MLP and Energy Infrastructure Fact Sheet & Commentary

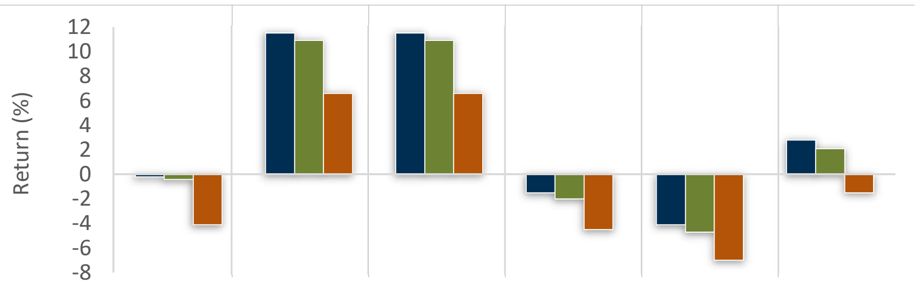
Quarter Ending December 31, 2019

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

▪ Holdings	20-30 securities
▪ Security Target	80% midstream MLPs, GPs, and C-Corps
▪ Individual holding market cap	< $250 million at purchase
▪ Turnover	Approximately 25%[4]
▪ Benchmark	Alerian MLP Index

PERFORMANCE[1]

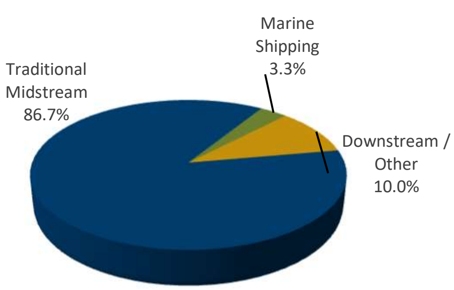


	QTD	YTD	1 Year	3 Years	5 Years	Since Inception
Composite Gross Return	-0.2%	11.5%	11.5%	-1.5%	-4.1%	2.8%
Composite Net Return	-0.4%	10.9%	10.9%	-2.0%	-4.7%	2.1%
Alerian MLP Index	-4.1%	6.6%	6.6%	-4.5%	-7.0%	-1.5%

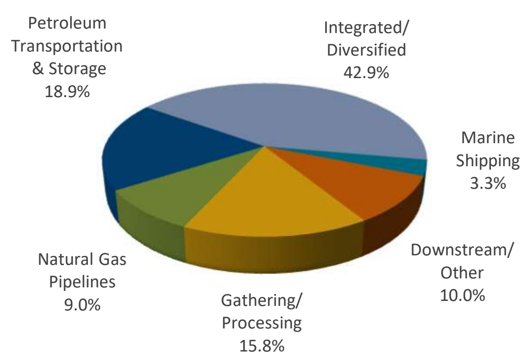
INVESTMENT PHILOSOPHY

- 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 vertically-integrated business models, visible and growing cash flows, sustainable distributions, strong corporate governance 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), 2020 est.	8.5x	8.1x
Distribution Yield	7.5%	8.8%
Distribution Growth, NTM	5.3%	2.8%
Distribution Coverage, 2020 est.	1.5	1.5
Weighted Avg. Market Cap (bn)	$25.1	$17.9
Allocation to C-Corps	43.0%	8.0%

Sources: Bloomberg Finance L.P., Alerian

TOP TEN HOLDINGS[3]

	Portfolio (%)[2]
Enterprise Products Partners LP	10.6
Energy Transfer LP	9.4
Kinder Morgan Inc.	8.7
The Williams Cos Inc.	7.7
Plains All American Pipeline LP	7.0
Targa Resources Corp.	6.7
Magellan Midstream Partners LP	6.6
MPLX LP	6.3
ONEOK Inc.	5.8
Cheniere Energy Inc.	3.2

RISK/RETURN (SINCE INCEPTION)

	Composite	Benchmark
Alpha	4.4%	-
Total Return Beta	1.0	1.0
Sharpe Ratio	0.1	-0.1
Standard Deviation	19.0%	18.4%
Information Ratio	1.1	-
Tracking Error	3.7	-

Source: eVestment

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Market Review

Volatile fourth quarters have become the norm for the Midstream Energy sector, and 2019 proved to be no exception. Despite a strong rally in the broader market in October and November, midstream stocks (as measured by the Alerian MLP index) fell 11.6% in the first two months of the quarter. Fortunately, the sector enjoyed a Santa Claus rally in December but still finished the quarter down 4.1%.

As was the pattern for all of 2019, the sector was largely dragged down by the MLPs. The large cap c-corps, primarily the constituents in the S&P 500, significantly outperformed in the quarter as evidenced by the c-corp-heavy Alerian U.S. Midstream Energy index falling just -0.9%. For the MLPs and small cap c-corps with low liquidity, the story remained very much the same. Fund flows were negative and year-end tax-loss selling was once again rampant. It seems to us that the trust has been broken with MLP investors, as MLPs have been exposed by bad corporate governance, poor capital allocation, and volatile commodity prices. The good news is that midstream companies are finally understanding the need to reform. After three more MLPs eliminated their IDRs in the fourth quarter, the sector is now mostly rid of IDRs with only a handful still out there and very few of those in the higher splits. The sector is also starting to show better capital discipline. Most of the sector is at least self-funding equity capex, and 2020 should see a meaningful drop in overall capital expenditures.

The commodity backdrop for the sector during the quarter was mixed. While oil prices were up 12.9% on the back of further additional OPEC cuts, natural gas continued to struggle as it had all year. Natural gas prices closed the year at $2.19, well down from the $2.94 where they started 2019. Global LNG prices remained challenged as the market tried to absorb significant new liquefaction supply. A warmer start to the winter in Asia tempered demand, creating additional headwinds for pricing. LNG companies struggled as the pace of new liquefaction contracts grounded to a halt and trade uncertainty with China continued. We remain hopeful that the signing of the first trade deal on January 15 will help steer the LNG names back on track.

Portfolio Review

The Duff & Phelps MLP and Energy Infrastructure Strategy was down -0.2% (gross) in the quarter, outperforming the Alerian MLP Index, which finished down -4.1%. The Strategy's secondary benchmark, the Alerian U.S. Midstream U.S. Index, fell -0.9%. The Strategy benefitted during the quarter from its significant holdings in c-corps. The Strategy was also underweight the gathering & processing names, which continued to trade poorly.

The Strategy's top contributor was Westlake Chemical Partners, which finished the quarter up almost 16%. Westlake rallied in December after the new trade deal was said to exclude polyethylene from the tariffs. Tallgrass Energy Partners was the second biggest contributor as its stock jumped after Blackstone significantly sweetened its earlier takeout bid. Kinder Morgan was the next biggest contributor as the market continued to reward Kinder's disciplined capital management and strong free cash flow. The fourth largest contributor was Phillips 66 Partners (PSXP), which continued to rally post its attractive IDR elimination in July and also benefitted as line fill began on its Gray Oak pipeline. The Strategy's fifth largest contributor was Targa Resources, which benefitted from the ramp up of its Grand Prix NGL pipeline and a consistent marketing message from its senior management that it would be hyper-focused on capital discipline.[5]

The biggest detractor to the Strategy was Plains All American, which fell as a result of the oil pipeline overbuild in the Permian and the overhang from the sale of Occidental Petroleum's stake in the company in late September. MPLX was the next weakest contributor. MPLX was hurt by fears around its heavy gas processing exposure in the Marcellus and by its parent company's announcement that it was reviewing strategic options for its MPLX stake. Western Midstream, the third worst contributor, was also hurt by fears about what its parent company, Occidental Petroleum, intended to do with its MLP stake. The fourth worst contributor was GasLog Partners which was dragged down by the overall weakness in the LNG shipping market and by its parent's decision to fix several spot carriers at modest rates through the seasonally strong winter months. Rounding out the bottom five performers was Magellan Midstream Partners, which outperformed the index by over 11% in the third quarter and was hurt by the narrowing of spreads from the Permian pipeline overbuild.[6]

[5]Top five contributors' absolute contribution: Westlake Chemical Partners +40 bps; Tallgrass Energy Partners +36 bps; Kinder Morgan +33 bps; Phillips 66 Partners +33 bps; and Targa Resources +27 bps.
[6]Top five detractors' absolute contribution: Plains All America -66 bps; MPLX -50 bps; Western Midstream -38 bps; GasLog Partners -38 bps; Magellan Midstream Partners -25 bps.

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Investment Outlook

The turn of the calendar has brought with it the typical midstream uplift. The question still remains, however, whether midstream can generate sustainable outperformance beyond the Kinder Morgan analyst day in the late January, the time when the MLP rally has tended to sputter in recent years. The sector certainly has a lot of room to run to catch up with the broader market, but sustained outperformance will be dependent on attracting new institutional money into the space. We think institutional investors remain wary, particularly concerned about corporate governance and overall ESG investment. Companies in the sector are certainly more cognizant about corporate governance and have taken positive steps to fix it. However, it is difficult to do correctly without converting to a fully independent c-corp, and most MLPs are still hesitant to do that.

Dedicated MLP investors remain resolute that the sector trades very cheaply vs. historical metrics, and they are certainly right on that front. However, as Barclay's Capital recently pointed out, valuation alone is usually not enough to attract significant inflows to a sector, and compounding the issue for MLPs is that it is hard to attract generalists with non-traditional valuation approaches. MLPs have historically been valued by discounting back projected distributions or by looking at distribution yields compared to distribution growth. On the other hand, generalist institutional investors use more traditional metrics, such as P/E ratios, free cash flow yield, and overall leverage (debt/EBITDA). On these metrics, midstream companies do not appear particularly cheap versus the rest of the market. The sector is moving in the right direction, but it will take time. Lower capex in 2020 will help both leverage and free cash flow, but it is not until another step down in expected capex occurs in 2021 combined with continued earnings growth that these metrics start to stand out.

Another issue that continues to hurt the sector is the lack of a good sector index. The traditional index has been the Alerian MLP index (AMZ). However, Alerian made the fateful decision a few years ago to not add c-corps to the index and to cap names at 10%. As a result, not only are many of the biggest and best midstream companies (including Kinder Morgan, ONEOK, Williams, and Enbridge) not in the index, but the remaining five big MLPs are each right around the 10% limit. This causes concentration issues and volatility whenever a name has to come out of the index. As a prime example, Buckeye Partners held an almost 7% position in the index when it was removed in September, and that entire amount had to be allocated amongst the non-top five MLPs. Alerian attempted to address the index problem by launching two new midstream indexes (AMNA and AMUS) in June of 2018. However, these indexes only provide 18 months of true attribution. Perhaps more important, almost all of the index money in the sector is still tied to the AMZ and not to the two new indexes.

At the end of the day, we believe that the midstream energy sector is headed in the right direction, but it will take time to work through the various issues and get new institutional capital comfortable with the value proposition. We believe in the secular growth story around North American energy and think that midstream companies now understand what they have to do from here. Nonetheless investors will need to stay patient and view an investment in the sector as a marathon and not a sprint. We will continue to keep a close eye on management teams and not be afraid to sell companies that are not following the new playbook. We will also be watching the elections in the U.S., as a progressive Democratic nominee would undoubtedly raise concerns, especially if that nominee pushes to halt drilling in federal territories. The best hope for a big rally could come from one of the big MLPs announcing a full conversion to a c-corp. Not only would we likely see a big jump in that company's stock price, but it would probably force the other big MLPs to follow suit. We agree with Enterprise Products that "it is inevitable" that this will eventually happen, but most likely it does not occur until after the elections and until these MLPs get comfortable that Washington will not reset the corporate tax rates post the election. As such, 2020 to us looks like a year of steady progress, but probably not the breakout year that dedicated midstream investors are hoping for.

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

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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	-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, 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 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.
[4] Excludes both voluntary and involuntary corporate actions.

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.

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