson Investors International](#), [Newfleet Asset Management](#), [Newfound Investments](#), [Rampart Investment Management](#) and [Zweig Advisers](#).

### **Forward-Looking Information**

This press release contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. These statements may be identified by such forward-looking terminology as "expect," "estimate," "plan," "intend," "believe," "anticipate," "may," "will," "should," "could," "continue," "project," or similar statements or variations of such terms. Our forward-looking statements are based on a series of expectations, assumptions and projections about our company, are not guarantees of future results or performance, and involve substantial risks and uncertainty as described in our most recent Annual Report on Form 10-K or in any of our filings with the Securities and Exchange Commission ("SEC"), which are available on our website at [www.virtus.com](http://www.virtus.com) under "Investor Relations." All of our forward-looking statements are as of the date of this release only. The company can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially. You are urged to carefully consider all such factors.

<sup>1</sup> **Investors should consider the investment objectives, risks, and charges and expenses of the Funds carefully before investing. Contact ETF Distributors LLC at 1-888-383-4184 or visit [www.infracapmlp.com](http://www.infracapmlp.com) or [www.bioshares.com](http://www.bioshares.com) to obtain a prospectus which contains this and other information about the Funds. The prospectus should be read carefully before investing.** An investment in the Fund is subject to investment risks; therefore you may lose money by investing in the Fund. There can be no assurance that the Fund will be successful in meeting its investment objective. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Narrowly focused investments typically exhibit higher volatility. The Fund is subject to management risk because it is an actively managed portfolio. In managing the Fund's investment portfolio, the sub-adviser will apply investment techniques and risk analyses that may not have the desired result. There can be no guarantee that the Fund will meet its investment objectives.

<sup>2</sup> **A registration statement relating to the Newfleet Unconstrained Multi-Sector Bond ETF has been filed with the Securities and Exchange Commission. The fund may not be sold until the registration statement becomes effective. Investors should carefully consider the investment objectives, risks, charges, and expenses before investing. The prospectus, when available, will contain this information.**

The Funds are distributed by ETF Distributors LLC.

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To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/virtus-investment-partners-to-acquire-majority-interest-in-etf-issuer-solutions-300025772.html>

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