



Quarter Ending March 31, 2019

STRATEGY

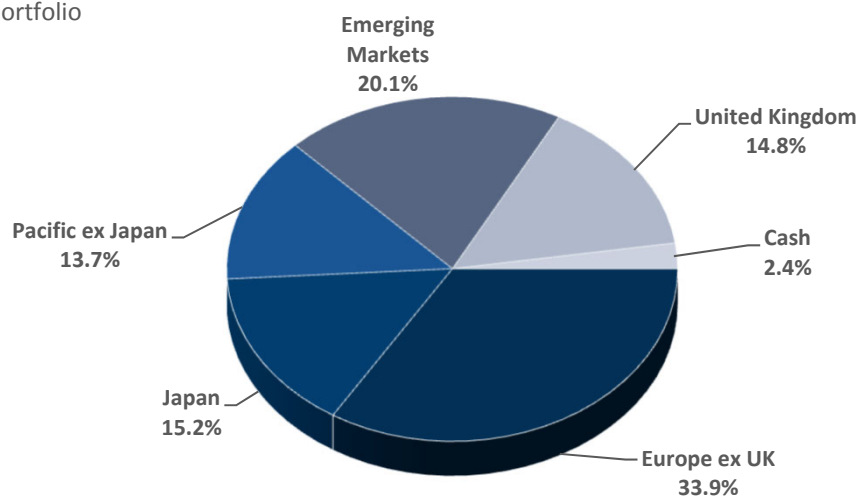
- High conviction portfolio of 30-40 international stocks
- Bottom-up research informed by top-down macro views
- Investment style is Core with a Quality and Value bias
- Cash flow based approach to valuation
- Flexibility to adapt to market conditions

PERFORMANCE¹

	QTR	1YR	3YRS	5YRS	10YRS	SINCE INCEPTION
Intl. Equity Gross ²	11.74%	-7.67%	4.61%	0.95%	9.04%	7.08%
Intl. Equity Net	10.90%	-10.40%	1.52%	-2.04%	5.83%	3.92%
MSCI EAFE Index (net)	9.98%	-3.71%	7.27%	2.33%	8.96%	3.68%

REGIONAL EXPOSURE³

% of Portfolio



STRATEGY OVERVIEW

Inception Date	January 1, 2006
Benchmark	MSCI EAFE [®] Index (net)
Number of Holdings	30 – 40
Expected Turnover	~50%

PORTFOLIO CHARACTERISTICS³

	Portfolio	MSCI EAFE Index (net)
Number of Holdings	34	920
Weighted Avg. Market Cap	\$ 65.3B	\$42.6b
Forward Price to Earnings	12.4	13.9
Price to Cash Flow	5.3	8.5
Price to Book	1.5	1.4
Est. 3- 5 Year EPS Growth	7.4%	6.8%
Dividend Yield (net)	3.1%	3.5%

TOP TEN HOLDINGS³

	Country	% of Port
Broadcom Inc. ADR	Singapore	4.5
Ping An Insurance ADR	China	4.1
Banco Bradesco- ADR	Brazil	3.9
ASML Holding ADR	Netherlands	3.8
Airbus SE ADR	France	3.8
DBS Group Holdings ADR	Singapore	3.7
Ashtead Group Plc ADR	U.K.	3.4
Hitachi Ltd ADR	Japan	3.4
Conch Cement H ADR	China	3.3
Nidec Corporation ADR	Japan	3.3

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¹Inception date is January 1, 2006. Periods over one year are annualized. Please see the GIPS Compliant Presentation for more information. ²Effective April 2011, gross performance is shown as “pure” gross performance, as returns have not been reduced by transaction costs. ³Holdings, weights, and characteristics are from a representative account and are subject to change. Weights include cash. **Past performance is not indicative of future results.**



The Quarter in Review

The first quarter of 2019 delivered a relief rally from Q4 2018's extreme selloff. Non-U.S. developed markets represented by the MSCI EAFE Index rose 10.0% while the Duff & Phelps International Equity Strategy outperformed the benchmark, up 11.7% (gross return). Fears about potential slowdowns in economic growth and corporate profits were cast aside as investors embraced the possibility that we have entered a "Goldilocks-like" phase of the market cycle. Global growth appears anchored in positive territory, albeit not at peak levels, long term interest rates are low and range-bound, and inflation remains in check.

Our strategy's outperformance in the first quarter was primarily driven by the positive impact of stock selection, especially in the financials, technology, and materials sectors. Security selection in communication services, consumer staples, and healthcare detracted from results, but was more than offset by the positive contributions elsewhere.

Sector allocation also had a positive impact on relative returns, but less so than stock selection. An overweight to information technology, combined with underweights to communication services and consumer discretionary were the largest contributors, offset slightly by the effect of underweights to consumer staples, healthcare, and real estate and an overweight to financials which detracted. At the benchmark level all eleven sectors posted positive returns, with the technology sector leading the pack upward with a greater than 15% gain. The communication services sector was the weakest performing sector, but still managed to post a 4% gain. Across the board it was strong quarter for non-US stocks.

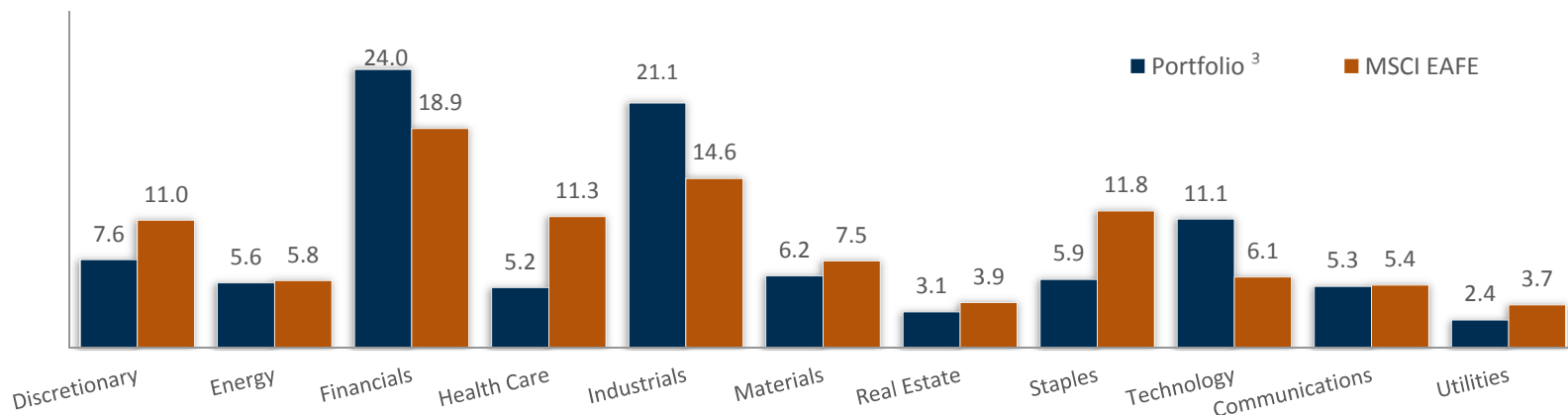
Portfolio Positioning

We have found opportunities across all major sectors of the global economy but continue to lean into cyclical sectors such as financials, industrials, and energy. We also continue to be underweight most of the defensive sectors such as healthcare, consumer staples, and communication services. While we are not necessarily bullish on Emerging Markets overall, we continue to see value in our out-of-benchmark exposure to Emerging Markets via China and Brazil, where the growth stories and market liberalization remains most prominent.

At the sector level, our most significant changes included reducing our underweight to the real estate and communication services sectors, while moving energy from an overweight to a market weight, and reducing the magnitude of our financials overweight. In real estate we added Japanese owner-operator Mitsubishi Estate, and in communication services we added Spain's Telefonica to the portfolio. Additionally, we added BP to our energy holdings and European dialysis specialist Fresenius Medical to our healthcare holdings. We also increased our existing holdings in Carnival, Ping An, and Novartis. All of the positions we exited completely were European, namely Credit Agricole in financials, Bayer in healthcare, and both Equinor and Technip from the energy sector. Existing positions trimmed during the quarter include Anhui Conch, Sony, and China Construction Bank.

Regionally, we finished the quarter with a large out of index weighting in emerging markets, a market weight allocation to Asia ex-Japan and the UK, and underweights to Japan and Europe ex-UK. The most notable change was an expansion of our existing underweight to Europe ex-UK, where a path to sustained growth remains clouded by ongoing political wrangling and where many benchmark-heavy consumer names fall outside our investment criteria.

Sector Weights (in %) as of 03/31/19





The Market Ahead

Economic growth has weakened since the fall, especially in Europe and China. But market participants are discounting the possibility of a recession in the near-term, preferring to focus on easing of monetary policy in the U.S. and China, and the potential for additional accommodation from the ECB and Bank of Japan as well. Our sector positioning toward cyclicals is not only reflective of a sustained-albeit-diminished global growth environment, but also reflective of our observation that cyclicals appear more attractively valued in aggregate than defensives.

Europe has been the weakest geographic region globally. It suffers politically from a potential for Brexit and possibly Italexit, and the upcoming European Commission elections in May that could witness 25% of the members of the legislature representing populist parties from the extreme left and right. It has some \$3.1 trillion of negative interest rate bonds that the ECB's recent moves only exacerbate. Negative interest rate bonds undermine the foundation of the financial systems in which they proliferate by killing the banks that are absolutely key to financing Europe. The banks cannot make money with such low net interest margins. They also have issues with Russian money laundering problems that could lead to massive fines. Furthermore, low population growth and structural impediments to productivity impair Europe's growth potential relative to the rest of the world even with a more positive backdrop. Europe is not in recession with GDP growth muddling in the 1-2% range, but it bears watching for any additional weakness caused by upcoming elections or other geopolitical events. Cheap markets are not enough to turn sentiment towards Europe, there has to be some change in the fundamentals to warrant capital allocations.

On the UK side, Brexit wrangling continues. Prime Minister May's brokered plan for separation from the EU suffered a defeat in Parliament, causing some opponents to call for her ouster. However, she survived a vote of no confidence, leaving her in power but without a clear path to finishing the job. Any number of outcomes remain, all of which will most likely involve further delay. Given these uncertainties, we have taken great care to construct a UK country position which in aggregate has a low degree of leverage to any particular Brexit outcome.

We remain optimistic for a positive resolution to the China-U.S. trade dispute. Whether that resolution will take the form of a long term fully negotiated agreement or a mere kicking of the can down the road is something that the market seems to have stopped dwelling upon. And for the time being, the risk of additional severe escalations in the size and scope of tariffs seems to have abated. On the domestic front, Chinese authorities are moving aggressively to engineer a soft landing in the country's economy. They have loosened the reserve requirement ratios for banks, and are contemplating other monetary and fiscal policies to reaccelerate growth. While the outcome of trade talks with the U.S. will determine the health of the country's export economy, the Chinese domestic economy should continue to deliver among the highest growth rates in the world.

Downside risks to our expectations for continued slow but steady economic growth include an abrupt and lasting cessation of U.S.-China trade talks, increased hawkishness from the U.S. Fed policy (related to short term rates, balance sheet reduction, or both) in reaction to employment or inflation data, and unexpectedly bad regional GDP data (from Europe or China, for example) sparking a contagion effect.

We were pleased with both our absolute and relative returns in the first quarter. While outperforming during a rapidly rising tape has historically not been one of the hallmarks of our strategy, the indiscriminate Q418 selloff created such a dislocation in the valuation of high quality companies with enduring businesses, solid management, and strong balance sheets that such a snap-back really shouldn't have been much of a surprise. Moving forward, while volatility and the sentiment-moving chatter of the day may spur additional such dislocations, we believe we are well positioned with the names we hold to deliver long term outperformance for our clients.

As always, we thank you for your continued support. Please call us directly if we can provide additional portfolio commentary to you or your clients.



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IMPORTANT RISK CONSIDERATIONS:

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. **Foreign & Emerging Markets:** Investing internationally, especially in emerging markets, involves additional risks such as currency, political, accounting, economic, and market risk. **Derivatives:** Investments in derivatives such as futures, options, forwards, and swaps may increase volatility or cause a loss greater than the principal investment.



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)	% of Bundled Fee Accounts In Composite
	Gross	Net		Composite	Benchmark					
2018	-16.17	-18.65	-13.79	11.54	11.24	≤5	n.a.	37.9	9.0	100%
2017	18.55	15.05	25.03	10.35	11.83	≤5	n.a.	58.8	10.2	100%
2016	-0.40	-3.35	1.00	11.33	12.46	≤5	n.a.	11.4	10.3	100%
2015	2.43	-0.60	-0.81	12.26	12.46	≤5	n.a.	57.8	n.a. ¹	100%
2014	-4.04	-6.89	-4.90	12.09	13.03	≤5	n.a.	54.1	n.a. ¹	100%
2013	15.96	12.57	22.78	14.15	16.25	≤5	n.a.	12.0	n.a. ¹	100%
2012	16.32	12.92	17.32	16.78	19.37	≤5	n.a.	10.9	n.a. ¹	100%
2011	-2.88	-5.77	-12.14	19.34	22.43	≤5	n.a.	5.1	n.a. ¹	100%
2010	11.95	8.67	7.75	21.97	26.23	≤5	n.a.	1.4	n.a. ¹	0%
2009	37.05	33.09	31.78	20.32	23.58	≤5	n.a.	0.8	n.a. ¹	0%

¹Results were achieved while at a prior firm. ²Effective April 2011 gross performance is shown as "Pure" gross performance for bundled fee accounts as returns have not been reduced by transaction costs and is presented as Supplemental Information.

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 International ADR Equity Managed Account Composite includes all fully discretionary wrap/SMA accounts from all managed account platforms (excluding UMA assets) that focus their investments in international ADR equity securities with the objective of achieving superior long-term returns through capital appreciation and dividend income as prices of such securities return to fair value. Risk is controlled by monitoring regional and sector exposures and by pursuing investments with a bias towards valuation and quality. Prior to April 2011, the Composite did not include wrap/SMA accounts and consisted of other bundled fee accounts. The inception date of the Composite is January 1, 2006 and the Composite was created on October 1, 2016.

Performance presented for the period August 1, 2012 through September 6, 2016 occurred while the Portfolio Manager was affiliated with Euclid Advisors LLC. Performance presented prior to August 1, 2012 occurred while the Portfolio Manager was affiliated with Avatar Associates. From 2006 through 2010, none of the portfolios in the Composite were fee-paying, from January 2011 through April 2011 the portfolios converted to fee-paying accounts, and effective April 30, 2011 and forward, all of the portfolios in the Composite are fee-paying. For all periods, the Portfolio Manager was the only individual responsible for selecting securities to buy and sell. This presentation conforms to the GIPS guidelines regarding the portability of investment results.

The strategy invests primarily in developed markets, including the U.S. and Canada. It may also invest up to 20% in emerging market securities.

3. Benchmark – The Composite Benchmark is the MSCI EAFE Index (Europe, Australasia, Far East) (net), a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. Benchmark returns are calculated net of non-reclaimable

withholding taxes.

4. Calculations – Returns are expressed in U.S. dollars and include accrued income. The Composite and Benchmark results reflect the reinvestment of dividends and other earnings. 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 withholding tax rates used in the calculation of account performance are dependent on account domicile and/or platform methodologies. The annual composite dispersion is an asset weighted standard deviation calculated for the accounts in the composite for the entire year and is not presented for periods with 5 or fewer portfolios. 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 and is not presented for periods of less than 36 months.

5. Performance and Fee Information – Investment performance returns are presented on both a gross of fee and net of fee basis. Gross returns 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. Effective April 2011, gross performance is shown as "pure" gross performance, as returns have not been reduced by transaction costs, and is presented as Supplemental Information. Net of fee performance was calculated monthly using an assumed highest bundled fee of 3.00%, the standard wrap fee schedule. Bundled fees include trading and administrative fees, investment management fees and advisory fees; and actual bundled fee rates are determined at the platform sponsor level. Returns realized by clients will be reduced by actual bundled fee rates and rates incurred by clients may vary. 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.

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. It should not be assumed that securities identified were or will be profitable. Portfolio holdings information is based on a representative account 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.