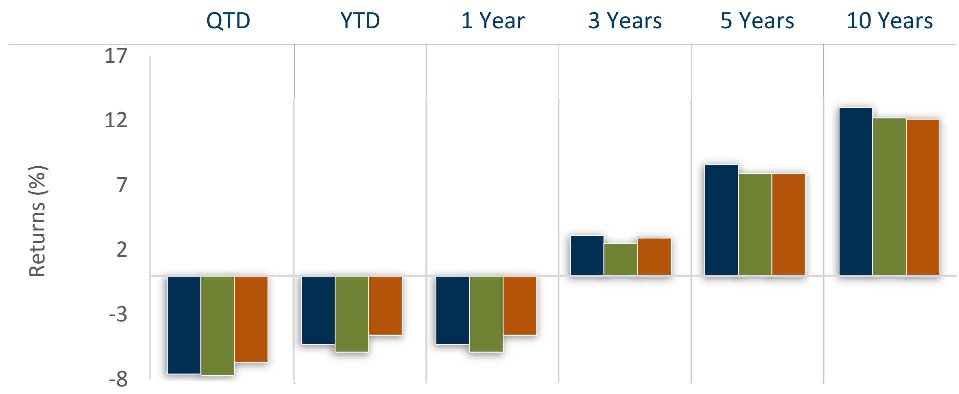
U.S. REIT
Fact Sheet & Commentary
Quarter Ending December 31, 2018

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

- **Holdings** — 25-45 securities
- **Sector Exposure** — Greater of 2x benchmark holdings or 5% of total portfolio
- **Single Security Limit** — Greater of 10% of portfolio or 2% over benchmark
- **Expected Turnover** — < 50%
- **Cash** — Typically fully invested
- **Benchmark** — FTSE Nareit Equity REITs Index

PERFORMANCE (%)[1]



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Composite Gross Return	**-7.6%**	**-5.3%**	**-5.3%**	**3.1%**	**8.6%**	**13.0%**
Composite Net Return	-7.7%	-5.9%	-5.9%	2.5%	7.9%	12.2%
FTSE Nareit Equity REITs Index	-6.7%	-4.6%	-4.6%	2.9%	7.9%	12.1%

INVESTMENT PHILOSOPHY

- We believe our rigorous fundamentally driven investment process will produce superior performance over time.
- We focus on high quality owner/operators of real estate because our research shows they have offered durable cash flows and attractive risk-adjusted returns.
- The value of listed real estate securities is a compilation of not only the underlying asset values but also the value of management's ability to capitalize on opportunities.
- We believe successful real estate investing requires active management and patience to take advantage of multi-year value creation opportunities.
- Capping AUM at 1% of the investment universe preserves our trading flexibility, liquidity, and potential for repeatable results.

PORTFOLIO CHARACTERISTICS

	Portfolio[2]	Benchmark
FFO Multiple (P/E), 2019 est.	15.8x	15.6x
Earnings Growth Rate, 5-year est.	5.2%	4.7%
Dividend Yield	4.0%	4.7%
Dividend Growth, 5-year est.	5.7%	4.7%
Weighted Avg. Market Cap (bn)	$15.5	$16.1

Sources: FTSE, Bloomberg Finance LP, Duff & Phelps.

TOP TEN HOLDINGS[3]

	Portfolio(%)[2]
Prologis Inc.	8.2
Digital Realty Trust Inc.	6.2
Simon Property Group Inc.	6.1
Alexandria Real Estate Equities	5.1
Avalonbay Communities Inc.	4.6
Extra Space Storage Inc.	4.2
Duke Realty Corp.	4.1
Mid-America Apartment Comm.	3.9
Sun Communities Inc.	3.8
Regency Centers Corp.	3.7

RISK/RETURN (10 YEARS)

	Composite	Benchmark
Alpha	1.1%	-
Total Return Beta	1.0	1.0
Sharpe Ratio	0.6	0.6
Standard Deviation	20.3%	20.8%
Information Ratio	0.5	-
Tracking Error	1.8	-

Source: eVestment

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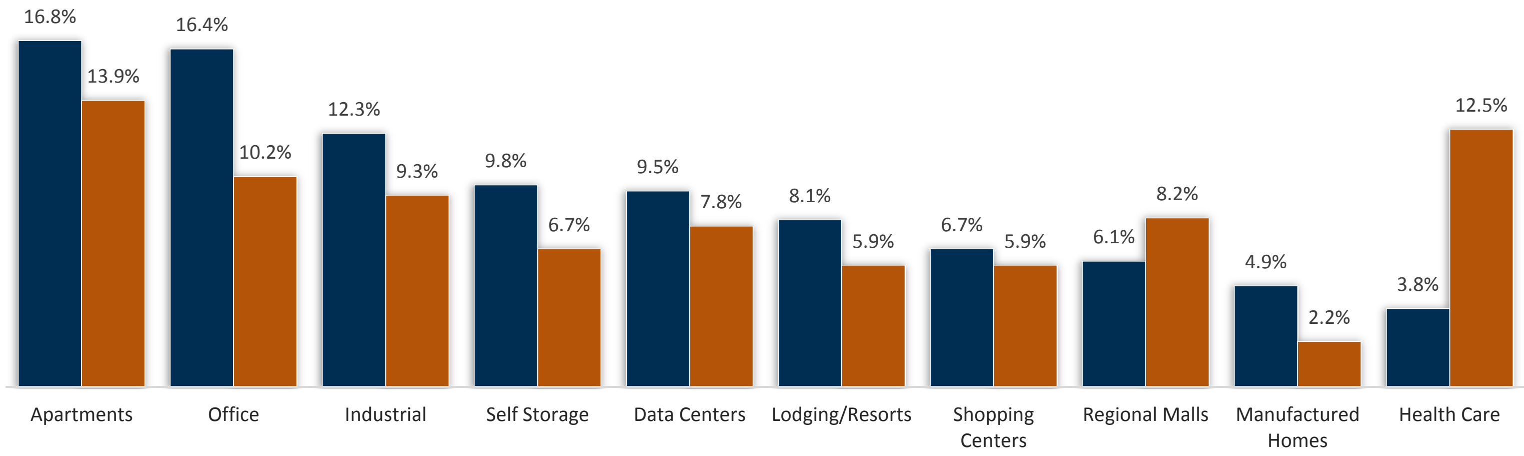
[1]Inception date is January 1, 1995. Periods over one year are annualized. Please see the GIPS Compliant Presentation for more information.
[2]Portfolio information is based on a representative institutional account excluding cash. Holdings are subject to change.
[3]It should not be assumed that securities identified were or will be profitable. The top ten holdings list represents the largest percentage holdings at quarter end of a representative institutional account excluding cash and does not represent all of the securities held in client portfolios. The securities identified may no longer be held in client portfolios and the holdings of any particular client portfolio may vary. The list is provided for illustrative purposes and should not be considered a recommendation to purchase or sell a particular security. A complete list of holdings and transactions for the previous twelve months is available upon request.

Top 10 Portfolio Sector Weights vs. Benchmark(%)[2]



Source: Bloomberg Finance LP

Market Review

In a challenging environment for financial markets, REITs outperformed the broader market in the fourth quarter, including in the month of December, and finished roughly in line with the broader market for the year. For the quarter, the S&P 500 delivered a -13.5% return while REITs delivered a -6.7% return. The month of December was the worst finish for the broader market since WWII. For the year, REITs delivered a -4.6% return versus -4.4% for the S&P 500.

Numerous economic and geo-political factors contributed to the tough finish to the year for the broader market, and to a lesser extent REITs. They included the impact from trade tariffs to the global economy and China in particular, broader market earnings growth concerns, the Fed's December actions and messaging, confidence in elected officials and the U.S. government shutdown.

There had been some expectation the Fed would appear more accommodative in its December forward commentary to global growth concerns, including the negative impact from trade tariffs with China. Instead, the Fed elected to increase rates for a fourth time of the year in December amidst the growth concerns, and articulated two probable further rate increases in 2019 and on-going balance sheet unwinding.

Fortunately, as we go to print, Fed Chair Powell articulated a better message on January 4, 2019, noting how the Fed would be receptive to using all of its tools, including a change in previously planned balance sheet unwinding and rate increases, depending on the economic data and market environment.

The fourth quarter equity market selloff led to significant discounts for REITs versus private market valuations. At the same time capital continued to be raised for private real estate funds, boosting the potential of M&A as real estate is now priced notably cheaper on Wall Street than it is on Main Street.

While growth rates in earnings for the broader market were called into question, REITs had a solid third quarter earnings season and are demonstrating more consistent earnings drivers as we begin 2019. Most companies beat and/or raised 2018 earnings guidance. REITs, as measured by Evercore ISI, posted 3.1% same store net operating income growth in 3Q18, a level of organic growth which has been consistent over the past four quarters. This visible organic growth supports our point of the durable cash flow and earnings drivers for REITs. We would also note REITs continued to prune their portfolios of high quality real estate into the robust private bid, strengthening their balance sheets further, while demonstrating patience for redeployment opportunities whether in redevelopment, development, acquisitions or share buybacks.

Market Review cont.

Taking a closer look at the performance of the individual property sectors that are represented within the FTSE Nareit Equity REITs Index ("the Benchmark") the top performing property sectors during the quarter on a total return basis were Free Standing Retail and Health Care. More defensive areas within the broader market outperformed in the down quarter and year, just as they did within REITs. Health Care continued to experience notable positive multiple expansion during the quarter while earnings estimates were revised downward once again, reaching mid-single digit negative estimate revisions for the year. Health Care has faced operator challenges within senior housing and skilled nursing facilities, increased labor costs/margin pressures, and excess supply concerns in senior housing, yet it rerated considerably. Catalysts on the year beyond a move to a defensive environment included M&A, portfolio transformations, and operator renegotiations. Free Standing Retail also experienced multiple expansion and took advantage of share appreciation to issue equity to fund acquisitions, experiencing modest downward earnings revisions on the year.

The bottom performing property sectors in the quarter included Lodging given its economic sensitivity and economic concerns, as well as Data Centers, which experienced undue pressure when tech sold off with the NASDAQ dropping 17.3% in the fourth quarter.

Portfolio Overview

For the quarter, the portfolio benefited from security selection, but lagged overall due to property sector allocation.

The strongest relative contributors to performance in the quarter were Data Centers due to security selection, Regional Malls due to security selection and an underweight allocation, and Apartments and Manufactured Homes, both due to a positive benefit from an overweight allocation as well as selection in the case of Manufactured Homes.

Taking a closer look at security performance, some of the largest positive contributors included Digital Realty Trust due to our overweight position and its outperformance versus the Benchmark and Data Centers, and Equinix due to our underweight and its underperformance in Data Centers.

The largest relative detractors were Health Care and Freestanding due to an underweight allocation, and Industrial and Lodging due to security selection and to a lesser extent allocation.

Taking a closer look at security performance, some of the largest detractors included Health Care Trust of America, due to our overweight position and its underperformance within Health Care. It did outperform the Benchmark and help overall. Boston Properties was our second largest detractor even though it underperformed the Benchmark, as we were underweight and it outperformed the Office sector.

Investment Outlook

Looking ahead, we expect continued variance in the global economic growth picture and regional real estate fundamentals. Regionally, we are looking to Ireland, Australia, and the U.S. for economic growth leadership. We expect the variance in global growth trajectories to create opportunities for active managers such as ourselves, who are focused on owner-operators of high quality real estate, with solid balance sheets and proven management teams, to deliver outperformance versus the broader REIT market. Overall, we expect cash flow and dividend growth for global real estate securities to be solid once again in 2019. Key themes we are focusing on include:

- *Rents, not rates*: While there is likely to be upward pressure on interest rates in many markets, rental rate growth – particularly for high quality real estate, will continue to support further cash flow and dividend growth.
- *New supply*: While new supply levels are generally catching up to years of undersupply, selective geographic markets and property sectors will remain impacted by new development.
- *Balance sheet health*: Cash flow and dividend growth rates are converging across many global markets, but U.S. balance sheets are benefiting from more active pruning and remain better positioned with less leverage than most international markets.
- *M&A tailwind*: M&A activity picked up in 2018, driven by healthy discounts-to-NAV in public real estate security markets, as well as large pools of private equity real estate capital looking to be put to work. We expect this to continue in the year ahead.

Investment Outlook cont.

Our base case total return drivers for global real estate in 2019 include:

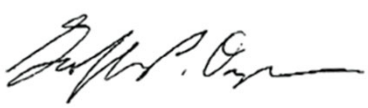
- An attractive estimated cash flow growth of 4-6%.
- Dividend yield of approximately 4%, with above average growth expected in the U.S. given lower payout ratios.
- Healthy demand, increasing rents and manageable new supply driving cash flow and dividend growth.
- From a global perspective, real estate fundamentals remain more attractive for the industrial/logistics and data center property sectors with secular tailwinds from ecommerce and the cloud.

There are several potential upside catalysts to our base case. A key macro consideration would be greater than expected global economic growth, which would drive higher real estate occupancies and rents. Another upside factor would be rotation into real estate securities from bonds and broader equities, as investors embrace asset classes which provide diversification benefits alongside traditional allocations. And an increased potential for M&A and privatizations continues to exist, given the listed discounts to private real estate market prices, robust bids, and the ongoing appetite for high quality, core real estate among institutional investors.

From a balanced perspective, we also note certain downside risks to our base case assumptions. A key risk would be ongoing waves of macro-political shocks, which could lead to broad based economic deceleration or a dislocation in global debt markets. Also, interest rates could increase at a faster pace and magnitude than a lift in net operating income growth and replacement costs could absorb. And an acceleration in the pace of new commercial real estate supply would also be a concern.

Overall, we believe the global real estate market cycle still has room for further growth against a backdrop of solid catalysts which underpin our base case.

As always, thank you for your continued support of our team and investment strategy.



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Senior Portfolio Manager

FRANK HAGGERTY, CFA
Portfolio Manager

__Past performance is not indicative of future results.__ Returns are expressed in U.S. dollars and include the reinvestment of dividends and other earnings. Composite returns are net of trading costs but do not reflect the deduction of investment advisory fees, custodial charges or other expenses. Indices are not available for direct investment and index returns do not reflect the deduction of any fees. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities. Forward-looking statements are necessarily speculative in nature. It can be expected that some or all of the assumptions or beliefs underlying the forward-looking statements will not materialize or will vary significantly from actual results or outcomes.

The Benchmark is the FTSE Nareit Equity REITs Index, a free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts (REITs) not designated as timber or infrastructure REITs, which meet minimum size and liquidity criteria that are listed on the New York Stock Exchange, the American Stock Exchange or NASDAQ.

The S&P 500 Index is a free-float market capitalization-weighted index of 500 of the largest U.S. stocks and is generally representative of the performance of larger companies in the U.S.

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GIPS Compliant Presentation

Year-end (12/31)	Annual Composite Return (%)		Annual Benchmark Return (%)	3-Year Annualized Standard Deviation (%)		Number of Accounts	Asset-weighted Dispersion (%)	Composite Assets (US $M)	Firm Total Assets (US $B)
	Gross	Net		Composite	Benchmark				
2018	-5.32	-5.94	-4.62	13.35	13.38	10	0.1	1,274	9.0
2017	7.28	6.63	5.23	13.03	13.11	11	0.1	1,679	10.2
2016	8.00	7.22	8.52	14.92	14.80	10	0.2	1,814	10.3
2015	3.63	2.86	3.20	14.30	14.37	10	0.1	1,757	9.2
2014	33.08	32.11	30.14	13.27	13.08	10	0.0	2,088	10.8
2013	1.76	1.00	2.47	16.92	16.51	8	0.1	1,648	9.2
2012	18.12	17.25	18.06	18.37	18.00	11	0.1	1,716	8.9
2011	11.13	10.30	8.29	30.34	31.28	11	0.1	1,457	8.6
2010	29.37	28.43	27.96	37.65	39.20	13	0.1	1,427	7.2
2009	30.30	29.34	27.99	37.82	39.14	13	0.2	1,275	6.5

Duff & Phelps Investment Management Co. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Duff & Phelps Investment Management Co. has been independently verified for the periods January 1, 1993 through December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

1. Organization – Duff & Phelps Investment Management Co. ("Duff & Phelps" or the "firm") is a registered investment adviser and a wholly owned subsidiary of Virtus Investment Partners. Duff & Phelps manages assets on behalf of institutional and retail separate accounts and open-end and closed-end funds. Registration of an investment adviser does not imply any level of skill or training.

2. Composite Description – The U.S. REIT Composite includes all fully discretionary accounts, excluding wrap/SMA accounts, managed by the firm with account market values greater than $1 million at the time of initial investment that focus their investments in U.S. real estate investment trust securities with the objective of producing excess returns above the FTSE Nareit Equity REITs Index over a full market cycle (i.e., three to seven year horizon). The inception date of the U.S. REIT Composite (formerly the Real Estate Investment Trust (REIT) Composite) was January 1, 1995 and the Composite was created on January 1, 2001. The Composite was redefined November 30, 2018 to exclude wrap/SMA accounts in order to distinguish it from other products. Prior to October 2013, the Composite did not reference its objective relative to the Benchmark. This reference was added to distinguish the Composite from other products; there was no change in the benchmark or the strategy.

3. Benchmark – The Composite Benchmark is the FTSE Nareit Equity REITs Index, a free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts (REITs) not designated as timber or infrastructure REITs, which meet minimum size and liquidity criteria and are traded on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market System.

4. Calculations - Returns are total, time-weighted rates of return expressed in U.S. dollars and include accrued income. The Composite and Benchmark results reflect the reinvestment of dividends and other earnings. Portfolios are valued on a trade date basis. Monthly performance is calculated by linking daily returns. The Composite return is an asset weighted average of the performance results of all the portfolios in the Composite based on beginning of month values. The annual dispersion is asset-weighted and measures the deviation of individual portfolio returns around the Composite returns for portfolios in the Composite for the entire year. The 3-year annualized ex-post standard deviation measures the variability of the Composite and the Benchmark returns over the preceding 36-month time period. The number of accounts as of December 31, 2016 was previously misstated as 7 and is now correctly shown as 10.

5. Performance and Fee Information – Investment performance returns are presented on both a gross of fee and net of fee basis. Gross composite returns are calculated net of trading costs, but do not reflect any deduction for investment advisory fees, custodial charges or other costs that a client might incur in connection with the management of an account. The firm's fee schedule for management of separate institutional REIT accounts is: .75% on assets up to $10 million, .65% on the next $15 million, .60% on the next $25 million, and .50% on amounts in excess of $50 million. Returns realized by clients will be reduced by these costs. Actual investment advisory fees incurred by clients may vary. Initial minimum account size for institutional accounts is $5 million. Effective October 1, 2016, net composite returns are calculated by subtracting actual separate account investment management fee rates from gross account returns based on month-end assets. Performance fees are deducted on a cash basis. Previously, net composite returns were calculated by subtracting the highest separate account investment management fee in effect for the period. Index returns do not reflect the deduction of any fees.

6. Additional Information – Duff & Phelps's policies for valuing portfolios, calculating performance and preparing compliant presentations, as well as a complete list of composite descriptions, are available upon request.

Past performance is not indicative of future results.