MLP and Energy Infrastructure Fact Sheet & Commentary

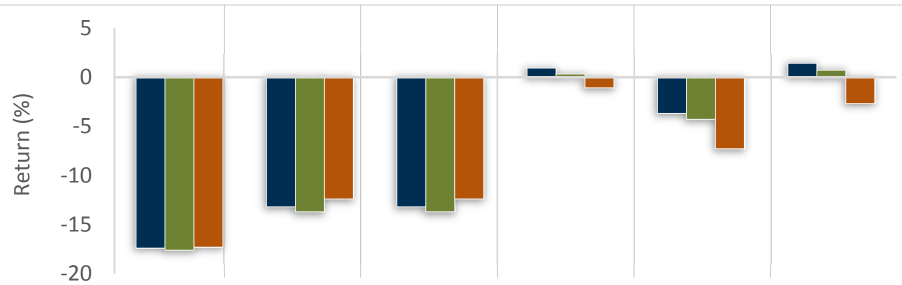
Quarter Ending December 31, 2018

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

Holdings	20-30 securities
Security Target	80% midstream MLPs, GPs, and C-Corps
Single Position	No greater than 10% at purchase
Individual holding market cap	< $250 million at purchase
Turnover	Typically < 25%
Benchmark	Alerian MLP Index

PERFORMANCE (%)[1]

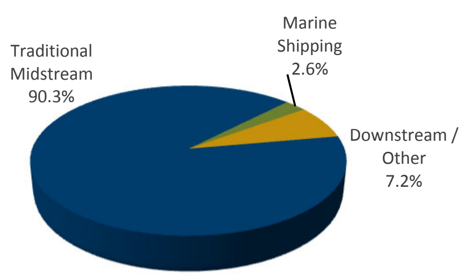


	QTD	YTD	1 Year	3 Years	5 Years	Since Inception
Composite Gross Return	**-17.4%**	**-13.2%**	**-13.2%**	**0.9%**	**-3.7%**	**1.4%**
Composite Net Return	-17.6%	-13.7%	-13.7%	0.3%	-4.3%	0.7%
Alerian MLP Index	-17.3%	-12.4%	-12.4%	-1.1%	-7.3%	-2.7%

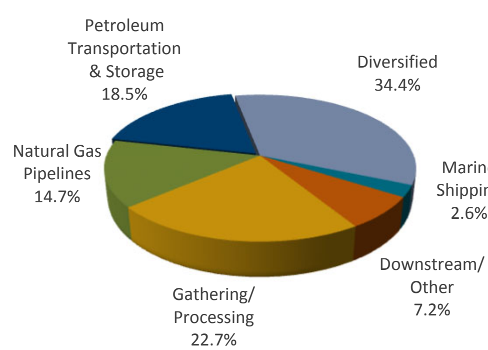
INVESTMENT PHILOSOPHY

- We focus on midstream assets and believe a rigorous fundamentally driven investment process will produce superior risk-adjusted returns.
- We construct a concentrated portfolio with a long-term investment horizon which allows us to capitalize on our highest conviction ideas.
- Our disciplined investment process allows us to be opportunistic by taking advantage of the inefficiencies in the sector.
- Our portfolio focuses on maximizing total return by owning companies with visible distribution growth, low commodity exposure and geographic footprints in key basins.
- Our team approach is an integral part of uncovering new opportunities, while also controlling downside risk should our thesis on a name change.

MLP CLASSIFICATION [2]



SUB-SECTOR [2]



PORTFOLIO CHARACTERISTICS

	Portfolio[2]	Benchmark
Cash Flow Multiple (P/DCF), 2019 est.	9.3x	9.0x
Distribution Yield	8.0%	8.8%
Distribution Growth, NTM	9.8%	6.8%
Distribution Coverage, 2019 est.	1.5	1.3
Weighted Avg. Market Cap (bn)	$18.8	$15.9
Median Market Cap (bn)	$7.0	$2.9

Sources: Bloomberg Finance L.P., Alerian

TOP TEN HOLDINGS[3]

	Portfolio (%)[2]
Energy Transfer LP	8.8
The Williams Cos Inc.	8.7
Enterprise Products Partners LP	8.4
Kinder Morgan Inc.	7.3
Magellan Midstream Partners LP	6.0
Tallgrass Energy LP	6.0
Plains All American Pipeline LP	5.8
MPLX LP	5.7
Targa Resources Corp.	5.5
ONEOK Inc.	4.3

RISK/RETURN (SINCE INCEPTION)

	Composite	Benchmark
Alpha	4.4%	-
Total Return Beta	1.0	1.0
Sharpe Ratio	0.1	-0.2
Standard Deviation	18.9%	18.3%
Information Ratio	1.1	-
Tracking Error	3.7	-

Source: eVestment

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

Market Review

Armageddon. That's the word that comes to mind to describe midstream energy stocks in the fourth quarter of 2018. Plunging oil prices combined with a global market sell-off sent the sector down over 17% in the quarter (as measured by the Alerian MLP index) and put the stocks dangerously close to their 2016 lows. As investors in midstream, we unfortunately are all too-familiar with big quarterly price drops, but this quarter was especially surprising and painful given the seemingly strong fundamental backdrop coming into the quarter.

The rout in oil certainly was a big driver of the sector's under-performance. On October 3, oil closed at $76.41, its highest level since the OPEC massacre on Thanksgiving of 2014. Oil bulls were talking about hitting $100 oil again, and while we were a little wary given the third quarter move up, we never imagined that oil would fall to $42.53 less than three months later. President Trump's decision to grant waivers to countries for the purchase of Iranian oil was the catalyst that started pushing oil lower. Then, fears about global growth and a big macro move to an overall risk-off environment combined with a lack of liquidity and significant computer-driven commodity trading accelerated the drop. Not even a successful negotiation by OPEC in early December to meaningfully cut production could stop the bleeding.

As oil fell and especially after it broke through $50, midstream stocks accelerated downward. Part of this was certainly driven by investors following the playbook from 2015 when falling oil prices led to a big drop in midstream stocks. Midstream underperformance was likely hastened by the continued lack of sponsorship and excessive leverage by many key owners of midstream stocks. Since the downturn, we have talked about the need for new MLP sponsorship. Retail remains on sidelines and institutions have been wary about getting involved until the sector fully reforms itself and proves that it can put up consistent returns. Unfortunately, that leaves the sector overly dependent on closed-end funds and hedge funds, both of which use leverage. When stocks move down quickly, this leverage rears its ugly head, and sector liquidity becomes an issue. Case in point was from 12/13 to 12/24 when the Alerian index fell 13.5%. During this time period, the big liquid names were hit especially hard as those were the names that investors knew they could sell in bulk in order to lower their leverage and make sure they stayed in compliance with covenants.

While stocks were pummeled in the quarter, outside of the weakness in commodities, the overall picture for midstream stocks actually got better. The Colorado voting initiative that we wrote about last quarter that would have essentially banned fracking in the state was defeated 55%-45% on election day. While energy companies have likely not seen the of end of the opposition, the vote at least gives them two years to negotiate a compromise with opponents. Third quarter earnings were very strong, with the large integrated companies Enterprise, Energy Transfer and Plains All-American putting up especially big beats. Restructurings and simplifications accelerated in the quarter with five different MLPs (Equitrans/Equitable Midstream, Enlink Midstream, Antero Midstream, Western Gas and Valero Energy Partners) announcing deals. We have talked about the industry needing to get these restructurings behind it as the simplifications lead to single-entity companies that tend to have better balance sheets, better costs of capital and better corporate governance. Finally, not only were some new contracted projects announced, but a number of other projects came on-line after multi-year construction periods including Energy Transfer's Mariner East II, Cheniere's first Corpus Christi LNG facility and Plains' Sunrise Express Pipeline.

Portfolio Review

The Duff & Phelps MLP and Energy Infrastructure Strategy had a largely in line quarter with the strategy down 17.43% (-17.55% net of fees) vs the Alerian MLP Index down 17.30%. Given the strategy's meaningful holdings in C-corps (approximately 31% average weight during the quarter), we are also starting to track the strategy vs Alerian's new U.S. midstream index (AMUS), which is roughly 40% c-corps. In the fourth quarter, the AMUS was down 17.42%. Overall, there was pretty broad selling across the universe with the strategy's worst performing sectors being gathering and processing, refining logistics, marine and C-corp general partners.

In terms of specific names, the strategy's best contributor was Tallgrass Energy which rallied in December on rumors that it was pursuing a going-private transaction. The strategy had two other positive contributors in the quarter. Westlake Chemical Partners made a positive contribution as the small cap seemed to fly under seller's radar screen and also benefitted from improving ethylene margins as the price of ethane fell in the quarter. Spectra Energy Partners also finished in positive territory as the buy out by parent, Enbridge Inc. was completed in mid-December and thus Spectra "missed out" on the big December plunge.

Portfolio Review cont.

The strategy's worst contributor was Targa Resources. Targa was the strategy's second biggest contributor in the third quarter when it rallied 15.8%, but its exposure to NGL prices and high correlation to the price of oil left it vulnerable when the oil prices fell. Energy Transfer was the strategy's second worst contributor. Energy Transfer fell sharply as the completion of the Mariner East II pipeline slipped from the beginning of the quarter to the end of the quarter and the company got caught up in the late December liquidity unwind. Both Targa and Energy Transfer also have higher leverage, and while these leverage ratios are expected to come down as new capital projects go into service over the near term, sentiment was not favorable in the quarter for midstream companies with disproportionately higher leverage. The strategy's third worst performer was Enlink Midstream. After rallying in the third quarter, Enlink finally announced an expected simplification transaction with ENLC, but investors were disappointed by the minimal premium offered and the combined company's earnings guidance for 2019 and also had concerns about a potential slowdown of drilling activity on its core STACK footprint in Oklahoma.

Investment Outlook

The fourth quarter was certainly humbling for midstream investors. As we turn the calendar, we are trying to step back from the sector and be as objective as possible about its prospects. The sector got extremely oversold in December so it is not surprising that we are seeing a nice bounce to start January. The real question is whether it is sustainable. We believe it is, although we are not naïve enough to think it will be straight line up from here.

Oil is obviously a big question mark, but we are fairly confident that it will rebound from the big fourth quarter sell down. We do not envision oil going back to $70-80 but think it will be a lot more comfortable at $55-$60 than $45. One of things we have learned with oil is that like the tankers that carry it, it takes a while for sentiment to turnaround even when the course has changed. The steps taken by OPEC were important; the cuts should relieve the inventory imbalances even if the market ignored them in December. Rather than supply, the bigger question mark with oil is probably around demand. The EIA is still projecting solid oil demand growth of 1.40 million barrels per day in 2019, but admittedly a global recession or an escalation of the trade war with China could put pressure on the price.

Beyond commodity prices, the fundamentals for energy infrastructure look strong. 2019 U.S. volume growth should be very supportive with oil production growth projected up 12%, gas production up 6% and natural gas liquids production up 11%, according to Wells Fargo. Midstream valuations are also getting hard to ignore. Current sector multiples are back to where they were in the 2008-2009 financial crisis. The market is also not appreciating just how much restructuring has taken place. Balance sheets are much stronger and distribution coverage ratios have gone up significantly. With most restructuring and distribution cuts now behind it, the sector should also start to see real distribution growth once again. According to UBS, while the level of overall distributions fell from 2015-2017 and rose just 0.5% in 2018, distributions should jump 4% in 2019.

We continue to believe that energy infrastructure stocks are going through an "institutionalization" process similar to what REITs and utilities went through in the early 2000s. In addition to lowering their leverage, energy infrastructure stocks are fixing their corporate governance and starting to run their companies with far greater financial discipline. New investors still want to see more proof before jumping in, but we are convinced that real value is being created and will eventually be discovered.

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

DAVID GRUMHAUS, JR.
Senior Portfolio Manager

CHARLES GEORGAS, CFA
Portfolio Manager

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

GIPS Compliant Presentation

Year-end (12/31)	Annual Composite Return (%) Gross	Annual Composite Return (%) Net	Annual Benchmark Return (%)	3-Year Annualized Standard Deviation (%) Composite	3-Year Annualized Standard Deviation (%) Benchmark	Number of Accounts	Asset-weighted Dispersion (%)	Composite Assets (US $M)	Firm Total Assets (US $B)
2018	-13.19	-13.68	-12.42	18.52	18.10	<5	n.a.	400.4	9.0
2017	-1.12	-1.67	-6.52	20.20	19.06	<5	n.a.	480.2	10.2
2016	19.57	18.74	18.31	21.08	19.95	<5	n.a.	477.7	10.3
2015	-29.23	-29.78	-32.59	19.11	18.50	<5	n.a	362.6	9.2
2014	14.30	13.46	4.80	n.a	n.a	<5	n.a	507.1	10.8
2013	34.57	33.59	27.58	n.a	n.a	<5	n.a	395.2	9.2
2012*	-2.59	-2.65	-3.12	n.a	n.a	<5	n.a	240.6	8.9

**Partial year return. Composite inception is November 30, 2012.*

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 MLP and Energy Infrastructure Composite includes all fully discretionary accounts investing primarily in midstream energy master limited partnerships ("MLPs") and midstream energy companies with a focus on total return. Effective December 31, 2018, the Composite's (formerly the Midstream Energy MLP Total Return Composite) focus was broadened through the inclusion of midstream energy companies (other than MLPs) as an additional primary investment. This change and the Composite name change were made to reflect the evolving energy asset class structure and not as a result of a change in strategy. The inception date of the Composite is November 30, 2012 and the Composite was created on December 31, 2012. The Composite contains less than 5 portfolios.

3. Benchmark – The Composite Benchmark is the Alerian MLP Index, a capped, float-adjusted, capitalization-weighted index comprised of energy infrastructure MLPs whose constituents earn the majority of their cash flow from midstream activities involving energy commodities. Effective January 1, 2019, the Alerian U.S. Midstream Energy Index was adopted as a Secondary Benchmark as a result of the broader focus on midstream energy companies other than MLPs; it is a capped, float-adjusted capitalization-weighted index comprised of a broad base of U.S. energy infrastructure companies, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities.

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 accounts is: .75% on assets up to $25 million, .70% on the next $25 million, .65% on the next $50 million, and .60% on amounts in excess of $100 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.

Investors should consult their tax adviser to fully understand the implications of owning MLPs.

[1]Composite Inception Date: November 30, 2012. 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.

Due to the distribution characteristics of MLPs, a portion of the distributions may include a return of capital, which should not be confused with yield or income.

Past performance is not indicative of future results. Returns are expressed 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 contribution to the account's return. 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.