

International Real Estate Securities Fact Sheet & Commentary

Quarter Ending June 30, 2017



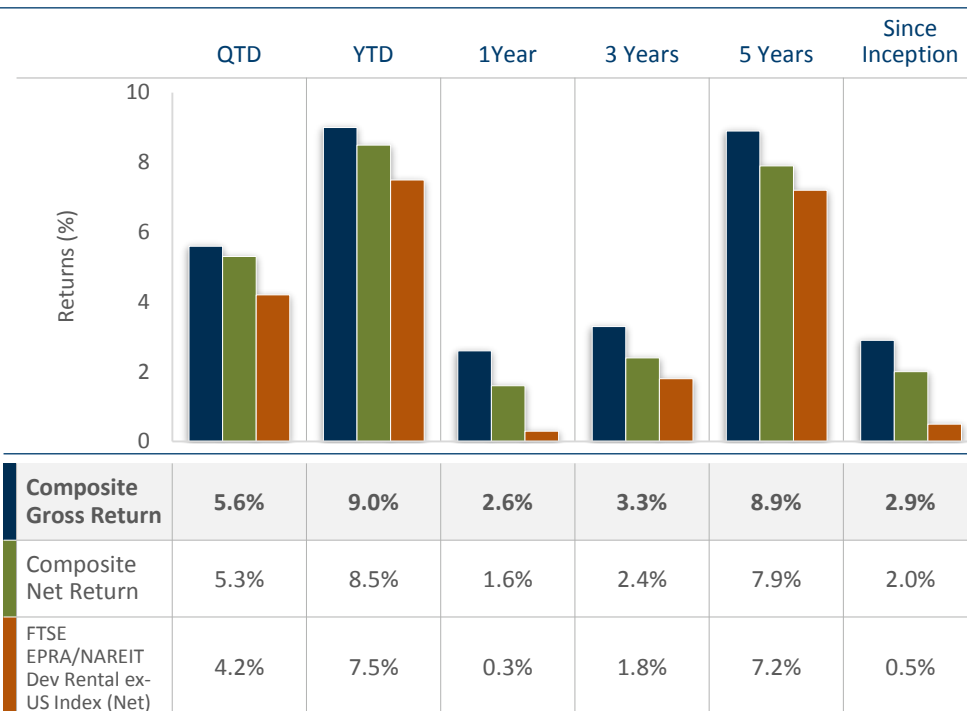
DUFF & PHELPS
INVESTMENT MANAGEMENT CO.

A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

Holdings	40-60 securities
Single Security Limit	< 500 bps of relative exposure
Historical Turnover	< 50%
Cash	< 5%
Benchmark	FTSE EPRA/NAREIT Developed Rental ex-US Index (Net)

PERFORMANCE (%)¹



INVESTMENT PHILOSOPHY

We believe a rigorous fundamentally driven investment process will produce superior risk-adjusted returns.

We focus on high quality owner/operators with a “rental” business model because our research shows they have offered stable cash flows and attractive risk-adjusted returns.

Our experience shows that the value of listed real estate securities is a compilation of not only the underlying asset values but also the value of management’s ability to capitalize on opportunities.

We believe successful real estate investing requires patience to take advantage of multi-year value creation opportunities.

Our investment strategy focuses exclusively on companies with a “Rental” business profile. “Rental” companies derive 70% or more of total revenue from rental income and are most similar in business profile to U.S. REITs. Importantly, over the 5-year period ending June 30, 2017, Global “Rental” companies have generated superior risk-adjusted returns versus Global “Non-Rental” companies.⁴

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
FFO Multiple (P/E), 2017 est.	19.7x	19.0x
Earnings Growth Rate, 5-year est.	7.0%	5.0%
Dividend Yield	4.2%	4.4%
Dividend Growth, 5-year est.	6.0%	5.0%
Median Market Cap (bn)	\$3.8	\$2.0

Sources: Bloomberg, FTSE, SNL Financial

TOP TEN HOLDINGS³

	Portfolio (%)
Unibail-Rodamco Se	6.4
Link REIT	4.9
Vonovia SE	4.7
Scentre Group	4.7
Klepierre	4.0
Westfield Corp	3.8
Deutsche Wohnen AG-BR	3.2
National Storage REIT	3.0
Riocan Real Estate INVST TR	2.9
Hispania Activos Inmobiliari	2.8

RISK/RETURN (Since Inception)

	Composite	Benchmark
Alpha	2.3%	0.0%
Total Return Beta	1.0	1.0
Sharpe Ratio	0.1	0.0
Standard Deviation	19.8%	20.0%
Information Ratio	0.8	0.0
Tracking Error	3.0	0.0

Source: eVestment

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¹Composite Inception Date: 10/31/2007. Time periods over one year are annualized.

²Portfolio information is based on a representative institutional account excluding cash. Material is supplemental to the Institutional Performance & Disclosure. Holdings are subject to change.

³It 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.

⁴As measured by the FTSE EPRA/NAREIT Developed Rental Index and the FTSE EPRA/NAREIT Developed Non-Rental Index (sub-sets of the FTSE EPRA/NAREIT Developed Index.) Risk adjusted returns are calculated by dividing annualized total return by annualized standard deviation.



Market Environment

Since the BREXIT vote a year ago, European political risk has clearly been front and center for most global investors. The defeat of the candidate locally known as the “Dutch Trump” in the Netherlands election for Prime Minister in March provided some relief to European equities late in the first quarter, but the real focus remained on the outcome of the French Presidential election.

Following the second round election results in May, disaster was averted in the eyes of most market participants, as former economy minister and political novice, Emmanuel Macron, beat Marine Le Pen. From a market perspective, this result already began to be discounted following the first round election results in late April as demonstrated by the move in the euro and European equities. Nonetheless, the euro continued to rally further post the second round results and appreciated by a meaningful 7.3% for the quarter relative to the U.S. dollar. For the time being, European political risk appears to have subsided.

Not so, in the U.S. however. Another quarter has come to a close and the prospects for serious health care legislative reform remains muddled. As a result, the market continues to question if and to what degree President Trump’s initiatives of tax reform, infrastructure spending and tax repatriation will materialize. If Congress is not able to move forward on these growth oriented policies this will have a very negative impact on business and investor confidence and we would expect global equities markets to retrace some of their post-election gains.

On the global monetary policy front, the U.S. FOMC increased the Federal Funds target range by 25 basis points in June as was widely expected. Moreover, the minutes of that meeting signaled that at least one more rate increase is likely in 2017 assuming economic conditions remain on their current trajectory. Importantly, these minutes also discussed the timing of when the FOMC will begin the process of shrinking its roughly \$4 trillion balance sheet. Current market expectations seem to be coalescing around September of this year, but it could be sooner.

While the Fed will attempt to make this process as painless as possible, the ultimate impact to the fixed-income markets and the overall economy remain uncertain at this time. From a global context, while the Fed’s moves remain ahead of other major global central banks, the recent tone from some of them, notably the BOE and the ECB, has become slightly more hawkish, which led to an increase in long-term rates in many global markets during the month of June. Positively, this increasingly hawkish tone coincides with further improvement in global economic data, which should be supportive for global equity markets.

International Real Estate Market Review

The positive momentum shift that occurred in the broader global equities markets post the November U.S. presidential election continued apace during the second quarter. For a third quarter in a row, international real estate trailed international equities as demonstrated by the 4.2% increase in the FTSE EPRA NAREIT Developed Rental ex U.S. Index (“the Benchmark”) versus the 6.1% increase in the MSCI EAFE Index, both expressed in U.S. dollar terms. However, international real estate equities did outpace U.S. equities during the quarter, as represented by the 3.1% rise in the S&P 500 Index during the quarter.

A notable 4.7% decline in the U.S. dollar during the quarter, as measured by the U.S. Dollar Spot Index, was a benefit to international real estate equity returns relative to U.S. real estate and represents a continuation and acceleration of the move seen in the first quarter. As highlighted earlier, the euro individually re-rated meaningfully relative to the U.S. dollar during the quarter on the back of lower political risk and better economic growth.

Taking a closer look at the performance of the individual countries that are represented within the FTSE EPRA NAREIT Developed Rental ex U.S. Index, the top-performing countries during the second quarter on a total return basis measured in U.S. dollars included Finland, Spain, Ireland, Germany and Italy. Not surprisingly, all of the top performing countries in the quarter are European. While they benefited from the events that transpired during the quarter, each country has their own unique factors that further propelled performance. For instance, Finland’s return benefited from M & A activity as one of its listed real estate company’s received a buyout offer from Blackstone. Spain, Ireland and Germany are all benefiting from superior economic and real estate fundamentals and Italy continues to show improvement in its banking sector.

The five bottom-performing countries during the second quarter were Australia, Japan, Canada, Switzerland and the U.K. Australia’s negative total return performance was heavily influenced by the poor performance of its retail REITs, which constitute a large portion of its listed real estate universe. Global listed retail real estate companies were the worst performing property sector for the third quarter in a row as they continue to be challenged by the on-going evolution of the physical retail landscape and the threat from ecommerce retailing. Japan also posted a negative total return during the quarter as its real estate shares were pressured by large fund outflows from local Japanese real estate investment products, particularly those offered by Japanese trust banks. The outflows picked up following a speech by the head of Japan’s Financial Service Authority regarding the client suitability of some of these real estate products, given their fee structures and potentially unsustainable dividend distributions. The significant amount of capital looking to find a home in global real estate, particularly from private real estate fund managers, large institutional investors and sovereign wealth funds, is a theme we have highlighted many times in past quarters and this quarter’s activity continued to demonstrate its relevance. The largest real estate transaction that we are aware of that was announced during the quarter was Blackstone’s sale of its pan European logistics company, Logisor, to China Investment Company for 12.25 billion euros.



International Real Estate Market Review cont.

Separately, Blackstone also announced offers during June to take private Finnish real estate investment company Sponda for \$2 billion and Singapore based Japanese real estate company Croesus Retail Trust for \$650 million. Additionally, on the last day of the quarter, Canada Pension Plan Investment Board announced an offer to privatize Parkway, Inc, a large owner/operator of Houston office properties for \$973 million. Lastly, in the first week of July, a Greystar-led fund announced an offer to privatize Monogram Residential Trust, a high-end owner/operator of rental apartments in the U.S., for \$2 billion. While this is just a sample of the capital markets activity that took place during the quarter, these deals clearly demonstrate the on-going strong appetite for global real estate

Portfolio Review

Overall, our international real estate securities strategy outperformed the Benchmark in the second quarter. Country allocation and security selection both positively contributed to relative performance for the quarter.

What Helped Second Quarter Performance: Combining country allocation and security selection, the top positive contributors to performance for the quarter were Japan, Australia and Spain. Security selection was the dominant driver of relative performance for Japan and Australia and country allocation drove the relative performance of Spain.

From a country allocation perspective, our overweight exposure to Spain was the most positive driver of performance during the second quarter. Spain was a significant relative outperformer during the quarter as it delivered the second best country return and was well ahead of the Benchmark. Spanish real estate companies continue to benefit from a healthy economic environment, on-going improvements in rents and occupancies and rising asset values. The next most positive contributor to country allocation for the quarter was our overweight exposure to Finland. Finland posted the strongest country return during the quarter, boosted by the performance of Sponda, which received a takeover offer from Blackstone.

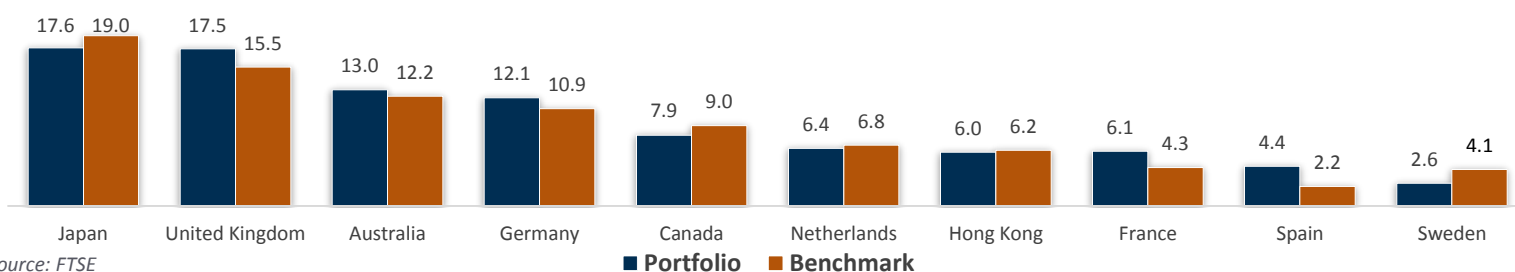
At the security level, our overweight exposure to a small-cap Australia self-storage REIT was the largest positive contributor for the quarter. The company delivered very strong performance during the quarter, particularly relative to its Australia retail REIT peers, as the fundamental outlook for its business remains positive and as the market begins to appreciate some of the operational improvements the company has made. The second most meaningful positive contributor to security selection for the quarter was our overweight exposure to a mid-cap Japanese industrial REIT. The shares of this company, as well as those of our other industrial REIT holdings, continue to benefit from the on-going positive secular industry dynamics that are driving industrial real estate space demand, which is leading to continued solid operational execution and positive capital deployment opportunities.

What Hurt Second Quarter Performance: Combining country allocation and security selection, the top detractors were Sweden, Singapore and Belgium. Country allocation was the larger detractor for Belgium given our underweight exposure, whereas security selection and country allocation equally detracted in Sweden and Singapore.

From a country allocation viewpoint, our underweight exposure to Belgium was the largest detractor from performance during the second quarter. The negative relative performance was driven by Belgium's solid return during the quarter, which benefited from the positive performance of the euro relative to the U.S. dollar. The second largest country allocation detractor was Sweden given our underweight exposure and the outperformance of the country during the quarter, which benefited from the positive performance of the Swedish krona relative to the U.S. dollar. Swedish real estate shares also benefited from the shelving of some potentially negative tax proposals, at least for the time being.

At the security level, our overweight exposure to a Finland based retail real estate company was the largest negative contributor for the quarter. The shares of the company performed well during the quarter, but significantly lagged Finland's country return, which was boosted by the proposed privatization of another Finnish real estate company by Blackstone Group. The next largest security level detractor during the quarter was our lack of exposure to a Japan based retail real estate company, which delivered a healthy total return. The company posted a positive earnings report during the quarter, with further progress on the increasing profitability of its China retail assets being a notable highlight.

Top Ten Country Weights vs. Benchmark (%)²



Source: FTSE



Investment Outlook

From our perspective the global real estate space market cycle still has room for further growth as we expect overall space market demand to exceed supply across most property sectors and major cities. The private real estate asset market varies by property type and location, but is further along in the cycle in terms of valuations. However, we believe the global weight of capital looking for a home in high-quality, core real estate, is meaningful enough to continue to support current real estate asset pricing. Nonetheless, we believe additional price appreciation will likely be driven largely by cash flow growth, as opposed to continued cap rate compression. With the significant amount of private real estate equity capital that has been raised but unspent, we expect M&A activity to continue in the second half of 2017.

In aggregate, we view a backdrop of low, but positive global economic growth and manageable new real estate supply as positive fundamental tailwinds for global real estate securities going forward. Should global economic growth continue to improve, this would facilitate further increases in real estate operating cash flows and dividends through higher property occupancies and, in cases where occupancy has reached equilibrium, higher rents. In effect, higher rents represent pricing power, a hard-to-find attribute in today's investment climate. Combined with the supportive tailwind to real estate asset pricing, our base case remains for another positive total return year for global real estate securities in 2017.

Global real estate 2017 total return drivers

- 2017E global cash flow growth of approximately 5-6%
- Dividend yield of approximately 4.0%; with above average growth expected in the U.S. given lower payout ratios
- Healthy demand and moderate new supply driving cash flow and dividend growth
- On a country basis, real estate fundamentals remain more attractive in Ireland, Spain, the Nordics, Germany and the U.S.

Global real estate upside drivers

- Greater than expected global economic growth, leading to more robust employment and income growth, key drivers of higher occupancies and rents at company owned properties
- Inflow on rotation from bonds to listed real estate
- Increased potential for M&A and privatization given listed discounts to private real estate market prices, robust bids, and the on-going appetite for high quality, core real estate among institutional investors

Global real estate downside risks

- Cessation of real estate cap rate compression and potential expansion
- An acceleration in the pace of new commercial real estate supply
- Increases in interest rates at a faster pace than a lift in net operating income growth and replacement costs

Global macro risks

- Diverging monetary and fiscal policies and on-going political risks, particularly in Europe with a number of high profile elections taking place in 2017 and the U.K. still sorting through Brexit

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

GEOFFREY DYBAS, CFA
Senior Portfolio Manager

FRANK HAGGERTY, 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	1.74	0.85	1.86	12.62	12.28	<5	n.a.	30.1	10.3
2015	1.19	0.33	-0.76	12.40	12.19	<5	n.a.	40.2	9.2
2014	12.60	11.65	9.62	12.86	12.47	<5	n.a.	40.2	10.8
2013	2.99	2.07	3.33	16.67	15.58	<5	n.a.	41.0	9.2
2012	35.95	34.76	30.76	19.45	18.61	<5	n.a.	40.6	8.9
2011	-9.35	-10.17	-8.86	24.20	23.51	<5	n.a.	20.2	8.6
2010	20.45	19.39	19.97	28.16	29.15	<5	n.a.	26.4	7.2
2009	40.67	39.44	39.09			<5	n.a.	29.9	6.5
2008	-45.88	-46.39	-50.94			<5	n.a.	44.9	5.8
2007*	-10.65	-10.80	-12.30			<5	n.a.	11.7	7.3

*Partial year return. Composite inception is October 31, 2007.

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 International Real Estate Securities Composite includes all fully discretionary accounts that focus their investments in international real estate equity securities. The inception date of the Composite is October 31, 2007 and the Composite was created on January 1, 2008. The Composite contains less than 5 portfolios.

From September 1, 2014 to June 30, 2016, Composite policy required the creation of a temporary account for a single client initiated inflow or outflow of cash or securities expected to exceed 10% at the time of notification of beginning period assets (a “significant cash flow”). Effective July 1, 2016, Composite policy does not, and prior to September 1, 2014 did not, include the use of temporary accounts or define significant cash flows.

3. Benchmark – The Composite Benchmark is the FTSE EPRA/NAREIT Developed Rental ex U.S. Index (Net), a free-float market capitalization index measuring developed market international real estate securities, which meet minimum size, liquidity and investment focus criteria. The Benchmark is a sub-set of the FTSE EPRA/NAREIT Investment Focus Index Series, which separates the existing constituents into both Rental and Non-Rental Indices. A company is classified as Rental if the rental revenue from properties is greater than or equal to 70% of total revenue. The classification is based on revenue sources as disclosed in the latest published financial statement. The Benchmark is a custom benchmark as the Rental Index utilized is ex U.S. Exchange rates used for the Benchmark are WM/Reuters Closing Spot Rates™ collected at 16:00 hours London time; the Composite uses WM/Reuters Closing Spot Rates™ collected at 16:00 hours New York time. Prior to 2012, the Composite utilized a systematic fair value methodology triggered by significant events (such as significant movements in U.S. markets following international markets' closings). The Benchmark does not utilize a systematic fair value methodology, and effective 2012, the Composite does not utilize such a

methodology. The withholding tax rates used in the calculation of the Benchmark are those applied to dividends received by a Luxembourg based UCIT fund; the withholding tax rates used in the calculation of the Composite are those applied to dividends received by account domicile.

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 International Real Estate Securities accounts is: .85% on assets up to \$10 million, .80% on the next \$15 million, .75% on the next \$25 million, and .65% 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 \$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 (.90% through 2013 and .85% thereafter) 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.

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