Non-Core Real Estate Opportunities

DUFF & PHELPS
A VIRTUS INVESTMENT PARTNER

FACT SHEET & COMMENTARY

Quarter Ending June 30, 2024

THE NON-CORE LISTED REAL ESTATE OPPORTUNITY

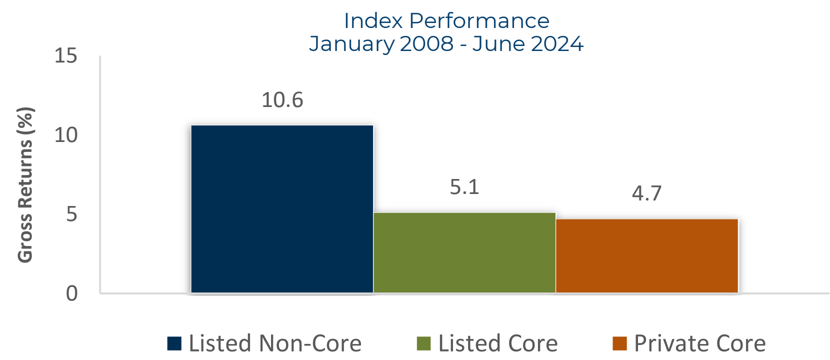
Publicly listed real estate companies, as innovators in real estate investment, have consistently been pioneers on developing non-core commercial sectors, showcasing a forward-thinking approach.

This expansion beyond conventional property types includes ventures into data centers, healthcare, and telecommunications REITs. Such diversification is driven by the recognition of emerging trends and growing demands in the commercial real estate landscape.

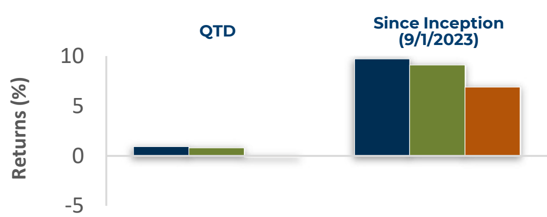
For instance, the increasing reliance on technology, specifically artificial intelligence, has elevated the importance of data centers, while the aging population has amplified the need for senior healthcare facilities.

The Duff & Phelps' Non-Core Real Estate Opportunities Strategy is a bespoke allocation that actively invests in non-core real estate companies and is designed to complement a private allocation.

NON-CORE LISTED REAL ESTATE - STRONG HISTORICAL RETURNS[1]



COMPOSITE PERFORMANCE (%)[2]



	QTD	Since Inception (9/1/2023)
Gross Return	0.9	9.7
Net Return	0.8	9.1
Benchmark	-0.1	6.9

PORTFOLIO CHARACTERISTICS

	Portfolio[3]	Benchmark
Multiple (P/E), 2024 est.	19.2x	18.0x
Earnings Growth Rate, 2024 est.	7.8%	5.7%
Dividend Yield	3.7%	4.2%
Dividend Growth, 5-year est.	7.0%	5.6%
Median Market Cap (bn)	$14.4	$2.6

Sources: FTSE, Bloomberg Finance L.P., Duff & Phelps.

TOP TEN HOLDINGS (%)[3]

	Portfolio(%)[3]
Welltower Inc	9.6
American Tower Corp	9.4
Public Storage	7.1
Digital Realty Trust Inc	6.9
Iron Mountain Inc	6.3
Equinix Inc	5.6
SBA Communications Corp	4.7
Ventas Inc	4.5
American Homes for Rent-A	4.4
Weyerhaeuser Co	4.2

PORTFOLIO STRATEGY

Holdings	Typically 20 – 40 securities
Single Position Limit	The higher of 10% of market value of portfolio or 1.5x of benchmark weight
Cash Target	Less than 5%
Benchmark	FTSE EPRA Nareit Dev. Extended Opportunities Net Tax Index
AUM	$190 million
Inception	September 1, 2023

CONTACT INFORMATION

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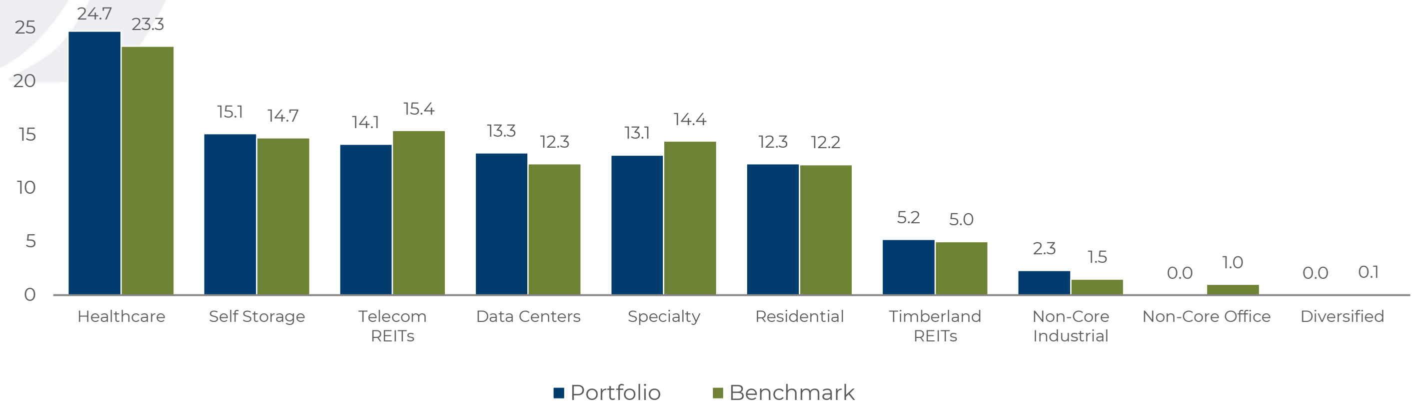
[1]Source: Bloomberg, FTSE, and Duff & Phelps. Indices are not available for direct investment and do not reflect the deduction of any fees or expenses. The listed core and listed non-core sector data above was carved out of the FTSE Nareit All Equity REITs Index. Private core represented by the NCREIF Fund Index. Returns greater than one year are annualized.

[2]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.

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

PORTFOLIO SECTOR WEIGHTS VS. BENCHMARK(%)[3]



MARKET REVIEW

After a number of interest rate cuts began including those by the ECB, Bank of Canada, Riksbank and Swiss Bank, the timing and magnitude of further rate cuts including any by the Fed remained in focus as we wrapped up the quarter. For the most part, economic updates increasingly support a later and softer rate cut trajectory. The potential stickiness of inflation underscores the challenges faced by policymakers in calibrating monetary policy and investors' expectations. Despite a cut in the overnight rate, European performance was largely influenced by political developments in both the UK and in the EU, particularly the electoral victories of far-right candidates, and calls for snap elections by UK PM Rishi Sunak and French President Macron. As we go to print, the vote in the UK will occur on the 4th of July and the second round vote in France will occur on the 7th. Both votes have raised concerns about economic stability and budgetary issues. And not to be remiss, we also have the upcoming U.S. Presidential election as well as questions of if a new candidate may emerge.

Against this backdrop, the performance of capital-intensive equity sectors and bond prices remained volatile, with major market equity indices generally outperforming public real estate indices on technology leadership. As we move forward, the interplay between political developments, inflation trends, economic growth and central bank actions will likely remain key drivers in the financial markets.

Publicly listed non-core real estate companies, as measured by the FTSE EPRA NAREIT Developed Extended Opportunities RIC 6/45 Capped Total Index, saw modestly positive total return, and outperformed the FTSE EPRA NAREIT Developed Index, as the Extended Opportunities Index has fewer companies exposed to recent European political volatility. Within property subsectors, the diversified and healthcare sectors were the best performing, while timberland and telecommunications REITs lagged.

PORTFOLIO REVIEW

During the second quarter, the Duff & Phelps Non-Core Real Estate Opportunities Strategy outperformed the benchmark, with positive contribution from both security selection and property sector allocation.

Total attribution was led by selection within telecommunications REITs, followed by selection within the specialty sector. Selection within the self-storage sector, and selection within residential, were the key detractors.

PORTFOLIO REVIEW CONT.

At the security selection level, our largest positive attribution contributors came from our overweight to American Tower (AMT), a telecommunications REIT, and our overweight to Iron Mountain (IRM), a U.S.-based storage and information management company in the specialty sector. AMT outperformed its peers due to investor views on its lease structure, which could benefit from management's positive views on leasing velocity for the back half of 2024 into 2025. Iron Mountain outperformed on management's favorable outlook on data center leasing at premium rates, and on the pricing growth potential within its rental and asset lifecycle management business. Our largest detractors were an overweight to Chartwell Retirement Residences (CSH-U), an owner-operator of Canadian senior housing communities, and our underweight to Extra Space Storage (EXR), a self-storage REIT. In the quarter, several healthcare names which had more significantly underperformed Chartwell during the trailing year period saw outperformance on the prospects for a broader fundamental healthcare recovery. Extra Space Storage outperformed investor earnings season expectations.

INVESTMENT OUTLOOK

The Duff & Phelps Global Real Estate Securities Team expects global economic growth to slow in response to higher interest rates and quantitative tightening. Unlike last year, in 2024 we expect the Fed to lower rates to curtail economic landing risk surrounding the November presidential election, which in our view will benefit listed real estate.

Naturally, just as we expect the economy to slow, we expect listed real estate cash flow to remain positive yet decelerate across many property sectors, as companies absorb higher financial and operating costs. Quality and resiliency in the form of well-positioned balance sheets and sustainable growth in cash flow and dividends will likely be preferred by investors as we continue to face an uncertain economic environment.

Fundamentally, in our opinion secular growth drivers should continue to benefit data centers and healthcare. Data centers should benefit from constrained power supply relative to demand. Within the U.S. healthcare property sector, senior housing operating properties and skilled nursing facilities are expected to continue to see an improvement in occupancy, and, in our view, pricing power should grow faster than expenses. Self-storage has been impacted by the moderation in housing turnover caused by higher interest rates and, in certain markets, a higher level of new supply, which is negatively impacting pricing for new customers. We believe the non-core parts of the residential subsector should continue to see and benefit from supply constraints, with the question of how Fed cuts may affect rental demand and rate growth. The office and life science property sectors will likely remain two of the more challenging and controversial sectors.

Given the capital that has been raised by private equity sponsors on a global basis, the new year may see a pick-up in public-to-private M&A activity, particularly if debt availability and pricing improve and global listed real estate continues to trade at discounted valuations.

In our view, listed real estate has shown an ability to outperform following the end of a rising interest rate cycle, and could be a beneficiary of lower rates. With an abundance of private capital on the sidelines and discounted pricing available via listed real estate, arguably at wholesale prices, we see listed real estate as much more attractive than private real estate.

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

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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. 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 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 FTSE EPRA Nareit Developed Extended Opportunities RIC 6/45 Capped Index which selects developed REITs and non-REITs that are classified as niche non-core property exposure identified by FTSE Russell, including Senior Care, Medical Office, Life Science, and Student Housing.*

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GIPS COMPOSITE REPORT

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				
2023[1]	10.03	9.79	9.30	n.a.	n.a.	≤5	n.a.	176.8	12.3

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 Non-Core Real Estate Opportunities Composite includes all fully discretionary accounts that focus their investments in global real estate equity securities. Material risks, in addition to market risk or potential strategy underperformance, include sector concentration risks and risk factors specific to global real estate securities. The inception date of the Composite is September 1, 2023 and the Composite was created on September 1, 2023. The Composite contains 5 or fewer portfolios.
3. **Benchmark** – The Composite Benchmark is the FTSE EPRA Nareit Developed Extended Opportunities RIC 6/45 Capped Net Tax Index which selects developed REITs and non-REITs that are classified as niche non-core property exposure identified by FTSE Russell, including senior care, medical office, life science, and student housing.
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. 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.
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 separate Non-Core Real Estate Opportunities accounts is: 0.65% on assets up to $25 million, 0.60% on the next $25 million, and 0.50% 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. 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.

Past performance is not indicative of future results.

[1]Partial year return. Composite inception is September 1, 2023.