

Quarter Ending June 30, 2021

### INVESTMENT PHILOSOPHY

We believe our rigorous fundamentally driven investment process will produce superior performance over time.

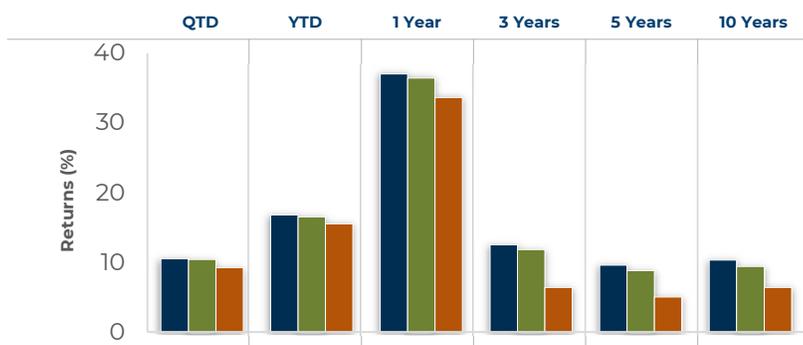
We focus on high quality owner/operators of real estate because our research shows they have offered durable cash flows and attractive risk-adjusted returns.

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.

### PERFORMANCE <sup>1</sup>



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
<b>Composite Gross Return</b>	10.5%	16.8%	37.0%	12.5%	9.6%	10.3%
<b>Composite Net Return</b>	10.4%	16.5%	36.4%	11.8%	8.8%	9.4%
<b>FTSE EPRA Nareit Dev Index (Net)</b>	9.2%	15.5%	33.6%	6.4%	5.0%	6.4%

### PORTFOLIO STRATEGY

Holdings	50-70 securities
Single Security Limit	< 500 bps of relative exposure
Cash	Typically fully invested
Benchmark	FTSE EPRA Nareit Developed Index (net)

### PORTFOLIO CHARACTERISTICS

	Portfolio <sup>2</sup>	Benchmark
Multiple (P/E), 2021 est.	22.7x	22.4x
Earnings Growth Rate, 2021 est.	6.0%	2.5%
Dividend Yield	3.0%	3.3%
Dividend Growth, 5-year est.	6.4%	4.6%
Median Market Cap (bn)	\$8.2	\$3.2

Sources: FTSE, Bloomberg Finance L.P., Duff & Phelps

### TOP TEN HOLDINGS<sup>3</sup>

	Portfolio(%) <sup>2</sup>
Prologis Inc.	5.1
Mitsubishi Estate Co Ltd	3.2
Sun Communities Inc.	3.0
Equinix Inc.	2.9
Vonovia SE	2.9
Welltower Inc.	2.8
Duke Realty Corp	2.6
Healthpeak Properties Inc.	2.5
Avalonbay Communities Inc.	2.5
Simon Property Group Inc.	2.5

### RISK/RETURN (10 YEARS)

	Composite	Benchmark
Alpha	4.4%	-
Total Return Beta	1.0	1.0
Sharpe Ratio	1.0	0.7
Standard Deviation	16.6%	17.1%
Information Ratio	1.1	-
Tracking Error	3.8	-

Source: eVestment

### CONTACT INFORMATION

**Susan Ford**  
Institutional Business Development  
312-917-6538 | susan.ford@dpimc.com

**John Creswell**  
Executive Managing Director  
312-917-6536 | john.creswell@dpimc.com

<sup>1</sup> Composite Inception Date: 3/31/2009. Periods over one year are annualized. Please see the GIPS Composite Report on the final page for more information.

<sup>2</sup> Portfolio information is based on a representative institutional account excluding cash. Holdings are subject to change.

<sup>3</sup> 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.

Quarter Ending June 30, 2021

### TOP TEN COUNTRY WEIGHTS VS. BENCHMARK(%)



### MARKET REVIEW

Global listed real estate delivered a strong quarter as the market continued to take advantage of the triple discount real estate entered the year at relative to broader equities, bonds and private real estate. Specifically, the FTSE EPRA Nareit Developed Index (“the Benchmark”) gained 9.2% versus an increase of 7.7% for the MSCI World Index, both expressed in U.S. dollars. Notably, this is the second quarter in a row that global real estate has outperformed global equities. Capital markets activity, which we have highlighted in prior quarters, also accelerated for listed real estate across the globe during the period, including acquisition offers for three of our portfolio holdings, Invesco Office J-REIT, VEREIT and Deutsche Wohnen.

More countries continued to benefit from the rollout and acceptance of vaccines. The U.S. remains a clear global leader in this regard and is seeing the benefits in improved health and a reopened and rapidly growing economy. However, previously lagging regions like Continental Europe and Japan are also making firm progress.

The heat, if you will, arising from the combination of the Fed’s actions and the fiscal policy support from two administrations, is leading to ongoing questions on inflation as prices rise across the board. We have entered a debate on word definitions as a way to describe the time period for the increased inflation we are experiencing in the U.S. and other markets around the globe. Nonetheless, when we look to the simple notion of comparison periods, the “comps” are likely to remain favorable for well above average inflationary reads through at least the first quarter of 2022.

Global real estate in our view can benefit from a certain amount of higher inflation. During historical periods of rising interest rates and medium to high inflation, U.S. REITs have generated positive total returns and outperformed equities (Nareit). What are REITs’ building blocks for delivering solid returns during inflation periods? REITs can perform well in a rising interest rate and inflationary environment as a result of two attractive attributes: one, the ability to raise rents and in turn cash flows; and two, the increase in replacement costs of the real estate itself.

Generally speaking, rising interest rates and inflation occur during a rebounding or strengthening economy, which in turn leads to an increasing demand for commercial real estate space. This dynamic can result in faster revenue growth through increases in occupancy and rents, which may more than offset an increase in expenses due to higher inflation. Additionally, the replacement value of their underlying real estate should increase as land values go higher and input costs increase (materials such as steel, concrete, lumber, and architectural and contractor services).

Taking a closer look at the performance of the individual countries that are represented within the Benchmark, the top-five performing countries on a total return basis measured in U.S. dollars included Sweden, Israel, Italy, Finland and Canada. Sweden, Italy and Finland were all bottoming performing countries last quarter and generally benefited this period by the improved rollout of vaccines across most of the Continent. Canada was a leading performing for a consecutive quarter as it continues to benefit from a stronger North American economy and was led during the period by industrial real estate companies, which moved higher on the back of strong transaction activity.

Quarter Ending June 30, 2021

### MARKET REVIEW (CONT.)

The five bottom-performing countries were New Zealand, Singapore, Austria, Japan and Norway. Concerns regarding potential changes in central bank policy in places like New Zealand and Norway likely weighed on returns for these countries. Japan faced a headwind from a falling Japanese yen relative to the U.S. dollar and also the poor performance of one of the largest Japanese companies – Mitsubishi Estate.

### PORTFOLIO REVIEW

Overall, our global real estate securities strategy outperformed the Benchmark in the second quarter. Country allocation and security selection both contributed positively to relative performance.

Combining country allocation and security selection, the top positive contributors to performance were the U.S., Singapore and Canada. Country allocation and security selection contributed to the outperformance in all three countries.

From a country allocation perspective, our underweight exposures to Singapore and Hong Kong were the top contributors.

At the security level, our overweight exposure to Equinix, a U.S. data center REIT, was the largest relative positive contributor. Shares of the company materially lagged during the first quarter, but rebounded nicely in the second as the market returned its attention to positive structural growth companies and somewhat away from more cyclically oriented real estate shares. The next largest positive contributor was our overweight exposure to Invesco Office J-REIT, a Japanese office REIT. Invesco Office shares performed well following an acquisition offer from private equity firm Starwood Capital in early April and then a second competing offer from its sponsor Invesco in May. Rounding out the top-five positive security selection contributors were our overweight of CubeSmart, a U.S. self storage REIT; our overweight of Extra Space Storage, a U.S. self storage REIT; and our overweight of VEREIT, a U.S. diversified REIT, which received a buyout offer from Realty Income.<sup>4</sup>

Combining country allocation and security selection, the top detractors were India, Ireland and Australia. Security selection and country allocation detracted in Ireland and Australia and country allocation detracted in India.

From a country allocation perspective, our out of benchmark exposure to India was the largest detractor from performance as the country lagged during the period. The next largest country allocation detractor was our overweight exposure to Spain.

At the security level, our overweight exposure to Mitsubishi Estate, a Japanese diversified real estate company, was the largest negative contributor to security selection. Shares of the company performed poorly relative to its Japanese real estate peers given concerns regarding their office exposure and potentially slower profit growth going forward. Our lack of exposure to Public Storage, a U.S. self storage REIT, was the second largest detractor to security selection. Shares of the company performed well alongside its U.S. self storage REIT peers given the healthy rebound in market fundamentals. While we do not have exposure to Public Storage, we did benefit by having exposure to CubeSmart and Extra Space during the period. Rounding out our top five detractors were our overweight exposure to Swire Properties, a Hong Kong diversified real estate company; our overweight position in Healthcare Trust of America, a U.S. healthcare REIT; and our overweight exposure to Cousins Properties, a U.S. office REIT.<sup>5</sup>

<sup>4</sup>Top five contributors' relative contribution: Equinix +24 bps; Invesco Office +20 bps; CubeSmart +19 bps; Extra Space +13 bps and VEREIT +12 bps.

<sup>5</sup>Top five detractors' relative contribution: Mitsubishi Estate -25 bps; Public Storage -24 bps; Swire Properties -13 bps; Healthcare Trust -11 bps; Cousins Properties -8 bps.

Quarter Ending June 30, 2021

### INVESTMENT OUTLOOK

Looking to the year ahead, we expect variance in global economic growth and regional & property sector fundamentals in real estate will be more pronounced due to the lingering impacts of COVID-19. How far the markets will pull forward the expected global economic recovery is a key consideration. We expect the variance in global growth trajectories to create opportunities for active managers such as ourselves, who are focused on high quality owner/operators of enduring commercial real estate, with solid balance sheets and proven management teams.

Governments and global central banks will continue to provide fiscal and monetary support to help reduce the shock to the global economy from the Global Pandemic Crisis, COVID-19, and bridge the gap to vaccine distribution & acceptance. The pace of global economic growth will start the year off with continued acceleration. However, tough year over year comparisons will not ease until we enter the second quarter of 2021. Global real estate cash flow and dividend growth should rebound to positive territory in 2021, although underlying trends by property sector will continue to be highly uneven. Themes we are focusing on include:

- *Fiscal & Monetary support:* Governments and central banks are providing meaningful fiscal and monetary support to help reduce the negative shock to the global economy from the Global Pandemic Crisis, COVID-19.
- *New supply:* Construction activity will continue to slow and new real estate supply should moderate over the next couple of years.
- *Balance sheet health:* U.S. balance sheets are better positioned than they were prior to the GFC, making discounted equity offerings less likely. International balance sheets are generally not as well prepared; additional equity or assets sales will be needed.
- *M&A tailwind:* M&A activity has picked up into year end and could continue to accelerate if the meaningful discounts-to-NAV in public real estate security markets remain in place. Private buyers may find it easier to deploy capital in the listed market.

Our base case total return drivers for global real estate in 2021 include:

- 2021E global cash flow growth will accelerate as economic activity rebounds
- Attractive dividend yields of approximately 4.0% will benefit from dividend growth from increased cash flow
- Balance sheets are better positioned in the U.S. than ex-U.S. Relative to the GFC, we see a decreased need for equity offerings and dispositions, a strong attribute
- Secular growth drivers will continue to benefit Data Centers, Cell Towers and Logistics, although they will face tougher comparisons; Office, Retail and Lodging recoveries will vary by quality, market, mix and duration

There are several potential upside catalysts to our base case. A key macro consideration is greater than expected recovery in 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. An increased potential for M&A and privatizations continues to exist, given the listed discounts to private real estate market prices and the ongoing appetite for high quality, core real estate among institutional investors.

We also note certain downside risks to our base case assumptions. A key risk would be the uncertainty surrounding the depth and duration of the Great Pandemic Crisis. It is possible that governmental directives will temporarily impact select property sectors and markets. Furthermore, a delay in the rollout of effective vaccines will delay a return to normalcy.

Quarter Ending June 30, 2021

### INVESTMENT OUTLOOK CONT.

The optimism being expressed through the healthy rebound in the global equities markets has received an added boost from the positive vaccine developments and efficacy. While high marks should be given to global central banks and governments' stimulus measures to support the global economy, more may be needed. Assuming our optimism is not misplaced, the global economy, and by extension the global real estate markets, should remain on a path to recovery which has now been strengthened by the positive vaccine developments.

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



**GEOFFREY DYBAS, CFA**  
Senior Portfolio Manager  
and Head of Real Estate



**FRANK HAGGERTY, CFA**  
Senior Portfolio Manager

---

#### PAST PERFORMANCE IS NOT INDICATIVE 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 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.

The FTSE EPRA Nareit Developed Index (net) is a free-float market capitalization index measuring developed market global 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 World Index (net) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of global developed markets.

**Duff & Phelps Investment Management Co. and VP Distributors, LLC are indirect subsidiaries of Virtus Investment Partners, Inc.**

### GIPS COMPOSITE REPORT

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				
2020	-1.28	-1.72	-9.04	18.29	19.46	≤5	n.a.	1,135.9	10.6
2019	31.09	30.21	21.91	9.72	9.75	≤5	n.a.	1,280.7	11.2
2018	-3.67	-4.48	-5.63	11.21	10.82	≤5	n.a.	173.3	9.0
2017	14.29	13.32	10.36	11.41	10.90	≤5	n.a.	208.8	10.2
2016	5.37	4.52	4.06	12.86	12.21	≤5	n.a.	182.6	10.3
2015	3.07	2.25	-0.79	12.46	12.29	≤5	n.a.	94.4	9.2
2014	24.44	23.47	15.02	12.22	12.49	≤5	n.a.	66.4	10.8
2013	2.57	1.75	3.67	15.79	16.45	≤5	n.a.	43.0	9.2
2012	25.80	24.80	27.73	17.53	18.14	≤5	n.a.	24.9	8.9
2011	1.93	1.07	-6.45			≤5	n.a.	6.7	8.6

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, 2020. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

**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 Real Estate Securities Composite includes all fully discretionary accounts that focus their investments in global real estate equity securities. Material risks, in addition to market risk or potential strategy underperformance, include sector concentration risks and risk factors specific to global real estate securities. The inception date of the Composite is March 31, 2009 and the Composite was created on March 31, 2009. The Composite contains 5 or fewer 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 Index (net), a free-float market capitalization index measuring developed market global 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 Composite Benchmark was the FTSE EPRA Nareit Developed Rental Index (net), a sub-set 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 to the Composite strategy, which continues to focus primarily on rental companies. 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. Composite dispersion is not presented for periods with 5 or fewer portfolios. The 3-year annualized ex-post standard deviation measures the variability of gross Composite returns and the Benchmark returns over the preceding 36-month time period.

**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 Real Estate Securities accounts is: 0.75% on assets up to \$25 million, 0.70% on the next \$25 million, and 0.60% 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 \$25 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** – A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy. Duff & Phelps's policies for valuing investments, calculating performance and preparing GIPS reports are available upon request.

**Benchmark Data Source:** FTSE International Limited (“FTSE”) © FTSE 2021. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. Nareit® is a trade mark of the National Association of Real Estate Investment Trusts (“Nareit”) and EPRA® is a trade mark of the European Public Real Estate Association (“EPRA”). All intellectual property rights in the FTSE indices vest in FTSE, Nareit and EPRA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

All indices, trademarks and copyrights are the property of their respective owners.