Energy MLP Total Return
Fact Sheet & Commentary

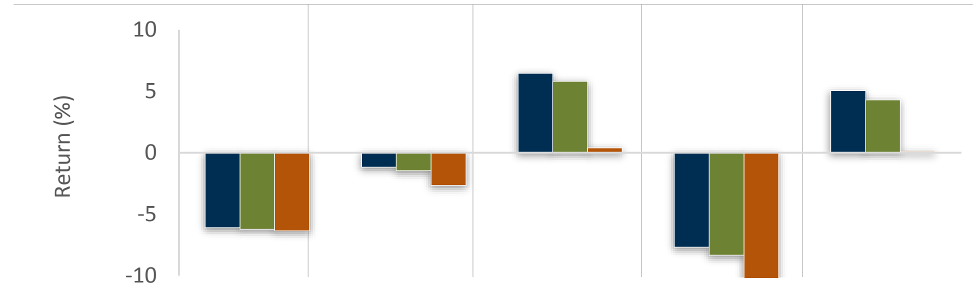
Quarter Ending June 30, 2017

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

Holdings	25-30 securities
Security Target	80% midstream MLPs and GPs
Single Position	No greater than 10% at purchase
Individual holding market cap	< $250 million at purchase
Turnover	Typically < 25%
Benchmark	Alerian MLP Index

PERFORMANCE (%)[1]



	QTD	YTD	1 Year	3 Years	Since Inception
Composite Gross Return	**-6.1%**	**-1.2%**	**6.5%**	**-7.7%**	**5.1%**
Composite Net Return	-6.2%	-1.5%	5.8%	-8.3%	4.3%
Alerian MLP Index	-6.4%	-2.7%	0.4%	-11.2%	0.1%

INVESTMENT PHILOSOPHY

We focus on midstream assets and believe a rigorous fundamentally driven investment process will produce superior risk-adjusted returns.

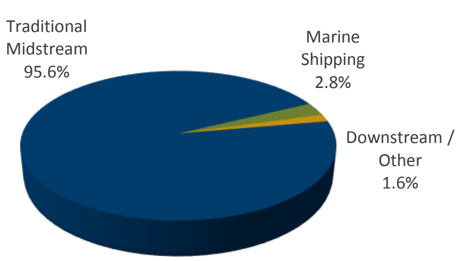
We construct a concentrated portfolio with a long-term investment horizon which allows us to capitalize on our highest conviction ideas.

Our disciplined investment process allows us to be opportunistic by taking advantage of the inefficiencies in the sector.

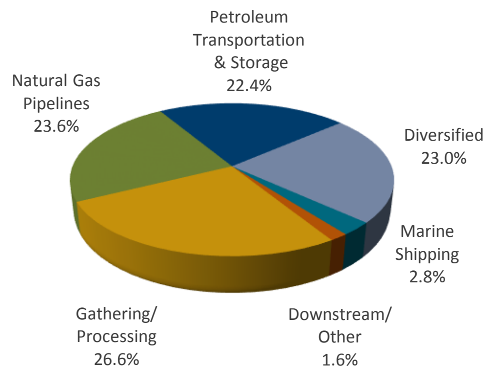
Our portfolio focuses on maximizing total return by owning companies with visible distribution growth, low commodity exposure and geographic footprints in multiple basins.

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



SUB-SECTOR



PORTFOLIO CHARACTERISTICS

	Portfolio[2]	Benchmark
Cash Flow Multiple (P/DCF), 2017 est.	14.1	12.2
Distribution Yield	6.2%	7.1%
Distribution Growth, NTM	12.2%	7.7%
Distribution Coverage, 2017 est.	1.3	1.3
Weighted Avg. Market Cap (mn)	$14.2	$21.9
Median Market Cap (mn)	$6.1	$4.4

Sources: Bloomberg Finance L.P., Alerian

TOP TEN HOLDINGS[3]

	Portfolio (%)[2]
Enterprise Products Partners LP	6.00%
The Williams Cos Inc.	5.68%
Energy Transfer Partners LP	5.58%
Targa Resources Corporation	4.66%
MPLX LP	4.45%
Magellan Midstream Partners	4.33%
Tallgrass Energy Partners LP	4.28%
Williams Partners LP	4.13%
Oneok Partners	4.10%
Western Gas Partners	3.77%

RISK/RETURN (SINCE INCEPTION)

	Composite	Benchmark
Alpha	5.1%	0.0%
Total Return Beta	1.0	1.0
Sharpe Ratio	0.3	0.0
Standard Deviation	18.8%	18.0%
Information Ratio	1.3	0.0
Tracking Error	3.7	0.0

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Market Environment

The optimism seen around MLPs in the first six weeks of the calendar year seems a distant memory. Even an almost 8% rally in the last eight trading days of June could not keep the MLPs from a terrible second quarter in which they fell 6.35%. This was the first down quarter for MLPs since the first quarter of 2016 and the worst quarter since the third quarter of 2015. The culprit was once again crude oil as crude's volatility and poor price performance continues to weigh heavily on the psyche of both energy and MLP investors alike.

After closing the first quarter at $50.60, Crude (WTI) fell as low as $42.53, before finishing June at $46.04, over 9% below where it started the quarter. While oil inventories saw some improvement, they still remain high versus historical levels. Even OPEC's decision to extend their cuts by an additional nine months (to March, 2018) did little to pacify the bears. Traders and insignificant headlines are dominating the oil market, and there do not appear to be a lot of fundamental buyers willing to step in and take a stand. Hence, we are still seeing violent price moves as oil prices bounce off key technical levels.

With oil languishing, MLPs are struggling to garner much interest. While fundamentals for MLPs are clearly much better than a year ago, investors seem unable to get past the oil prices. We have cautioned previously about the lack of new money flows into the space. The retail investors that had started to tip-toe back in in late 2016 and early 2017 have pulled back (mutual fund and ETF flows were negative in June). Meanwhile, we are not hearing of any meaningful flows coming from generalists or value buyers, and hedge funds continue to withdraw capital from the space. Compounding the issue for MLPs is that given their higher yields, most are not self-funding and thus need access to the equity markets to grow. This equity requirement is either causing companies to undertake deeply discounted equity offerings or lean heavily on their At-The-Market (ATM) equity programs. In the second quarter, we saw big equity offerings from NuStar Energy and Targa Resources as both made further moves in the Permian basin. Noble Midstream undertook an equity private placement while the general partner of Antero Midstream came public through an $875 million IPO. While there was sound investment rationale behind these deals, each of them put significant pressure on the sector.

The MLPs are struggling with trying to balance demand for new gathering, processing and pipeline capacity with unfriendly capital markets. The hotter basins like the Permian require additional midstream build-out, yet the market is unenthusiastic about providing the necessary capital and instead is more focused on coverage ratios. At the end of the day, the MLPs also need to be doing more to help themselves. General partners need to find ways to support their MLPs by reducing incentive distribution rights (IDRs), taking back stock on asset sell downs, and generally not putting their interests in front of the MLPs. Once again this quarter, we were reminded what can happen when a sponsor fails its MLP. In June, Rice Energy announced that it had agreed to a buy-out by Equitable Resources. While the 37% premium was a great deal for Rice's shareholders, it was a terrible deal for Rice's MLP, Rice Midstream Partners, which saw its stock fall 27% on the day of announcement as investors worried that Rice Midstream would be become the orphaned step-child alongside Equitable's MLP. This was not the first deal like this that we have seen and once again further disenfranchises investors looking at the MLP space.

Market Performance Review

As mentioned at the outset, MLPs struggled in the second quarter as the Alerian Index finished down 6.35%. Across the universe of MLPs and C-Corp/GPs, all sub-categories were down during the quarter, with C-Corp/GPs down 9% and large cap pipeline and gathering & processing MLPs both down roughly 6%. The best performing groups within traditional midstream were refining logistics, down 3%, and small and midcap midstream, down 1.5%, with both categories benefitting from more demand-pull contracts further away from the wellhead.

Duff & Phelps Institutional Portfolio

The Duff & Phelps Energy MLP Total Return strategy generated a -6.08% gross return in the second quarter (-6.21% net of fees), slightly ahead of the Alerian Index by 0.27% (.14% net of fees). For the first six months of the year, the strategy returned -1.17% (-1.45% net of fees) vs. -2.66% for the Alerian Index. During the quarter, our allocation to C-Corp/GPs negatively impacted the strategy, but this was offset by our overweight to MLP GPs and refining logistics MLPs. Our stock selection in marine and small and midcap midstream helped to counteract weakness in gathering & processing, primarily due to underperformance of an orphaned gathering & processing MLP as a result of the pending merger of two Appalachia-based E&P sponsors.

Investment Outlook

The current sentiment around the MLPs is poor. Unfortunately, it is unlikely to get better unless oil starts to work. Nevertheless, seasonal tailwinds should lead to some improvements in the fundamentals in the near-term and this may well lead to an oil rally given that the market is positioned quite bearishly. Investors have gotten frustrated with the lack of progress on global inventories, but as we hit the peak summer demand period, we should start to see inventories fall meaningfully as global supply falls well below demand. While U.S. production is likely to be up 800,000 b/d over 2017, this should be more than offset by the 1.4 million b/d of OPEC cuts and higher global demand driven by China and India. Admittedly, we would be surprised to see a big move in oil prices, but if oil can settle comfortably back above $50, we think the MLPs will start to work. Correlations with oil have tended to dissipate above $50, and the fundamentals around MLPs actually look pretty attractive. As we wrote last quarter, the expected uplift in second-half oil production volumes should be a big benefit for the MLPs, driving stronger operating leverage and improved cash flows. A number of significant capital expenditure projects, such as the Rover and Midland-to-Sealy pipelines, are also scheduled to come on line during the second half.

Outside of an oil rally, there is no easy answer for what will get MLPs outperforming the broader market. Similar to the broader energy sector, some rotation out of technology would probably help to bring in some more value buyers. In the meantime, MLP earnings and cash flow look stable, and balance sheets and coverage ratios are in the best shape that they have been since the downturn. Yields on the sector are over 7% (as measured by the Alerian MLP index), putting them far above other yield products. In the end, while we are frustrated by the continued negative sentiment, we remain optimistic about where the sector is headed and take some salvation that we are at least getting paid while we wait through an attractive yield.

Midstream MLP Tailwinds

- Sector remains oversold with attractive valuations
- Rising oil and gas production in the U.S. will drive higher volumes across midstream
- MLPs have taken many steps to lower their leverage and overall business risk
- Trump administration is a positive for regulation

Midstream MLP Headwinds

- Many burned investors remain wary of the sector
- Equity capital markets for MLPs are still challenging
- K-1s scare away some traditional value investors

Energy Commodity Risks

- Global oil inventory levels are still high
- OPEC compliance is always a wildcard
- Growing U.S. shale production remains a drag on oil prices

Energy Commodity Green Shoots

- OPEC agreement is very bullish
- The end-of-decade oil market is undersupplied, especially from non-OPEC, non-US countries
- Natural gas and natural gas liquids volume outlooks appear bullish

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

INSTITUTIONAL PERFORMANCE AND DISCLOSURE

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				
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
Annualized Return Since Inception (November 30, 2012 – December 31, 2016):									
	5.99	5.21	0.80						

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 September 30, 2016. 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 Midstream Energy MLP Total Return Composite includes all fully discretionary accounts investing primarily in midstream energy master limited partnerships ("MLPs") with a focus on both income and capital appreciation. 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, the leading gauge of energy master limited partnerships. The float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

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.
[2]Portfolio information is based on a representative institutional account excluding cash. Material is supplemental to the Institutional Performance & Disclosure. 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.

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.

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.