

VIRTUS INVESTMENT PARTNERS, INC.

Form 10-K

February 24, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-10994

VIRTUS INVESTMENT PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

100 Pearl St., Hartford, CT 06103

(Address of principal executive offices)

Registrant's telephone number, including area code

(800) 248-7971

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, \$.01 par value

(including attached Preferred Share Purchase Rights)

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

95-4191764

(I.R.S. Employer Identification No.)

Name of each exchange on which registered

The NASDAQ Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold (based on the closing share price as quoted on the NASDAQ Global Market) as of the last business day of the registrant's most recently completed second fiscal quarter was \$915,291,836. For purposes of this calculation, shares of common stock held or controlled by executive officers and directors of the registrant have been treated as shares held by affiliates.

There were 8,408,228 shares of the registrant's common stock outstanding on February 5, 2016.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement which will be filed with the SEC in connection with the 2016 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

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“We,” “us,” “our,” the “Company” and “Virtus,” as used in this Annual Report on Form 10-K (“Annual Report”), refer to Virtus Investment Partners, Inc., a Delaware corporation, and its subsidiaries.

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PART I

Item 1. Business.

Organization

Virtus Investment Partners, Inc. (the “Company”) commenced operations on November 1, 1995 through a reverse merger with Duff & Phelps Corporation. The Company was a majority-owned subsidiary of The Phoenix Companies, Inc. (“PNX”) from 1995 to 2001 and a wholly-owned subsidiary of PNX from 2001 until 2008. On December 31, 2008, PNX distributed 100% of Virtus common stock to PNX stockholders in a spin-off transaction.

Our Business

We are a provider of investment management and related services to individuals and institutions. We use a multi-manager, multi-style approach, offering investment strategies from affiliated managers and select unaffiliated subadvisors, each having its own distinct investment style, autonomous investment process and individual brand. By offering a broad array of products, we believe we can appeal to a greater number of investors which allows us to have opportunities across market cycles and through changes in investor preferences.

We provide our products in a number of forms and through multiple distribution channels. Our retail products include open-end mutual funds, closed-end funds, exchange traded funds, variable insurance funds, Undertakings for Collective Investments in Transferable Securities (“UCITS”) and separately managed accounts. Our open-end mutual funds and exchange traded funds are distributed through financial intermediaries. Our closed-end funds trade on the New York Stock Exchange, and our exchange traded funds are traded on either the New York Stock Exchange or NASDAQ. Our variable insurance funds are available as investment options in variable annuities and life insurance products distributed by life insurance companies. Separately managed accounts are comprised of intermediary programs, sponsored and distributed by unaffiliated brokerage firms and private client accounts which are offered to the high net-worth clients of one of our affiliated managers. We also manage institutional accounts for corporations, multi-employer retirement funds, public employee retirement systems, foundations, endowments and as a subadviser to unaffiliated mutual funds. Our earnings are primarily driven by asset-based fees charged for services relating to these products including investment management, fund administration, distribution and shareholder services. These fees are based on a percentage of assets under management (“AUM”) and are calculated using daily or weekly average assets, quarter-end assets or average month-end assets.

Our Investment Managers

Our investment management services are provided by investment managers who are registered investment advisers under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”). The investment managers are responsible for portfolio management activities for our retail and institutional products operating under advisory or subadvisory agreements. We provide our affiliated managers with distribution, operational and administrative support, thereby allowing each affiliated manager to focus primarily on investment management. We also engage select unaffiliated subadvisors for certain of our open-end mutual funds and exchange traded funds. At December 31, 2015, \$12.7 billion or 26.8% of our assets under management were managed by unaffiliated subadvisors. We monitor the quality of our managers’ services by assessing their performance, style, consistency and the discipline with which they apply their investment process.



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Our affiliated investment managers and their respective assets under management, styles and strategies are as follows:

	Affiliated Managers					
	Duff & Phelps Investment Management	Newfleet Asset Management	Kayne Anderson Rudnick Investment Management	Zweig/Euclid Advisors	Rampart Investment Management	Cliffwater Investments
Assets Under Management at December 31, 2015 (\$ in billions)	\$9.2	\$10.9	\$9.5	\$4.3	\$0.6	\$0.2
Location	Chicago, IL	Hartford, CT	Los Angeles, CA	New York, NY	Boston, MA	Hartford, CT
Investment Style	Quality-oriented, equity income; high quality fixed income	Multi-sector, value-driven fixed income	Quality at a reasonable price	Growth at a reasonable price, high quality fixed income	Systematic, disciplined options solutions	Multi-manager alternative portfolios
Investment Types						
Equities	<ul style="list-style-type: none"> <li>• Utilities</li> </ul>		<ul style="list-style-type: none"> <li>• Large, Mid &amp; Small Cap Core/ Growth/ Value</li> <li>• International &amp; Emerging Markets Small-Cap</li> </ul>	<ul style="list-style-type: none"> <li>• Large Cap Core</li> <li>• Tactical Asset &amp; Allocation International</li> </ul>	<ul style="list-style-type: none"> <li>• Large Cap Core</li> <li>• Low Volatility</li> </ul>	
Fixed Income	<ul style="list-style-type: none"> <li>• Tax Advantaged</li> <li>• High Grade Core</li> <li>• Municipals</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-sector</li> <li>• Core</li> <li>• Core Plus</li> <li>• Bank Loans</li> <li>• High Yield</li> <li>• Municipals</li> <li>• Emerging Markets</li> <li>• Structured Products</li> </ul>	<ul style="list-style-type: none"> <li>• California Municipals</li> <li>• Intermediate Total Return &amp; Government</li> </ul>	<ul style="list-style-type: none"> <li>• U.S. Gov't Grade Agencies</li> <li>• Investment Grade Corporates</li> <li>• Sovereign</li> </ul>		
Alternative/Other Products	<ul style="list-style-type: none"> <li>• Real Estate</li> <li>• Infrastructure</li> <li>• Master Limited Partnerships</li> </ul>				<ul style="list-style-type: none"> <li>• Options Strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-Strategy</li> </ul>