

FACT SHEET & COMMENTARY

Quarter Ending March 31, 2024

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 strategy 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.

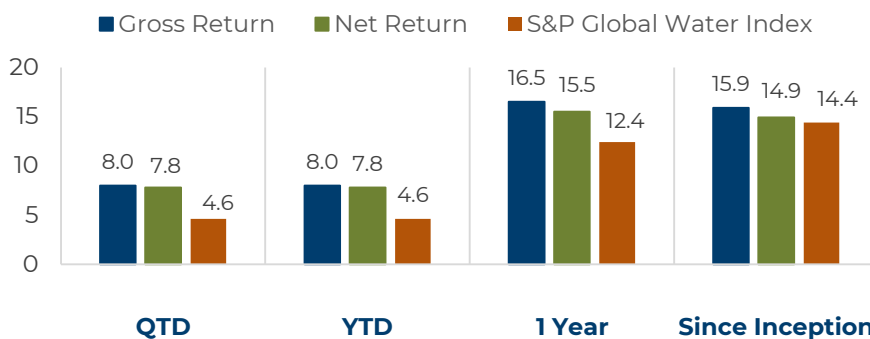
Time-tested experience in Water and Impact investing

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 strategy 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
Industry Machinery	25.4	North America	73.7
Water Utilities	22.2	Europe ex-UK	10.3
Environ. & Facilities Serv.	11.3	United Kingdom	9.9
Trading Co & Distributors	7.3	Latin America	3.6
Building Products	6.9	Japan	1.6
Construction & Engineering	6.3	Asia Pac ex-Japan	0.9
Life Sciences Tools & Services	5.1		
Specialty Chemicals	5.0		
Elect. Equip. & Instruments	4.2		
Multi-Utilities	3.9		

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	9.8
Essential Utilities Inc	5.2
Severn Trent Plc	5.1
Ecolab Inc	5.0
Core & Main Inc Class A	5.0
Tetra Tech Inc	4.8
Pentair Plc	4.7
American Water Works Co Inc	4.6
Veolia Environnement	3.9
Ilex Corp	3.7

STRATEGY ALIGNS WITH THE FOLLOWING UN SUSTAINABLE DEVELOPMENT GOALS

Primary:



Secondary:



CONTACT INFORMATION

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¹Composite 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.

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

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MARKET REVIEW

Global equities continued to deliver strong gains in the first quarter of 2024, with several markets across the world reaching all-time highs. Equities were supported by resilient U.S. economic growth, improving economic outlooks for several other regions, and a more dovish policy path at many central banks. However, some of the enthusiasm related to U.S. rate cut expectations was tempered by stubbornly high inflation data and strong labor markets. Bond markets entered the year predicting that the Federal Reserve would cut rates five to six times beginning in March but now traders are expecting three cuts with the first arriving in June. The higher-for-longer sentiment led to higher U.S. Treasury yields to start the year after a significant decline in the fourth quarter. Despite the rate headwinds, global developed markets (as measured by the MSCI World Index (net)) rose 8.88% on a total return basis.

Water investments (as measured by the S&P Global Water Index (net)) increased 4.55% in the first quarter, supported by favorable fundamentals and resilient end-market growth. The water equipment and technology subsector drove the positive performance, as water infrastructure companies lagged during the quarter.

Strong water equipment and technology performance was led by companies exposed to the municipal, residential, and non-residential construction end-markets, including engineering and consulting firms, distributors, and pumps, pipes, and valve manufacturers. The positive performance was largely driven by continued resilience in infrastructure investment, strong activity in pockets of non-residential construction, as well as a modest recovery in the residential end-market. Additionally, companies exposed to water quality through filtration, treatment, and testing capabilities also performed well.

Water infrastructure companies (largely utilities) were a drag on overall performance for the quarter. U.S. water utilities underperformed as rising rates were a headwind to the group despite a generally constructive fundamental outlook. International utilities were mixed, with a handful of strong performers in South America and the Middle East offset by weakness in Europe.

We remain confident in the outlook for the water sector. Underlying fundamentals and secular tailwinds remain strong as investment accelerates for water infrastructure, equipment, and technology, supporting attractive earnings growth for companies driving improvements in water supply, quality, and efficiency.

PORTFOLIO REVIEW

The Duff & Phelps Global Water composite delivered positive results and outperformed the S&P Global Water Index in the first quarter on a net basis. Composite performance was driven by relatively strong fundamentals amid a strong funding backdrop for water investment. Relative outperformance was driven by strong security selection in the equipment and technology subsector and underweight positions in U.S. and U.K. utilities.

At the security level, the largest positive contributors to relative performance were Core & Main Inc. and Waste Management Inc. Core & Main (CNM) continued to perform extremely well during the quarter, capturing elevated construction activity given its favorable positioning as a market-leading distributor in the municipal, non-residential, and residential end-markets. In March, CNM reported strong fourth quarter results and initiated 2024 guidance ahead of expectations, which drove shares higher. Additionally, CNM continued to execute on its capital allocation strategy of utilizing free cash flow to repurchase shares and pursue accretive acquisitions in a fragmented market, which pleased investors. Waste Management, a leading U.S. environmental services company, benefited from strong fourth quarter earnings and 2024 guidance during the quarter. The company is expected to generate strong EBITDA growth in the near term as execution related to pricing and cost initiatives may provide favorable tailwinds. Investors also supported the strong return-of-capital profile announced with 2024 guidance, which included ~\$1 billion in share buybacks and 7% dividend growth.

The largest detractors from relative performance were ACWA Power Co. and Advanced Drainage Systems Inc. ACWA Power Co. is a Saudi Arabia-based power and water utility that largely develops power generation and seawater desalination projects. ACWA investors supported the medium-term growth strategy announcement in December 2023, which outlined a robust backlog of projects that are expected to drive mid-teens AUM growth through 2030. Advanced Drainage Systems is a leading manufacturer of innovative water management solutions in the stormwater and wastewater industries. Advanced Drainage reported strong earnings and increased its fiscal 2024 guidance for a third consecutive quarter, largely driven by improving end-market fundamentals and strong margin performance. Notably, management indicated that residential and broader infrastructure activity is supporting the more favorable growth outlook.

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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OUTLOOK

In our view, the secular growth trends in the water sector remain in place as communities across the world invest in solutions to combat water scarcity and water quality challenges. Due to robust government and corporate support, we believe investment in the water sector is set to inflect positively over the next several years. This step-change in investment is expected to benefit companies that are building and rehabilitating infrastructure and those companies that are developing and deploying technology in the water sector. Additionally, the reshaping of supply chains and water-quality regulation are driving water investment across many industries.

Entering 2024, we identified several near-term catalysts that were expected to drive water-related investments and in turn support water company fundamentals. As we moved through the first quarter, those catalysts, including strong infrastructure spending in developed markets, water quality regulation (PFAS in the U.S), and corporate resiliency initiatives, remained intact. Water companies, including E&Cs, utilities, and equipment and technology firms, are expected to benefit as projects move forward. The EPA announced the final National Primary Drinking Water Regulation (NPDWR) for PFAS in early April. The final regulation is generally consistent with the March 2023 proposal, establishing legally enforceable maximum contaminant levels for six PFAS in drinking water. We continue to believe investment in PFAS testing, treatment, and remediation will be a strong growth driver for several companies in the water sector over the coming years. We continue to see significant investment from corporations, specifically in the microelectronics sector, supporting investment in water technologies. Strong data center and semiconductor development activity, supported by artificial intelligence advancements, are creating opportunities for water companies that provide advanced water treatment and water efficiency programs. Growth tied to AI is expected to support earnings growth for a subset of companies in the water equipment and technology subsector in the years ahead. While utilities underperformed in the first quarter, largely driven by inflation and interest rate headwinds, we believe the fundamentals remain constructive and valuations for the water utility group are more attractive than they have been in recent years.

The strategy strives 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 improve water scarcity and quality related risks. We focus on high-quality, pure-play companies that are poised to benefit from structural support for water solutions.

As mentioned above, we remain constructive on the outlook for the water sector as fundamentals in most end-markets remain healthy and secular growth outlooks are intact. We believe equity returns will be driven by earnings growth and we are highly focused on companies with strong fundamental tailwinds and balance sheet capacity for accretive M&A and/or return of capital to shareholders. With that in mind, we continue to favor companies with exposure to municipal and industrial end-markets with leading market share in subsectors outgrowing the broader water market.

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



David Grumhaus, Jr.
Chief Investment Officer
Senior Portfolio Manager



Nick Holmes, CFA
Portfolio Manager
and Senior Analyst

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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.

The S&P Global Water Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Duff & Phelps Investment Management Co. Copyright © 2024 S&P Dow Jones Indices LLC, a division of S&P Global, Inc., and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of S&P Global and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

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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	13.51	12.55	14.82	n.a.	n.a.	≤5	n.a.	629.3	12.3
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.