Energy MLP Total Return Fact Sheet & Commentary

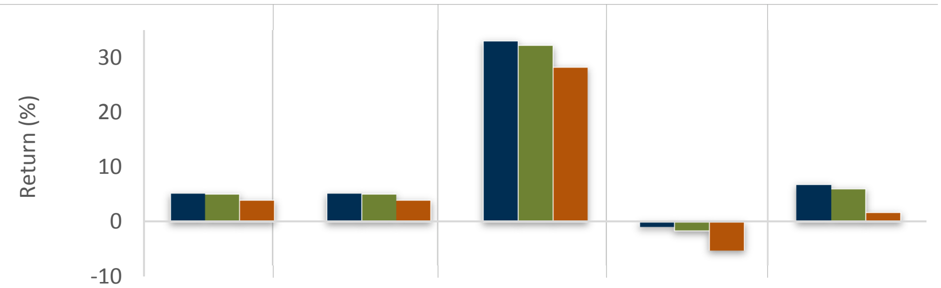
Quarter Ending March 31, 2017

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	**5.2%**	**5.2%**	**33.1%**	**-0.9%**	**6.9%**
Composite Net Return	5.1%	5.1%	32.2%	-1.6%	6.1%
Alerian MLP Index	4.0%	4.0%	28.3%	-5.2%	1.7%

INVESTMENT PHILOSOPHY

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

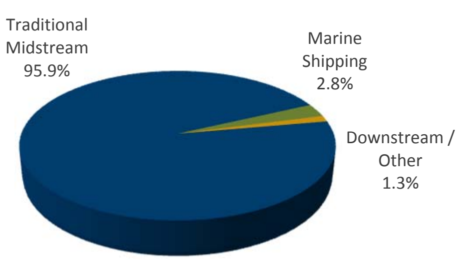
We construct a concentrated portfolio with a long-term investment horizon which allows us to capitalize on our highest conviction ideas.

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

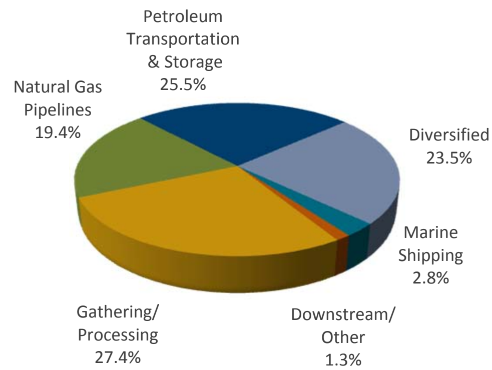
Our portfolio focuses on maximizing total return by owning companies with visible distribution growth, low commodity exposure and geographic footprints in multiple basins.

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.	14.4	12.8
Distribution Yield	5.8%	7.0%
Distribution Growth, NTM	9.2%	3.6%
Distribution Coverage, 2017 est.	1.3	1.3
Weighted Avg. Market Cap (bn)	$14.1	$21.5
Median Market Cap (bn)	$6.4	$4.5

Sources: Bloomberg Finance L.P., Alerian

TOP TEN HOLDINGS[3]

	Portfolio (%)[2]
Enterprise Products Partners LP	5.8
Targa Resources Corp	5.7
The Williams Cos Inc	5.3
MPLX LP	4.5
Tallgrass Energy Partners LP	4.4
Magellan Midstream Partners LP	4.3
Antero Midstream Partners LP	4.2
Plains All American Pipeline LP	4.1
ONEOK Partners LP	4.0
Williams Partners LP	3.9

RISK/RETURN (SINCE INCEPTION)

	Composite	Benchmark
Alpha	5.3%	0.0%
Total Return Beta	1.0	1.0
Sharpe Ratio	0.4	0.1
Standard Deviation	19.3%	18.5%
Information Ratio	1.4	0.0
Tracking Error	3.8	0.0

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Market Environment

After bursting out of the starting gates in January, MLPs slipped back in the second half of the quarter as oil prices fell temporarily back below $50. Nevertheless, while the sector underperformed the broader market, MLPs still generated a 3.9% total return for the quarter and continue to look very well positioned for the year.

Once again, oil prices played a major role in influencing the performance of the MLP sector. The OPEC agreement in late November left the market very bulled up on oil prices coming into 2017- too bulled up as it turned out. Unfortunately, record-long positioning in oil futures left no room for error, and some weaker data points in the quarter drove oil prices lower. The big negative headline was continued builds in U.S. inventories as reported in the weekly DOE statistics. Behind these builds were really three factors, all of which were not really predicted by oil analysts even though in hindsight they should have been foreseen. First, the first quarter always has lower demand due to refinery maintenance, and refinery maintenance in this first quarter was even higher than usual. Second, significant overproduction by OPEC leading up to the January 1 compliance cut-off date had to go somewhere, and that somewhere was the U.S. given its ample storage and liquid markets. With an average ship time of 47 days for a tanker coming from the Middle East, this oil affected U.S. inventories for most of the quarter. Finally, with the void created by OPEC, U.S. producers stepped up their production. This could be seen both in the oil rig count which went from 525 to 662 over the quarter and U.S. weekly production numbers which went from 8.8 million b/d to 9.2 million b/d (admittedly these weekly numbers are not very accurate and will likely be lowered when the more reliable EIA numbers come out on a two-month lag, but the headlines still scared the market). A late oil rebound seemed to say that the market had gotten comfortable that the near-term bull case for oil should still play out the rest of the year, but oil did close the quarter at $51, more than $3 below where it had started.

As we discussed in the last quarter's letter, MLPs continued to pursue restructurings and simplification transactions in the first quarter. In the first five trading days of January, we saw the general partners and limited partners of MPLX, DCP Midstream and Williams Partners announce transactions. Then, on the last day of January, ONEOK announced that it would buy in OKEOK Partners. Mature MLPs continue to look for ways to lower their cost of capital and put themselves in a better position to grow. Of course, restructurings were not the only M&A that we saw in the quarter. The Permian further established itself as the hottest basin in the country. Not only were there a number of big transactions on the E&P side, but both Targa Resources and Plains All-American announced large acquisitions of Permian midstream assets.

With Donald Trump taking over the presidency, expectations have been that we would see a big reversal in the difficult pipeline regulatory process experienced under the Obama administration. So far, the Trump administration has delivered. In early February, both Energy Transfer's Rover Pipeline in the Marcellus and Williams' Atlantic Sunrise Pipeline received final approvals from the FERC. Then, on February 7, Energy Transfer's Dakota Access Pipeline was finally granted an easement to run the last piece of pipeline underneath the Missouri River in North Dakota thereby ending a heavily publicized 6-month saga. Late in the quarter, the Trump administration also granted approval for the Keystone Pipeline which had been rejected by President Obama almost two years ago. While it remains unclear whether the pipeline's owner, Transcanada Corp, will still go ahead with the pipeline, approval of the pipeline was still a very good sign for the industry.

Despite the improving fundamentals, the sector continues to struggle to gain real momentum. Fund flows have been solid. Nevertheless, generalists seem to be still eschewing the space, and we think there has been a lot of equity soaking up what flows there have been. While some of this equity has been in the form of IPOs and overnight offerings, most has been stealth equity coming from ATM (at-the-market) issuance. We have seen a big increase in the use of ATMs by MLPs. In the fourth quarter of 2016 (the last quarter for which we have data), for example, ATM issuance was $2.5 billion, up 84% from the $1.4 billion issued in the fourth quarter of 2015. Ultimately, we think we will see another leg up for MLPs, but it will require generalists coming back into the space, a greater buying frenzy from retail investors, and perhaps smaller equity issuance as MLPs get their balance sheets fully righted.

Market Performance Review

For MLPs, it was really a tale of two halves, with MLPs gaining 8.6% through February 15th, and then falling back 4.3% in the last six weeks of the quarter. Gathering and processing (G&P) was once again the top performing sub-sector for the quarter as it shook off the lower oil and natural gas liquid (NGL) prices and finished up 15.0%. Refining and logistics rebounded from a poor fourth quarter and finished up 14.1%. Within refining and logistics sub-sector, both the high-growth, drop-down names and the higher-yielding names performed well. By far the worst performing sub-sector was propane which fell 7.2% as the warm winter weighed on the group.

Duff & Phelps Institutional Portfolio

The Duff & Phelps Energy MLP Total Return strategy generated a 5.2% gross return in the first quarter (5.1% net of fees), beating the Alerian index by 1.2% (1.1% net). Once again, the strategy benefitted from stock selection of gathering & processing MLPs. The strategy also outperformed in each of natural gas pipelines, petroleum transportation and storage, and marine. The strategy underperformed in diversified due to a lower weighting and some of the simplification transactions that were announced.

Investment Outlook

Despite MLP's underperformance in the first quarter, we continue to believe that they are positioned to perform well in 2017. Like many oil analysts, we are pretty confident that oil will rebound in the near term. While it is true that U.S. oil inventories have remained stubbornly high, global inventories have dropped significantly, and U.S. gasoline and distillate inventories have fallen meaningfully as well. As refineries come back on for the summer driving season, we should see a big pickup in oil demand and significant draws on U.S. inventories. There are also concerns around the OPEC agreement and whether it will be extended when it expires in early May. While there is bound to be some headline noise, we think the Saudis and the rest of OPEC are committed to staying the course. As we have pointed out before, it is in the Saudis best interest to drive oil higher at least until they take Saudi Aramco public in mid-2018.

Our concerns around oil are actually less around the near-term and more around the longer term. Oil bears look out to 2018 and 2019 after the OPEC cuts expire and believe oil will not climb above the $50-$55 range as returning OPEC flows combined with rapidly growing U.S. production simply overwhelm demand. We remain more optimistic as we think the bears are discounting the effects of mid-to-high single-digit, global decline rates and the lack of oil investment made in 2015 and 2016. Even with the incredible advances in shale technology, we just do not think that there is enough marginal oil at less than $60 to meet 96 million b/d of global demand that is growing at 1.0-1.5 million b/d annually.

While recent MLP performance has been heavily correlated to oil prices, even the bear case described above should be bullish for MLPs. MLPs are much more dependent on volumes than on price. If oil prices are held down by rapidly growing U.S. production, MLPs should thrive. We are already seeing the effects of this in the Permian basin where increased production led to a number of new projects and expansions getting announced in the first quarter. Growth in production across U.S. basins should provide a nice tailwind for MLPs, especially in the back half of the year as the effects of the higher rig count really start to be felt.

The rest of the year will also see a number of long-term projects come on line, including Energy Transfers' DAPL and Rover pipelines and new LNG trains at Sabine Pass and Cove Point. Many of the mergers and simplification deals that were announced should also close next quarter which will fix balance sheets and provide the opportunity for management teams to highlight their long-term growth stories. Significant sector downturns are never easy, and most sectors do not rally back off the bottom in a straight line. Nevertheless, we continue to believe that investors will look back at MLPs a few years from now and think that they offered a great buying opportunity.

Investment Outlook (cont.)

Midstream MLP Tailwinds

- Election of Trump and his pro-energy policies
- Sector remains oversold with valuations still below historical levels
- MLPs have taken many steps to lower their leverage and overall business risk
- Rising U.S. production will increase volumes

Midstream MLP Headwinds

- Many burned investors remain wary of the sector
- Equity capital markets for MLPs are still challenging
- Correlation to oil remains high

Energy Commodity Risks

- U.S. oil inventory levels are still elevated
- Extension of OPEC agreement is a risk
- U.S. production costs have fallen significantly

Energy Commodity Green Shoots

- OPEC agreement is very bullish
- Global demand remains strong
- The end-of-decade oil market looks undersupplied
- Natural gas and natural gas liquids 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

DUFF & PHELPS INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

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 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.

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.