Non-Core Real Estate Opportunities

DUFF & PHELPS
A VIRTUS INVESTMENT PARTNER

FACT SHEET & COMMENTARY

Quarter Ending December 31, 2023

THE NON-CORE LISTED REAL ESTATE OPPORTUNITY

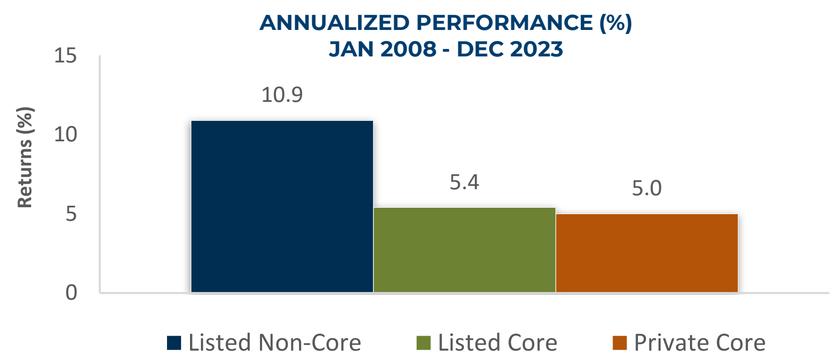
Publicly listed real estate companies, as innovators in real estate investment, have consistently been pioneers on developing non-core commercial sectors, showcasing a forward-thinking approach.

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.

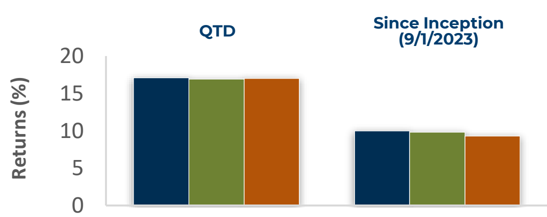
For instance, the increasing reliance on technology, specifically artificial intelligence, has elevated the importance of data centers, while the aging population has amplified the need for senior healthcare facilities.

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 PERFORMANCE RECORD[1]



COMPOSITE PERFORMANCE (%)[2]



	QTD	Since Inception (9/1/2023)
Gross Return	17.1	10.0
Net Return	16.9	9.8
Benchmark	17.0	9.3

PORTFOLIO CHARACTERISTICS

	Portfolio[3]	Benchmark
Multiple (P/E), 2024 est.	19.6x	18.9x
Earnings Growth Rate, 2024 est.	7.2%	6.4%
Dividend Yield	3.5%	4.0%
Dividend Growth, 5-year est.	7.0%	5.6%
Median Market Cap (bn)	$16.6	$2.7

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

TOP TEN HOLDINGS (%)[3]

	Portfolio(%)[3]
American Tower Corp	8.7
Welltower Inc	7.9
Public Storage	7.4
Digital Realty Trust Inc	7.4
SBA Communications Corp	7.0
Equinix Inc	6.6
Vici Properties Inc	5.7
Invitation Homes Inc	4.6
Alexandria Real Estate Equities	4.2
Sun Communities Inc	4.1

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	Nareit Developed Extended Opportunities Index (Net)
AUM	$177 million as of 12/31/23
Inception	September 1, 2023

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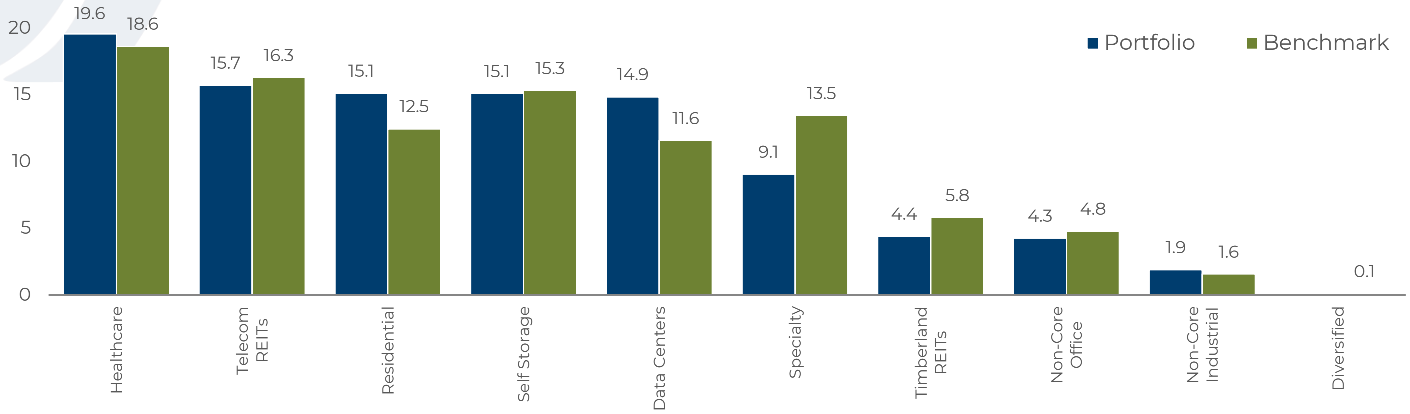
[1]Source: Bloomberg & FTSE. REIT universe represented by the FTSE Nareit All Equity REITs Index. This Index differs from the Duff & Phelps U.S. REIT strategy benchmark, the FTSE Nareit Equity REITs Index, in that it contains two additional non-core sectors, timber and infrastructure. The listed core and listed non-core sector data above was carved out of the FTSE Nareit All Equity REITs Index. Private core represented by the NFI-ODCE Property Index.

[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

The investment landscape throughout 2023 was marked by the undulating trajectory of interest rates. The first three quarters saw interest rates navigating a terrain of heightened volatility as they moved to levels not seen since 2007. This created an environment of uncertainty for investors, primarily in bonds and capital-intensive sectors, such as real estate. However, a pivotal moment occurred in late October as softer CPI data allowed central banks some breathing room, which signaled a notable shift in this trend. This was further punctuated by the Federal Reserve's December commentary, which leaned more dovish than anticipated by the market. For context, the yield on the U.S. 10-year Treasury started the year at 3.9% and peaked at 5.0% in late October, before finishing the year at 3.9% for a full round trip.

Publicly listed non-core real estate companies, as measured by the FTSE EPRA NAREIT Developed Extended Opportunities Index*, rebounded higher to an upper-teens return in sympathy with the Federal Reserve's messaging on likely future rate cuts. The index was also helped by positive sector and company-specific commentary through earnings season. Within property subsectors, the diversified and telecommunications sectors were the best performing, while industrial and healthcare lagged.

PORTFOLIO REVIEW

During the fourth quarter, the Duff & Phelps Non-Core Real Estate Opportunities Strategy outperformed the benchmark, as positive selection offset negative allocation contribution. The outperformance was more robust the first two months, but the market took an aggressive interpretation of the timing of the Fed's first rate cut from Chairman Powell's remarks in December, and, in our view, caused those companies with relatively poor fundamental outlooks and balance sheets to outperform significantly, thus leading to less outperformance for the strategy in the quarter. As we go to print, we see that being unwound.

Total attribution was led by selection within healthcare, followed by our underweight allocation to industrial. Selection within the storage sector, and an overweight allocation to residential, were the key detractors.

At the security selection level, our largest positive attribution contributors came from our zero-weight position in Omega Healthcare Investors, a U.S. skilled nursing owner, and our overweight to Chartwell Retirement Residences, a Canadian owner-operator of senior living assets. Omega underperformed on lingering tenant health concerns compared to peers. Chartwell outperformed on continued incremental improvements in senior housing occupancy and pricing trends. Our largest detractors were an underweight to Extra Space Storage, a self storage REIT, and an overweight to Vici Properties, an owner of net-leased gaming and entertainment assets. Extra Space outperformed on earnings results and commentary that suggested it could achieve merger synergies with its purchase of Life Storage, and on prospects that the deceleration in pricing trends may have eased. Vici underperformed as the market moved away from its more defensive asset class and lease structure.

Quarter Ending December 31, 2023

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, secular growth drivers should continue to benefit data centers and healthcare. Within the U.S. healthcare property sector, senior housing operating properties and skilled nursing facilities will continue to see an improvement in occupancy. And pricing power should increase further in senior housing. 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. 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 property sector will likely remain one 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 should clearly 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.

Thank you for your continued support of our team and investment strategy.

MEET THE DUFF & PHELPS TEAM

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Important Disclosure Information

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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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 (%) Gross	Annual Composite Return (%) Net	Annual Benchmark Return (%)	3-Year Annualized Standard Deviation (%) Composite	3-Year Annualized Standard Deviation (%) Benchmark	Number of Accounts	Asset-weighted Dispersion (%)	Composite Assets (US $M)	Firm Total Assets (US $B)
2023	10.03	9.79	9.30	--	--	1	--	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, 2022. 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.

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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 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. Composite dispersion is not presented for periods with 5 or fewer portfolios in the Composite for a full year. 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.