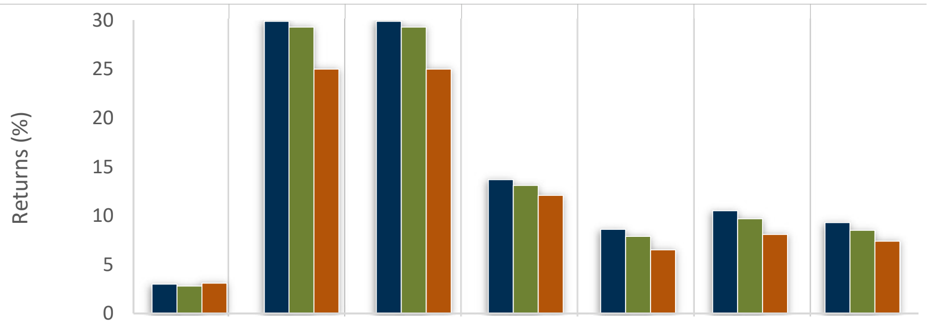
DUFF & PHELPS
INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

## PORTFOLIO STRATEGY

| | |
|---|---|
| Holdings | 40-60 securities |
| Single Security | Maximum 10% of portfolio purchase, maximum +5% vs. benchmark weight |
| Cash | < 5% |
| Country Allocation | Minimum 25% U.S., minimum three countries, minimum 40% ex. U.S. |
| Expected Turnover | Approximately 30% |
| Benchmark | FTSE Developed Core Infrastructure 50/50 Index |

## PERFORMANCE[1]




| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|---|---|---|---|---|---|---|---|
| Composite Gross Return | 3.0% | 29.9% | 29.9% | 13.7% | 8.6% | 10.5% | 9.3% |
| Composite Net Return | 2.8% | 29.3% | 29.3% | 13.1% | 7.9% | 9.7% | 8.5% |
| Linked Benchmark[2] | 3.1% | 25.0% | 25.0% | 12.1% | 6.5% | 8.1% | 7.4% |

## INVESTMENT PHILOSOPHY

We believe a rigorous, fundamentally-driven investment process will uncover securities that are mispriced which may provide superior risk-adjusted returns.

We invest globally in the owners/operators of high-quality infrastructure assets with consistent and predictable business models.

We have a total return approach that strives to provide distinct portfolio benefits including growing income, capital appreciation, low volatility, and long-term inflation protection.

Our team approach allows us to have multiple perspectives which is essential to uncovering new opportunities and identifying changes to the investment thesis.

## PORTFOLIO CHARACTERISTICS

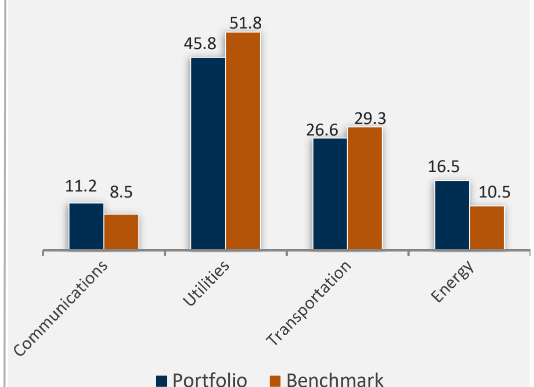
| | Portfolio[3] | Benchmark |
|---|---|---|
| Dividend Yield | 3.4% | 3.6% |
| Price to Cash Flow[5] | 10.4x | 9.4x |
| Return on Equity,5 yr. | 11.9% | 12.2% |
| EPS Growth Rate, Forward 3-5 yr. | 12.8% | 9.8% |
| Weighted Avg. Market Cap (bn) | $46.6 | $40.7 |

*Source: Bloomberg Finance L.P., FTSE.*

## TOP TEN HOLDINGS[4]

| | Portfolio ( %)[3] |
|---|---|
| NextEra Energy Inc. | 6.2 |
| Transurban Group | 5.5 |
| American Tower Corp. | 5.4 |
| Sempra Energy | 4.0 |
| Dominion Energy Inc. | 3.8 |
| American Electric Power | 3.6 |
| Crown Castle Intl Corp. | 3.6 |
| Union Pacific Corp. | 3.5 |
| Vinci SA | 2.9 |
| Aena SME | 2.6 |

## SECTOR ALLOCATION VS. BENCHMARK[3]




*Source: Bloomberg Finance L.P.*

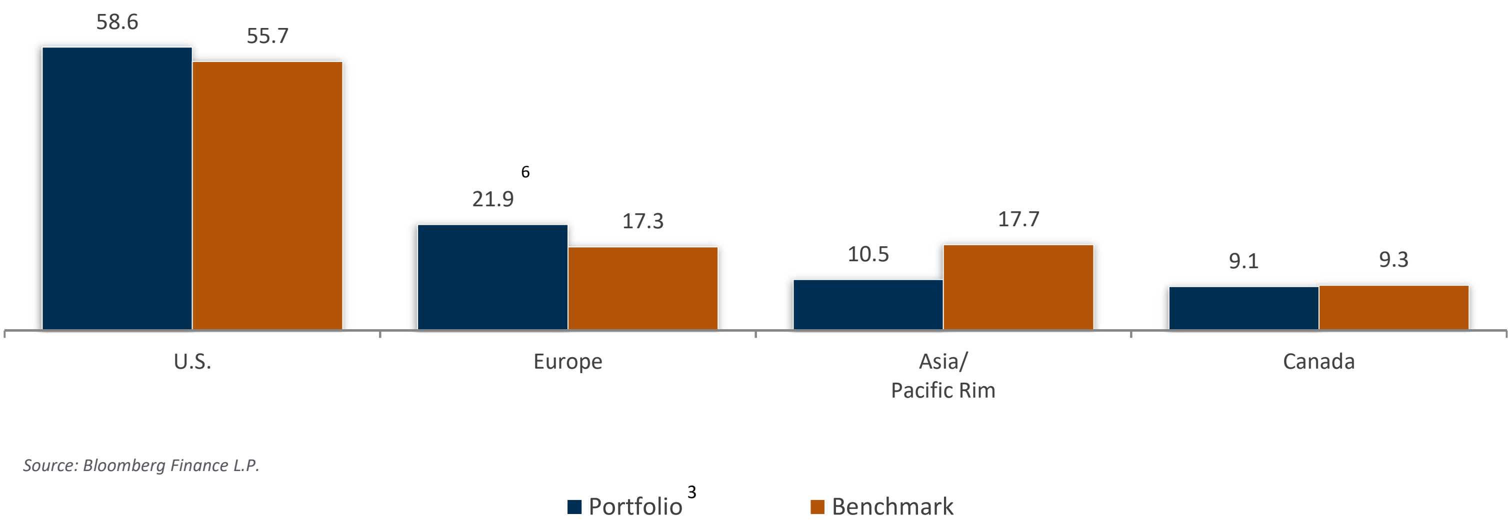
## CONTACT INFORMATION

**Sarah Honold,** Consultant Relations
312-917-6548 | sarah.honold@dpimc.com

**Robert Hiebert,** Senior Relationship Manager
312-917-6560 | robert.hiebert@dpimc.com

[1]Inception date is December 31, 2004. Periods over one year are annualized. Please see the GIPS Compliant Presentation for more information.
[2]The Benchmark is the FTSE Developed Core Infrastructure 50/50 Index. The Linked Benchmark returns are compiled by linking returns from the FTSE Benchmark beginning October 1, 2016 with returns of the MSCI World Infrastructure Sector Capped Index for the period September 1, 2008 through September 30, 2016 with returns from a blended benchmark comprised of 65% MSCI U.S. Utilities Index, 20% MSCI World Telecom Services Index and 15% MSCI World ex-U.S. Utilities Index for the period from inception to August 31, 2008.
[3]Portfolio information is based on a representative institutional account excluding cash. Holdings are subject to change.
[4]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.
[5]Weighted Harmonic Average

## REGIONAL ALLOCATION VS. BENCHMARK (%)




*Source: Bloomberg Finance L.P.*

## Market Review

Global equity markets (as measured by the MSCI World Index, net) rallied strongly in the fourth quarter, posting a total return of 8.6%, as concerns around global economic growth, Brexit, and China trade tensions faded. Government bond yields in developed markets also rose over the quarter in conjunction with the risk-on environment. Global listed infrastructure stocks (as measured by the FTSE Developed Core Infrastructure 50/50 Index, net) posted gains of 3.1% but significantly lagged the broader market, rotating out of defensive sectors into more economically sensitive sectors.

This sector rotation was evident within the infrastructure universe as the energy infrastructure and transportation sectors performed the best. Energy infrastructure advanced over 6% on higher oil prices and expectations of a trade deal with China. The large-cap integrated stocks with long-term contracts performed relatively well, while companies more exposed to gathering and processing assets trailed.

Transportation stocks bounced back after a weak performance in the third quarter on the improved economic outlook, adding over 5%. North American railroads showed strength on the potential Chinese trade deal, although volumes were still weak through year end. Some airports and ports also posted good returns with improved sentiment around the global economy.

The communications sector was up just over 2%, with tower stocks posting gains while satellite companies continued to struggle. European telecom operators have begun to sell a portion of their tower portfolios to independent tower companies, providing significant operating leverage and growth potential for tower companies. The satellite companies came under pressure in the quarter as the timeline for the C-band spectrum auction in the U.S. was extended and the expectations for potential proceeds was reduced.

Utilities trailed the other infrastructure sectors, returning just under 2%. The sector's performance over the year has coincided with market sentiment, outperforming during periods of uncertainty and underperforming when risk is put back on. UK utility stocks excelled this quarter as the Labour party, which had threatened to nationalize the utilities, lost significant support in the December election.

[6]Bermuda holdings of 0.9% reflected in Europe.

## Portfolio Review

The Global Listed Infrastructure composite finished the quarter up 3.1% gross of fees, underperforming the broader global equity market by a solid margin but in line with the benchmark. Overall, stock selection was negative, driven by energy and utilities. Positive security selection in communications was a partial offset while the impact from transportation selection was negligible.

Sector allocation had a positive influence on performance with the overweight in energy infrastructure the main factor. The underweight of utilities was modestly helpful given the sector's underperformance compared to the benchmark. Transportation provided a slightly negative allocation effect due to the underweight in an outperforming sector. The overweight allocation to communications had no impact.

Drilling down to the security level, Orsted, a Danish utility company focused on renewables, made the largest contribution to relative performance. Orsted outperformed during the quarter as demand for the adoption of offshore wind generation continued to expand globally. The second best contributor was Duke Energy, a utility based in North Carolina, which underperformed and was not held in the portfolio. We have avoided Duke due to its lower growth compared to other U.S. utilities, a mixed regulatory environment and low quality balance sheet. Other top contributors to relative performance were Cellnex Telecom, SES, and Atlantia.[7]

The two largest detractors to relative performance in the portfolio, Enbridge and Cheniere Energy, were both from the energy infrastructure sector. Enbridge was an outperformer within the energy infrastructure sector but was an underweight within the portfolio. The stock benefited in the quarter from strong volumes in their liquids (oil) segment and positive 2020 guidance issued in December. We have maintained an underweight position due to regulatory concerns regarding construction permits to expand two of their main pipelines. Cheniere Energy, a leading U.S. exporter of LNG (liquefied natural gas), is the largest overweight within the energy infrastructure sector, but underperformed in the period. There are potentially several new LNG terminals coming online in the next couple years, which has pressured pricing for LNG. However, Cheniere has a majority of its supply contracted so we are still positive on the company's long-term prospects. Rounding out the top five detractors are CenterPoint Energy, Plains GP Holdings, and PPL Corp.[8]

## Investment Outlook

Looking ahead to 2020, we continue to see opportunities for our Global Listed Infrastructure strategy. The slowdown in global economic growth seems to have bottomed while inflation remains in check. Central banks worldwide remain accommodative on interest rates. As trade tensions and the fear of a hard Brexit receded, global markets rallied into the new year. However, geopolitical risks and election year politics in the U.S. could create some market volatility. We believe our current portfolio positioning has taken these conditions into account, leading to an overweight in energy infrastructure and communications offset by an underweight in transportation and utilities.

Investor sentiment around the energy infrastructure sector continues to be mixed. There has been a clear preference for the large cap, integrated companies with utility-like earnings profiles over the more commodity-exposed gathering and processing companies. A majority of our energy infrastructure holdings are focused on these integrated midstream companies as we believe they are the best positioned to take advantage of the critical role the U.S. will continue to play in the global energy market. Valuations and dividend yields remain attractive, supported by the secular growth story.

We remain comfortable with the overweight in the tower companies within the communications sector. The long term outlook for towers remains positive based on our view that the runway for 4G and 5G network buildouts has more than five years to go. The investment by telecommunications carriers will require more towers, including small cells and fiber networks, to meet increasing levels of data and video usage. We continue to avoid the satellite companies as the weak trends in their video business do not support current valuations.

During the fourth quarter of 2019, we reduced the underweight in the transportation sector as global economies appeared to be stabilizing and trade tensions eased. Our toll road positioning remains focused on high quality assets and management teams in Europe and Australia. We remain underweight airports due to concerns around higher oil prices, soft retail sales, and slowing traffic trends. European airports are also faced with the potential risk posed by upcoming regulatory reviews. Our view on the Australasia airports is slightly more positive, based on less regulatory risk and steady traffic expectations. North American railroads were increased to an equal weight, as we believe anticipated volume declines are currently reflected in valuations. However upside to margins from efficiency measures are yet to be fully appreciated.

[7]Top five contributors' relative contribution: Orsted +26 bps; Duke Energy +16 bps; Cellnex Telecom +10 bps; SES +8 bps; and Atlantia +7 bps.
[8]Top five detractors' relative contribution: Enbridge -19 bps; Cheniere Energy -19 bps; CenterPoint Energy -14 bps; Plans GP Holdings -14 bps; and PPL Corp -12 bps.

## Investment Outlook cont.

We are maintaining a considerable underweight in utilities. While we continue to be positive on the growth strategies and supportive regulation of our U.S. utility holdings, an overweight position is not merited given valuations. Likewise, improvement in the political and regulatory situation in the UK has caused valuations to be stretched relative to fundamentals, keeping us underweight. We see better opportunities with integrated utilities in Continental Europe, particularly those focused on renewable energy.

While the global markets may present multiple challenges in the year ahead, we believe the portfolio is appropriately positioned based on our views of macroeconomic trends, industry drivers, and geopolitical risks. Our portfolio companies provide essential services, generating stable and predictable cash flows which are generally less sensitive to economic cycles. As always, we will continue to closely monitor global developments through our travels and management meetings, incorporating changes to portfolio positioning as warranted.

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

CONNIE LUECKE, CFA
Senior Portfolio Manager

STEVEN WITTWER, 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 assumption 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 institutional account for the period based on relative contribution to the account's return versus the Benchmark. An average holding weight was computed based on daily ending market values. 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. Results exclude the effect of trading costs, fees and intraday trading prices.

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## GIPS Compliant Presentation

| Year-end (12/31) | Annual Composite Return (%) | | Annual Benchmark Return (%)[1] | 3-Year Annualized Standard Deviation (%) | | Number of Accounts | Asset-weighted Dispersion (%) | Composite Assets (US $M) | Firm Total Assets (US $B) |
|---|---|---|---|---|---|---|---|---|---|
| | Gross | Net | | Composite | Benchmark[1] | | | | |
| 2018 | -5.00 | -5.47 | -4.63 | 9.26 | 9.01 | ≤5 | n.a. | 262.1 | 9.0 |
| 2017 | 19.02 | 18.40 | 18.18 | 9.68 | 10.16 | ≤5 | n.a. | 362.2 | 10.2 |
| 2016 | 13.04 | 12.16 | 11.06 | 10.08 | 10.10 | ≤5 | n.a. | 213.7 | 10.3 |
| 2015 | -9.17 | -9.90 | -12.34 | 10.39 | 10.95 | ≤5 | n.a. | 221.6 | 9.2 |
| 2014 | 11.38 | 10.50 | 10.26 | 9.39 | 9.55 | ≤5 | n.a. | 284.8 | 10.8 |
| 2013 | 17.71 | 16.78 | 19.51 | 10.12 | 10.86 | ≤5 | n.a. | 254.7 | 9.2 |
| 2012 | 12.11 | 11.20 | 6.65 | 12.72 | 12.92 | ≤5 | n.a. | 199.1 | 8.9 |
| 2011 | 11.63 | 10.70 | 5.54 | 15.45 | 15.64 | ≤5 | n.a. | 70.6 | 8.6 |
| 2010 | 9.79 | 8.87 | 6.60 | n.a. | n.a. | ≤5 | n.a. | 69.6 | 7.2 |
| 2009 | 17.72 | 16.74 | 14.75 | n.a. | n.a. | ≤5 | n.a. | 89.1 | 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, 2018. 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 Global Listed Infrastructure Composite includes all fully discretionary accounts that focus their investments in the equity securities of global developed market infrastructure companies involved in the communications, utilities, transportation and energy industries. The inception date of the Composite is December 31, 2004 and the Composite was created on September 1, 2006. The Composite contains 5 or fewer portfolios.

**3. Benchmark** –The Composite Benchmark is the FTSE Developed Core Infrastructure 50/50 Index, a free float-adjusted market capitalization weighted index designed to measure the performance of developed market infrastructure companies and adjusted semi-annually to cap the exposure to certain infrastructure subsectors and holdings (the "Benchmark"). The constituent weights are 50% Utilities, 30% Transportation (including capping 7.5% for railroads/railways), and a 20% mix of other sectors including pipelines, satellites, and telecommunications towers, as well as a company weight of 5%.

Linked returns are compiled by linking returns (the "Linked Benchmark") from the FTSE Developed Core Infrastructure 50/50 Index beginning October 1, 2016 with returns of the MSCI World Infrastructure Sector Capped Index for the period September 1, 2008 through September 30, 2016. The change in the Benchmark was made to better reflect the maturing infrastructure asset class.

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). No Benchmark utilized a systematic fair value methodology, and effective 2012, the Composite does not utilize such a methodology. Composite returns and Benchmark returns are calculated net of non-reclaimable withholding taxes. The withholding tax rates used in the calculation of the Composite are those applied to U.S. entities; the withholding tax rates used in the calculation of the Benchmark are the maximum withholding rates applicable to dividends received by non-resident institutional investors and the withholding tax rates used in the calculation of the previous MSCI Benchmark are those applied to the dividends received by a Luxembourg holding company.

**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; it is not presented for periods prior to 2011 as it is not required for periods ended prior to 2011.

**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 Global Infrastructure accounts is: .80% on assets up to $10 million, .75% on the next $15 million, .70% on the next $25 million, and .60% 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 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.**

***[1]The Linked Benchmark returns are compiled by linking returns from the FTSE Developed Core Infrastructure 50/50 Index beginning October 1, 2016 with returns from the MSCI World Infrastructure Sector Capped Index for the period September 1, 2008 through September 30, 2016.***