International Real Estate Securities Fact Sheet & Commentary

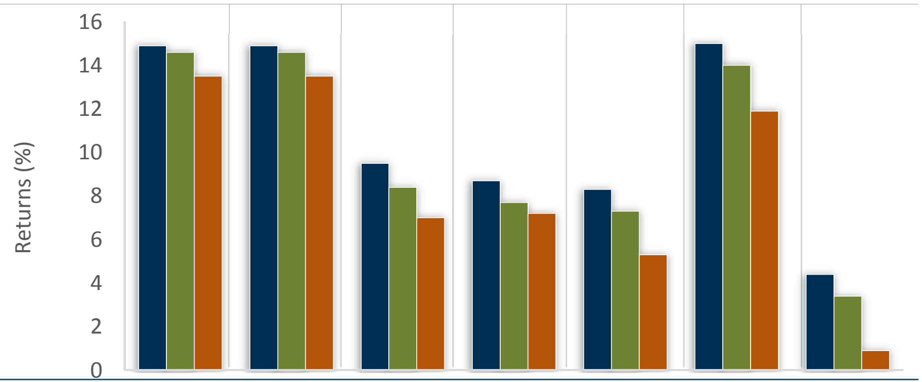
Quarter Ending March 31, 2019

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

- Holdings: 30-50 securities
- Single Security Limit: < 500 bps of relative exposure
- Historical Turnover: < 50%
- Cash: Typically fully invested
- Benchmark: FTSE EPRA Nareit Developed ex U.S. Index (net)

PERFORMANCE (%)[1]



	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Composite Gross Return	14.9%	14.9%	9.5%	8.7%	8.3%	15.0%	4.4%
Composite Net Return	14.6%	14.6%	8.4%	7.7%	7.3%	14.0%	3.4%
FTSE EPRA Nareit Dev ex U.S. Index (net)	13.5%	13.5%	7.0%	7.2%	5.3%	11.9%	0.9%

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
Multiple (P/E), 2019 est.	18.8x	17.8x
Earnings Growth Rate, 5-year est.	7.3%	4.8%
Dividend Yield	3.9%	3.8%
Dividend Growth, 5-year est.	6.3%	4.5%
Median Market Cap (bn)	$3.1	$2.6

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

TOP TEN HOLDINGS[3]

	Portfolio(%)[2]
Mitsubishi Estate Co Ltd.	6.0
Vonovia SE	5.5
Wharf Real Estate Investment	4.8
Swire Properties Ltd.	4.1
Invincible Investment Corp.	3.9
Link REIT	3.5
Unibail Group Stapled	3.4
Kenedix Office Investment Co.	3.0
Mitsui Fudosan Logistics Park	2.9
Boardwalk Real Estate	2.9

RISK/RETURN (10 Year)

	Composite	Benchmark
Alpha	4.0%	-
Total Return Beta	0.9	1.0
Sharpe Ratio	0.9	0.7
Standard Deviation	16.1%	16.8%
Information Ratio	0.5	-
Tracking Error	5.7	-

Source: Duff & Phelps, SS&C Technologies Inc.

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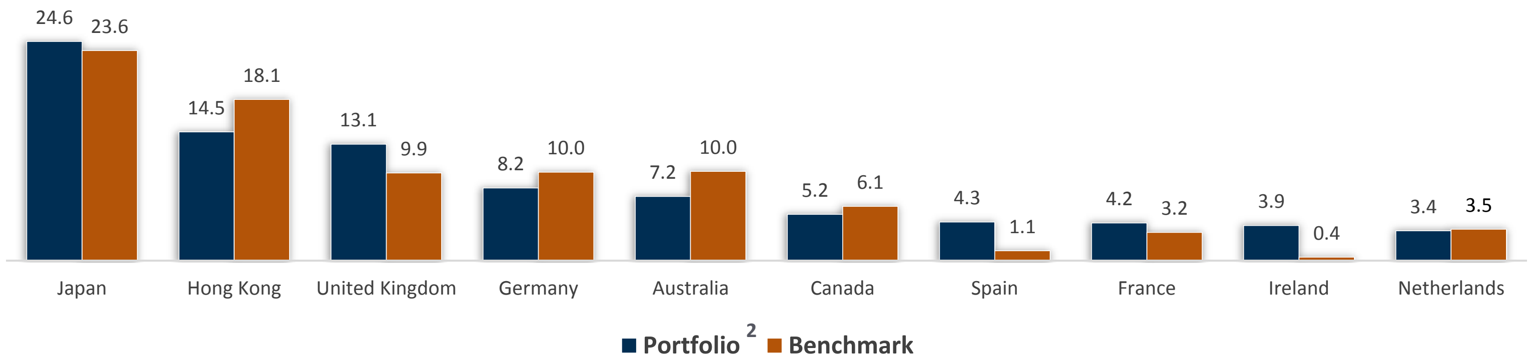
[1]Composite Inception Date: 10/31/2007. Time periods over one year are annualized. Please see the GIPS Compliant Presentation for more information.
[2]Portfolio information is based on a representative institutional account excluding cash. Holdings are subject to change.
[3]It should not be assumed 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 Ten Country Weights vs. Benchmark (%)[2]



Source: Bloomberg Finance L.P.

Market Review

Global equity markets staged a powerful reversal during the first quarter as global trade tensions eased and credit market spreads narrowed from their elevated fourth quarter 2018 levels. As volatility receded from its heightened December levels, international equities rose by 10.0% during the first quarter, as represented by the MSCI EAFE Index, expressed in U.S. dollars. International real estate securities, which proved to be a relative port in the storm during the fourth quarter, rebounded an impressive 13.5% during the first quarter, as represented by the FTSE EPRA Nareit Developed ex US Index ("the Benchmark"), expressed in U.S. dollars. We believe the performance of international real estate securities in the recent down and up markets reinforced the benefit of having an allocation to this asset class.

An additional factor adding fuel to the recovery in global equites during the quarter was Fed Chair Powell's January message articulating that 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. This well-received messaging was followed-up in March with a removal of previously communicated 2019 interest rate increases and noting that the Fed was much closer to a steady state balance sheet. After nine rate increases this cycle, including its first in December 2015, it appears the Fed has wrapped up its relative solo act versus other global central banks.

Movement in the U.S. dollar continued to be a headwind to international returns during the quarter with an increase of 1.2%, as measured by the U.S. Dollar Spot Index. The U.S. dollar hit a trailing twelve month high during the quarter as global growth concerns weighed on other currencies.

Taking a closer look at the performance of the individual countries that are represented within the FTSE EPRA Nareit Developed ex US Index, the top-performing countries during the first quarter on a total return basis measured in U.S. dollars included Israel, Finland, Hong Kong, Canada and Italy. Of these countries, Finland and Italy were both top underperformers in the fourth quarter, so the reversal in performance is not too surprising. Hong Kong, on the other hand, was a top performer last quarter as well and benefited this quarter from an improvement in the U.S./China trade negotiations and better than expected retail sales, in particular luxury sales, during the fourth quarter.

The five bottom-performing countries during the first quarter were the Netherlands, Spain, Switzerland, Japan and Ireland; although each country produced positive returns for the quarter. European focused retail real estate companies listed in the Netherlands remained underperformers again this quarter given their mixed fundamental outlook. Irish office real estate shares underperformed during the quarter as the U.K. parliament continues to lack a consensus around Brexit and the withdrawal date from the EU was postponed past the previously agreed March 29 deadline. The contentiousness surrounding what to do with the Irish border once the U.K. leaves the EU continues to override a healthy Irish economy and real estate market.

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Portfolio Review

Overall, our international real estate securities strategy outperformed the Benchmark in the first quarter. Country allocation and security selection both contributed positively to performance, but security selection was the primary driver of the outperformance.

Combining country allocation and security selection, the top positive contributors to performance were the Japan, China and the U.K. Security selection drove the performance of Japan and the U.K. and country allocation was the driver of performance in China.

From a country allocation perspective, our out of benchmark exposure to China focused data center real estate firm GDS Holdings was the most positive driver of performance during the first quarter. After performing poorly during the fourth quarter amid the trade tension between the U.S. and China, GDS Holdings rebounded strongly as trade tension eased and the company delivered solid full year results. The next most positive contributor to country allocation was our lack of exposure to Switzerland. Switzerland was one of the worst performing countries during the quarter and meaningfully trailed the Index.

At the security level, our overweight exposure to Invincible Investment Corp, a mid-cap Japanese diversified real estate company, was the largest positive contributor. Shares of the company performed strongly as the company announced solid fourth quarter results and made headway in resolving a corporate structuring issue with its recently purchased Cayman Island hotels, which was positively received by the market. The next largest positive contributor to security selection was our overweight exposure to Workspace Group, a mid-cap U.K. office REIT, which outperformed after being a laggard during the fourth quarter. The company remains well-positioned to capture the rising demand for shorter-term more flexible office solutions in the greater London market, but shares will remain sensitive to the on-going Brexit negotiations.

Combining country allocation and security selection, the top detractors were Australia, Canada and Hong Kong. Security selection was the primary detractor in Australia and Canada, while country allocation was the primary detractor in Hong Kong.

From a country allocation perspective, our overweight exposure to Ireland was the largest detractor from performance. As mentioned previously, Ireland was one of the worst performing countries as Irish listed real estate companies seem to have become a levered play on the direction of the Brexit negotiations between the U.K and Europe, which remained challenged. The second largest country allocation detractor was our underweight exposure to Hong Kong.

At the security level, our overweight exposure to National Storage REIT, a small-cap Australian self storage REIT was the largest negative contributor to security selection. Following significant outperformance during the fourth quarter, shares of the company lagged during the first quarter following a disappointing half year earnings report. The next largest detractor to security selection was our overweight exposure to Mercialys, a mid-cap French retail REIT. Shares of the company reversed their positive start to the year following a more cautious tone from management delivered at its annual results and concern regarding the on-going challenges within the retail industry and the potential impact of these on the valuation of the company's assets.

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.

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.

GEOFFREY DYBAS, CFA
Senior Portfolio Manager

FRANK HAGGERTY, CFA
Portfolio Manager

__Past performance is no guarantee of future results.__ Returns are calculated in U.S. dollars and include the reinvestment of dividends and other earnings. 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 securities identified were selected from all of the holdings of a representative account for the period based on relative contribution to the account's return versus the Benchmark. The securities identified do not represent all of the securities purchased, sold or recommended for advisory clients and the securities identified may no longer be held in client accounts. The methodology used to calculate the contribution to return or a list showing every holding's contribution to the account's return for the period is available upon request.

The FTSE EPRA Nareit Developed ex U.S. Index (net) is a free-float market capitalization index measuring developed market international real estate securities engaged in the ownership, disposal and development of income-producing real estate that meet minimum size, liquidity and revenue criteria.

The MSCI EAFE Index (Europe, Australasia, Far East) (net) is 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.

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	-4.66	-5.61	-6.41	11.11	10.92	≤5	n.a.	40.2	9.0
2017	23.33	22.10	20.03	11.84	11.23	≤5	n.a.	26.6	10.2
2016	1.74	0.85	1.30	12.62	12.10	≤5	n.a.	30.1	10.3
2015	1.19	0.33	-3.76	12.40	12.66	≤5	n.a.	40.2	9.2
2014	12.60	11.65	2.84	12.86	14.48	≤5	n.a.	40.2	10.8
2013	2.99	2.07	5.79	16.67	18.15	≤5	n.a.	41.0	9.2
2012	35.95	34.76	38.01	19.45	20.18	≤5	n.a.	40.6	8.9
2011	-9.35	-10.17	-15.64	24.20	25.47	≤5	n.a.	20.2	8.6
2010	20.45	19.39	15.63	28.16	30.34	≤5	n.a.	26.4	7.2
2009	40.67	39.44	43.97			≤5	n.a.	29.9	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 International Real Estate Securities Composite includes all fully discretionary accounts that focus their investments in international real estate equity securities. The inception date of the Composite is October 31, 2007 and the Composite was created on January 1, 2008. The Composite contains less than 5 portfolios.

From September 1, 2014 to June 30, 2016, Composite policy required the creation of a temporary account for a single client initiated inflow or outflow of cash or securities expected to exceed 10% at the time of notification of beginning period assets (a "significant cash flow"). Effective July 1, 2016, Composite policy does not, and prior to September 1, 2014 did not, include the use of temporary accounts or define significant cash flows.

3. Benchmark –The Composite Benchmark is the FTSE EPRA Nareit Developed ex U.S. Index (net), a free-float market capitalization index measuring developed market international real estate securities engaged in the ownership, disposal and development of income-producing real estate, which meet minimum size, liquidity and revenue criteria. Prior to September 1, 2017, the Benchmark was the FTSE EPRA Nareit Developed Rental Index (net), a subset of the new Benchmark. The former Benchmark focused on companies classified as Rental and excluded companies classified as Non-Rental. The change in Benchmark was made given the widespread use of the new Benchmark in the marketplace. There has been no change in the Composite strategy, which continues to focus primarily on rental companies. Exchange rates used for the Benchmark are WM/Reuters Closing Spot Rates™ collected at 16:00 hours London time; prior to October 1, 2016, the Composite used WM/Reuters Closing Spot Rates™ collected at 16:00 hours New York time and since October 1, 2016 the Composite uses WM/Reuters Closing Spot Rates™ collected at 16:00 hours London time. Prior to 2012, the Composite utilized a systematic fair value methodology triggered by significant events (such as significant movements in U.S. markets following international markets' closings). The Benchmark does not utilize a systematic fair value methodology, and effective 2012, the Composite does not utilize such a methodology. The withholding tax rates used in the calculation of the Benchmark are those applied to dividends received by a Luxembourg based UCIT fund; the withholding tax rates used in the calculation of the Composite are those applied to dividends received by account domicile.

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. Composite dispersion 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 performance 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 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 institutional separate International Real Estate Securities accounts is: .85% on assets up to $10 million, .80% on the next $15 million, .75% on the next $25 million, and .65% 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. Previously, net composite returns were calculated by subtracting the highest separate account investment management fee (.90% through 2013 and .85% thereafter) 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.