GLOBAL CLEAN ENERGY

FACT SHEET & COMMENTARY

DUFF & PHELPS
A VIRTUS INVESTMENT PARTNER

Quarter Ending June 30, 2024

KEY FEATURES

Pure Play Exposure to Clean Energy

A specialized portfolio of clean energy market leaders with a balanced and diversified approach across technologies, sectors, and geographies. Investors may benefit from the long-term secular growth of clean energy demand and the projected build-out of renewable energy generation across the utility, industrial, technology, and energy sectors.

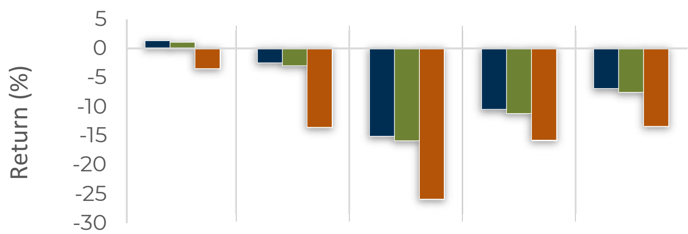
Actively Managed, Built for Transformation

The team selects a high-conviction portfolio of clean energy producers, clean energy technology and equipment providers, and clean energy transmission and distribution companies where innovation is most commercially proven.

Time-Tested, Experienced Investment Team

Duff & Phelps' history and proven process with utilities and energy investments spans more than eight decades. Maintaining direct insight into every part of the clean energy value chain, through specialized research and analysis, along with crucial knowledge of the legislative and regulatory environment, provides for a distinct vantage point.

COMPOSITE PERFORMANCE (%)[1]



	QTD	YTD	1 Year	3 Years	Since Inception
Gross Return	1.3	-2.5	-15.1	-10.5	-6.9
Net Return	1.0	-3.0	-15.9	-11.2	-7.6
S&P Global Clean Energy Index (net)	-3.5	-13.6	-25.9	-15.8	-13.4

PORTFOLIO STRATEGY

Holdings	Typically 30-40 securities
Single Security	Maximum 10% of portfolio at purchase
Country Allocation	Minimum 33% U.S., minimum 3 countries, minimum 25% ex. U.S.
Benchmark	S&P Global Clean Energy Index (net)

PORTFOLIO CHARACTERISTICS

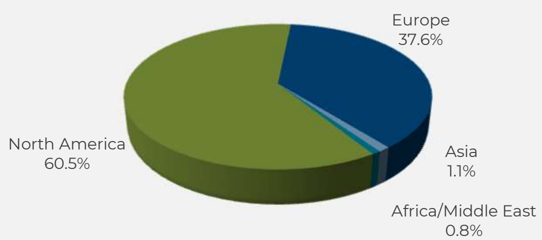
	Portfolio[2]	Benchmark
Dividend Yield	2.1%	2.3%
Forward P/CF	11.3x	8.9x
Div. Growth, 5yr. est.	7.4%	9.6%
Weighted Avg. Market Cap ($B)	$28.8	$22.3

Sources: Bloomberg Finance L.P., S&P

TOP TEN HOLDINGS[3]

	Portfolio(%)[2]
First Solar Inc	9.0
Enphase Energy Inc	7.6
Iberdrola SA	3.8
Vestas Wind Systems A/S	3.5
Fortum Oyj	3.4
NextEra Energy Inc	3.4
Consolidated Edison Inc	3.4
Nextracker Inc – Class A	3.0
EnLink Midstream LLC	2.9
AES Corporation	2.9

PORTFOLIO[2] BY GEOGRAPHY



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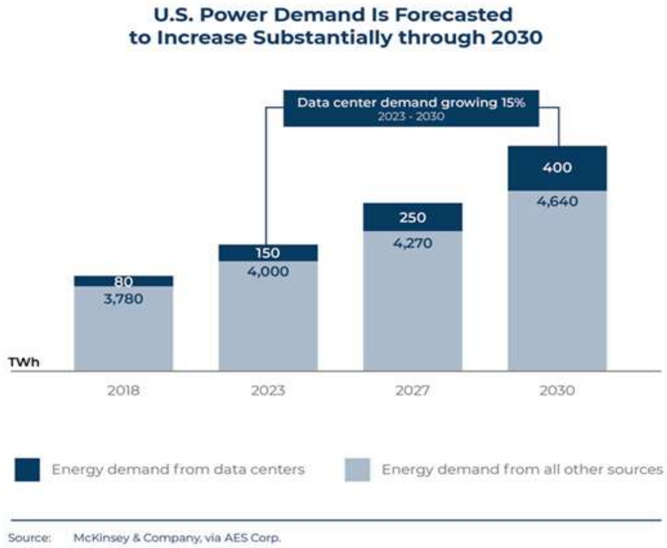
[1] *Composite Inception Date: 11/30/2020. Composite returns are expressed in U.S. dollars and include the reinvestment of dividends and other earnings. Periods over one year are annualized. Indices are not available for direct investment and index returns do not reflect the deduction of any fees. Gross composite returns are net of trading costs but do not reflect the deduction of investment advisory fees, custodial charges, or other expenses. Net composite returns are calculated by subtracting the highest separate account investment management fee (including performance fees, if applicable) in effect for the period. Please see the GIPS Composite Report on the final page for more information.*

[2] *Portfolio information is based on a representative institutional account excluding cash. Holdings are subject to change.* ***Please see important disclosure information.***

MARKET REVIEW

While the S&P Global Clean Energy Index finished down 3.49% in the second quarter of 2024, the first two months of the quarter got off to an impressive start due to underlying factors that we believe are still intact.

The clean electricity needed by technology companies as they strive to satisfy significant demand for AI was a dominant theme throughout the quarter. It is estimated that data centers consume anywhere from 10 to 50 times more energy per foot of floor space than a typical commercial building. Accordingly, U.S. data center demand for electricity is expected to grow ~15% annually through 2030.



An important consideration, however, is that technology companies have a dual mandate in serving demand for AI: these companies need lots of power, and they need that power to be clean. For example, Google is targeting the use of 24/7 carbon-free energy by 2030 to operate their offices and data centers. Microsoft's long-term vision for all the world's electric grids is that 100% of the electrons they consume, 100% of the time, will be generated from carbon-free resources. Amazon is on a path to powering their operations with 100% renewable energy by 2025. Meta's operations have already reached net zero emissions and are supported by 100% renewable energy.

Importantly, data center demand is significant outside the U.S. as well. The Financial Times recently reported that Blackstone plans to build one of Europe's largest data centers in the north of England and National Grid's CEO was quoted in the press as saying U.K. data center power use would increase "six-fold" in the next decade. Data center demand for clean energy will benefit not only those companies that manufacture clean energy technology and equipment, but also those that help distribute this clean power.

M&A was another important theme as four notable clean energy companies were acquired during the quarter (Atlantica Sustainable Infrastructure, OX2 AB, Neoen SA, and Terna Energy) with an average enterprise value of $5.4 billion per our calculation. We think these deals highlight value in renewables that may be overlooked by the general market. Sophisticated asset buyers also see a growing need for clean energy, and renewable developers with "real" backlogs and scale have a scarcity premium attached.

U.S. clean energy trade policy was announced during the quarter that should have a positive impact on U.S. based manufacturers of clean energy equipment. For example, the Biden administration re-introduced tariffs on certain types of solar panels from China and Southeast Asia.

[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.

PORTFOLIO REVIEW

The Duff & Phelps Global Clean Energy composite returned 1.26% on a gross basis (1.02% net) in the second quarter, compared to the S&P Global Clean Energy Index return of -3.49%.

The primary contributor to positive relative performance for the quarter was a position in Prysmian SpA. Prysmian is the largest manufacturer of cables in the world. The company is directly exposed to the clean energy transition as a market leader in hardware for cables and systems in high voltage transmission and power distribution. Electric grid capex is ramping up throughout the world to upgrade aging systems and prepare for the increase in renewable power generation. Prysmian is one of a small handful of cablers with the scale, technology, and customer relationships to benefit from significantly higher grid spend. A position in Fortum Oyj was another top relative contributor. Fortum is a restructuring story and clean power beneficiary. The company is focused on its baseload hydroelectric and nuclear power generation in Finland and Sweden. As European power prices are expected to remain elevated (versus pre-Ukraine war levels) we believe there is upside to earnings, cash flow, and dividends over the coming years. Fortum is also viewed as a prime beneficiary of the data center demand trend noted above, which will impact Europe as well.

The primary detractor to relative performance for the quarter was an underweight position in China Yangtze Power Co. Ltd. The stock benefited from continued strong hydropower production and potential for price or incentive increases as directed by the PRC. Another detractor was an underweight position in Suzlon Energy Ltd. Suzlon is India's only major wind turbine manufacturer. Potential for regulatory changes in India to further support renewables may benefit the company.

INVESTMENT OUTLOOK

Macroeconomic momentum began to slow in the second quarter, but not enough for the Federal Reserve to adjust interest rates. While inflation has eased, it remains above the Fed's target. It's possible that 2024 might see no rate cuts at all, a significant shift from the six cuts initially expected by the market. Beyond monetary policy, the global political landscape now demands greater attention for the second half of the year.

The recent U.S. presidential debate has cast significant doubt on President Biden's chances for a second term, potentially affecting Democrats' control of the Senate as well. Previously, we discussed the potential implications of a Republican sweep on clean energy policies in the U.S. Policy directions can have different consequences, as seen by the Biden administration's tougher stance on Chinese imports via higher tariffs and other tools. These actions might slow renewable energy deployment in the U.S. but they have bolstered domestic clean energy manufacturers. Under a Trump administration, we anticipate even more aggressive import tariffs to benefit domestic clean energy companies. In any case, we believe market-based demand will continue for corporates and utilities, as highlighted in the previous section.

In Europe, political dynamics are also shifting. The EU Parliamentary elections resulted in a rightward shift, though centrists still hold the most seats, likely keeping clean energy policies intact. Any change at the EU level is complicated by the fragmentation of far-right parties. Notably, the EU election results led to unexpected French snap elections, with a surprising first place finish for the far-left coalition and a third place finish for the far right. In the coming weeks, we expect a "cohabitation" or technocratic-led French government to form. In the U.K., Labour's landslide victory, as anticipated, suggests a strong commitment to net zero and ramping up solar and wind projects. Overall, the changing political landscape in Europe does not materially alter clean energy's momentum; however, individual country budgetary details will be closely watched in the second half of 2024.

As the global political landscape evolves, policy shifts can temporarily influence the direction and volume of clean energy investments. However, the fundamental economic rationale for clean energy remains strong and resilient. Long-term investments are driven by attractive economic returns and a growing recognition of the need to meet increasing power demand (by data centers as noted above) while securing energy supply. The energy transition continues to impact a wide range of economic sectors, highlighting the need for active management in clean energy amid dynamic changes in politics, regulation, technology, and the drive toward electrification.

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GIPS COMPOSITE REPORT

Year-end (12/31)	Annual Performance			3-Year Annualized Standard Deviation		Number of Accounts	Asset-Weighted Dispersion (%)	Composite Assets (US $mm)	Firm Total Assets (US $bn)
	Composite Gross (%)	Composite Net (%)	Benchmark Return (%)	Composite (%)	Benchmark (%)				
2023	-17.33	-18.09	-20.36	26.55	28.91	≤5	n.a.	24.9	12.3
2022	-7.17	-7.87	-5.00	n.a.	n.a.	≤5	n.a.	5.6	12.0
2021	-9.95	-10.63	-23.41	n.a.	n.a.	≤5	n.a.	6.1	12.2
2020[1]	15.00	14.93	19.41	n.a.	n.a.	≤5	n.a.	2.7	10.6

[1]Partial year return. Composite inception date is November 30, 2020.

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, 2023. 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 Clean Energy Composite includes fully discretionary accounts that focus their investments in global equity securities of clean energy or clean energy related companies throughout the world, including both developed and emerging market countries and issuers. Material risks, in addition to market risk or potential strategy underperformance, include sector concentration risks and risk factors specific to global developed and emerging market clean energy securities. The inception date of the Composite is November 30, 2020 and the Composite was created on November 30, 2020. The Composite contains 5 or fewer portfolios.
3. **Benchmark** – The Composite Benchmark is the S&P Global Clean Energy Index (net), a float-adjusted market capitalization index measuring the performance of companies in global clean energy-related businesses from both developed and emerging markets. The index comprises a diversified mix of companies involved in the production of clean energy or provision of clean energy technology and equipment. The withholding tax rates used in the calculation of the Benchmark are those applied to dividends received by non-resident investors; 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 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 Global Clean Energy 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. Net composite returns are calculated by subtracting 1/12th of the highest separate account investment management fee in effect of .95% from the monthly gross composite return. From 12/1/2020 to 2/28/2023 the highest fee in effect was .75%. 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.

Past performance is not indicative of future results.