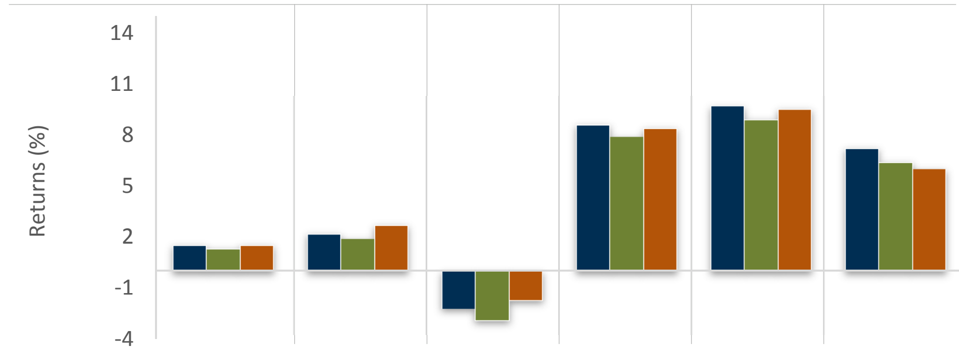
U.S. REIT
Fact Sheet & Commentary
Quarter Ending June 30, 2017

DUFF & PHELPS
INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

PORTFOLIO STRATEGY

Holdings	25-45 securities
Sector Exposure	Greater of 2x benchmark holdings or 5% of total portfolio
Single Security Limit	Greater of 10% of portfolio or 2% over benchmark
Expected Turnover	< 50%
Cash	Typically fully invested
Benchmark	FTSE NAREIT Equity REITs Index

PERFORMANCE (%)[1]



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Composite Gross Return	**1.5%**	**2.2%**	**-2.2%**	**8.6%**	**9.7%**	**7.2%**
Composite Net Return	1.3%	1.9%	-2.9%	7.9%	8.9%	6.4%
FTSE NAREIT Equity REITs Index	1.5%	2.7%	-1.7%	8.4%	9.5%	6.0%

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.

Capping AUM at 1% of the investment universe’s free float preserves our trading flexibility, liquidity, and potential for maximizing risk-adjusted returns.

PORTFOLIO CHARACTERISTICS

	Portfolio[2]	Benchmark
FFO Multiple (P/E), 2017 est.	18.9x	17.9x
Earnings Growth Rate, 5-year est.	6.5%	5.2%
Dividend Yield	3.5%	4.2%
Dividend Growth, 5-year est.	6.6%	5.4%
Weighted Avg. Market Cap (bn)	$15.3	$15.6

Sources: FTSE, Bloomberg, Duff & Phelps.

TOP TEN HOLDINGS[3]

	Portfolio (%)[2]
Simon Property Group Inc	7.4
Prologis Inc	5.5
Vornado Realty Trust	3.9
Digital Realty Trust Inc	3.8
Avalonbay Communities Inc	3.7
Apartment Invt & Mgmt Co	3.3
Equity Residential	3.3
Regency Centers Corp	3.3
American Homes 4 Rent- A	3.3
DCT Industrial Trust Inc	3.3

RISK/RETURN (10 YEARS)

	Composite	Benchmark
Alpha	1.2%	0.0%
Total Return Beta	1.0	1.0
Sharpe Ratio	0.3	0.2
Standard Deviation	24.6%	25.2%
Information Ratio	0.6	0.0
Tracking Error	1.9	0.0

Source: eVestment

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[1]Inception date is January 1, 1995. 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.

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 focused 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 it's 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.

Market Review

The positive momentum shift that occurred in the broader equities markets post the November U.S. presidential election continued through the second quarter. For a third quarter in a row, real estate equities trailed broader equities as demonstrated by the 1.52% increase in the FTSE NAREIT Equity REITs Index ("the Benchmark") versus the 3.09% increase in the S&P 500 Index.

Taking a closer look at the performance of the individual property sectors that are represented within the FTSE NAREIT Equity REITs Index, the top-performing property sector during the second quarter on a total return basis was the Industrial sector with a return of 12.13% as it continued to benefit fundamentally by strong secular driven demand for supply chain reconfiguration and e-commerce, while new supply remained contained. It was followed by Manufactured Homes, Data Centers, Apartments and Health Care. On-going positive fundamentals continued to drive Industrial, Manufactured Homes, Data Centers, and Single Family Homes. Prospects for a better spring leasing season and the lift in supply from last year to be absorbed, helped Apartments. Health Care REITs outperformed during the quarter, as U.S. economic growth estimates remained somewhat soft, bonds rallied and the repeal and replace of Obamacare by Congress remained a challenge.

The bottom-performing property sectors during the second quarter were Shopping Centers, Freestanding Retail, Regional Malls, Self-Storage and Specialty. Retail REITs underperformed through May given poor sentiment across the retail industry from the on-going competitive dynamics with ecommerce retail and the associated store closing announcements that typically occur in the first half. It should be noted however, that Retail REITs outperformed in the month of June.

REIT first quarter earnings were solid and reinforced our constructive view on the asset class. The REIT sector, as measured by Evercore ISI, overall posted 4.1% same store net operating income growth in 1Q17 which was healthy, and has been steady in the low 4% range since the end of the second quarter of 2016. These results reflect the REIT sector's current pricing power which has resulted from several years of low supply growth and solid tenant demand. Naturally, some property sectors continue to demonstrate better fundamentals such as a few of the outperforming sectors, while others are experiencing some fundamental deceleration.

REIT Portfolio Review

Overall, in reviewing attribution, our U.S. REIT strategy was roughly in-line with the Benchmark during the second quarter. Property sector allocation helped and security selection was a detractor.

What Helped Second Quarter Performance:
Considering both property sector allocation and security selection, Free Standing, Industrial, Office, Manufactured Home and Regional Malls were among the largest contributors.

Free Standing benefited from our security selection as Berkshire Hathaway announced an investment in our holding leading to relative outperformance, and our underweight allocation as the sector underperformed. Industrial benefited from our overweight allocation. Office benefited from our security selection across a number of securities. Manufactured Homes benefited from our overweight allocation and Regional Malls benefited from our underweight allocation, as it underperformed, and our security selection biased toward high quality malls.

From a pure allocation perspective, our overweight in Industrial, Manufactured Homes and Data Centers, and underweight in Free Standing were the largest positive contributors. The strong growth in IT infrastructure outsourcing and the rapid adoption of cloud computing continue to lift Data Center demand. In particular, healthy demand is being driven by hyperscale users such as Amazon's AWS and Microsoft's Azure.

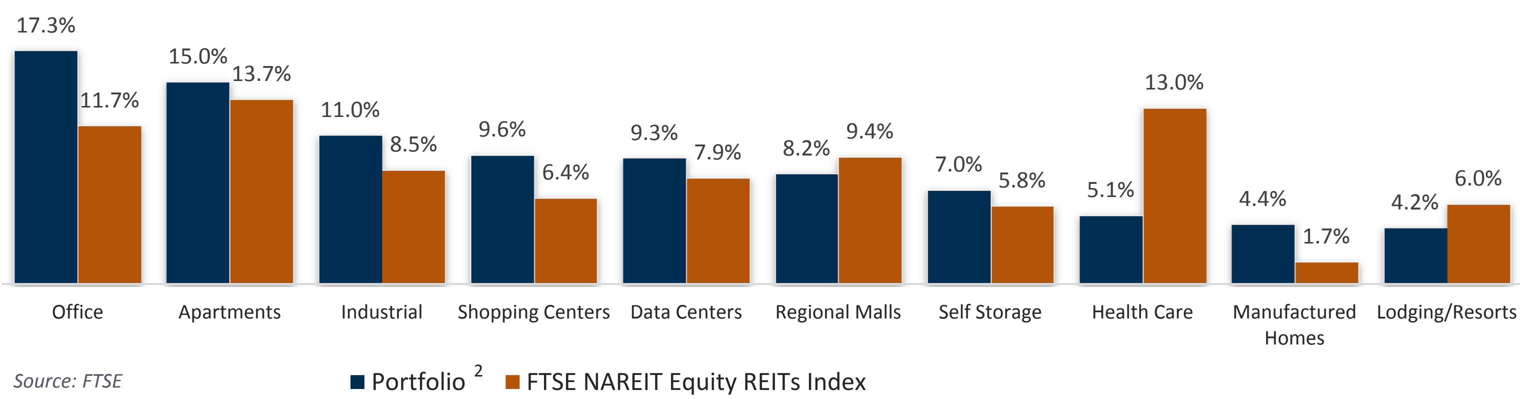
At the security level, our security positioning across Office was the most positive contributor for the quarter. Additional positive security positioning contributors were in Regional Malls, Self-Storage, and Free Standing.

What Hurt Second Quarter Performance:
Considering both property sector allocation and security selection, Shopping Centers, Health Care, Apartments and Diversified were among the largest detractors.

Our overweight to underperforming Shopping Centers, more than offsetting some security selection benefit, and our underweight and security selection to Health Care, caused them to be our largest detractors from both an allocation and total perspective. Apartments and Diversified were our next largest detractors largely due to security selection. The U.S. economic growth outlook was questioned, bonds rallied, Health Care REITs fared better, and retail, even high quality well located retail real estate, fared poorly. This was further exacerbated for grocery anchored shopping centers when Amazon announced it was acquiring Whole Foods, even for shopping center REITs with a high number of Whole Foods Markets.

At the security level, our overweight exposure to a Lodging REIT, Shopping Center REIT, Apartment REIT and Diversified REIT were the largest detractors for the quarter. The lodging REIT pursued an acquisition of a peer, the Shopping Center REIT experienced store closing and replacement reopening timing issues, the Apartment REIT modified its projected revenue and expenses while maintaining its targeted net operating income growth, and the Diversified REIT came under pressure as it approached a spin-off of its DC portfolio.

Top 10 Portfolio Sector Weights vs. Benchmark(%)



Source: FTSE

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Investment Outlook

From our perspective the U.S. 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 and has continued 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 overseas buyers and 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 moderate and potentially accelerating U.S. economic growth, combined with manageable new real estate supply as positive fundamental tailwinds for U.S. REITs going forward. Should U.S. 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 U.S. 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	8.00	7.22	8.52	14.92	14.80	7	0.2	1,814	10.3
2015	3.63	2.86	3.20	14.30	14.37	10	0.1	1,757	9.2
2014	33.08	32.11	30.14	13.27	13.08	10	0.0	2,088	10.8
2013	1.76	1.00	2.47	16.92	16.51	8	0.1	1,648	9.2
2012	18.12	17.25	18.06	18.37	18.00	11	0.1	1,716	8.9
2011	11.13	10.30	8.29	30.34	31.28	11	0.1	1,457	8.6
2010	29.37	28.43	27.96	37.65	39.20	13	0.1	1,427	7.2
2009	30.30	29.34	27.99	37.82	39.14	13	0.2	1,275	6.5
2008	-36.19	-36.69	-37.73	29.24	29.64	11	0.1	912	5.8
2007	-14.83	-15.48	-15.69	17.57	16.66	13	0.1	1,658	7.3

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 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 U.S. REIT Composite includes all fully discretionary accounts managed by the firm with account market values greater than $1 million at the time of initial investment that focus their investments in U.S. real estate investment trust securities with the objective of producing excess returns above the FTSE NAREIT Equity REITs benchmark over a full market cycle (i.e., three to seven year horizon). The inception date of the U.S. REIT Composite (formerly the Real Estate Investment Trust (REIT) Composite) was January 1, 1995 and the Composite was created on January 1, 2001. Prior to October 2013, the Composite did not reference its objective relative to the Benchmark. This reference was added to distinguish the Composite from other products; there was no change in the benchmark or the strategy.

Composite policy requires the temporary removal of any account incurring a significant cash flow. Effective July 1, 2016, a significant cash flow is defined as a client initiated inflow or outflow of cash or securities of 25% or more of beginning period assets. From April 1, 2014 through June 30, 2016, temporary accounts were utilized to remove the impact of significant cash flows of 10% or more. From August 1, 2009 through March 31, 2014, Composite policy required the temporary removal of any account incurring a significant cash flow of 10% or more. Prior to August 2009, accounts incurring significant cash flows of 10% or more were reviewed for discretion.

A carve-out of a larger portfolio was included in the Composite and performance for the period of inclusion reflects total segment plus cash returns using a pro rata cash allocation based on beginning of period segment market values. The carve-out was 11% of the Composite as of December 2006, 8% as of December 2007 and 0% as of December 2008.

3. Benchmark – The Composite Benchmark is the FTSE NAREIT Equity REITs Index, a free-float market capitalization-weighted index measuring equity tax-qualified real estate investment trusts, which meet minimum size and liquidity criteria and are traded on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market System.

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. The annual dispersion is asset-weighted and measures the deviation of individual portfolio returns around the Composite returns for portfolios in the Composite for the entire year. 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.

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 institutional REIT accounts is: .75% on assets up to $10 million, .65% on the next $15 million, .60% on the next $25 million, and .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. 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.

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.

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