

Quarter Ending June 30, 2023

KEY FEATURES

Pure-play water exposure

Targets pure-play water companies, committed to addressing water scarcity, increasing water quality, and enhancing water efficiency. Investors may benefit fully from the secular growth trend that the water theme represents globally.

A resilient secular growth story

The Fund focuses on what the manager considers high-quality water stocks backed by strong structural drivers, seeking to deliver stability in difficult market environments while generating attractive long-term growth and returns.

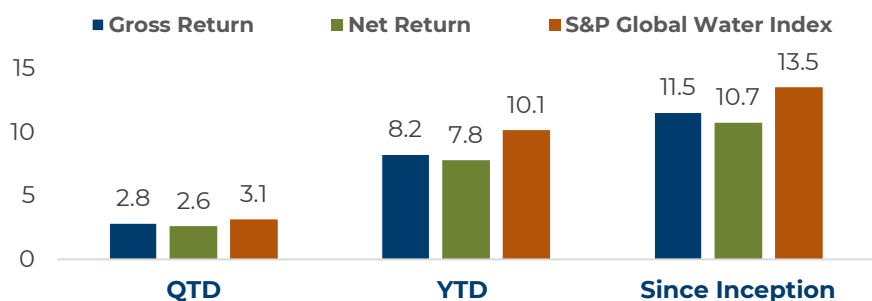
Time-tested experience in Water and Impact investing

The Duff & Phelps team has decades of experience in listed real assets and water-related investment expertise, engaging in a recurring dialogue with global water leaders. The Fund is aligned to four of the 17 United Nations Sustainable Development Goals (SDG), with a focus on Goal 6, Clean Water and Sanitation.

PORTFOLIO STRUCTURE

Sector (top 10)	Portfolio (%) ²	Regions	Portfolio (%) ²
Water Utilities	28.4	North America	69.6
Industry Machinery	20.4	Europe ex-UK	11.6
Life Sciences Tools & Serv.	8.4	United Kingdom	13.8
Construction & Engineering	7.7	Asia Pac ex-Japan	1.2
Environ. & Facilities Serv.	7.1	Japan	1.7
Multi-Utilities	6.3	Latin America	2.2
Building Products	5.8		
Trading Co. & Distributors	4.0		
Elect. Equip. & Instruments	3.7		
Specialty Chemicals	3.5		

COMPOSITE PERFORMANCE (%)¹



PORTFOLIO STRATEGY

Holdings	Typically 30-40 securities
Single Security	Maximum 10% of portfolio at market value
Country Allocation	North America 45-75% Europe 20-45% Rest of World 0-25%
Benchmark	S&P Global Water Index

TOP TEN HOLDINGS

Company	Portfolio (%) ²
Xylem Inc.	9.3
American Water Works Co. Inc.	7.9
Severn Trent Plc.	6.5
Danaher Corp.	6.4
Essential Utilities Inc.	6.3
Veolia Environnement	6.3
Tetra Tech Inc.	4.9
Stantec Inc.	4.0
Ecolab Inc.	3.5
Core & Main Inc. – Class A	3.0

STRATEGY ALIGNS WITH THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS

Primary:



Secondary:



CONTACT INFORMATION

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¹ Composite inception date is August 31, 2022. 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. Past performance is not indicative of future results. 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.**

FACT SHEET & COMMENTARY

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MARKET REVIEW

Equity markets marched higher in the second quarter, shaking off concerns linked to high-profile banking failures in the U.S. and Switzerland that had plagued the market in March. Investors entered the second quarter on lookout for a recession, expecting central banks to pivot and cut interest rates. Stronger economic data throughout the quarter shifted consensus, with many investors now expecting the economic downturn to be pushed into 2024, inflation to remain sticky, and interest rates to be higher for longer. Equity market performance was narrow, as investors bid up large-capitalization technology companies due to enthusiasm for artificial intelligence while most other sectors lagged. Global developed markets (as measured by the MSCI World Index (net)) rose 6.83% on a total return basis.

Water investments (as measured by the S&P Global Water Index (net)) rose 3.12% in the second quarter. Constructive fundamentals and resilient earnings growth provided tailwinds for the sector. Performance was led by water equipment and technology subsectors, while water infrastructure lagged during the period.

Water equipment and technology generally performed well during the quarter. Equipment and E&C companies levered to municipal and industrial end-markets exhibited strong performance on the back of stronger-than-expected earnings and favorable growth outlooks. Residential-exposed water companies also performed strongly during the period, as it appears the U.S. housing market has bottomed despite mortgage rate and affordability headwinds. Agricultural companies underperformed during the period as concerns regarding grower profitability weighed on irrigation equipment providers.

The water infrastructure subsector was a drag on performance during the quarter. U.S. and U.K. water utilities lagged broader equity markets and the water sector as market internals shifted decidedly risk-on in the final months of the period. Despite favorable growth outlooks for water utilities, the defensive nature of the sector and rising interest rates weighed on the group. Additionally, U.K. water utilities struggled late in the quarter as concerns over inflationary pressures and regulatory scrutiny re-emerged. We continue to hold a favorable view of water infrastructure companies over the medium term, as they stand to benefit from increased infrastructure spending both in the U.S. and internationally.

We remain confident in the outlook for the water sector, as the secular tailwinds driving investment for water infrastructure, equipment, and technology remain widespread. Those tailwinds are expected to result in resilient earnings growth for companies supporting improvements in water supply, quality, and efficiency across the globe.

PORTFOLIO REVIEW

The Duff & Phelps Global Water composite slightly underperformed the S&P Global Water Index but delivered positive results overall in the second quarter. The portfolio benefited from constructive fundamentals that supported strong earnings and an attractive growth outlook despite macroeconomic volatility. From a sector perspective, the portfolio was driven by positive returns in the water equipment and technologies subsectors. Relative underperformance was driven by overweight positions in the agricultural machinery and life sciences tools and services subsectors.

At the security level, the largest positive contributors to relative performance were Core & Main Inc. and Veolia Environnement SA. Core & Main is a distributor of water and wastewater products and related services to municipal, commercial, and residential end-markets. The company reported favorable earnings driven by continued water infrastructure investment by municipalities, stabilizing residential activity, and tailwinds from reshoring and mega-projects tied to legislative initiatives. Management raised guidance for the year based on strong year-to-date results, operational execution, and M&A activity. The company also responded positively to private-equity sponsors reducing their ownership, providing a path to improved liquidity and governance. Veolia Environnement maintained its positive momentum during the quarter, benefiting from strong earnings results, reiteration of guidance, and a compelling outlook supported by organic growth, a resilient business model, operational execution, and advancement of projects that support decarbonization, water quality, and the circular economy.

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.



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PORTFOLIO REVIEW CONT.

The largest detractors from relative performance were Lindsay Corp. and IDEX Corp. Lindsay is a global leader in center pivot irrigation equipment and related technologies. Lindsay reported significantly weaker quarterly results on a year-over-year basis, as irrigation equipment orders lagged expectations during the spring selling season.

Despite agriculture market fundamentals remaining generally constructive, with U.S. farm income projected to be above historical levels, general macro uncertainty negatively affected farmer sentiment, tempering order activity and resulting in many customers delaying equipment purchase decisions. Longer term, we expect food security concerns and changing rainfall patterns to drive demand for Lindsay's equipment and technology globally as farmers look for ways to improve crop yields. IDEX is a diversified industrial company manufacturing highly engineered products for end-markets including water, energy, medical, and life sciences. IDEX reported solid first quarter results but lowered 2023 guidance modestly due to weakness in the company's Health, Science & Technology (HST) segment. The HST segment shortfall was attributed to ongoing post-Covid-19 destocking within the life sciences sector and weaker demand for analytical instruments within the pharmaceutical and semiconductor end-markets. Despite the current challenges driven by normalizing supply chains, we expect demand to recover into 2024. Importantly, IDEX's water business performed well with strong activity supported by infrastructure funding initiatives and continued momentum around adoption of AI and cloud technologies within the sector. We continue to have a favorable view of IDEX over the medium term as management has historically taken advantage of volatility to grow market share and deploy capital in an accretive manner.

OUTLOOK

Secular growth trends in the water sector remain firmly in place, as communities across the world invest in solutions to overcome significant water challenges. Today, water resources are increasingly scarce, infrastructure breakdowns are becoming more common, and additional evidence is coming to light on widespread water pollution. A new study from the U.S. Geological Survey found nearly half of the tap water in the U.S. is contaminated with PFAS, or forever chemicals.

Encouragingly, several tailwinds are in place to support investment in the water sector to alleviate these issues, including government infrastructure programs, increasing regulation, and corporate initiatives. Capital is starting to flow from government programs, such as the Infrastructure Investment and Jobs Act and the Inflation Reduction Act in the U.S., supporting increased investment in water and wastewater systems. U.S. and European regulatory bodies are pushing forward with water quality regulations, including those aimed at PFAS, spurring adoption of advanced water testing and treatment systems. The Environmental Business Journal estimates that PFAS represent an addressable market of \$250 billion or more. Corporations are increasingly investing in water technologies as they reshore supply chains, improve operational resiliency, and capitalize on megatrends tied to growth in semiconductors, electrification, and health care, all of which require substantial water supply, advanced water treatment, and water efficiency programs, such as implementing water reuse capabilities. These initiatives are expected to support significant earnings growth for companies in the water infrastructure and technology subsectors in the years ahead.

The strategy continues to be at the forefront of these trends, investing in solutions-oriented companies that improve water supply, quality, and efficiency. We believe that these companies are well-positioned for long-term resilient growth as investment rises to create a more sustainable water future. We focus on high-quality, pure-play companies that are poised to benefit from structural support for water solutions.

We remain constructive on the water sector for the remainder of the year. Fundamentals continue to be strong, and secular growth outlooks are intact. We favor companies operating in healthy end-markets with visible growth and durable cash flows in an uneven economic environment. We believe water infrastructure companies are well-positioned given resilient business models, firm growth outlooks, and compelling valuations. Within the water equipment and technology subsector, we favor companies operating in the municipal end-market, which features strong project backlogs and elevated repair and replacement activity, and those that are exposed to infrastructure programs and mega-projects.



OUTLOOK CONT.

Economic growth and equity markets remain uncertain as a result of restrictive monetary policy, tightening credit, and weakening leading indicators. Despite these short-term headwinds, our conviction remains high that secular tailwinds in the water sector will drive attractive, durable earnings growth over the long term.

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



David Grumhaus, Jr.
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Chief Investment Officer



Nick Holmes, CFA
Portfolio Manager
and Senior Analyst



Evan Lang, CFA
Portfolio Manager
and Senior Analyst

Important Disclosure Information

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Returns are calculated in U.S. dollars and include the reinvestment of dividends and other earnings. 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. Indices are not available for direct investment and index returns do not reflect the deduction of any fees.

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 Benchmark is the S&P Global Water Composite Index (net), a float-adjusted market capitalization index measuring the performance of 50 of the largest companies in water-related businesses throughout the world, including both developed and emerging market countries.

The MSCI AC World Index (net) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of global developed and emerging markets.

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FACT SHEET & COMMENTARY

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 (%)				
2022 ¹	3.03	2.74	3.08	n.a.	n.a.	≤5	n.a.	679.7	12.0

¹Partial year return. Composite inception date is August 31, 2022.

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, 2022. 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 Water Composite includes fully discretionary accounts that focus their investments in global equity securities of companies that provide solutions to the supply, quality, and efficiency of water resources and are aligned to select sustainability goals. 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 securities. The inception date of the Composite is August 31, 2022 and the Composite was created on August 31, 2022. The Composite contains 5 or fewer portfolios.
- 3. Benchmark** – The Composite Benchmark is the MSCI AC World Index (net), a free float-adjusted market capitalization-weighted index that measures equity performance of developed and emerging markets. The withholding tax rates used in the calculation of the Composite are those applied to the underlying funds based on fund domicile; the withholding tax rates used in the calculation of the Benchmark are the maximum withholding rates applicable to non-resident institutional investors.
- 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 Water accounts is: 0.85% on assets up to \$25 million, 0.80% on the next \$25 million, and 0.70% 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 the highest separate account investment management fee (including performance fees, if applicable) 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.