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 March 31, 2024

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

VIRTUS INVESTMENT PARTNERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**26-3962811**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One Financial Plaza , Hartford , CT 06103
(Address of principal executive offices, including Zip Code)

(800) 248-7971
(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	VRTS	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 7,127,881 as of May 1, 2024.

VIRTUS INVESTMENT PARTNERS, INC.
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"We," "us," "our," the "Company," and "Virtus" as used in this Quarterly Report on Form 10-Q (the "10-Q") refer to Virtus Investment Partners, Inc., a Delaware corporation, and its subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

(in thousands, except share data)	March 31, 2024	December 31, 2023
Assets:		
Cash and cash equivalents	$ 123,880	$ 239,602
Investments	127,448	132,696
Accounts receivable, net	116,387	109,076
Assets of consolidated investment products ("CIP")		
Cash and cash equivalents of CIP	123,030	100,732
Cash pledged or on deposit of CIP	767	680
Investments of CIP	2,081,225	2,082,713
Other assets of CIP	31,848	43,235
Furniture, equipment and leasehold improvements, net	26,088	26,216
Intangible assets, net	416,784	432,119
Goodwill	397,098	397,098
Deferred taxes, net	23,974	25,024
Other assets	79,596	89,438
Total assets	$ 3,548,125	$ 3,678,629
Liabilities and Equity		
Liabilities:		
Accrued compensation and benefits	$ 95,591	$ 200,837
Accounts payable and accrued liabilities	44,282	38,756
Dividends payable	16,553	17,291
Contingent consideration	66,704	90,938
Debt	253,008	253,412
Other liabilities	67,460	91,471
Liabilities of CIP		
Notes payable of CIP	1,922,051	1,922,243
Securities purchased payable and other liabilities of CIP	91,288	90,523
Total liabilities	2,556,937	2,705,471
Commitments and Contingencies (Note 14)		
Redeemable noncontrolling interests	115,185	104,869
Equity:		
Equity attributable to Virtus Investment Partners, Inc.:		
Common stock, $ 0.01 par value, 1,000,000,000 shares authorized; 12,224,489 shares issued and 7,127,881 shares outstanding at March 31, 2024; and 12,163,228 shares issued and 7,087,728 shares outstanding at December 31, 2023	122	122
Additional paid-in capital	1,298,157	1,300,999
Retained earnings (accumulated deficit)	223,023	207,356
Accumulated other comprehensive income (loss)	(187)	(87)
Treasury stock, at cost, 5,096,608 and 5,075,500 shares at March 31, 2024 and December 31, 2023, respectively	(649,463)	(644,464)
Total equity attributable to Virtus Investment Partners, Inc.	871,652	863,926
Noncontrolling interests	4,351	4,363
Total equity	876,003	868,289
Total liabilities and equity	$ 3,548,125	$ 3,678,629

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

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

(in thousands, except per share data)	Three Months Ended March 31, 2024	2023
Revenues		
Investment management fees	$ 188,360	$ 164,478
Distribution and service fees	14,030	14,153
Administration and shareholder service fees	18,678	18,359
Other income and fees	974	884
Total revenues	222,042	197,874
Operating Expenses		
Employment expenses	115,163	98,614
Distribution and other asset-based expenses	24,348	23,715
Other operating expenses	31,375	30,730
Other operating expenses of consolidated investment products ("CIP")	690	700
Restructuring expense	797	—
Depreciation expense	2,028	1,145
Amortization expense	15,335	14,391
Total operating expenses	189,736	169,295
Operating Income (Loss)	32,306	28,579
Other Income (Expense)		
Realized and unrealized gain (loss) on investments, net	3,416	2,670
Realized and unrealized gain (loss) of CIP, net	1,535	2,596
Other income (expense), net	550	(343)
Total other income (expense), net	5,501	4,923
Interest Income (Expense)		
Interest expense	(5,681)	(5,005)
Interest and dividend income	3,469	3,238
Interest and dividend income of investments of CIP	51,115	46,814
Interest expense of CIP	(40,012)	(35,203)
Total interest income (expense), net	8,891	9,844
Income (Loss) Before Income Taxes	46,698	43,346
Income tax expense (benefit)	8,831	8,703
Net Income (Loss)	37,867	34,643
Noncontrolling interests	(8,009)	3,981
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 29,858	$ 38,624
Earnings (Loss) per Share—Basic	$ 4.19	$ 5.33
Earnings (Loss) per Share—Diluted	$ 4.10	$ 5.21
Weighted Average Shares Outstanding—Basic	7,119	7,245
Weighted Average Shares Outstanding—Diluted	7,287	7,410

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

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

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net Income (Loss)	$ 37,867	$ 34,643
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment, net of tax of $ 36 and $(35) for the three months ended March 31, 2024 and 2023, respectively	(100)	99
Other comprehensive income (loss)	(100)	99
Comprehensive income (loss)	37,767	34,742
Comprehensive (income) loss attributable to noncontrolling interests	(8,009)	3,981
Comprehensive Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 29,758	$ 38,723

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

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

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Cash Flows from Operating Activities:		
Net income (loss)	$ 37,867	$ 34,643
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense, intangible asset and other amortization	18,164	16,410
Stock-based compensation	6,831	5,749
Equity in earnings of equity method investments	(498)	554
Realized and unrealized (gains) losses on investments, net	(3,393)	(2,670)
Deferred taxes, net	1,086	1,441
Changes in operating assets and liabilities:		
Sales (purchases) of investments, net	5,987	5,217
Accounts receivable, net and other assets	(341)	8,725
Accrued compensation and benefits, accounts payable, accrued liabilities and other liabilities	(120,631)	(115,514)
Operating activities of consolidated investment products ("CIP"):		
Realized and unrealized (gains) losses on investments of CIP, net	(3,732)	(3,844)
Purchases of investments by CIP	(304,516)	(320,808)
Sales of investments by CIP	323,720	323,380
Net proceeds (purchases) of short-term investments and securities sold short by CIP	206	(218)
Change in other assets and liabilities of CIP	4,722	3,976
Net cash provided by (used in) operating activities	(34,528)	(42,959)
Cash Flows from Investing Activities:		
Capital expenditures	(1,923)	(1,448)
Change in cash and cash equivalents of CIP due to consolidation (deconsolidation), net	(537)	(52)
Purchase of equity method investment	—	(11,645)
Net cash provided by (used in) investing activities	(2,460)	(13,145)
Cash Flows from Financing Activities:		
Repayments on credit agreement	(688)	(688)
Common stock dividends paid	(14,929)	(14,083)
Repurchase of common shares	(5,000)	—
Payment of contingent consideration	(24,234)	(27,179)
Taxes paid related to net share settlement of restricted stock units	(9,854)	(12,209)
Affiliate equity sales (purchases)	(419)	—
Net contributions from (distributions to) noncontrolling interests	16,772	294
Financing activities of CIP:		
Payments on borrowings by CIP	(17,794)	(61,213)
Net cash provided by (used in) financing activities	(56,146)	(115,078)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(203)	180
Net increase (decrease) in cash, cash equivalents and restricted cash	(93,337)	(171,002)
Cash, cash equivalents and restricted cash, beginning of period	341,014	589,179
Cash, cash equivalents and restricted cash, end of period	$ 247,677	$ 418,177
Non-Cash Financing Activities:		
Increase (decrease) to noncontrolling interests due to consolidation (deconsolidation) of CIP, net	$ (13,624)	$ (3,447)
Common stock dividends payable	$ 13,467	$ 11,850

(in thousands)	**March 31, 2024**	**December 31, 2023**
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 123,880	$ 239,602
Cash of CIP	123,030	100,732
Cash pledged or on deposit of CIP	767	680
Cash, cash equivalents and restricted cash at end of period	$ 247,677	$ 341,014

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

Virtus Investment Partners, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Permanent Equity										Temporary Equity
	Common Stock					Treasury Stock					
(in thousands, except per share data)	Shares	Par Value	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Shares	Amount	Total Attributed To Virtus Investment Partners, Inc.	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
Balances at December 31, 2022	7,181,554	$ 120	$ 1,286,244	$ 130,261	$ (358)	4,851,693	$ (599,248)	$ 817,019	$ 5,917	$ 822,936	$ 113,718
Net income (loss)	—	—	—	38,624	—	—	—	38,624	765	39,389	(4,746)
Foreign currency translation adjustments	—	—	—	—	99	—	—	99	—	99	—
Net subscriptions (redemptions) and other	—	—	—	—	—	—	—	—	(300)	(300)	(2,342)
Cash dividends declared ($ 1.65 per common share)	—	—	—	(13,093)	—	—	—	(13,093)	—	(13,093)	—
Issuance of common shares related to employee stock transactions	106,840	1	(1)	—	—	—	—	—	—	—	—
Taxes paid on stock-based compensation	—	—	(12,209)	—	—	—	—	(12,209)	—	(12,209)	—
Stock-based compensation	—	—	7,475	—	—	—	—	7,475	—	7,475	—
Balances at March 31, 2023	7,288,394	$ 121	$ 1,281,509	$ 155,792	$ (259)	4,851,693	$ (599,248)	$ 837,915	$ 6,382	$ 844,297	$ 106,630
Balances at December 31, 2023	7,087,728	$ 122	$ 1,300,999	$ 207,356	$ (87)	5,075,500	$ (644,464)	$ 863,926	$ 4,363	$ 868,289	$ 104,869
Net income (loss)	—	—	—	29,858	—	—	—	29,858	391	30,249	7,618
Foreign currency translation adjustments	—	—	—	—	(100)	—	—	(100)	—	(100)	—
Net subscriptions (redemptions) and other	—	—	—	—	—	—	—	—	(403)	(403)	2,698
Cash dividends declared ($ 1.90 per common share)	—	—	—	(14,191)	—	—	—	(14,191)	—	(14,191)	—
Repurchases of common shares	(21,108)	—	—	—	—	21,108	(4,999)	(4,999)	—	(4,999)	—
Issuance of common shares related to employee stock transactions	61,261	—	—	—	—	—	—	—	—	—	—
Taxes paid on stock-based compensation	—	—	(9,852)	—	—	—	—	(9,852)	—	(9,852)	—
Stock-based compensation	—	—	7,010	—	—	—	—	7,010	—	7,010	—
Balances at March 31, 2024	7,127,881	$ 122	$ 1,298,157	$ 223,023	$ (187)	5,096,608	$ (649,463)	$ 871,652	$ 4,351	$ 876,003	$ 115,185

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

Virtus Investment Partners, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization and Business

Virtus Investment Partners, Inc. (the "Company," "we," "us," "our" or "Virtus"), a Delaware corporation, operates in the investment management industry through its subsidiaries.

The Company provides investment management and related services to institutions and individuals. The Company's investment strategies are offered to institutional clients through institutional separate and commingled accounts, including structured products. The Company's retail investment management services are provided to individuals through products consisting of: mutual funds registered pursuant to the Investment Company Act of 1940, as amended ("U.S. retail funds"); Undertaking for Collective Investment in Transferable Securities and Qualifying Investor Funds (collectively, "global funds") and collectively with U.S. retail funds, variable insurance funds, and exchange-traded funds ("ETFs"), (the "open-end funds"); closed-end funds (collectively, with open-end funds, the "funds"); and retail separate accounts that include intermediary-sold and private client accounts. The Company also provides subadvisory services to other investment advisers.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the Company's financial condition and results of operations. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report on Form 10-K") filed with the Securities and Exchange Commission (the "SEC"). The Company's significant accounting policies, which have been consistently applied, are summarized in its 2023 Annual Report on Form 10-K.

New Accounting Standards Not Yet Implemented

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280)*. This standard updates reportable segment disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss and provides new segment disclosure requirements for entities with a single reportable segment. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted, with the amendments to be applied retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating the impact of adopting this standard and, at this time, does not anticipate it will have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740).* This standard updates income tax disclosure requirements by requiring disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. This standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of evaluating the impact of adopting this standard and, at this time, does not anticipate it will have a material impact on its consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718), Scope Application of Profits Interest and Similar Awards.* This standard provides clarity regarding whether profits interest and similar awards are within the scope of Topic 718 of the Accounting Standards Codification. This standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of evaluating the impact of adopting this standard and, at this time, does not anticipate it will have a material impact on its consolidated financial statements.

3. Revenues

The Company's revenues are recognized when a performance obligation is satisfied, which occurs when control of the services is transferred to customers. Investment management fees, distribution and service fees, and administration and shareholder service fees are generally calculated as a percentage of average net assets of the investment portfolios managed. The net asset values from which these fees are calculated are variable in nature and subject to factors outside of the Company's control, such as additional investments, withdrawals and market performance. Because of this, these fees are considered constrained until the end of the contractual measurement period (monthly or quarterly), which is when asset values are generally determinable.

Investment Management Fees by Source

The following table summarizes investment management fees by source:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Investment management fees		
Open-end funds	$ 78,680	$ 71,266
Closed-end funds	14,394	14,678
Retail separate accounts	48,981	40,079
Institutional accounts	46,305	38,455
Total investment management fees	**$ 188,360**	**$ 164,478**

4. Acquisitions

AlphaSimplex Group, LLC

On April 1, 2023, the Company completed the acquisition of AlphaSimplex Group, LLC ("AlphaSimplex"), which was accounted for in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805"). The total purchase price paid of $ 113.4 million was allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of the acquisition. Goodwill of $ 48.3 million and intangible assets of $ 55.4 million were recorded for the acquisition.

5. Intangible Assets, Net

Below is a summary of intangible assets, net:

	Definite-Lived			Indefinite-Lived	Total
(in thousands)	Gross Book Value	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Balances at December 31, 2023	$ 806,655	$ (416,834)	$ 389,821	$ 42,298	$ 432,119
Intangible amortization	—	(15,335)	(15,335)	—	(15,335)
Balances at March 31, 2024	**$ 806,655**	**$ (432,169)**	**$ 374,486**	**$ 42,298**	**$ 416,784**

Definite-lived intangible asset amortization for the remainder of fiscal year 2024 and succeeding fiscal years is estimated as follows:

Fiscal Year	Amount *(in thousands)*
Remainder of 2024	$ 40,964
2025	51,532
2026	50,552
2027	47,450
2028	41,787
2029 and thereafter	142,201
Total	**$ 374,486**

6. Investments

Investments consist primarily of investments in the Company's sponsored products. The Company's investments, excluding the assets of consolidated investment products ("CIP") discussed in Note 16, at March 31, 2024 and December 31, 2023 were as follows:

(in thousands)	March 31, 2024	December 31, 2023
Investment securities - fair value	$ 90,497	$ 97,304
Equity method investments (1)	23,208	22,710
Nonqualified retirement plan assets	13,743	12,682
Total investments	**$ 127,448**	**$ 132,696**

(1) The Company's equity method investments are valued on a three-month lag based upon the availability of financial information.

Investment Securities - fair value

Investment securities - fair value consist of investments in the Company's sponsored funds and separately managed accounts. The composition of the Company's investment securities - fair value was as follows:

	March 31, 2024		December 31, 2023	
(in thousands)	Cost	Fair Value	Cost	Fair Value
Investment Securities - fair value				
Sponsored funds	$ 69,067	$ 69,514	$ 80,794	$ 77,433
Equity securities	16,875	20,983	16,353	19,871
Total investment securities - fair value	**$ 85,942**	**$ 90,497**	**$ 97,147**	**$ 97,304**

For the three months ended March 31, 2024 and 2023, the Company recognized net realized losses of $ 0.4 million and net realized gains $ 1.3 million, respectively, related to its investment securities - fair value.

7. Fair Value Measurements

The Company's assets and liabilities measured at fair value on a recurring basis, excluding the assets and liabilities of CIP discussed in Note 16, as of March 31, 2024 and December 31, 2023 by fair value hierarchy level were as follows:

March 31, 2024

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 92,458	$ —	$ —	$ 92,458
Investment securities - fair value				
Sponsored funds	69,514	—	—	69,514
Equity securities	20,983	—	—	20,983
Nonqualified retirement plan assets	13,743	—	—	13,743
Total assets measured at fair value	**$ 196,698**	**$ —**	**$ —**	**$ 196,698**
Liabilities				
Contingent consideration	$ —	$ —	$ 41,708	$ 41,708
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 41,708**	**$ 41,708**

December 31, 2023				
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash equivalents	$ 197,240	$ —	$ —	$ 197,240
Investment securities - fair value				
Sponsored funds	77,433	—	—	77,433
Equity securities	19,871	—	—	19,871
Nonqualified retirement plan assets	12,682	—	—	12,682
Total assets measured at fair value	**$ 307,226**	**$ —**	**$ —**	**$ 307,226**
Liabilities				
Contingent consideration	$ —	$ —	$ 56,200	$ 56,200
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 56,200**	**$ 56,200**

The following is a discussion of the valuation methodologies used for the Company's assets measured at fair value:

Cash equivalents represent investments in money market funds. Cash investments in money market funds are valued using published net asset values and are classified as Level 1.

Sponsored funds represent investments in open-end funds, closed-end funds and ETFs for which the Company acts as the investment manager. The fair value of open-end funds is determined based on their published net asset values and are categorized as Level 1. The fair value of closed-end funds and ETFs is determined based on the official closing price on the exchange on which they are traded and are categorized as Level 1.

Equity securities represent securities traded on active markets, are valued at the official closing price (typically the last sale or bid) on the exchange on which the securities are primarily traded and are categorized as Level 1.

Nonqualified retirement plan assets represent mutual funds within the Company's nonqualified retirement plan whose fair value is determined based on their published net asset value and are categorized as Level 1.

Contingent consideration represents liabilities associated with the Company's Westchester Capital Management ("WCM") and NFJ Investment Group ("NFJ") transactions . The continent consideration related to the WCM transaction as of March 31, 2024 was $ 11.1 million and represents the fair value of future potential earn-out payments based on pre-established performance metrics related to revenue growth rates. The estimated fair value of the WCM liability is measured using an options pricing model valuation technique utilizing unobservable market data inputs prepared with the assistance of an independent valuation firm. The most significant unobservable inputs used relate to the aforementioned revenue growth rates, discount rate (range of 6 %- 7 %) and the market price of risk adjustment (9 %). The NFJ contingent consideration liability as of March 31, 2024 was $ 30.6 million and represents the fair value of the projected future revenue participation payments. The NFJ revenue participation payments consist of variable payments based on a percentage of the investment management fees earned on certain NFJ managed assets. The estimated fair value of the NFJ liability is measured using an options pricing model valuation technique utilizing unobservable market data inputs prepared with the assistance of an independent valuation firm. The most significant unobservable inputs used relate to the revenue growth rates, discount rates (range of 6 % - 7 %) and the market price of risk adjustment (7 %). These liabilities are categorized as Level 3.

The following table presents a reconciliation of beginning and ending balances of the Company's contingent consideration liabilities:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Contingent consideration, beginning of period	$ 56,200	$ 78,100
Reduction for payments made	(14,492)	(16,390)
Contingent consideration, end of period	**$ 41,708**	**$ 61,710**

Cash, accounts receivable, accounts payable and accrued liabilities equal or approximate fair value based on the short-term nature of these instruments.

8. Equity Transactions

Dividends Declared

On February 21, 2024, the Company declared a quarterly cash dividend of $ 1.90 per common share to be paid on May 15, 2024 to shareholders of record at the close of business on April 30, 2024.

Common Stock Repurchases

During the three months ended March 31, 2024, the Company repurchased 21,108 common shares at a weighted average price of $ 236.84 per share for a total cost, including fees and expenses, of $ 5.0 million under its share repurchase program. As of March 31, 2024, 583,437 shares remained available for repurchase. Under the terms of the program, the Company may repurchase shares of its common stock from time to time at its discretion through open market repurchases, privately negotiated transactions and/or other mechanisms, depending on price and prevailing market and business conditions. The program, which has no specified term, may be suspended or terminated at any time.

9. Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) were as follows:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Balance at beginning of period	$ (87)	$ (358)
Net current-period other comprehensive income (loss) (1)	(100)	99
Balance at end of period	**$ (187)**	**$ (259)**

(1) Consists of foreign currency translation adjustments, net of tax of $ 36 and $(35) for the three months ended March 31, 2024 and 2023, respectively.

10. Stock-Based Compensation

Equity-based awards, including restricted stock units ("RSUs"), performance stock units ("PSUs"), stock options and unrestricted shares of common stock, may be granted to officers, employees and directors of the Company pursuant to the Company's Omnibus Incentive and Equity Plan (the "Omnibus Plan"). At March 31, 2024, 375,169 shares of common stock remained available for issuance of the 3,370,000 shares that are authorized for issuance under the Omnibus Plan.

Stock-based compensation expense is summarized as follows:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Stock-based compensation expense	$ 6,831	$ 5,749

Restricted Stock Units

Each RSU entitles the holder to one share of common stock when the restriction expires. RSUs may be time-vested or performance-contingent PSUs that convert into RSUs after performance measurement is complete and generally vest in one to three years . Shares that are issued upon vesting are newly issued shares from the Omnibus Plan and are not issued from treasury stock.

RSU activity, inclusive of PSUs, for the three months ended March 31, 2024 is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	344,717	$ 204.48
Granted	108,658	$ 235.14
Forfeited	(8,333)	$ 261.65
Settled	(103,849)	$ 229.92
Outstanding at March 31, 2024	**341,193**	**$ 205.10**

For the three months ended March 31, 2024 and 2023, a total of 42,588 and 70,716 RSUs, respectively, were withheld by the Company as a result of net share settlements to settle minimum employee tax withholding obligations and for which the Company paid $ 9.9 million and $ 12.2 million respectively, in minimum employee tax withholding obligations. These net share settlements had the effect of share repurchases by the Company as they reduced the number of shares that would have otherwise been issued as a result of the vesting.

During the three months ended March 31, 2024 and 2023, the Company granted 26,733 and 44,291 PSUs, respectively, that contain performance-based metrics in addition to a service condition. Compensation expense for PSUs is generally recognized over a three-year service period based upon the value determined using a combination of (i) the intrinsic value method for awards that contain a performance metric that represents a "performance condition" in accordance with ASC 718, *Stock Compensation* ("ASC 718") and (ii) the Monte Carlo simulation valuation model for awards that contain a "market condition" performance metric under ASC 718. Compensation expense for PSU awards that contain a market condition is fixed at the date of grant and will not be adjusted in future periods based upon the achievement of the market condition. Compensation expense for PSU awards with a performance condition is recorded each period based upon a probability assessment of the expected outcome of the performance metric with a final adjustment upon measurement at the end of the performance period.

As of March 31, 2024, unamortized stock-based compensation expense for unvested RSUs and PSUs was $ 45.5 million with a weighted-average remaining contractual life of 1.6 years.

11. Earnings (Loss) Per Share

Earnings (loss) per share ("EPS") is calculated in accordance with ASC 260, *Earnings per Share*. Basic EPS is computed by dividing net income (loss) attributable to Virtus Investment Partners, Inc. by the weighted-average number of common shares outstanding for the period, excluding dilution for potential common stock issuances. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, including shares issuable upon the vesting of RSUs and stock option exercises using the treasury stock method, as determined under the if-converted method.

The computation of basic and diluted EPS is as follows:

	Three Months Ended March 31,	
(in thousands, except per share amounts)	2024	2023
Net Income (Loss)	$ 37,867	$ 34,643
Noncontrolling interests	(8,009)	3,981
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 29,858	$ 38,624
Shares:		
Basic: Weighted-average number of shares outstanding	7,119	7,245
Plus: Incremental shares from assumed conversion of dilutive instruments	168	165
Diluted: Weighted-average number of shares outstanding	7,287	7,410
Earnings (Loss) per Share—Basic	**$ 4.19**	**$ 5.33**
Earnings (Loss) per Share—Diluted	**$ 4.10**	**$ 5.21**

The following table details the securities that have been excluded from the above computation of weighted-average number of shares for diluted EPS, because the effect would be anti-dilutive.

	Three Months Ended March 31,	
(in thousands)	2024	2023
Restricted stock units	1	40
Total anti-dilutive securities	**1**	**40**

12. Income Taxes

In calculating the provision for income taxes, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances at each interim period. On a quarterly basis, the estimated annual effective tax rate is adjusted, as appropriate, based upon changes in facts and circumstances, if any, compared to those forecasted at the beginning of the fiscal year and at each interim period thereafter.

The provision for income taxes reflected U.S. federal, state and local taxes at an estimated effective tax rate of 18.9 % and 20.1 % for the three months ended March 31, 2024 and 2023, respectively. The lower estimated effective tax rate for the three months ended March 31, 2024 was primarily due to excess tax benefits associated with stock-based compensation and the change in valuation allowances in the current year related to the tax effects of unrealized gains on certain Company investments.

13. Debt

Credit Agreement

The Company's credit agreement, as amended (the "Credit Agreement"), comprises (i) a $ 275.0 million term loan with a seven-year term (the "Term Loan") expiring in September 2028, and (ii) a $ 175.0 million revolving credit facility with a five-year term expiring in September 2026. The Company repaid $ 0.7 million outstanding under the Term Loan during the three months ended March 31, 2024 and had $ 258.1 million outstanding under the Term Loan at March 31, 2024. In accordance with ASC 835, *Interest* , the amounts outstanding under the Company's Term Loan are presented on the Condensed Consolidated Balance Sheet net of related debt issuance costs, which were $ 5.1 million as of March 31, 2024.

14. Commitments and Contingencies

Legal Matters

The Company is involved from time to time in litigation and arbitration, as well as examinations, inquiries and investigations by various regulatory bodies, involving its compliance with, among other things, securities laws, client investment guidelines, laws governing the activities of broker-dealers and other laws and regulations affecting its products and other activities.

The Company records a liability when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. Based on information currently available, available insurance coverage, indemnities and established reserves, the Company believes that the outcomes of its legal and regulatory proceedings are not likely, either individually or in the aggregate, to have a material adverse effect on the Company's results of operations, cash flows or its consolidated financial condition. However, in the event of unexpected subsequent developments, and given the inherent unpredictability of these legal and regulatory matters, the Company can provide no assurance that its assessment of any legal matter will reflect the ultimate outcome, and an adverse outcome in certain matters could have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods.

15. Redeemable Noncontrolling Interests

Redeemable noncontrolling interests represent third-party investments in the Company's CIP and minority interests held in a consolidated affiliate. Minority interests held in the affiliate are subject to holder put rights and Company call rights at established multiples of earnings before interest, taxes, depreciation and amortization and, as such, are considered redeemable at other than fair value. The rights are exercisable at pre-established intervals or upon certain conditions, such as retirement. The put and call rights are not legally detachable or separately exercisable and are deemed to be embedded in the related noncontrolling interests. The Company, in purchasing affiliate equity, has the option to settle in cash or shares of the Company's common stock and is entitled to the cash flow associated with any purchased equity. These minority interests in the affiliate are recorded at estimated redemption value within redeemable noncontrolling interests on the Company's Condensed Consolidated Balance Sheets, and any changes in the estimated redemption value are recorded on the Condensed Consolidated Statements of Operations within noncontrolling interests.

Redeemable noncontrolling interests for the three months ended March 31, 2024 included the following amounts:

(in thousands)	**CIP**	**Affiliate Noncontrolling Interests**	**Total**
Balances at December 31, 2023	$ 30,643	$ 74,226	$ 104,869
Net income (loss) attributable to noncontrolling interests	1,429	1,829	3,258
Changes in redemption value (1)	—	4,360	4,360
Total net income (loss) attributable to noncontrolling interests	1,429	6,189	7,618
Affiliate equity sales (purchases)	—	(419)	(419)
Net subscriptions (redemptions) and other	3,117	—	3,117
Balances at March 31, 2024	**$ 35,189**	**$ 79,996**	**$ 115,185**

(1) Relates to noncontrolling interests redeemable at other than fair value.

16. Consolidation

The condensed consolidated financial statements include the accounts of the Company, its subsidiaries and investment products that are consolidated. A voting interest entity ("VOE") is consolidated when the Company is considered to have a controlling financial interest, which is typically present when the Company owns a majority of the voting interest in an entity or otherwise has the power to govern the financial and operating policies of the entity.

The Company evaluates any variable interest entity ("VIE") in which the Company has a variable interest for consolidation. A VIE is an entity in which either (i) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support, or (ii) where as a group, the holders of the equity investment at risk do not possess any one of the following: (a) the power through voting or similar rights to direct the activities that most significantly impact the entity's economic performance, (b) the obligation to absorb expected losses or the right to receive expected residual returns of the entity, or (c) proportionate voting and economic interests and where substantially all of the entity's activities either involve or are conducted on behalf of an investor with disproportionately fewer voting rights. If an entity has any of these characteristics, it is considered a VIE and is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that has both the power to direct the activities that most significantly impact the VIE's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE.

In the normal course of its business, the Company sponsors various investment products, some of which are consolidated by the Company. CIP includes both VOEs, made up primarily of U.S. retail funds and ETFs in which the Company holds a controlling financial interest, and VIEs, which consist of collateralized loan obligations ("CLO") and certain global and private funds ("GF") of which the Company is considered the primary beneficiary. The consolidation and deconsolidation of these investment products have no impact on the Company's net income (loss). The Company's risk with respect to these investment products is limited to its beneficial interests in these products. The Company has no right to the benefits from, and does not bear the risks associated with, these investment products beyond the Company's investments in, and fees generated from, these products.

The following table presents the balances of CIP that, after intercompany eliminations, were reflected on the Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023:

	As of					
	March 31, 2024			December 31, 2023		
	VOEs	VIEs		VOEs	VIEs	
(in thousands)		CLOs	GFs		CLOs	GFs
Cash and cash equivalents	$ 1,271	$ 119,914	$ 2,612	$ 1,223	$ 98,101	$ 2,088
Investments	40,591	1,962,697	77,937	30,985	1,972,342	79,386
Other assets	616	30,064	1,168	174	41,985	1,076
Notes payable	—	(1,922,051)	—	—	(1,922,243)	—
Securities purchased payable and other liabilities	(1,019)	(88,270)	(1,999)	(740)	(89,167)	(616)
Noncontrolling interests	(12,311)	(4,351)	(22,878)	(7,316)	(4,363)	(23,327)
Net interests in CIP	**$ 29,148**	**$ 98,003**	**$ 56,840**	**$ 24,326**	**$ 96,655**	**$ 58,607**

Consolidated CLOs

The majority of the Company's CIP that are VIEs are CLOs. The financial information of certain CLOs is included on the Company's condensed consolidated financial statements on a one-month lag based upon the availability of their financial information. A majority-owned consolidated private fund, whose primary purpose is to invest in CLOs for which the Company serves as the collateral manager, is also included. At March 31, 2024, the Company consolidated seven CLOs.

Investments of CLOs

The CLOs held investments of $ 2.0 billion at March 31, 2024, consisting of bank loan investments that comprise the majority of the CLOs' portfolio asset collateral and are senior secured corporate loans across a variety of industries. These bank loan investments mature at various dates between 2024 and 2032 and generally pay interest at SOFR plus a spread.

Notes Payable of CLOs

The CLOs held notes payable with a total value, at par, of $ 2.1 billion at March 31, 2024, consisting of senior secured floating rate notes payable with a par value of $ 1.9 billion and subordinated notes with a par value of $ 215.1 million. These note obligations bear interest at variable rates based on SOFR plus a pre-defined spread.

The Company's beneficial interests and maximum exposure to loss related to these consolidated CLOs is limited to (i) ownership in the subordinated notes and (ii) accrued management fees. The secured notes of the consolidated CLOs have contractual recourse only to the related assets of the CLO and are classified as financial liabilities. Although these beneficial interests are eliminated upon consolidation, the application of the measurement alternative prescribed by ASU 2014-13, *Consolidation (Topic 810)* ("ASU 2014-13"), results in the net assets of the consolidated CLOs shown above to be equivalent to the beneficial interests retained by the Company at March 31, 2024, as shown in the table below:

	(in thousands)
Subordinated notes	$ 96,416
Accrued investment management fees	1,587
Total Beneficial Interests	**$ 98,003**

The following table represents income and expenses of the consolidated CLOs included on the Company's Condensed Consolidated Statements of Operations for the period indicated:

	Three Months Ended March 31, 2024
	(in thousands)
Income:	
Realized and unrealized gain (loss), net	$ 1
Interest income	49,280
Total Income	49,281
Expenses:	
Other operating expenses	499
Interest expense	40,011
Total Expense	40,510
Noncontrolling interests	(391)
Net Income (Loss) Attributable to CLOs	**$ 8,380**

The following table represents the Company's own economic interests in the consolidated CLOs, which are eliminated upon consolidation:

	Three Months Ended March 31, 2024
	(in thousands)
Distributions received and unrealized gains (losses) on the subordinated notes held by the Company	$ 6,083
Investment management fees	2,297
Total Economic Interests	**$ 8,380**

Fair Value Measurements of CIP

The assets and liabilities of CIP measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023 by fair value hierarchy level were as follows:

As of March 31, 2024

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 119,914	$ —	$ —	$ 119,914
Debt investments	—	2,003,579	47,551	2,051,130
Equity investments	29,469	384	242	30,095
Total assets measured at fair value	**$ 149,383**	**$ 2,003,963**	**$ 47,793**	**$ 2,201,139**
Liabilities				
Notes payable	$ —	$ 1,922,051	$ —	$ 1,922,051
Short sales	485	—	—	485
Total liabilities measured at fair value	**$ 485**	**$ 1,922,051**	**$ —**	**$ 1,922,536**

As of December 31, 2023

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 98,101	$ —	$ —	$ 98,101
Debt investments	241	2,012,760	36,616	2,049,617
Equity investments	32,642	8	446	33,096
Total assets measured at fair value	**$ 130,984**	**$ 2,012,768**	**$ 37,062**	**$ 2,180,814**
Liabilities				
Notes payable	$ —	$ 1,922,243	$ —	$ 1,922,243
Short sales	518	—	—	518
Total liabilities measured at fair value	**$ 518**	**$ 1,922,243**	**$ —**	**$ 1,922,761**

The following is a discussion of the valuation methodologies used for the assets and liabilities of the Company's CIP measured at fair value:

Level 1 assets represent cash investments in money market funds and debt and equity investments that are valued using published net asset values or the official closing price on the exchange on which the securities are traded.

Level 2 assets represent most debt securities (including bank loans) and certain equity securities (including non-U.S. securities), for which closing prices are not readily available or are deemed to not reflect readily available market prices, and are valued using an independent pricing service. Debt investments, other than bank loans, are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Bank loan investments, which are included as debt investments, are generally priced at the average mid-point of bid and ask quotations obtained from a third-party pricing service. Fair value may also be based upon valuations obtained from independent third-party brokers or dealers utilizing matrix pricing models that consider information regarding securities with similar characteristics.

Level 3 assets include debt and equity securities that are not widely traded, are illiquid or are priced by dealers based on pricing models used by market makers in the security. These securities are valued using unadjusted prices from an independent pricing service.

Level 1 liabilities consist of short sales transactions in which a security is sold that is not owned or is owned but there is no intention to deliver, in anticipation that the price of the security will decline. Short sales are recorded on the Condensed Consolidated Balance Sheets within other liabilities of CIP and are classified as Level 1 based on the underlying equity security.

Level 2 liabilities consist of notes payable issued by CLOs and are measured using the measurement alternative in ASU 2014-13. Accordingly, the fair value of CLO liabilities was measured as the fair value of CLO assets less the sum of (i) the fair value of the beneficial interests held by the Company, and (ii) the carrying value of any beneficial interests that represent compensation for services. The fair value of the beneficial interests held by the Company is based on third-party pricing information without adjustment.

The securities purchased payable at March 31, 2024 and December 31, 2023 approximated fair value due to the short-term nature of the instruments.

The following table is a reconciliation of assets of CIP for Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Balance at beginning of period	$ 37,062	$ 43,581
Realized and unrealized gains (losses), net	(324)	111
Purchases	—	4
Sales	(14,625)	(7,195)
Transfers to Level 2	(13,468)	(35,747)
Transfers from Level 2	39,148	9,904
Balance at end of period (1)	**$ 47,793**	**$ 10,658**

(1) The investments that are categorized as Level 3 were valued utilizing third-party pricing information without adjustment. Transfers in and/or out of levels are reflected when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable/unobservable at period end.

Nonconsolidated VIEs

The Company serves as the collateral manager for other CLOs that are not consolidated. The assets and liabilities of these CLOs reside in bankruptcy remote, special purpose entities in which the Company has no ownership of, nor holds any notes issued by, the CLOs, and provides neither recourse nor guarantees. The Company has determined that the investment management fees it receives for serving as collateral manager for these CLOs did not represent a variable interest as (i) the fees the Company earns are compensation for services provided and are commensurate with the level of effort required to provide the investment management services, (ii) the Company does not hold other interests in the CLOs that individually, or in the aggregate, would absorb more than an insignificant amount of the CLOs' expected losses or receive more than an insignificant amount of the CLOs' expected residual return, and (iii) the investment management arrangement only includes terms, conditions and amounts that are customarily present in arrangements for similar services negotiated at arm's length.

The Company has interests in certain other VIEs that the Company does not consolidate as it is not the primary beneficiary since its interest in these entities does not provide the Company with the power to direct the activities that most significantly impact the entities' economic performance. At March 31, 2024, the carrying value and maximum risk of loss related to the Company's interest in these VIEs was $ 29.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q contains statements that are, or may be considered to be, forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, as amended, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements that are not historical facts, including statements about our beliefs or expectations, are "forward-looking statements." These statements may be identified by such forward-looking terminology as "expect," "estimate," "intent," "plan," "intend," "believe," "anticipate," "may," "will," "should," "could," "continue," "project," "opportunity," "predict," "would," "potential," "future," "forecast," "guarantee," "assume," "likely," "target" or similar statements or variations of such terms.

Our forward-looking statements are based on a series of expectations, assumptions and projections about the Company and the markets in which we operate, are not guarantees of future results or performance, and involve substantial risks and uncertainty, including assumptions and projections concerning our assets under management, net asset inflows and outflows, operating cash flows, business plans and ability to borrow, for all future periods. All forward-looking statements contained in this Quarterly Report on Form 10-Q are as of the date of this Quarterly Report on Form 10-Q only.

We can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially. We do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections, or other circumstances occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. If there are any future public statements or disclosures by us that modify or impact any of the forward-looking statements contained in or accompanying this Quarterly Report on Form 10-Q, such statements or disclosures will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q, resulting from: (i) any reduction in our assets under management; (ii) inability to achieve the expected benefits of strategic transactions; (iii) withdrawal, renegotiation or termination of investment advisory agreements; (iv) damage to our reputation; (v) inability to satisfy financial debt covenants and required payments; (vi) inability to attract and retain key personnel; (vii) challenges from competition; (viii) adverse developments related to unaffiliated subadvisers; (ix) negative changes in key distribution relationships; (x) interruptions, breaches, or failures of technology systems; (xi) loss on our investments; (xii) lack of sufficient capital on satisfactory terms; (xiii) adverse regulatory and legal developments; (xiv) failure to comply with investment guidelines or other contractual requirements; (xv) adverse civil litigation, government investigations, or proceedings; (xvi) unfavorable changes in tax laws or limitations; (xvii) inability to make common stock dividend payments; (xviii) impediments from certain corporate governance provisions; (xix) losses or costs not covered by insurance; (xx) impairment of goodwill or other intangible assets; and other risks and uncertainties. Any occurrence of, or any material adverse change in, one or more risk factors or risks and uncertainties referred to above, in our 2023 Annual Report on Form 10-K, this Quarterly Report on Form 10-Q and our other periodic reports filed with the Securities and Exchange Commission (the "SEC") could materially and adversely affect our operations, financial results, cash flows, prospects and liquidity.

Certain other factors that may impact our continuing operations, prospects, financial results and liquidity, or that may cause actual results to differ from such forward-looking statements, are discussed or included in the Company's periodic reports filed with the SEC and are available on our website at www.virtus.com under "Investor Relations." You are urged to carefully consider all such factors.

Overview

Our Business

We provide investment management and related services to institutions and individuals. We use a multi-manager, multi-style approach, offering investment strategies from affiliated managers, each having its own distinct investment style, autonomous investment process and individual brand, as well as from select unaffiliated managers for certain of our retail funds. By offering a broad array of products, we believe we can appeal to a greater number of investors and have offerings across market cycles and through changes in investor preferences. Our earnings are primarily from asset-based fees charged for services relating to these various products, including investment management, fund administration, distribution, and shareholder services.

We offer investment strategies for institutional and individual investors in different investment products and through multiple distribution channels. Our investment strategies are available in a diverse range of styles and disciplines, managed by differentiated investment managers. We have offerings in various asset classes (equity, fixed income, multi-asset and alternatives), geographies (domestic, global, international and emerging), market capitalizations (large, mid and small), styles (growth, core and value) and investment approaches (fundamental and quantitative). Our institutional products are offered through institutional separate accounts and commingled accounts, including structured products to a variety of institutional clients. Our products include open-end funds, closed-end funds and retail separate accounts. We also provide subadvisory services to other investment advisers.

Our institutional distribution resources include affiliate-specific sales teams primarily focused on the U.S. market, supported by shared consultant relations and U.S. and non-U.S. institutional sales distribution. Our institutional products are marketed through relationships with consultants as well as directly to clients. We target key market segments, including foundations and endowments, corporations, public and private pension plans, sovereign wealth funds and subadvisory relationships.

Our retail distribution resources in the U.S. consist of regional sales professionals, a national account relationship group and specialized teams for retirement and ETFs. Our U.S. retail funds and retail separate accounts are distributed through financial intermediaries. We have broad distribution access in the U.S. retail market, with distribution partners that include national and regional broker-dealers, independent broker-dealers and registered investment advisers, banks and insurance companies. In many of these firms, we have a number of products that are on preferred "recommended" lists and on fee-based advisory programs. Our private client business is marketed directly to individual clients by financial advisory teams at our affiliated investment managers.

Financial Highlights

- Net income per diluted share was $4.10 in the first quarter of 2024, a decrease of $1.11, or 21.3%, compared to net income per diluted share of $5.21 in the first quarter of 2023.
- Total sales were $7.6 billion in the first quarter of 2024, an increase of $1.3 billion, or 21.6%, from $6.2 billion in the first quarter of 2023. Net flows were $(1.2) billion in the first quarter of 2024 compared to net flows of $(1.9) billion in the first quarter of 2023.
- Assets under management were $179.3 billion at March 31, 2024, an increase of $24.5 billion, or 15.8%, from March 31, 2023.

Assets Under Management

At March 31, 2024, total assets under management were $179.3 billion, representing an increase of $24.5 billion, or 15.8%, from March 31, 2023, and an increase of $7.1 billion, or 4.1%, from December 31, 2023. The increase in total assets under management from March 31, 2023 included $25.7 billion from positive market performance and $7.8 billion from the acquisition of AlphaSimplex Group LLC on April 1, 2023 ("AlphaSimplex"), partially offset by $6.6 billion of net outflows. The increase in total assets under management from December 31, 2023 included $8.7 billion from positive market performance partially offset by $1.2 billion of net outflows.

Assets Under Management by Product

The following table summarizes our assets under management by product:

	As of March 31,		Change	
(in millions)	2024	2023	$	%
Open-End Funds (1)	$ 57,818	$ 53,865	$ 3,953	7.3 %
Closed-End Funds	10,064	10,358	(294)	(2.8) %
Retail Separate Accounts	46,816	37,397	9,419	25.2 %
Institutional Accounts (2)	64,613	53,229	11,384	21.4 %
Total	**$ 179,311**	**$ 154,849**	**$ 24,462**	**15.8 %**
Average Assets Under Management (3)	**$ 173,358**	**$ 152,361**	**$ 20,997**	**13.8 %**

(1) Represents assets under management of U.S. retail funds, global funds, ETFs and variable insurance funds.

(2) Represents assets under management of institutional separate and commingled accounts including structured products.

(3) Averages are calculated as follows:

– Funds - average daily or weekly balances

– Retail Separate Accounts - prior-quarter ending balances

– Institutional Accounts - average of month-end balances

Asset Flows by Product

The following table summarizes asset flows by product:

	Three Months Ended March 31,	
(in millions)	2024	2023
Open-End Funds (1)		
Beginning balance	$ 56,062	$ 53,000
Inflows	3,476	3,011
Outflows	(4,104)	(4,792)
Net flows	(628)	(1,781)
Market performance	2,560	2,771
Other (2)	(176)	(125)
Ending balance	**$ 57,818**	**$ 53,865**
Closed-End Funds		
Beginning balance	$ 10,026	$ 10,361
Inflows	—	4
Outflows	—	—
Net flows	—	4
Market performance	239	205
Other (2)	(201)	(212)
Ending balance	**$ 10,064**	**$ 10,358**
Retail Separate Accounts		
Beginning balance	$ 43,202	$ 35,352
Inflows	2,373	1,367
Outflows	(1,695)	(1,288)
Net flows	678	79
Market performance	2,936	1,966
Other (2)	—	—
Ending balance	**$ 46,816**	**$ 37,397**

(in millions)	Three Months Ended March 31, 2024	2023
Institutional Accounts (3)		
Beginning balance	$ 62,969	$ 50,663
Inflows	1,734	1,852
Outflows	(3,022)	(2,047)
Net flows	(1,288)	(195)
Market performance	3,001	2,906
Other (2)	(69)	(145)
Ending balance	**$ 64,613**	**$ 53,229**
Total		
Beginning balance	$ 172,259	$ 149,376
Inflows	7,583	6,234
Outflows	(8,821)	(8,127)
Net flows	(1,238)	(1,893)
Market performance	8,736	7,848
Other (2)	(446)	(482)
Ending balance	**$ 179,311**	**$ 154,849**

(1) Represents assets under management of U.S. retail funds, global funds, ETFs and variable insurance funds.

(2) Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact of non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), current income or capital returned by structured products and the use of leverage.

(3) Represents assets under management of institutional separate and commingled accounts including structured products.

Assets Under Management by Asset Class

The following table summarizes assets under management by asset class:

	As of March 31,		Change		% of Total	
(in millions)	2024	2023	$	%	2024	2023
Asset Class						
Equity	$ 103,501	$ 87,511	$ 15,990	18.3 %	57.7 %	56.5 %
Fixed income	37,037	36,596	441	1.2 %	20.6 %	23.6 %
Multi-asset (1)	21,975	20,597	1,378	6.7 %	12.3 %	13.3 %
Alternatives (2)	16,798	10,145	6,653	65.6 %	9.4 %	6.6 %
Total	**$ 179,311**	**$ 154,849**	**$ 24,462**	**15.8 %**	**100.0 %**	**100.0 %**

(1) Consists of strategies and client accounts with substantial holdings in at least two of the following asset classes: equity, fixed income and alternatives.

(2) Consists of managed futures, event-driven, real estate securities, infrastructure, long/short and other strategies.

Average Assets Under Management and Average Fees Earned

The following tables summarize the average management fees earned in basis points and average assets under management:

	Three Months Ended March 31,			
	Average Fee Earned *(expressed in basis points)*		Average Assets Under Management *(in millions)* (3)	
	2024	2023	2024	2023
Products				
Open-End Funds (1)	49.9	47.6	$ 56,828	$ 54,141
Closed-End Funds	58.7	57.1	9,862	10,424
Retail Separate Accounts	43.9	44.2	43,202	35,352
Institutional Accounts (2)	30.8	31.8	63,466	52,444
All Products	41.9	42.0	**$ 173,358**	**$ 152,361**

(1) Represents assets under management of U.S. retail funds, global funds, ETFs and variable insurance funds.

(2) Represents assets under management of institutional separate and commingled accounts including structured products.

(3) Averages are calculated as follows:

– Funds - average daily or weekly balances

– Retail Separate Accounts - prior-quarter ending balances

– Institutional Accounts - average of month-end balances

Average fees earned represent investment management fees, net of revenue-related adjustments, divided by average net assets, excluding the impact of consolidated investment products ("CIP"). Revenue-related adjustments are based on specific agreements and reflect the portion of investment management fees passed-through to third-party client intermediaries for services to investors in sponsored investment products. Fund fees are calculated based on average daily or weekly net assets. Retail separate account fees are calculated based on the end of the preceding or current quarter's asset values or on an average of month-end balances. Institutional account fees are calculated based on an average of month-end balances, an average of current quarter's asset values or on a combination of the underlying cash flows and the principal value of the product. Average fees earned will vary based on several factors, including the asset mix and expense reimbursements to the funds.

The average fee rate earned on all products for the three months ended March 31, 2024 decreased by 0.1 basis points compared to the same period in the prior year primarily due to a shift in asset mix to lower fee assets partially offset by the addition of alternative strategies with higher fee rates from the AlphaSimplex acquisition.

Results of Operations

Summary Financial Data

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Investment management fees	$ 188,360	$ 164,478	$ 23,882	14.5 %
Other revenue	33,682	33,396	286	0.9 %
Total revenues	222,042	197,874	24,168	12.2 %
Total operating expenses	189,736	169,295	20,441	12.1 %
Operating income (loss)	32,306	28,579	3,727	13.0 %
Other income (expense), net	5,501	4,923	578	11.7 %
Interest income (expense), net	8,891	9,844	(953)	(9.7)%
Income (loss) before income taxes	46,698	43,346	3,352	7.7 %
Income tax expense (benefit)	8,831	8,703	128	1.5 %
Net income (loss)	37,867	34,643	3,224	9.3 %
Noncontrolling interests	(8,009)	3,981	(11,990)	(301.2)%
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 29,858	$ 38,624	$ (8,766)	(22.7)%
Earnings (loss) per share-diluted	$ 4.10	$ 5.21	$ (1.11)	(21.3)%

In the first quarter of 2024, total revenues increased 12.2% to $222.0 million from $197.9 million in the first quarter of 2023, primarily as a result of increased average assets under management during the current year period compared to the prior year period. Operating income increased $3.7 million to $32.3 million in the first quarter of 2024 compared to $28.6 million in the first quarter of 2023, due primarily to the aforementioned increased revenue, partially offset by increased operating expenses due to the addition of AlphaSimplex.

Revenues

Revenues by source were as follows:

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Investment management fees				
Open-end funds	$ 78,680	$ 71,266	$ 7,414	10.4 %
Closed-end funds	14,394	14,678	(284)	(1.9)%
Retail separate accounts	48,981	40,079	8,902	22.2 %
Institutional accounts	46,305	38,455	7,850	20.4 %
Total investment management fees	188,360	164,478	23,882	14.5 %
Distribution and service fees	14,030	14,153	(123)	(0.9)%
Administration and shareholder service fees	18,678	18,359	319	1.7 %
Other income and fees	974	884	90	10.2 %
Total Revenues	**$ 222,042**	**$ 197,874**	**$ 24,168**	**12.2 %**

Investment Management Fees

Investment management fees are earned based on a percentage of assets under management and are paid pursuant to the terms of the respective investment management agreements, which generally require monthly or quarterly payments. Investment management fees increased by $23.9 million, or 14.5%, for the three months ended March 31, 2024, compared to the same period in the prior year primarily due to the increase in average assets under management.

Distribution and Service Fees

Distribution and service fees are sales- and asset-based fees earned from open-end funds for marketing and distribution services. Distribution and service fees remained consistent during the three months ended March 31, 2024, compared to the same period in the prior year.

Administration and Shareholder Service Fees

Administration and shareholder service fees represent fees earned for fund administration and shareholder services from our U.S. retail funds, ETFs and certain closed-end funds. Fund administration and shareholder service fees increased by $0.3 million, or 1.7%, for the three months ended March 31, 2024, compared to the same period in the prior year primarily due to the addition of AlphaSimplex.

Other Income and Fees

Other income and fees primarily represent fees related to other fee-earning assets and contingent sales charges earned from investor redemptions of certain shares sold without a front-end sales charge. Other income and fees remained consistent during the three months ended March 31, 2024, compared to the same period in the prior year.

Operating Expenses

Operating expenses by category were as follows:

	Three Months Ended March 31,		Change	
(in thousands)	**2024**	**2023**	**$**	**%**
Operating expenses				
Employment expenses	$ 115,163	$ 98,614	$ 16,549	16.8 %
Distribution and other asset-based expenses	24,348	23,715	633	2.7 %
Other operating expenses	31,375	30,730	645	2.1 %
Other operating expenses of CIP	690	700	(10)	(1.4)%
Restructuring expense	797	—	797	N/M
Depreciation expense	2,028	1,145	883	77.1 %
Amortization expense	15,335	14,391	944	6.6 %
Total operating expenses	**$ 189,736**	**$ 169,295**	**$ 20,441**	**12.1 %**

N/M - Not meaningful

Employment Expenses

Employment expenses consist of fixed and variable compensation and related employee benefit costs. Employment expenses of $115.2 million increased by $16.5 million, or 16.8%, compared to the same period in the prior year primarily due to the addition of AlphaSimplex and an increase in profit- and sales-based compensation in the current year.

Distribution and Other Asset-Based Expenses

Distribution and other asset-based expenses consist primarily of payments to third-party client intermediaries for providing services to investors in sponsored investment products. These payments are primarily based on assets under management. Distribution and other asset-based expenses also include the amortization of deferred sales commissions related to up-front commissions on shares sold without a front-end sales charge to shareholders. The deferred sales commissions are amortized on a straight-line basis over the period commissions are recovered from distribution fee revenues and contingent sales charges received upon redemption of shares. During the three months ended March 31, 2024, distribution and other asset-based expenses increased $0.6 million, or 2.7%, compared to the same period in the prior year primarily due to an increase in assets under management in share classes that have asset-based distribution and other asset-based expenses.

Other Operating Expenses

Other operating expenses primarily consist of investment research and technology costs, professional fees, travel and distribution-related costs, rent and occupancy expenses, and other business costs. Other operating expenses increased $0.6 million, or 2.1%, for the three months ended March 31, 2024, compared to the same period in the prior year. The increase was primarily attributable to the addition of AlphaSimplex partially offset by lower professional fees in the current year period.

Other Operating Expenses of CIP

Other operating expenses of CIP remained consistent during the three months ended March 31, 2024 compared to the same period in the prior year.

Depreciation Expense

Depreciation expense consists primarily of the straight-line depreciation of furniture, equipment and leasehold improvements. Depreciation expense increased $0.9 million, or 77.1%, for the three months ended March 31, 2024, compared to the respective period in the prior year. The increase was primarily due to the addition of AlphaSimplex and software and equipment purchases in the prior year and depreciation expense for new office space.

Amortization Expense

Amortization expense consists of the amortization of definite-lived intangible assets over their estimated useful lives. Amortization expense increased $0.9 million, or 6.6%, for the three months ended March 31, 2024, compared to the same period in the prior year, primarily due to the addition of AlphaSimplex.

Other Income (Expense)

Other Income (Expense), net by category were as follows:

	Three Months Ended March 31,		Change	
(in thousands)	**2024**	**2023**	**$**	**%**
Other Income (Expense)				
Realized and unrealized gain (loss) on investments, net	$ 3,416	$ 2,670	$ 746	27.9 %
Realized and unrealized gain (loss) of CIP, net	1,535	2,596	(1,061)	(40.9)%
Other income (expense), net	550	(343)	893	(260.3)%
Total Other Income (Expense), net	**$ 5,501**	**$ 4,923**	**$ 578**	**11.7 %**

Realized and unrealized gain (loss) on investments, net

Realized and unrealized gain (loss) on investments, net changed during the three months ended March 31, 2024 by $0.7 million, compared to the same period in the prior year. The realized and unrealized gains and losses reflect changes in overall market conditions for the respective periods.

Realized and unrealized gain (loss) of CIP, net

Realized and unrealized gain (loss) of CIP, net changed by $(1.1) million during the three months ended March 31, 2024, compared to the same period in the prior year. The change for the three months ended March 31, 2024 consisted primarily of unrealized losses of $17.9 million due to changes in market values of leveraged loans, partially offset by changes in unrealized gains of $16.8 million related to the value of the notes payable.

Other income (expense), net

Other income (expense), net changed by $0.9 million during the three months ended March 31, 2024, compared to the same period in the prior year primarily due to changes in the gains and losses on our equity method investments.

Interest Income (Expense)

Interest Income (Expense), net by category were as follows:

	Three Months Ended March 31,		Change	
(in thousands)	**2024**	**2023**	**$**	**%**
Interest Income (Expense)				
Interest expense	$ (5,681)	$ (5,005)	$ (676)	13.5 %
Interest and dividend income	3,469	3,238	231	7.1 %
Interest and dividend income of investments of CIP	51,115	46,814	4,301	9.2 %
Interest expense of CIP	(40,012)	(35,203)	(4,809)	13.7 %
Total Interest Income (Expense), net	**$ 8,891**	**$ 9,844**	**$ (953)**	**(9.7)%**

Interest Expense

Interest expense increased $0.7 million, or 13.5%, during the three months ended March 31, 2024, compared to the same period in the prior year due primarily to higher average interest rates during the current year period.

Interest and Dividend Income

Interest and dividend income increased $0.2 million, or 7.1%, during the three months ended March 31, 2024, compared to the same period in the prior year. The increase was primarily attributable to both higher interest earned on cash balances and a higher average investment balance in the current year period compared to the prior year period.

Interest and Dividend Income of Investments of CIP

Interest and dividend income of investments of CIP increased $4.3 million, or 9.2%, for the three months ended March 31, 2024, compared to the same period in the prior year. The increase was primarily due to higher average interest rates during the current year period and the addition of a CLO in the third quarter of 2023.

Interest Expense of CIP

Interest expense of CIP represents interest expense on the notes payable of CIP. Interest expense of CIP increased by $4.8 million, or 13.7%, for the three months ended March 31, 2024, compared to the same period in the prior year primarily due to higher average interest rates and the addition of a CLO in the third quarter of 2023.

Income Tax Expense (Benefit)

The provision for income taxes reflected U.S. federal, state and local taxes at an estimated effective tax rate of 18.9% and 20.1% for the three months ended March 31, 2024 and 2023, respectively. The lower estimated effective tax rate for the three months ended March 31, 2024 was primarily due to excess tax benefits associated with stock-based compensation and the change in valuation allowances in the current year related to the tax effects of unrealized gains on certain of our investments.

Liquidity and Capital Resources

Certain Financial Data

The following table summarizes certain financial data relating to our liquidity and capital resources:

(in thousands)	March 31, 2024	December 31, 2023	Change $	Change %
Balance Sheet Data				
Cash and cash equivalents	$ 123,880	$ 239,602	$ (115,722)	(48.3)%
Investments	127,448	132,696	(5,248)	(4.0)%
Contingent consideration	66,704	90,938	(24,234)	(26.6)%
Debt	253,008	253,412	(404)	(0.2)%
Redeemable noncontrolling interests	115,185	104,869	10,316	9.8 %
Total equity	876,003	868,289	7,714	0.9 %

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Cash Flow Data				
Provided by (Used in):				
Operating activities	$ (34,528)	$ (42,959)	$ 8,431	(19.6)%
Investing activities	(2,460)	(13,145)	10,685	(81.3)%
Financing activities	(56,146)	(115,078)	58,932	(51.2)%

Overview

At March 31, 2024, we had $123.9 million of cash and cash equivalents and $127.4 million of investments, which included $90.5 million of investment securities, compared to $239.6 million of cash and cash equivalents and $132.7 million of investments, which included $97.3 million of investment securities, at December 31, 2023.

Uses of Capital

Our operating expenses consist of employee compensation and related benefit costs and other operating expenses, which primarily consist of investment research, technology costs, professional fees, distribution and occupancy costs, as well as interest on our indebtedness and income taxes. Annual incentive compensation, our largest annual operating cash expenditure, is paid in the first quarter of the year. In 2024 and 2023, we paid $146.1 million and $142.1 million, respectively, in incentive compensation earned during the years ended December 31, 2023 and 2022, respectively.

In addition to operating activities, other uses of cash could include: (i) investments in organic growth, including seeding or launching new products and expanding distribution; (ii) debt principal payments through scheduled amortization or additional paydowns; (iii) dividend payments to common stockholders; (iv) repurchases of our common stock, or withholding obligations for the net settlement of employee share transactions; (v) investments in our technology infrastructure; (vi) investments in inorganic growth opportunities that may require upfront and/or future payments; (vii) integration costs, including restructuring and severance, related to acquisitions, if any; and (viii) purchases of affiliate equity interests.

Capital and Reserve Requirements

Certain of our subsidiaries are registered with the SEC, Central Bank of Ireland (CBI) or other regulators that subject them to certain rules regarding minimum net capital. Failure to meet these requirements could result in adverse consequences to us, including additional reporting requirements, or interruption of our business. At March 31, 2024, these subsidiaries were in compliance with all minimum net capital requirements.

Balance Sheet

Cash and cash equivalents consist of cash in banks and money market fund investments. Investments consist primarily of investments in our sponsored funds. CIP represent investment products for which we provide investment management services and where we have either a controlling financial interest or are considered the primary beneficiary of an investment product that is considered a variable interest entity.

Operating Cash Flow

Net cash used in operating activities of $34.5 million for the three months ended March 31, 2024 decreased by $8.4 million from net cash used in operating activities of $43.0 million for the same period in the prior year primarily due to an increase in cash from higher net income and an increase of $17.1 million in net sales of investments by CIP in the current year period partially offset by an increase in payments in incentive compensation in the current year.

Investing Cash Flow

Cash flows from investing activities consist primarily of capital expenditures and other investing activities related to our business operations. Net cash used in investing activities of $2.5 million for the three months ended March 31, 2024 decreased by $10.7 million from net cash used in investing activities of $13.1 million for the same period in the prior year primarily due to cash paid for an equity method investment in the prior year period that did not reoccur in the current year period.

Financing Cash Flow

Cash flows from financing activities consist primarily of transactions related to our common shares, issuance and repayment of debt by us and CIP, payments of contingent consideration and purchases and sales of noncontrolling interests. Net cash used in financing activities of $56.1 million for the three months ended March 31, 2024 decreased by $58.9 million from net cash used in investing activities of $115.1 million for the same period in the prior year primarily due to a $43.4 million decrease in the repayment on borrowings of CIP and a $16.5 million increase in net contributions from noncontrolling interests.

Credit Agreement

The Company's credit agreement, as amended (the "Credit Agreement"), comprises (i) a $275.0 million term loan with a seven-year term (the "Term Loan") expiring in September 2028, and (ii) a $175.0 million revolving credit facility with a five-year term expiring in September 2026. The Company repaid $0.7 million outstanding under the Term Loan during the three months ended March 31, 2024 and had $258.1 million outstanding under the Term Loan at March 31, 2024. In accordance with ASC 835, *Interest*, the amounts outstanding under the Company's Term Loan are presented on the Condensed Consolidated Balance Sheet net of related debt issuance costs, which were $5.1 million as of March 31, 2024.

Critical Accounting Policies and Estimates

Our financial statements and the accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates. Actual results will vary from these estimates. A discussion of our critical accounting policies and estimates is included in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Annual Report on Form 10-K. A complete description of our significant accounting policies is included in our 2023 Annual Report on Form 10-K. There were no material changes in our critical accounting policies and estimates in the three months ended March 31, 2024.

Recently Issued Accounting Pronouncements

For a discussion of accounting standards, see Note 2 in our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is primarily exposed to market risk associated with unfavorable movements in interest rates and securities prices. During the three months ended March 31, 2024, there were no material changes to the information contained in Part II, Item 7A of the Company's 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024, the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in response to Item 103 of Regulation S-K under "Legal Proceedings" is incorporated by reference from Part I, Financial Information Item 1. "Financial Statements" Note 14 "Commitments and Contingencies" of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the Company's risk factors from those previously reported in our 2023 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

An aggregate of 5,680,045 shares of our common stock have been authorized to be repurchased under a share repurchase program since it was initially approved in 2010 by our Board of Directors. As of March 31, 2024, 583,437 shares remained available for repurchase. Under the terms of the program, we may repurchase shares of our common stock from time to time at our discretion through open market repurchases, privately negotiated transactions and/or other mechanisms, depending on price, prevailing market and business conditions, tax and other financial considerations. The program, which has no specified term, may be suspended or terminated at any time.

The following table sets forth information regarding our share repurchases in each month during the quarter ended March 31, 2024.

Period	Total number of shares purchased	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs (2)	Maximum number of shares that may yet be purchased under the plans or programs (2)
January 1-31, 2024	—	$ —	—	604,545
February 1-29, 2024	9,634	$ 232.77	9,634	594,911
March 1-31, 2024	11,474	$ 240.26	11,474	583,437
Total	21,108		21,108	

(1) Average price paid per share is calculated on a settlement basis and excludes commissions and taxes.

(2) The share repurchases above were completed pursuant to a program announced in the fourth quarter of 2010 and most recently expanded in May 2022. This repurchase program is not subject to an expiration date.

Item 5. Other Information

During the three months ended March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended), adopted , terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. Exhibits

Exhibit Number	Description
31.1	Certification of the Registrant’s Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Registrant’s Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Registrant’s Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 8, 2024

VIRTUS INVESTMENT PARTNERS, INC.

(Registrant)

By: /s/ Michael A. Angerthal

Michael A. Angerthal

Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION UNDER SECTION 302

I, George R. Aylward, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Virtus Investment Partners, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/S/ GEORGE R. AYLWARD

George R. Aylward

President, Chief Executive Officer and Director

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION UNDER SECTION 302

I, Michael A. Angerthal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Virtus Investment Partners, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/S/ MICHAEL A. ANGERTHAL

Michael A. Angerthal

Executive Vice President, Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATIONS OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of Virtus Investment Partners, Inc. (the "Company") for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2024

/s/ GEORGE R. AYLWARD

George R. Aylward
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ MICHAEL A. ANGERTHAL

Michael A. Angerthal
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)