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Virtus Investment Partners, Inc. (VRTS)

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Cherry, and I'll be your conference operator today. I would like to welcome everyone to the Virtus Investment Partners' Quarterly Conference Call. The slide presentation for this call is available in the Investor Relations section of the Virtus website, www.virtus.com. This call is being recorded and will be available for replay on the Virtus website.

At this time, all participants are in a listen-only mode. After the speakers' presentation and remarks, there will be a question-and-answer period and instructions will follow at that time.

I will now turn the conference to your host, Sean Rourke.

Sean P. Rourke

Vice President-Investor Relations, Virtus Investment Partners, Inc.

Thank you and good morning everyone. On behalf of Virtus Investment Partners, I'd like to welcome you to the discussion of our operating and financial results for the first quarter of 2022. Our speakers today are George Aylward, President and CEO; and Mike Angerthal, Chief Financial Officer. Following the prepared remarks, we'll have a Q&A period.

Before we begin, please note the disclosures on page 2 of the slide presentation. Certain matters discussed on this call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and as such are subject to known and unknown risks and uncertainties, including, but not limited to those factors set forth in today's news release and discussed in our SEC filings. These risks and uncertainties may cause actual results to differ materially from those discussed in the statements.

In addition to results presented on a GAAP basis, we use certain non-GAAP measures to evaluate our financial results. Our non-GAAP financial measures are not substitutes for GAAP financial results and should be read in

conjunction with the GAAP results. Reconciliations of these non-GAAP financial measures, the applicable GAAP measures are included in today's news release and financial supplement, which are available on our website.

Now, I'd like to turn the call over to George. George?

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

Thank you, Sean. Good morning, everyone. I'll start with an overview of the results we reported earlier today and then Mike will provide some in more detail.

Our first quarter financial and operating performance in the context of the challenging market environment were strong as well we did have net outflows in open-end funds. The quarter also included strong sales in all product categories, including meaningful growth in funds and institutional, continued positive net flows in retail separate accounts and institutional, higher operating income and earnings per share as adjusted compared with the prior year period, and increased capital return to shareholders.

This is also the first full quarter to include contributions from each of our three recent strategic transactions. AllianzGI, Westchester Capital and Stone Harbor that collectively added complementary and differentiated investment strategies, significantly increased scale and enhanced our distribution capabilities while being financially accretive.

I would also note that of our top 20 funds with positive net flows in the quarter, nine were managed by either AGI, Westchester or Stone Harbor. For our most recent transaction, Stone Harbor. The integration is proceeding as expected and going well. We are making particularly good progress integrating Stone Harbors' global distribution, which will augment our existing resources and enhance non-US distribution opportunities for all our affiliates, including in areas where we previously had limited presence. We are also making progress integrating Stone Harbor's end-to-end operating platform, which will also be available to our other affiliates.

Turning now to a review of the results. Total assets under management after reaching their highest level last quarter declined 2% to \$183.3 billion due to market performance and net outflows, mostly offset by the addition of \$14.7 billion of AUM from Stone Harbor on January 1st. Sales momentum continued despite the significant market volatility with \$9.4 billion of inflows, up sequentially from \$8.7 billion. The momentum, particularly in this type of market, reflects the effectiveness of our distribution capabilities and attractive range of investment strategies that can appeal to investors in varying market environments and as investor preferences and needs shift.

For the quarter, open-end fund sales grew meaningfully with increases in most strategies, and institutional sales reached their second highest quarterly level. For net flows by product, we had [ph] net outflows (4:21) in open-end funds while institutional and retail separate accounts continue to generate positive net flows.

Fund net outflows were higher sequentially impacted by higher redemptions, driven by investor behavior in a volatile market, particularly in the more growth-oriented equity strategies. Though there were notable areas of strength, including strong positive flows in bank loans, alternatives and midcap equity. Fund net outflows were more pronounced in January with some subsequent improvement thereafter.

Institutional net flows were positive for the sixth consecutive quarter, with continued traction at multiple affiliates and from both existing mandates and new accounts, including a significant addition to a Stone Harbor mandate.

Non-US mandates contributed meaningfully to institutional flows, reflecting our investments in distribution and resources over the past several years.

Retail separate accounts generated positive net flows for the 16th consecutive quarter with a 6% organic growth rate. In terms of what we're seeing in April, open-end fund flow trends remain consistent with the first quarter, as does the market volatility. Areas of strength in open-end fund sales inflows continue to include bank loans as well as alternatives. Terms of institutional, our current pipeline of potential business is the strongest we've seen, though it is early in the quarter and markets remain challenged.

Our first quarter financial results reflected the impact from the more challenging markets that began in January, as well as our normal seasonally higher employment expenses. The sequential decline in operating income and margin was primarily a result of those items.

Looking at the more comparable year-over-year period, operating income as adjusted increased 16%, reflecting revenue growth from higher average assets, including the benefit of the three transactions. Earnings per share as adjusted increased 16% over the first quarter of 2021 to \$7.87. The sequential decline in EPS reflected the market-driven revenue decline and the seasonal employment expenses.

Turning now to capital, we increased the level of stock buybacks from \$25 million in the prior quarter to \$30 million. And that's settled in an additional \$13 million for a total of \$43 million repurchased or net settled during the period. Including our dividend, which we raised in the second half of last year, we will return \$57 million to shareholders in the first quarter, which is more than double the \$26 million we returned in the first quarter of last year. This increased return of capital is reflective of our balanced approach to capital management that provides flexibility to prioritize different elements as circumstances warrant.

Our balance sheet remains strong. We ended the quarter with modest net debt position of \$48 million as the first quarter represents our highest order of cash utilization. Given the timing of annual incentives and the quarter also included transaction and revenue participation payments.

With that, I'll turn the call over to Mike. Mike?

Michael A. Angerthal

Chief Financial Officer & Executive Vice President, Virtus Investment Partners, Inc.

Thank you, George. Good morning, everyone. Starting with our results on slide 7 assets under management. At March 31st, the assets under management were \$183.3 billion, down 2% from \$187.2 billion at December 31st. The sequential change reflected \$6.5 billion of market decline and \$2 billion of net outflows, which were largely offset by the addition of the assets from Stone Harbor.

Assets continue to be diversified by product type, with the US retail funds representing 36% of assets, institutional 31%, and retail separate accounts 22%. The recent strategic transactions have furthered our diversification by asset class. Equity assets represented 56% of AUM, down from 63% in the prior year period. Fixed income and alternative assets grew to 25% and 6%, respectively, up from 21% and 3% a year ago. We continue to generate strong relative investment performance across strategies.

At March 31st, approximately 62% of rated fund assets had four or five stars and 90% were in three, four or five star funds. We had 12 funds with AUM of \$1 billion or more that were rated four or five stars, the same level as a year ago, representing a diverse set of strategies from five different managers.

In addition to strong fund performance, as of March 31st, 81% of retail separate account assets and 58% of institutional assets were beating their benchmarks on a three-year basis and 82% of retail separate account assets and 64% of institutional assets were outperforming their benchmarks over five years. Also 80% of institutional assets were exceeding the median performance of their peer groups on the same five year basis.

Turning to slide 8, asset flows. Total sales were \$9.4 billion, up 8% sequentially from \$8.7 billion. By product, fund sales of \$5 billion increased 14% due to higher sales across most strategies. Bank loan fund sales were particularly strong, up 160%, and alternatives were up by 44%. Institutional sales increased 16% to \$2.4 billion, benefiting from both new mandates as well as inflows into existing ones. Retail separate account sales were \$2 billion, down from \$2.2 billion in the fourth quarter. Overall net outflows were \$2 billion as positive flows in institutional and retail separate accounts were more than offset by net outflows in open-end funds.

Reviewing by product, institutional net flows of \$0.8 billion were positive for the sixth consecutive quarter, again benefiting from mandates at multiple affiliates and across asset classes, including a positive emerging markets debt contribution. In retail separate accounts, net inflows were \$0.6 billion, driven by domestic's midcap core with an annualized organic growth rate of 6%.

For open-end funds, net outflows were \$3.4 billion, with net outflows in equity, particularly growth equity consistent with industry trends as well as in convertibles, while bank loans and alternative funds generated positive net inflows.

Turning to slide 9, investment management fees as adjusted up \$196.3 million, declined \$7.1 million or 4% sequentially, reflecting a lower average fee rate and two fewer days, partially offset by higher average AUM, due to the addition of Stone Harbor's institutional assets. The average fee rate for the quarter was 41.9 basis points, down 1.8 basis point, sequentially. The lower fee rate largely reflected a higher proportion of institutional assets due to the Stone Harbor AUM, as well as lower equity assets due to market performance.

Average assets increased \$5.5 billion to \$190.1 billion due to the addition of the Stone Harbor assets in January. However, excluding these assets, average AUM decreased by approximately \$8 billion due to market depreciation and net outflows. Performance fees in the quarter of \$0.6 million were relatively unchanged from the prior quarter level of \$0.7 million. Looking ahead for all products, we continue to believe the range of 41 basis points to 43 basis points is reasonable, with the second quarter at the low end of the range.

Slide 10 shows the five quarter trend in employment expenses. Total employment expenses as adjusted of \$101.6 million, increased 10% sequentially, primarily reflecting \$9.7 million of seasonal items related to the timing of annual incentives, including incremental payroll taxes, benefits and accelerated stock-based compensation expense as a result of equity grants made to retirement eligible employees.

Excluding the seasonal items, employment expenses were essentially flat sequentially. As a percentage of revenues, employment expenses were 45.8%. But excluding the seasonal items, they were 41.4%. The sequential increase, excluding the seasonal items reflected market-driven revenue declines.

Looking forward, we believe a reasonable range for employment expenses as adjusted would be 42% to 44% of revenues, subject to variability based on markets and sales. For the second quarter, absent a notable improvement in the markets, we would be at or above the high end of the range.

Turning to slide 11. Other operating expenses as adjusted were \$29.3 million, up 28% on a sequential basis from \$22.9 million. The sequential increase of \$6.5 million reflected the addition of operating costs for Stone Harbor

and \$1.3 million of business initiative discrete expenses. The incremental expenses from Stone Harbor include valuable enhancements to our global distribution resources and a comprehensive investment in risk operating and technology platform that will eliminate previously planned multiyear initiatives and enhancements, each of which can be leveraged across our affiliates.

Looking forward, we would expect other operating expenses in a range of \$27 million to \$31 million per quarter, with this range reflecting a more normalized level of travel and entertainment activities. For modeling purposes, keep in mind that our annual board of directors equity grants occur in the second quarter.

Slide 12 illustrates the trend in earnings. Operating income as adjusted of \$90.1 million declined \$26.7 million or 23% sequentially due to lower revenues and higher employment and other operating expenses, compared with the prior year quarter operating income as adjusted increased 16% due to growth in the business, including accretive strategic transactions. The operating margin as adjusted of 40.6%, compared with 50.2% in the fourth quarter. Excluding seasonal employment items, the operating margin was 45%, down sequentially, due to lower revenue.

Net income as adjusted of \$7.87 per diluted share, which included \$0.91 of net seasonal expenses, compared with \$10.36 in the fourth quarter and \$6.78 in the first quarter of last year.

Regarding GAAP results, net income per share of \$4.22 decreased from \$6.29 per share in the fourth quarter and included the following items. \$1.97 of realized and unrealized losses on investments, \$0.61 of acquisition and integration costs, and a \$0.57 reduction reflecting the increase in the fair value of the minority interest liability.

Slide 13 shows the trend of our capital liquidity and select balance sheet items. Working capital was \$196 million at March 31st, down sequentially from \$220 million as cash generated by the business was more than offset by \$56 million in return of capital to shareholders as well as the closing payment for Stone Harbor. Cash and equivalents declined sequentially to \$225 million from \$379 million at December 31st. Cash utilization in the quarter included the payment of annual incentives and the AllianzGI revenue participation, as well as the return of capital and Stone Harbor closing payments. As a reminder, the first quarter typically represents the low point of our cash during the year.

At March 31st, gross debt to EBITDA was 0.6 times, the same level as December 31st and down from 0.8 times at March 31st 2021. Net debt at March 31st was \$48 million or 0.1 times EBITDA. We generated \$101 million of EBITDA in the first quarter, down sequentially due to seasonal employment items and lower AUM, but up 16% from the prior-year level.

During the first quarter, we repurchased 125,452 shares of common stock for \$30 million, above the prior quarter level of \$25 million. And net settled an additional 61,859 shares for \$13.4 million to satisfy employee tax obligations. Over the past year, total outstanding shares have been reduced by 2.3%.

Looking ahead with respect to capital management, as they were in the first quarter, share repurchases will continue to be a priority given the stock's recent trading levels.

With that, let me turn the call back over to George. George?

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

Thank you, Mike. So we'll now take everyone's questions. Cherry, would you open up the lines, please?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Sumeet Mody from Piper Sandler. Your line is now open.

Sumeet Mody

Analyst, Piper Sandler & Co.

Hey, thanks. Good morning, guys.

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

Good morning.

Sumeet Mody

Analyst, Piper Sandler & Co.

Just wanted to start on the SMA and institutional businesses. It's good to see another quarter of inflows for both. Just wondering, if you could help us frame how to think about client demand for those products today, maybe contrast that with what you're seeing against kind of retail? And then what dynamics we should be thinking about from the outside that allow for such kind of consistent inflows? Is it mostly performance based as a major driver there or any kind of particular market environment you think that demand could maybe reverse out?

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

Sure. No, it's a great question because there is different behavior within those three categories of open-end funds, retail separate then institutional, even for the very same strategies, right. So it's not unusual for us to actually have a strategy that could be net negative on an open-end side, but actually be positive on either institutional or retail separates. So they can have different behavioral patterns. The more extreme being the institutional versus the open-end fund, whereas the drivers of a lot of the institutional activity because they're usually based upon asset allocation and longer term component building of a portfolio can sometimes behave differently, and including what's in favor and what's out of favor.

On the institutional side, a lot of times we'll see much more of an appetite to use markets, [ph] where a strategy use (22:10) out of favor as an entry point. Whereas on the retail side you sometimes see people behave as an exit point for the very same strategy.

So going through the three pieces, the institutional, we highlighted a bit because I think as you know over the years we've talked about a lot that it was an area of focus for us. We've invested resources, we've hired people. We've tried to introduce as many of our affiliates on the institutional side, particularly the non-US, over the last few years. And then one of the benefits we highlighted from the Stone Harbor transaction was to have even more expanded resources, which really looked at the institutional channel, particularly the non-US as a great opportunity for us because many of our affiliates haven't previously had opportunities there.

So over the last year or two, you've heard us speak to several mandates at multiple affiliates commented about a non-US portion of our business, which, and again, I think Mike may made some reference to it, which within our institutional where we hit our second highest level of sales. Included in that is continued strength in that non-US

piece, which we're really excited about. And as I commented in the outlook for April, the pipeline is strongest, we have seen the pipeline, still early in the quarter, but we see a lot of strength in terms of the diversity as well as the size of some of the potential mandates. So still don't know what will fall or what might redeem, but it's really a positive sign for us.

The retail separate accounts, again, will sort of behave sometimes in the same vein as the retail open-end funds. But generally those are going to be used as parts of longer term portfolios with less trading activity, right. So the average holding period for an open-end fund is significantly different than the average holding period for an SMA. So you can see again, strength on the retail separate.

So, we've continued to grow those as we noted for 16 quarters. A lot of that will really be driven by investor demand and what they're looking for in their opportunity. So our hope there would be, if certain people are looking to take money off the table in some of those strategies, others will see that as an attractive entry point.

And lastly, just reminder – as reminder included in our retail separate accounts, our two channels intermediary sold, but also the private client high net worth business at one of our affiliate Kayne Anderson Rudnick who has a wonderful business on the private client side.

Sumeet Mody

Analyst, Piper Sandler & Co.

Q

Great. Thanks, it was really helpful, George. Just turning to the capital allocation strategy, I mean, I know you guys are always talking about the kind of primary balanced strategy going forward. But given the drawdown we've seen over the course of the first quarter and in April, all the cash flow generation capabilities that have improved despite the market environment and kind of a balance sheet capital today, is this elevated level of buybacks a decent assumption for the appetite going forward, as you trade at such a deep discount to the peer group, how should we think about the quarterly capacity you guys are comfortable buying back in an environments like this?

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

A

Yeah, I mean, as I commented, again, we do have a balanced approach. The good news is we have a strong balance sheet right now and we still have good cash flow and a high margin. So we have the flexibility to do multiple things. As we sort of indicated and highlighted the fact that our approach is flexible and given what we saw in the first quarter even though it was our highest quarter of cash utilization, we increased our stock buybacks and particularly, within that settlements, had a quite a robust amount.

So I kind of highlighted as flexible as well and I think as Mike also indicated that, as we sort of look at what the highest and best use of our capital is, again, we feel very comfortable. We have a very strong balance sheet, good cash flow and that in our views around what to do with that cash particularly given where our stock is trading, absolutely will factor in.

Sumeet Mody

Analyst, Piper Sandler & Co.

Q

Thanks. So, there's one more from me here on just the structure of the distribution effort. Can you just remind us how much is centralized? How much do you have kind of on the specialist sales side? And as you kind of continue to scale the franchise, does full centralization of that sales make any sense for you guys or is that kind of not how you guys think about the long term strategy around the structure of the distribution effort?

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

Well, I'm breaking into two pieces, right. So on the retail side particularly the intermediary distributor retail, that is effectively a shared or centralized service right. So Virtus does face off in the retail space as one-point access to a collection of very different managers who specialize in different asset classes.

So whether you talk about our sales force, our national accounts on the ETF side as well as on the retirement side that is generally done through one coordinated team that works hand-in-hand with each one of our individual affiliates. So that really is the model that we use there and we've been very successful with that and I think our value proposition as one-point access to very different managers is an effective one.

On the institutional side that business is different, where it really is affiliate-driven in the sense that a lot of those clients wanted to have that direct contact with individual affiliates, because we've [ph] commented (27:46) before, we do make available to our affiliates an array of resources to support them in their efforts. And in areas where we can do the most are areas where an individual affiliate may not personally invest in something.

So non-US distribution is a perfect example of that, where we can make talented sales professionals in the non-US market available to sell multiple of our strategies. So the institutional is much more of a hybrid and much more of an affiliate-driven kind of a sales, whereas the retail is highly coordinated and entirely done through that shared service, leveraging specialists from each of our affiliates.

Sumeet Mody*Analyst, Piper Sandler & Co.*

Q

Got it. Thanks so much, George. Thanks for taking my questions.

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

No, no. Thank you.

Operator: Your next question comes from the line of Michael Cyprys from Morgan Stanley. Your line is now open.

Michael J. Cyprys*Analyst, Morgan Stanley & Co. LLC*

Q

Great. Thank you. Good morning.

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

Good morning.

Michael J. Cyprys*Analyst, Morgan Stanley & Co. LLC*

Q

Just on the SMA part of the business, can you just remind us which are some of the largest strategies and affiliates that you currently have available on the SMA platform? And then could you also maybe talk about some of the initiatives that you have in place around getting more strategies or affiliates onto the SMA platform and some of the initiatives for getting those onto broader distribution and intermediary platforms?

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

Sure. So on retail separate accounts Kayne Anderson Rudnick is the largest. We also have strategies available in the fixed income space as well as on the value space. We do spend a lot of time trying to introduce, one of the uses of our seed capital, which you see in our balance sheet is to incubate track records, ultimately to make available. And a lot of times what we'll be doing is [ph] seeding (29:35) track records to ultimately make available in the retail space.

So actually, a lot of the strategies that we're gathering assets for today and last year are strategies we probably seeded three or four years ago, a couple of the Kayne ones in particular, where by seeding this strategy, building the track record, we've then been able to bring them to market. So we continue to see the retail separate account opportunity as a good one. We continue to look to expand to as many strategies as sort of fit into that space.

As indicated before, there are some differences in what works really well in a retail separate account versus a fund because of the way that they're tailored and managed for individual clients. But continue to see that as an attractive area for us.

Michael J. Cyprys*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And then can you just remind us, I believe you guys mostly have a revenue share model. Can you just remind us how that sort of flexes and operates in a down market like what we're seeing year-to-date and month to date?

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

Sure. We actually have a profit based model, right. So our alignment of interests is designed to really incent everyone to generate operating income that so our affiliates share in the profit that they bring to the bottom line, which is what is the profit to the Virtus shareholders. So we think that's a good model in terms of how we run it. And it does facilitate everyone managing to a good margin and managing through difficult times. So that our affiliate incentives are all profit based.

Michael J. Cyprys*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And maybe just last one around capital management. I heard you mentioned the buyback in terms of that being a priority. I didn't hear anything on debt pay down. Is that off the table for now? How are you thinking about that? Maybe bringing that back to the forefront at some point? And then also on M&A, something you guys have spoken about in the past and clearly have executed well against over the years. Just curious where that is on your priority stack today? And maybe you could kind of give us a little bit of a flavor or color for what you're seeing in the marketplace today? And how the current market volatility is maybe accelerating or delaying any sort of potential things you may be thinking about?

George Robert Aylward, Jr.*President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.*

A

Sure. So I'll – on the capital side so again we feel very comfortable because our balance sheet is strong and because our cash flow is strong, that we have the flexibility to do multiple things. We do prioritize different things at different points in the cycle.

So again, in evaluating alternatives between buying back stock or paying down debt that will be influenced by how we believe our stock is trading relative to its actual valuation. So again given the current environment, I don't know Mike, we're in a rush to pay down debt per se. I think our stock price is right now probably slightly more prominent.

When I would go to the M&A, the M&A environment continues to be incredibly active. Again as you noted we have been very active over the years, even though we fundamentally want our growth strategy not to need M&A. We're continuing to look at multiple opportunities. I think the general level of those opportunities has increased.

In terms of the impact of market volatility, it's interesting because I think market volatility will do two things. It might put something on hold or it might make something want to move forward faster in advance of more prolonged down markets. So I think net-net, they still very active. We've been very active in terms of the amount of things that we've looked at and considered and continue to think that that will continue on.

Michael J. Cyprys

Analyst, Morgan Stanley & Co. LLC

Q

And if I can just sneak in one additional one in there, just around the types of things that you're interested in potentially on the M&A front, I think in the past you had suggested on product areas with uncorrelated returns and international distribution. Are those still the at the top of the list? And the others that you would flag in terms of what you're prioritizing or looking at?

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

A

Sure. No, I think you hit it right. So again, generally across the traditional types of it, long only strategies, we have very good coverage with great affiliates. The areas that we have been focusing in on have included other specialized asset classes like emerging market debt, which is one we didn't necessarily have, but in particular alternatives and less correlated strategies, right, So Westchester was a perfect example of the type of thing we wanted something that had less correlation to the market in the event that the markets became more volatile.

Now, as you see in the first quarter, we're very pleased that we did it at that time period because those are the kinds of strategies that would be attractive. So we continue to be interested in things that are less correlated to traditional long equity or fixed income products, things that will expand our distribution footprints, particularly on the institutional and the non-US side. And again, we're always looking for things that will have a strategic rationale.

I feel, you know, we've been very disciplined in what we do. Sometimes we'll look at things and we'll ultimately concluded, it's not a good fit for us, which may mean we may spend some money and then not do anything. So I think we have the ability to be very strategic about what we do, but it will be some things that will sort of build out the foundations for continued future growth.

Michael J. Cyprys

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thanks for taking my questions.

Operator: There are no questions at this time. This concludes your Q&A session. I would like to turn the conference back over to Mr. Aylward.

George Robert Aylward, Jr.

President, Chief Executive Officer & Director, Virtus Investment Partners, Inc.

Great. Right. As always, I just want to thank everyone for joining us today. And we certainly encourage you to reach out if you have any other further questions. Enjoy the rest of your day.

Operator: That concludes today's call. Thank you all for your participation. You may now disconnect.

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