

VIRTUS INVESTMENT PARTNERS, INC.

Form 10-Q

November 07, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

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: 001-10994

VIRTUS INVESTMENT PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

95-4191764

(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

100 Pearl St., Hartford, CT 06103

(Address of principal executive offices) (Zip Code)

(800) 248-7971

(Registrant's telephone number, including area code)

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

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 the 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

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

The number of shares outstanding of the registrant's common stock was 5,888,533 as of October 31, 2016.

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

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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Virtus Investment Partners, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

| | September 30, 2016 | December 31, 2015 |
|---|-----------------------|----------------------|
| (\$ in thousands, except share data) | | |
| Assets: | | |
| Cash and cash equivalents | \$ 165,421 | \$ 87,574 |
| Investments | 95,174 | 56,738 |
| Accounts receivable, net | 36,867 | 38,757 |
| Assets of consolidated sponsored investment products | | |
| Cash of consolidated sponsored investment products | 1,149 | 1,513 |
| Cash pledged or on deposit of consolidated sponsored investment products | 944 | 10,353 |
| Investments of consolidated sponsored investment products | 137,140 | 323,335 |
| Other assets of consolidated sponsored investment products | 2,560 | 8,549 |
| Assets of consolidated investment product | | |
| Cash equivalents of consolidated investment product | 12,703 | 8,297 |
| Investments of consolidated investment product | 360,210 | 199,485 |
| Other assets of consolidated investment product | 4,628 | 1,467 |
| Furniture, equipment and leasehold improvements, net | 7,864 | 9,116 |
| Intangible assets, net | 39,030 | 40,887 |
| Goodwill | 6,788 | 6,701 |
| Deferred taxes, net | 44,623 | 54,143 |
| Other assets | 14,463 | 12,814 |
| Total assets | \$ 929,564 | \$ 859,729 |
| Liabilities and Equity | | |
| Liabilities: | | |
| Accrued compensation and benefits | \$ 37,813 | \$ 49,617 |
| Accounts payable and accrued liabilities | 21,429 | 23,036 |
| Dividends payable | 4,117 | 4,233 |
| Other liabilities | 13,619 | 13,051 |
| Liabilities of consolidated sponsored investment products | 2,930 | 15,387 |
| Liabilities of consolidated investment product | | |
| Debt of consolidated investment product | — | 152,597 |
| Notes payable of consolidated investment product | 323,852 | — |
| Securities purchased payable and other liabilities of consolidated investment product | 25,704 | 18,487 |
| Total liabilities | 429,464 | 276,408 |
| Commitments and Contingencies (Note 13) | | |
| Redeemable noncontrolling interests | 30,301 | 73,864 |
| Equity: | | |
| Equity attributable to stockholders: | | |
| Common stock, \$0.01 par value, 1,000,000,000 shares authorized; 9,112,052 shares issued and 7,609,753 shares outstanding at September 30, 2016 and 9,613,088 shares issued and 8,398,944 shares outstanding at December 31, 2015 | 91 | 96 |
| Additional paid-in capital | 1,089,350 | 1,140,875 |
| Accumulated deficit | (436,705) | (472,614) |
| Accumulated other comprehensive loss | (235) | (1,034) |
| Treasury stock, at cost, 1,502,299 and 1,214,144 shares at September 30, 2016 and December 31, 2015, respectively | (182,702) | (157,699) |

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| | | |
|---|------------|------------|
| Total equity attributable to stockholders | 469,799 | 509,624 |
| Noncontrolling interests | — | (167) |
| Total equity | 469,799 | 509,457 |
| Total liabilities and equity | \$ 929,564 | \$ 859,729 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Virtus Investment Partners, Inc.
 Condensed Consolidated Statements of Operations
 (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|--|----------|------------------------------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| (\$ in thousands, except per share data) | | | | |
| Revenues | | | | |
| Investment management fees | \$60,398 | \$64,891 | \$176,234 | \$204,254 |
| Distribution and service fees | 12,116 | 15,587 | 36,761 | 52,820 |
| Administration and transfer agent fees | 9,588 | 11,614 | 29,085 | 37,233 |
| Other income and fees | 222 | 283 | 624 | 1,555 |
| Total revenues | | | | |