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, 2023

OR

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

For the transition period from ______ to ______

Commission File Number: 001-10994

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

Delaware	**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	The NASDAQ Stock Market LLC

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 7,288,408 as of April 28, 2023.

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, 2023	December 31, 2022
Assets:		
Cash and cash equivalents	$ 213,424	$ 338,234
Investments	115,663	100,330
Accounts receivable, net	97,899	99,274
Assets of consolidated investment products ("CIP")		
Cash and cash equivalents of CIP	204,012	250,301
Cash pledged or on deposit of CIP	741	644
Investments of CIP	2,108,738	2,190,113
Other assets of CIP	49,071	45,445
Furniture, equipment and leasehold improvements, net	19,440	19,123
Intangible assets, net	428,128	442,519
Goodwill	348,836	348,836
Deferred taxes, net	21,696	23,171
Other assets	90,399	94,944
Total assets	$ 3,698,047	$ 3,952,934
Liabilities and Equity		
Liabilities:		
Accrued compensation and benefits	$ 69,103	$ 181,805
Accounts payable and accrued liabilities	38,564	33,200
Dividends payable	14,822	15,812
Contingent consideration	101,221	128,400
Debt	254,621	255,025
Other liabilities	84,945	87,827
Liabilities of CIP		
Notes payable of CIP	2,056,472	2,083,314
Securities purchased payable and other liabilities of CIP	127,372	230,897
Total liabilities	2,747,120	3,016,280
Commitments and Contingencies (Note 14)		
Redeemable noncontrolling interests	106,630	113,718
Equity:		
Equity attributable to Virtus Investment Partners, Inc.:		
Common stock, $0.01 par value, 1,000,000,000 shares authorized; 12,140,087 shares issued and 7,288,394 shares outstanding at March 31, 2023; and 12,033,247 shares issued and 7,181,554 shares outstanding at December 31, 2022	121	120
Additional paid-in capital	1,281,509	1,286,244
Retained earnings (accumulated deficit)	155,792	130,261
Accumulated other comprehensive income (loss)	(259)	(358)
Treasury stock, at cost, 4,851,693 and 4,851,693 shares at March 31, 2023 and December 31, 2022, respectively	(599,248)	(599,248)
Total equity attributable to Virtus Investment Partners, Inc.	837,915	817,019
Noncontrolling interests	6,382	5,917
Total equity	844,297	822,936
Total liabilities and equity	$ 3,698,047	$ 3,952,934

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, 2023	Three Months Ended March 31, 2022
Revenues		
Investment management fees	$ 164,478	$ 206,817
Distribution and service fees	14,153	20,007
Administration and shareholder service fees	18,359	24,344
Other income and fees	884	1,272
Total revenues	197,874	252,440
Operating Expenses		
Employment expenses	98,614	105,993
Distribution and other asset-based expenses	23,715	32,846
Other operating expenses	30,730	31,712
Operating expenses of consolidated investment products ("CIP")	700	740
Depreciation expense	1,145	935
Amortization expense	14,391	14,662
Total operating expenses	169,295	186,888
Operating Income (Loss)	28,579	65,552
Other Income (Expense)		
Realized and unrealized gain (loss) on investments, net	2,670	(2,982)
Realized and unrealized gain (loss) of CIP, net	2,596	(13,344)
Other income (expense), net	(343)	287
Total other income (expense), net	4,923	(16,039)
Interest Income (Expense)		
Interest expense	(5,005)	(2,279)
Interest and dividend income	3,238	328
Interest and dividend income of investments of CIP	46,814	20,380
Interest expense of CIP	(35,203)	(12,088)
Total interest income (expense), net	9,844	6,341
Income (Loss) Before Income Taxes	43,346	55,854
Income tax expense (benefit)	8,703	16,735
Net Income (Loss)	34,643	39,119
Noncontrolling interests	3,981	(6,060)
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 38,624	$ 33,059
Earnings (Loss) per Share—Basic	$ 5.33	$ 4.38
Earnings (Loss) per Share—Diluted	$ 5.21	$ 4.22
Weighted Average Shares Outstanding—Basic	7,245	7,546
Weighted Average Shares Outstanding—Diluted	7,410	7,839

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)	**2023**	**2022**
Net Income (Loss)	$ 34,643	$ 39,119
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment, net of tax of $(35) and $73 for the three months ended March 31, 2023 and 2022, respectively.	99	(50)
Other comprehensive income (loss)	99	(50)
Comprehensive income (loss)	34,742	39,069
Comprehensive (income) loss attributable to noncontrolling interests	3,981	(6,060)
Comprehensive Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 38,723	$ 33,009

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

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

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash Flows from Operating Activities:		
Net income (loss)	$ 34,643	$ 39,119
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense, intangible asset and other amortization	15,910	15,982
Stock-based compensation	5,749	9,547
Amortization of deferred commissions	500	1,471
Payments of deferred commissions	(384)	(949)
Equity in earnings of equity method investments	554	(410)
Realized and unrealized (gains) losses on investments, net	(2,670)	2,983
Sales (purchases) of investments, net	5,217	(7,917)
Deferred taxes, net	1,441	562
Changes in operating assets and liabilities:		
Accounts receivable, net and other assets	9,109	13,841
Accrued compensation and benefits, accounts payable, accrued liabilities and other liabilities	(115,514)	(120,267)
Operating activities of consolidated investment products ("CIP"):		
Realized and unrealized (gains) losses on investments of CIP, net	(3,844)	12,559
Purchases of investments by CIP	(320,808)	(259,071)
Sales of investments by CIP	323,380	209,644
Net proceeds (purchases) of short-term investments and securities sold short by CIP	(218)	(14)
Change in other assets and liabilities of CIP	3,976	1,145
Net cash provided by (used in) operating activities	(42,959)	(81,775)
Cash Flows from Investing Activities:		
Capital expenditures and other asset purchases	(1,448)	(2,510)
Acquisition of businesses, net of cash acquired of $8,443	—	(19,773)
Change in cash and cash equivalents of CIP due to consolidation (deconsolidation), net	(52)	(292)
Purchase of equity method investment	(11,645)	—
Net cash provided by (used in) investing activities	(13,145)	(22,575)
Cash Flows from Financing Activities:		
Payment of long-term debt	(688)	(687)
Common stock dividends paid	(14,083)	(12,663)
Repurchase of common shares	—	(30,000)
Payment of contingent consideration	(27,179)	(33,036)
Taxes paid related to net share settlement of restricted stock units	(12,209)	(13,416)
Net contributions from (distributions to) noncontrolling interests	294	(3,734)
Financing activities of CIP:		
Payments on borrowings by CIP	(61,213)	(52,241)
Net cash provided by (used in) financing activities	(115,078)	(145,777)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	180	(56)
Net increase (decrease) in cash, cash equivalents and restricted cash	(171,002)	(250,183)
Cash, cash equivalents and restricted cash, beginning of period	589,179	586,145
Cash, cash equivalents and restricted cash, end of period	$ 418,177	$ 335,962
Non-Cash Investing Activities:		
Contingent consideration	$ —	$ 1,200
Non-Cash Financing Activities:		
Increase (decrease) to noncontrolling interests due to consolidation (deconsolidation) of CIP, net	$ (3,447)	$ (2,986)
Common stock dividends payable	$ 11,850	$ 11,259

(in thousands)	March 31, 2023	December 31, 2022
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 213,424	$ 338,234
Cash of CIP	204,012	250,301
Cash pledged or on deposit of CIP	741	644
Cash, cash equivalents and restricted cash at end of period	$ 418,177	$ 589,179

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		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Attributed To Virtus Investment Partners, Inc.	Non-controlling Interests	Total Equity	Redeemable Non-controlling Interests
(in thousands, except per share data)	Shares	Par Value				Shares	Amount				
Balances at December 31, 2021	7,506,151	$ 119	$ 1,276,424	$ 60,962	$ 20	4,400,596	$ (509,248)	$ 828,277	$ 8,350	$ 836,627	$ 138,965
Net income (loss)	—	—	—	33,059	—	—	—	33,059	(57)	33,002	6,117
Foreign currency translation adjustments	—	—	—	—	(50)	—	—	(50)	—	(50)	—
Net subscriptions (redemptions) and other	—	—	—	—	—	—	—	—	(487)	(487)	(6,344)
Cash dividends declared ($1.50 per common share)	—	—	—	(12,238)	—	—	—	(12,238)	—	(12,238)	—
Repurchases of common shares	(125,452)	—	—	—	—	125,452	(30,000)	(30,000)	—	(30,000)	—
Issuance of common shares related to employee stock transactions	92,130	1	(1)	—	—	—	—	—	—	—	—
Taxes paid on stock-based compensation	—	—	(13,414)	—	—	—	—	(13,414)	—	(13,414)	—
Stock-based compensation	—	—	10,793	—	—	—	—	10,793	—	10,793	—
Balances at March 31, 2022	7,472,829	$ 120	$ 1,273,802	$ 81,783	$ (30)	4,526,048	$ (539,248)	$ 816,427	$ 7,806	$ 824,233	$ 138,738
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

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 individuals and institutions. 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. Our investment strategies are offered to institutional clients through separate accounts and pooled, or commingled, structures. We also provide subadvisory services to other investment advisers and serve as the collateral manager for structured products.

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, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

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, 2022 (the "2022 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 2022 Annual Report on Form 10-K.

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:

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Investment management fees		
Open-end funds	$ 71,266	$ 97,377
Closed-end funds	14,678	16,940
Retail separate accounts	40,079	49,603
Institutional accounts	38,455	42,897
Total investment management fees	**$ 164,478**	**$ 206,817**

4. Acquisitions

Stone Harbor Investment Partners

On January 1, 2022, the Company acquired Stone Harbor Investment Partners, LLC ("Stone Harbor"), which was accounted for in accordance with ASC 805, *Business Combinations* ("ASC 805"). The total transaction consideration of $30.1 million was allocated to the assets acquired and liabilities assumed, based upon their estimated fair values at the date of the acquisition, as well as goodwill of $10.3 million and definite-lived intangible assets of $10.8 million.

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, 2022	$ 756,028	$ (355,807)	$ 400,221	$ 42,298	$ 442,519
Intangible amortization	—	(14,391)	(14,391)	—	(14,391)
Balances at March 31, 2023	**$ 756,028**	**$ (370,198)**	**$ 385,830**	**$ 42,298**	**$ 428,128**

Definite-lived intangible asset amortization for the remainder of fiscal year 2023 and succeeding fiscal years is estimated as follows:

Fiscal Year	Amount *(in thousands)*
Remainder of 2023	$ 42,573
2024	51,322
2025	46,554
2026	45,575
2027	42,473
2028 and thereafter	157,333
Total	**$ 385,830**

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, 2023 and December 31, 2022 were as follows:

(in thousands)	March 31, 2023	December 31, 2022
Investment securities - fair value	$ 80,654	$ 76,999
Equity method investments (1)	22,755	11,448
Nonqualified retirement plan assets	10,740	10,154
Other investments	1,514	1,729
Total investments	**$ 115,663**	**$ 100,330**

(1) The Company's equity method investments are valued on a three-month lag based upon the availability of financial information. On January 1, 2023, the Company made an additional investment in an existing minority interest in an affiliated manager for $11.6 million including transaction costs.

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:

(in thousands)	March 31, 2023 Cost	March 31, 2023 Fair Value	December 31, 2022 Cost	December 31, 2022 Fair Value
Investment Securities - fair value				
Sponsored funds	$ 69,995	$ 65,551	$ 67,472	$ 62,744
Equity securities	13,511	15,103	13,440	14,255
Total investment securities - fair value	**$ 83,506**	**$ 80,654**	**$ 80,912**	**$ 76,999**

For the three months ended March 31, 2023 and 2022, the Company recognized net realized gains of $1.3 million and $0.1 million on the sale of 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, 2023 and December 31, 2022 by fair value hierarchy level were as follows:

March 31, 2023

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 171,633	$ —	$ —	$ 171,633
Investment securities - fair value				
Sponsored funds	65,551	—	—	65,551
Equity securities	15,103	—	—	15,103
Nonqualified retirement plan assets	10,740	—	—	10,740
Total assets measured at fair value	**$ 263,027**	**$ —**	**$ —**	**$ 263,027**
Liabilities				
Contingent consideration	$ —	$ —	$ 61,710	$ 61,710
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 61,710**	**$ 61,710**

December 31, 2022

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 287,126	$ —	$ —	$ 287,126
Investment securities - fair value				
Sponsored funds	62,744	—	—	62,744
Equity securities	14,255	—	—	14,255
Nonqualified retirement plan assets	10,154	—	—	10,154
Total assets measured at fair value	**$ 374,279**	**$ —**	**$ —**	**$ 374,279**
Liabilities				
Contingent consideration	$ —	$ —	$ 78,100	$ 78,100
Total liabilities measured at fair value	**$ —**	**$ —**	**$ 78,100**	**$ 78,100**

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 business combinations. The estimated fair values are measured using simulation models using unobservable market data inputs prepared with the assistance of an independent valuation firm. These liabilities are categorized as Level 3.

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

The following table presents a reconciliation of beginning and ending balances of recurring fair value measurements classified as Level 3:

	Three Months Ended March 31,	
(in thousands)	2023	2022
Contingent consideration, beginning of period	$ 78,100	$ 88,400
Additions for acquisition	—	1,200
Reduction for payments made	(16,390)	(19,520)
Contingent consideration, end of period	**$ 61,710**	**$ 70,080**

8. Equity Transactions

Dividends Declared

On February 22, 2023, the Company declared a quarterly cash dividend of $1.65 per common share to be paid on May 15, 2023 to stockholders of record at the close of business on April 28, 2023.

9. Accumulated Other Comprehensive Income (Loss)

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

	Three Months Ended March 31,	
(in thousands)	2023	2022
Foreign currency translation adjustments, beginning of period	$ (358)	$ 20
Net current-period other comprehensive income (loss) (1)	99	(50)
Foreign currency translation adjustments, end of period	**$ (259)**	**$ (30)**

(1) Consists of foreign currency translation adjustments, net of tax of $(35) and $73 for the three months ended March 31, 2023 and 2022, 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, 2023, 484,282 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)	2023	2022
Stock-based compensation expense	$ 5,749	$ 9,547

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, 2023 is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	377,087	$ 178.21
Granted	173,425	$ 156.03
Forfeited	(2,364)	$ 90.10
Settled	(177,556)	$ 119.97
Outstanding at March 31, 2023	**370,592**	**$ 196.29**

For the three months ended March 31, 2023 and 2022, a total of 70,716 and 61,859 RSUs, respectively, were withheld by the Company as a result of net share settlements to settle minimum employee tax withholding obligations. The Company paid $12.2 million and $13.4 million for the three months ended March 31, 2023 and 2022, respectively, in minimum employee tax withholding obligations related to RSUs withheld for the net share settlements. 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, 2023, the Company granted 44,291 PSUs 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, 2023, unamortized stock-based compensation expense for unvested RSUs and PSUs was $42.4 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:

(in thousands, except per share amounts)	Three Months Ended March 31, 2023	2022
Net Income (Loss)	$ 34,643	$ 39,119
Noncontrolling interests	3,981	(6,060)
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 38,624	$ 33,059
Shares:		
Basic: Weighted-average number of shares outstanding	7,245	7,546
Plus: Incremental shares from assumed conversion of dilutive instruments	165	293
Diluted: Weighted-average number of shares outstanding	7,410	7,839
Earnings (Loss) per Share—Basic	$ 5.33	$ 4.38
Earnings (Loss) per Share—Diluted	$ 5.21	$ 4.22

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.

(in thousands)	Three Months Ended March 31, 2023	2022
Restricted stock units	40	21
Total anti-dilutive securities	**40**	**21**

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, as 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 20.1% and 30.0% for the three months ended March 31, 2023 and 2022, respectively. The lower estimated effective tax rate for the three months ended March 31, 2023 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. The higher effective tax rate in the prior year period was due to valuation allowances recorded for the tax effects of unrealized losses 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. During the three months ended March 31, 2023, the Company repaid $0.7 million outstanding under its Term Loan. At March 31, 2023, $260.9 million was outstanding under the Term Loan and there were no outstanding borrowings under the revolving credit facility. 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 $6.3 million as of March 31, 2023. On April 3, 2023, the Company borrowed $50.0 million under the revolving credit facility to partially finance its acquisition of AlphaSimplex Group, LLC (see Note 17 for further information).

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 (between four and seven years from their issuance) 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. Minority interests in an 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, 2023 included the following amounts:

(in thousands)	CIP	Affiliate Noncontrolling Interests	Total
Balances at December 31, 2022	$ 18,268	$ 95,450	$ 113,718
Net income (loss) attributable to noncontrolling interests	647	1,666	2,313
Changes in redemption value (1)	—	(7,059)	(7,059)
Total net income (loss) attributable to noncontrolling interests	647	(5,393)	(4,746)
Affiliate equity sales (purchases)	—	—	—
Net subscriptions (redemptions) and other	(496)	(1,846)	(2,342)
Balances at March 31, 2023	**$ 18,419**	**$ 88,211**	**$ 106,630**

(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. Voting interest entities ("VOEs") are 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 ("VIEs") 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: (i) the power through voting or similar rights to direct the activities that most significantly impact the entity's economic performance, (ii) the obligation to absorb expected losses or the right to receive expected residual returns of the entity, or (iii) 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 open-end funds in which the Company holds a controlling financial interest, and VIEs, which consist of CLOs and certain global and private funds of which the Company is considered the primary beneficiary. The consolidation and deconsolidation of these investment products have no impact on net income (loss) attributable to Virtus Investment Partners, Inc. 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, 2023 and December 31, 2022:

	As of					
	March 31, 2023			December 31, 2022		
	VOEs	VIEs		VOEs	VIEs	
(in thousands)		CLOs	Other		CLOs	Other
Cash and cash equivalents	$ 936	$ 201,987	$ 1,830	$ 1,153	$ 249,003	$ 789
Investments	21,336	2,025,673	61,729	24,669	2,106,764	58,680
Other assets	388	47,694	989	295	43,993	1,157
Notes payable	—	(2,056,472)	—	—	(2,083,314)	—
Securities purchased payable and other liabilities	(906)	(126,085)	(381)	(573)	(230,141)	(183)
Noncontrolling interests	(6,492)	(6,382)	(11,927)	(7,879)	(5,917)	(10,389)
Net interests in CIP	**$ 15,262**	**$ 86,415**	**$ 52,240**	**$ 17,665**	**$ 80,388**	**$ 50,054**

Consolidated CLOs

The majority of the Company's CIP that are VIEs are CLOs. At March 31, 2023, the Company consolidated seven 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.

Investments of CLOs

The CLOs held investments of $2.0 billion at March 31, 2023 consisting of bank loan investments, which 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 2023 and 2030 and pay interest at LIBOR plus a spread of up to 10.0%. The CLOs may elect to reinvest any prepayments received on bank loan investments up until the periods between October 2019 and October 2026, depending on the CLO. Generally, subsequent prepayments received after the reinvestment period must be used to pay down the note obligations. At March 31, 2023, the fair value of the senior bank loans was less than the unpaid principal balance by $120.3 million. At March 31, 2023, there were no material collateral assets in default.

Notes Payable of CLOs

The CLOs held notes payable with a total value, at par, of $2.3 billion at March 31, 2023, consisting of senior secured floating rate notes payable with a par value of $2.1 billion and subordinated notes with a par value of $261.2 million. These note obligations bear interest at variable rates based on LIBOR plus a pre-defined spread ranging from 0.8% to 9.1%. The principal amounts outstanding of these note obligations mature on dates ranging from October 2027 to October 2034.

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, 2023, as shown in the table below:

	(in thousands)
Subordinated notes	$ 84,449
Accrued investment management fees	1,966
Total Beneficial Interests	**$ 86,415**

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, 2023 (in thousands)
Income:	
Realized and unrealized gain (loss), net	$ 371
Interest income	45,406
Total Income	45,777
Expenses:	
Other operating expenses	593
Interest expense	35,203
Total Expense	35,796
Noncontrolling interests	(765)
Net Income (Loss) Attributable to CIP	**$ 9,216**

As summarized in the table below, the application of the measurement alternative as prescribed by ASU 2014-13 results in the consolidated net income summarized above to be equivalent to the Company's own economic interests in the consolidated CLOs, which are eliminated upon consolidation:

	Three Months Ended March 31, 2023 (in thousands)
Distributions received and unrealized gains (losses) on the subordinated notes held by the Company	$ 6,807
Investment management fees	2,409
Total Economic Interests	**$ 9,216**

Fair Value Measurements of CIP

The assets and liabilities of CIP measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022 by fair value hierarchy level were as follows:

As of March 31, 2023

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 201,987	$ —	$ —	$ 201,987
Debt investments	227	2,072,545	10,645	2,083,417
Equity investments	21,266	4,042	13	25,321
Total assets measured at fair value	**$ 223,480**	**$ 2,076,587**	**$ 10,658**	**$ 2,310,725**
Liabilities				
Notes payable	$ —	$ 2,056,472	$ —	$ 2,056,472
Short sales	484	—	—	484
Total liabilities measured at fair value	**$ 484**	**$ 2,056,472**	**$ —**	**$ 2,056,956**

As of December 31, 2022

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 249,003	$ —	$ —	$ 249,003
Debt investments	243	2,119,082	42,246	2,161,571
Equity investments	25,003	2,204	1,335	28,542
Total assets measured at fair value	**$ 274,249**	**$ 2,121,286**	**$ 43,581**	**$ 2,439,116**
Liabilities				
Notes payable	$ —	$ 2,083,314	$ —	$ 2,083,314
Short sales	414	—	—	414
Total liabilities measured at fair value	**$ 414**	**$ 2,083,314**	**$ —**	**$ 2,083,728**

The following is a discussion of the valuation methodologies used for the assets and liabilities of the Company's CIP 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.

Debt and equity investments represent the underlying debt, equity and other securities held in CIP. Equity investments are valued at the official closing price on the exchange on which the securities are traded and are generally categorized within Level 1. Level 2 investments 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 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. In certain instances, fair value has been determined utilizing discounted cash flow analyses or single broker non-binding quotes. Depending on the nature of the inputs, these assets are classified as Level 1, 2 or 3 within the fair value measurement hierarchy. Level 3 investments 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.

Notes payable represent notes issued by CIP 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.

Short sales are 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.

The securities purchase payable at March 31, 2023 and December 31, 2022 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:

(in thousands)	Three Months Ended March 31, 2023		2022	
Balance at beginning of period	$	43,581	$	3,157
Realized gains (losses), net		9		4
Change in unrealized gains (losses), net		(1)		(20)
Purchases		4		—
Amortization		103		—
Sales		(7,195)		(4)
Transfers to Level 2		(35,747)		(1,626)
Transfers from Level 2		9,904		40,802
Balance at end of period (1)	**$**	**10,658**	**$**	**42,313**

(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 since (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, 2023, the carrying value and maximum risk of loss related to the Company's interest in these VIEs was $32.8 million.

17. Subsequent Event

On April 1, 2023, the Company completed its previously announced acquisition of AlphaSimplex Group, LLC, a leading manager of liquid alternative investment solutions. Transaction consideration of $130.0 million was financed with existing balance sheet resources including $50.0 million drawn from the Company's revolving credit facility.

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 2022 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 our 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 2022 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 individuals and institutions. 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 subadvisers 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 individual and institutional 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 alternative), geographies (domestic, global, international and emerging), market capitalizations (large, mid and small), styles (growth, core and value) and investment approaches (fundamental and quantitative). Our retail products include open-end funds, closed-end funds and retail separate accounts. Our institutional products are offered through separate accounts and pooled or commingled structures to a variety of institutional clients. We also provide subadvisory services to other investment advisers and serve as the collateral manager for structured products.

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.

Our institutional distribution resources include affiliate specific institutional sales teams primarily focused on the U.S. market, supported by shared consultant relation support and non-U.S. institutional 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.

Financial Highlights

- Net income per diluted share was $5.21 in the first quarter of 2023, an increase of $0.99, or 23.5%, as compared to net income per diluted share of $4.22 in the first quarter of 2022.
- Total sales were $6.2 billion in the first quarter of 2023, a decrease of $3.2 billion, or 33.9%, from $9.4 billion in the first quarter of 2022. Net outflows were $1.9 billion in the first quarter of 2023 compared to $2.0 billion in the first quarter of 2022.
- Assets under management were $154.8 billion at March 31, 2023, a decrease of $28.5 billion, or 15.5%, from March 31, 2022.

AlphaSimplex

On April 1, 2023, the Company completed its previously announced acquisition of AlphaSimplex Group, LLC ("AlphaSimplex"), a leading manager of quantitative alternative investment solutions. Transaction consideration of $130.0 million was financed with existing balance sheet resources and $50.0 million drawn from the Company's revolving credit facility.

Assets Under Management

At March 31, 2023, total assets under management were $154.8 billion, representing a decrease of $28.5 billion, or 15.5%, from March 31, 2022, and an increase of $5.5 billion, or 3.7%, from December 31, 2022. The decrease from March 31, 2022 was due to $12.8 billion of negative market performance and $13.4 billion of net outflows. The increase from December 31, 2022 was due to $7.8 billion in positive market performance partially offset by $1.9 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)	2023	2022	$	%
Open-End Funds (1)	$ 53,865	$ 73,149	$ (19,284)	(26.4)%
Closed-End Funds	10,358	12,060	(1,702)	(14.1)%
Retail Separate Accounts	37,397	40,824	(3,427)	(8.4)%
Institutional Accounts (2)	53,229	57,309	(4,080)	(7.1)%
Total	$ 154,849	$ 183,342	$ (28,493)	(15.5)%
Average Assets Under Management (3)	$ 152,361	$ 190,106	$ (37,745)	(19.9)%

(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:

(in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Open-End Funds (1)		
Beginning balance	$ 53,000	$ 78,706
Inflows	3,011	4,956
Outflows	(4,792)	(8,378)
Net flows	(1,781)	(3,422)
Market performance	2,771	(6,907)
Other (2)	(125)	4,772
Ending balance	**$ 53,865**	**$ 73,149**
Closed-End Funds		
Beginning balance	$ 10,361	$ 12,068
Inflows	4	8
Outflows	—	—
Net flows	4	8
Market performance	205	(196)
Other (2)	(212)	180
Ending balance	**$ 10,358**	**$ 12,060**
Retail Separate Accounts		
Beginning balance	$ 35,352	$ 44,538
Inflows	1,367	2,022
Outflows	(1,288)	(1,394)
Net flows	79	628
Market performance	1,966	(4,342)
Other (2)	—	—
Ending balance	**$ 37,397**	**$ 40,824**
Institutional Accounts (3)		
Beginning balance	$ 50,663	$ 51,874
Inflows	1,852	2,449
Outflows	(2,047)	(1,623)
Net flows	(195)	826
Market performance	2,906	(5,012)
Other (2)	(145)	9,621
Ending balance	**$ 53,229**	**$ 57,309**
Total		
Beginning balance	$ 149,376	$ 187,186
Inflows	6,234	9,435
Outflows	(8,127)	(11,395)
Net flows	(1,893)	(1,960)
Market performance	7,848	(16,457)
Other (2)	(482)	14,573
Ending balance	**$ 154,849**	**$ 183,342**

(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)	2023	2022	$	%	2023	2022
Asset Class						
Equity	$ 87,511	$ 102,989	$ (15,478)	(15.0)%	56.5 %	56.2 %
Fixed income	36,596	45,418	(8,822)	(19.4)%	23.6 %	24.8 %
Multi-asset (1)	20,597	23,415	(2,818)	(12.0)%	13.3 %	12.8 %
Alternatives (2)	10,145	11,520	(1,375)	(11.9)%	6.6 %	6.2 %
Total	$ 154,849	$ 183,342	$ (28,493)	(15.5)%	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 event-driven, real estate securities, infrastructure, long/short and other strategies.

Average Assets Under Management and Average Fees Earned

The following table summarizes 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)	
	2023	2022	2023	2022
Products				
Open-End Funds (1)	47.6	46.5	$ 54,141	$ 75,537
Closed-End Funds	57.1	58.4	10,424	11,762
Retail Separate Accounts	44.2	43.6	35,352	44,538
Institutional Accounts (2)	31.8	31.5	52,444	58,269
All Products	42.0	41.9	$ 152,361	$ 190,106

(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, 2023 remained consistent compared to the same period in the prior year as higher fee rates on open-end funds were offset by a lower blended rate on closed-end funds due to changes in the underlying asset mix.

Results of Operations

Summary Financial Data

	Three Months Ended March 31,			
(in thousands)	2023	2022	2023 vs. 2022	%
Investment management fees	$ 164,478	$ 206,817	$ (42,339)	(20.5)%
Other revenue	33,396	45,623	(12,227)	(26.8)%
Total revenues	197,874	252,440	(54,566)	(21.6)%
Total operating expenses	169,295	186,888	(17,593)	(9.4)%
Operating income (loss)	28,579	65,552	(36,973)	(56.4)%
Other income (expense), net	4,923	(16,039)	20,962	(130.7)%
Interest income (expense), net	9,844	6,341	3,503	55.2 %
Income (loss) before income taxes	43,346	55,854	(12,508)	(22.4)%
Income tax expense (benefit)	8,703	16,735	(8,032)	(48.0)%
Net income (loss)	34,643	39,119	(4,476)	(11.4)%
Noncontrolling interests	3,981	(6,060)	10,041	(165.7)%
Net Income (Loss) Attributable to Virtus Investment Partners, Inc.	$ 38,624	$ 33,059	$ 5,565	16.8 %
Earnings (loss) per share-diluted	$ 5.21	$ 4.22	$ 0.99	23.5 %

In the first quarter of 2023, total revenues decreased 21.6% to $197.9 million from $252.4 million in the first quarter of 2022, primarily as a result of lower average assets under management due to negative market performance and net outflows. Operating income decreased $37.0 million to $28.6 million in the first quarter of 2023 compared to $65.6 million in the first quarter of 2022, due primarily to the aforementioned lower revenue.

Revenues

Revenues by source were as follows:

	Three Months Ended March 31,			
(in thousands)	2023	2022	2023 vs. 2022	%
Investment management fees				
Open-end funds	$ 71,266	$ 97,377	$ (26,111)	(26.8)%
Closed-end funds	14,678	16,940	(2,262)	(13.4)%
Retail separate accounts	40,079	49,603	(9,524)	(19.2)%
Institutional accounts	38,455	42,897	(4,442)	(10.4)%
Total investment management fees	164,478	206,817	(42,339)	(20.5)%
Distribution and service fees	14,153	20,007	(5,854)	(29.3)%
Administration and shareholder service fees	18,359	24,344	(5,985)	(24.6)%
Other income and fees	884	1,272	(388)	(30.5)%
Total revenues	$ 197,874	$ 252,440	$ (54,566)	(21.6)%

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 contracts, which generally require monthly or quarterly payments. Investment management fees decreased by $42.3 million, or 20.5%, for the three months ended March 31, 2023 compared to the same period in the prior year due to lower 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 decreased by $5.9 million, or 29.3%, for the three months ended March 31, 2023 compared to the same period in the prior year, due primarily to lower sales and assets for open-end funds in share classes that have sales- and asset-based distribution and service fees.

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 of our closed-end funds. Fund administration and shareholder service fees decreased by $6.0 million, or 24.6%, for the three months ended March 31, 2023, compared to the same period in the prior year primarily due to the decrease in average assets under management for our open-end and closed-end funds during the period as a result of market performance and net outflows in our open-end funds.

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 decreased by $0.4 million, or 30.5%, for the three months ended March 31, 2023, compared to the same period in the prior year primarily due to lower average other fee earning assets and redemptions.

Operating Expenses

Operating expenses by category were as follows:

	Three Months Ended March 31,			
(in thousands)	2023	2022	2023 vs. 2022	%
Operating expenses				
Employment expenses	$ 98,614	$ 105,993	$ (7,379)	(7.0)%
Distribution and other asset-based expenses	23,715	32,846	(9,131)	(27.8)%
Other operating expenses	30,730	31,712	(982)	(3.1)%
Other operating expenses of CIP	700	740	(40)	(5.4)%
Depreciation expense	1,145	935	210	22.5 %
Amortization expense	14,391	14,662	(271)	(1.8)%
Total operating expenses	**$ 169,295**	**$ 186,888**	**$ (17,593)**	**(9.4)%**

Employment Expenses

Employment expenses consist of fixed and variable compensation and related employee benefit costs. Employment expenses for the three months ended March 31, 2023 were $98.6 million, which represented a decrease of $7.4 million, or 7.0%, compared to the same period in the prior year. The decrease was primarily due to lower incentive compensation expenses in the current year period.

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, 2023, distribution and other asset-based expenses decreased $9.1 million, or 27.8%, as compared to the same period in the prior year primarily due to a decrease 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 decreased $1.0 million, or 3.1%, for the three months ended March 31, 2023 as compared to the same period in the prior year primarily due to lower legal and professional fees incurred, partially offset by higher travel-related expenses, in the current year period.

Other Operating Expenses of CIP

Other operating expenses of CIP remained consistent during the three months ended March 31, 2023 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 $0.2 million, or 22.5%, for the three months ended March 31, 2023 compared to the same periods in the prior year. This increase is primarily attributable to software and equipment purchases made in the current year period.

Amortization Expense

Amortization expense consists of the amortization of definite-lived intangible assets over their estimated useful lives. Amortization expense decreased $0.3 million, or 1.8%, for the three months ended March 31, 2023 compared to the same period in the prior year due to certain intangible assets becoming fully amortized in the prior year.

Other Income (Expense)

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

(in thousands)	Three Months Ended March 31, 2023	2022	2023 vs. 2022	%
Other Income (Expense)				
Realized and unrealized gain (loss) on investments, net	$ 2,670	$ (2,982)	$ 5,652	(189.5) %
Realized and unrealized gain (loss) of CIP, net	2,596	(13,344)	15,940	(119.5) %
Other income (expense), net	(343)	287	(630)	(219.5) %
Total Other Income (Expense), net	**$ 4,923**	**$ (16,039)**	**$ 20,962**	**(130.7)%**

Realized and unrealized gain (loss) on investments, net

Realized and unrealized gain (loss) on investments, net changed during the three months ended March 31, 2023 by $5.7 million as compared to the same period in the prior year. The realized and unrealized gains and losses during the period reflected changes in overall market conditions experienced during the periods.

Realized and unrealized gain (loss) of CIP, net

Realized and unrealized gain (loss) of CIP, net changed by $15.9 million during the three months ended March 31, 2023 compared to the same period in the prior year. The change for the three months ended March 31, 2023 consisted primarily of an increase in unrealized gains of $53.3 million due to changes in market values of leveraged loans, partially offset by changes in unrealized losses of $37.3 million related to the value of the notes payable.

Other income (expense), net

Other income (expense), net changed by $0.6 million during the three months ended March 31, 2023 compared to the same period in the prior year. The change during the three-month period was primarily due to equity method investment losses during the current year period compared to equity method investment gains during the prior year period.

Interest Income (Expense)

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

(in thousands)	Three Months Ended March 31, 2023	2022	2023 vs. 2022	%
Interest Income (Expense)				
Interest expense	$ (5,005)	$ (2,279)	$ (2,726)	119.6 %
Interest and dividend income	3,238	328	2,910	887.2 %
Interest and dividend income of investments of CIP	46,814	20,380	26,434	129.7 %
Interest expense of CIP	(35,203)	(12,088)	(23,115)	191.2 %
Total Interest Income (Expense), net	**$ 9,844**	**$ 6,341**	**$ 3,503**	**55.2 %**

Interest Expense

Interest expense increased $2.7 million, or 119.6%, during the three months ended March 31, 2023 compared to the same period in the prior year. The increase was attributable to higher interest rates on our debt.

Interest and Dividend Income

Interest and dividend income increased $2.9 million, or 887.2%, during the three months ended March 31, 2023 compared to the same period in the prior year. The increase was primarily attributable to higher interest earned on cash balances during the current year period compared to prior year period.

Interest and Dividend Income of Investments of CIP

Interest and dividend income of investments of CIP increased $26.4 million, or 129.7%, for the three months ended

March 31, 2023, compared to the same period in the prior year. The increase was primarily due to higher average interest rates during the current year and the addition of a new CLO in the fourth quarter of 2022.

Interest Expense of CIP

Interest expense of CIP represents interest expense on the notes payable of CIP. Interest expense of CIP increased $23.1 million, or 191.2% for the three months ended March 31, 2023 compared to the same period in the prior year. The increase during the three months ended March 31, 2023 was primarily due to higher average interest rates and the addition of a new CLO in the fourth quarter of 2022.

Income Tax Expense (Benefit)

The provision for income taxes reflected U.S. federal, state and local taxes at an estimated effective tax rate of 20.1% and 30.0% for the three months ended March 31, 2023 and 2022, respectively. The lower estimated effective tax rate for the three months ended March 31, 2023 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. The higher effective tax rate in the prior year period was due to valuation allowances recorded for the tax effects of unrealized losses 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, 2023	December 31, 2022	Change 2023 vs. 2022	Change %
Balance Sheet Data				
Cash and cash equivalents	$ 213,424	$ 338,234	$ (124,810)	(36.9)%
Investments	115,663	100,330	15,333	15.3 %
Contingent consideration	101,221	128,400	(27,179)	(21.2)%
Debt	254,621	255,025	(404)	(0.2)%
Redeemable noncontrolling interests	106,630	113,718	(7,088)	(6.2)%
Total equity	844,297	822,936	21,361	2.6 %

(in thousands)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change 2023 vs. 2022	Change %
Cash Flow Data				
Provided by (Used in):				
Operating activities	$ (42,959)	$ (81,775)	$ 38,816	(47.5)%
Investing activities	(13,145)	(22,575)	9,430	(41.8)%
Financing activities	(115,078)	(145,777)	30,699	(21.1)%

Overview

At March 31, 2023, we had $213.4 million of cash and cash equivalents and $115.7 million of investments, which included $80.7 million of investment securities, compared to $338.2 million of cash and cash equivalents and $100.3 million of investments, which included $77.0 million of investment securities, at December 31, 2022.

Uses of Capital

Our main uses of capital related to operating activities comprise employee compensation and related benefit costs, which include annual incentive compensation, 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, which is one of the largest annual operating cash expenditures, is typically paid in the first quarter of the year. In the first quarters of 2023 and 2022, we paid $142.1 million and $151.6 million, respectively, in incentive compensation earned during the years ended December 31, 2022 and 2021, 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, excess cash flow payment requirements 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 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

We operate an SEC registered broker-dealer subsidiary that is subject to certain rules regarding minimum net capital. The broker-dealer is required to maintain a ratio of "aggregate indebtedness" to "net capital," as defined, which may not exceed 15 to 1 and must also maintain a minimum amount of net capital. Failure to meet these requirements could result in adverse consequences to us, including additional reporting requirements, a lower required ratio of aggregate indebtedness to net capital, or interruption of our business. At March 31, 2023, the ratio of aggregate indebtedness to net capital of our broker-dealer was below the maximum allowed, and net capital was significantly greater than the required minimum.

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 either have 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 $43.0 million for the three months ended March 31, 2023 decreased by $38.8 million from net cash used in operating activities of $81.8 million for the same period in the prior year primarily due to a $51.8 million reduction in net sales of investments by CIP.

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 was $13.1 million for the three months ended March 31, 2023 compared to net cash used in investing activities of $22.6 million in the same period for the prior year. The decrease in cash used in investing activities during the three months ended March 31, 2023 compared to the prior year period related to the decrease in cash paid for acquisitions and other investments.

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 changes to noncontrolling interests. Net cash used in financing activities decreased by $30.7 million to $115.1 million for the three months ended March 31, 2023 from $145.8 million for the three months ended March 31, 2022. The net change was primarily due to a $30.0 million decrease in share repurchases.

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. During the three months ended March 31, 2023, the Company repaid $0.7 million outstanding under its Term Loan. At March 31, 2023, $260.9 million was outstanding under the Term Loan and there were no outstanding borrowings under the revolving credit facility. In accordance with ASC 835, *Interest*, the amounts outstanding under the Company's Term Loan are presented in the Condensed Consolidated Balance Sheet net of related debt issuance costs, which were $6.3 million as of March 31, 2023. On April 3, 2023, the Company borrowed $50.0 million under the revolving credit facility to partially finance its acquisition of AlphaSimplex Group, LLC.

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 2022 Annual Report on Form 10-K. A complete description of our significant accounting policies is included in our 2022 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, 2023.

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, 2023, there were no material changes to the information contained in Part II, Item 7A of the Company's 2022 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, 2023, 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 2022 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, 2023, 828,352 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.

There were no share repurchases in the quarter ended March 31, 2023.

There were no unregistered sales of equity securities during the period covered by this Quarterly Report. Shares of our common stock purchased by participants in our Employee Stock Purchase Plan were delivered to participant accounts via open market purchases at fair value by the third-party administrator under the plan. We do not reserve shares for this plan or discount the purchase price of the shares.

Item 6. Exhibits

Exhibit Number	Description
10.1*	Form of Restricted Stock Unit Grant Agreement under the Virtus Investment Partners, Inc. Amended and Restated Omnibus Incentive and Equity Plan
10.2*	Form of Performance Share Unit Grant Agreement under the Virtus Investment Partners, Inc. Amended and Restated Omnibus Incentive and Equity Plan
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	The following information is formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (Unaudited) as of March 31, 2023 and December 31, 2022, (ii) Condensed Consolidated Statements of Operations (Unaudited) for the three months ended March 31, 2023 and 2022, (iii) Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the three months ended March 31, 2023 and 2022, (iv) Condensed Consolidated Statements of Cash Flows (Unaudited) for the three months ended March 31, 2023 and 2022, (v) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2023 and 2022 and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

* Management contract, compensatory plan or arrangement.

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 9, 2023

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)

VIRTUS INVESTMENT PARTNERS, INC.
RESTRICTED STOCK UNIT GRANT AGREEMENT

Virtus Investment Partners, Inc. (the "Company") hereby grants to the recipient named below (the "Recipient" or "you") an award (the "Award) of Restricted Stock Units (as defined below), in accordance with and subject to the terms and conditions of this Restricted Stock Unit Grant Agreement (this "Agreement") and the Virtus Investment Partners, Inc. Amended and Restated Omnibus Incentive and Equity Plan (the "Plan"), which is incorporated by reference and made a part of this Agreement. This Agreement describes in detail your rights with respect to the Restricted Stock Units granted to you hereby and constitutes a legal agreement between you and the Company. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Plan.

1. Recipient Name:
2. Award Date:
3. Number of Restricted Stock Units:
4. Restricted Stock Unit Vesting Date(s):

(The above information is, or may be, maintained electronically by the Company's stock plan administrator).

ARTICLE I
RESTRICTED STOCK UNITS

Section 1.1. **Restricted Stock Unit**. "Restricted Stock Unit" means the right to receive one (1) share of common stock of the Company, par value $0.01 per share (the "Common Shares") subject to the terms of this Agreement.

Section 1.2. **Vesting**. Subject to the terms and conditions of this Agreement, including Sections 1.3 and 1.4 below, your Restricted Stock Units will vest on the conclusion of each vesting period ending on the Restricted Stock Unit Vesting Date(s) set forth in this Agreement, provided that you remain actively employed by the Company until each respective Restricted Stock Unit Vesting Date(s).

Section 1.3. **Termination of Employment**. Notwithstanding Section 8.6 of the Plan:

(a)(i) If your employment with the Company terminates due to death, Disability[, Retirement], or an involuntary termination that qualifies you for severance pay and severance benefits under a Company-approved written severance plan, arrangement or agreement with the Company, all as conclusively determined by the Company, you will be entitled to a prorated portion of your unvested Restricted Stock Units, in accordance with Sections 1.3(a)(ii) and 1.3(a)(iii) below, in an amount equal to (X) minus (Y), rounded up to the nearest whole share, where:

(X) equals the product of the number of Restricted Stock Units awarded multiplied by the ratio of (1) the number of days that you were actively employed by the

Company following the Award Date, divided by (2) the number of days following the Award Date through and including the final Restricted Stock Unit Vesting Date for the Restriction Stock Units covered by this Agreement; and

(Y) equals the number of Restricted Stock Units that have already vested in accordance with Section 1.2 prior to your termination date;

(ii) If your employment with the Company terminates due to death, Disability or an involuntary termination that (x) qualifies you for severance pay and severance benefits under a Company-approved written severance plan and (y) does not qualify as Retirement, the prorated number of Restricted Stock Units that you are entitled to under Section 1.3(a)(i) above will vest immediately and a distribution of the Common Shares underlying the prorated Award to which you are entitled shall be made within ninety (90) days following your termination of employment. The balance of any unvested Restricted Stock Units is forfeited and you shall have no further rights therein.

[(iii) If your employment with the Company terminates due to Retirement (whether voluntary or involuntary), as conclusively determined by the Company, the prorated number of Restricted Stock Units that you are entitled to under Section 1.3(a)(i) above will continue to vest on the applicable Restricted Stock Unit Vesting Date(s) and a distribution of the Common Shares underlying the prorated Award to which you are entitled shall be made in accordance with Section 2.4 below; *provided that*, in the case of an Award that becomes vested in tranches, the number of Restricted Stock Units that will vest on each remaining Restricted Stock Vesting Date shall be equal to the total number of prorated Restricted Stock Units that are subject to continued vesting in accordance with Section 1.3(a)(i) above divided by the number of remaining Restricted Stock Vesting Dates of the Award. The balance of any unvested Restricted Stock Units is forfeited and you shall have no further rights therein.]

[(b) If your employment with the Company terminates due to Retirement, as conclusively determined by the Company, your unvested Restricted Stock Units shall not be prorated and shall vest on the conclusion of each vesting period ending on the Restricted Stock Unit Vesting Date(s) set forth in this Agreement and a distribution of the Common Shares underlying the Restricted Stock Unit Award to which you are entitled shall be made in accordance with Section 2.4 below.]

[(b)][(c)] If your employment with the Company terminates prior to the Restricted Stock Unit Vesting Date(s) due to any reason other than those expressly identified in [Section 1.3(a)][Sections 1.3(a) and 1.3(b)] above, then all Restricted Stock Units that have not vested in accordance with Section 1.2 prior to your termination date shall be forfeited and you shall have no rights thereunder or hereunder.

[(c)][(d)] Notwithstanding anything in this Agreement to the contrary, if your employment with the Company terminates due to an involuntary termination that (x) qualifies you for severance pay and severance benefits under a Company approved written severance plan and (y) does not qualify as Retirement, at the election of the Company, your unvested Restricted Stock Units will not vest and no shares of Common Stock underlying such Restricted Stock Units will be distributed to you under Section 1.3(a) above, unless and until you have delivered to the Company a written waiver and release in form and content satisfactory to the Company, within the time period set forth therein, and any right of you to revoke such waiver and release has expired; *provided that*, if the period during which you are entitled to consider such waiver and release and to revoke such waiver and release, if applicable, spans two (2) calendar years, then your unvested Restricted Stock Units will not vest and no shares of Common Stock underlying such Restricted Stock Units will be distributed to you until the later of (i) the end of the revocation period (assuming that you do not revoke), or (ii) the first business day of the second calendar year (regardless of whether you used the full time period allowed for consideration), all if and as required for purposes of Section 409A of the Code.]

Section 1.4 **Change in Control**. Subject to Section 11.2 of the Plan, in the event of a Change in Control, your Restricted Stock Units under this Agreement will automatically vest to the extent not then vested.

ARTICLE II
RIGHTS AND SETTLEMENT

Section 2.1. **Rights as a Shareholder**. Your Restricted Stock Units will not give you any right to vote on any matter submitted to the Company's stockholders. You will have voting rights with respect to the Common Shares that underlie your Restricted Stock Units only after such shares have vested and settled pursuant to Section 2.4.

Section 2.2. **Restrictions on Transferability**. You will not have any right to sell, assign, transfer, pledge, hypothecate or otherwise encumber your Restricted Stock Units. Any attempt to effect any of the preceding in violation of this Section 2.2, whether voluntary or involuntary, will be void.

Section 2.3. **Dividend Equivalents**. The Company will credit each of your Restricted Stock Units with Dividend Equivalents from the Award Date to the end of the Restricted Period, which shall be determined pursuant to Section 1.2 of this Agreement. A "Dividend Equivalent" is a dollar amount equal to the cash dividend payable per Common Share multiplied by the number of Common Shares then underlying each Restricted Stock Unit. Such amount shall be credited to a book entry account on your behalf at the time the Company pays any cash dividend on its Common Shares while your Restricted Stock Units are outstanding. Dividend Equivalents shall vest at the same time as the underlying Restricted Stock Units and shall be distributed at the same time as the underlying Restricted Stock Units convert to Common Shares.

Section 2.4. **Settlement of Your Restricted Stock Units**. Promptly after the Restricted Stock Unit Vesting Date(s), if any, your Restricted Stock Units vest pursuant to Section 1.2, the Company will deliver to you the number of Common Shares then underlying your vested Restricted Stock Units or cash, as determined by the Committee, within ninety (90) days following the Restricted Stock Units Vesting Date.

Section 2.5. **Adjustment Due to Change in Capitalization**. If any Adjustment Event occurs while your Restricted Stock Units are outstanding, the number of Common Shares underlying each remaining Restricted Stock Unit shall be appropriately and equitably adjusted as provided in the Plan.

Section 2.6 **Clawback**. Notwithstanding anything in this Agreement to the contrary, this Award is expressly subject to the provisions in this Section 2.6. You agree that the Company may enforce the provisions in this Section 2.6 by all legal means available, including, without limitation, by withholding the value of the amount required to be returned to the Company and forfeited hereunder from other sums owed to you by the Company.

(a) If, following the termination of your employment with the Company for any reason, including, without limitation, due to death, Disability, or Retirement, the Company becomes aware that (i) during your employment with the Company you engaged in any activity that would have been grounds to terminate your employment or service with the Company for Cause, as reasonably determined by the Committee, or (ii) following your employment with the Company, you have breached any written covenant or agreement with the Company or any of its subsidiaries, as reasonably determined by the Committee, not to disclose or misuse any information pertaining to, or misuse any property of, the Company or any of its subsidiaries, or not to compete or interfere with the Company, or not to solicit employees, agents, customers or clients of the Company, then upon written demand by the Company, you agree to return to the Company and forfeit, to the extent permitted by applicable law, that portion (which may be all) of your Award (including any Dividend Equivalents thereon) or Common Shares distributed in respect of your vested Award, or the value thereof (regardless of whether vesting has occurred and Common Shares have been distributed) that the Committee, in its discretion, determines to be appropriate.

(b) This Award (including any Dividend Equivalents thereon), Common Shares distributed in respect of your vested Award, or the value thereof (regardless of whether vesting has occurred and Common Shares have been distributed) shall also be subject to forfeiture to the extent required by applicable law. Further, if the Company is required by applicable law, rule or regulation to include or adopt any additional "clawback" or "forfeiture" provision relating to outstanding and/or vested or earned Awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then you hereby agree that such clawback or forfeiture provision shall also apply to your Award under this Agreement as if it had been included on the Award Date and the Company shall notify the you of such additional provision.

ARTICLE III
ADMINISTRATION

Section 3.1. **Administration**. The Committee is authorized to interpret your Award and this Agreement and to make all other determinations necessary or advisable for the administration and interpretation of your Award to carry out its provisions and purposes. Determinations, interpretations or other actions made or taken by the Committee pursuant to the provisions of this Agreement shall be final, binding and conclusive for all purposes and upon all persons. The Committee may consult with legal counsel, who may be regular counsel to the Committee, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

ARTICLE IV
MISCELLANEOUS

Section 4.1. **Tax Withholding**. The Company will have the power to withhold, or require you to remit to the Company promptly upon notification of the amount due, an amount sufficient to satisfy Federal, state and local withholding tax requirements with respect to your Award (or settlement thereof), and delivery of Common Shares shall not occur until such requirements are satisfied. You shall have the right to elect (a) to have Common Shares deliverable in respect of your Award withheld by the Company or (b) to deliver to the Company previously acquired Common Shares, in each case, having a fair market value sufficient to satisfy your statutory minimum Federal, state and local tax obligation associated with the settlement.

Section 4.2 **Section 409A**. Notwithstanding anything in this Agreement to the contrary, it is the intention of the parties that this Agreement comply with Section 409A of Code, and all regulations or other guidance issued thereunder, and this Agreement and the payments of any benefits hereunder will be operated and administered accordingly. However, neither the Company nor the Committee shall have any liability to any person in the event Section 409A of the Code applies to this Award or any payments hereunder in a transaction that result in adverse tax consequences to the Recipient or any beneficiaries or transferees. If you are a specified employee within the meaning of Section 409A of the Code, distributions under Section 1.3 above may be delayed until six (6) months and one (1) day following the date of such termination of employment to the extent necessary to comply with Section 409A of the Code.

Section 4.3. **Unsecured Creditor Status and Assignment Prohibition**. These Awards are provided under an entirely unfunded arrangement and no provision shall at any time be made with respect to segregating any assets of the Company or any affiliate for payment of the Awards hereunder. No employee, beneficiary, surviving spouse or any other person shall have any interest in any particular assets of the Company or any affiliate by reason of the right to receive the Awards and any such employee, beneficiary, surviving spouse or other person shall have only the rights of a general unsecured creditor with respect to the Awards.

Prior to an actual payment and distribution with respect to the Awards, no interest of any person or entity in, or right to receive, an Award shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment or other alienation or encumbrance of any kind; nor shall any such interest or right to receive a benefit be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

Section 4.4. **Requirements of Law**. The granting of your Award and the issuance of Common Shares will be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 4.5. **No Impact on Benefits**. This Award will not be compensation for purposes of calculating your rights under any employee benefit plan.

Section 4.6. **Employment**. Nothing in this Agreement shall limit the right of the Company or any of its affiliates to terminate your service or otherwise impose upon the

Company or any of its affiliates any obligation to continue to employ you. The Company may terminate you at any time, with or without cause.

Section 4.7. **Securities Law Compliance**. The Company shall have the authority to determine the instruments by which your Award shall be evidenced. Instruments evidencing your Award may contain such other provisions as the Company deems advisable. You understand that the Company has filed with the Securities and Exchange Commission a Form S-8 registration statement under the Securities Act of 1933, as amended, with respect to the Plan and the shares covered by this Agreement. The Company will endeavor to keep such registration statement effective, but in the event the Company notifies you that such registration statement is not then effective, you agree to refrain from sales of Common Shares until such time as the Company advises you that such registration statement has become effective.

Section 4.8 **Governing Law**. This Agreement and your Award shall be governed by the laws of the State of Connecticut (other than its conflict of law principles).

Section 4.9 **Trading Black Out Periods**. By entering into this Agreement you expressly agree that: (a) during all periods of your employment with the Company or its affiliates, or while you are otherwise maintained on the payroll of the Company or its affiliates, you agree to abide by all applicable trading “black out” periods with respect to purchases or sales of Company stock or exercises of stock options for the Company’s stock established from time to time by the Company (“Trading Black Out Periods”) and (b) upon any cessation or termination of your employment with the Company and its affiliates for any reason, you agree that for a period of three (3) months following the effective date of any such termination or cessation of your employment or, if later, for a period of three (3) months following the date as of which you are no longer on the payroll of the Company and its affiliates, you agree to continue to abide by all such Trading Black Out Periods established from time to time by the Company.

Section 4.10 **Other**. This Agreement is binding on you and your executors, administrators, heirs and personal and legal representatives and on the Company and its successors or assigns.

This Agreement contains the entire Agreement and all terms between you and the Company with respect to this Award, and there are no other understandings, warranties or representations with respect to this Award.

Any determination or interpretation by the Committee or Company, as applicable, under or pursuant to this Agreement shall be final, binding and conclusive for all purposes and upon all persons affected hereby. In the event of a conflict between any term of this Agreement and the terms of the Plan, the terms of the Plan shall control.

VIRTUS INVESTMENT PARTNERS, INC.

____

By: Mardelle S. Peña
Title: EVP and Chief Human Resources Officer

Exhibit 10.2

VIRTUS INVESTMENT PARTNERS, INC.
PERFORMANCE SHARE UNIT GRANT AGREEMENT

Virtus Investment Partners, Inc. (the "Company") hereby grants to the recipient named below (the "Recipient" or "you") an award (the "Performance Share Unit Award") of Performance Share Units (as defined below), in accordance with and subject to the terms and restrictions of this Performance Share Unit Grant Agreement (this "Agreement") and the Virtus Investment Partners, Inc. Amended and Restated Omnibus Incentive and Equity Plan (the "Plan"), which is incorporated by reference and made a part of this Agreement. In the event that the Performance Goals are met, upon the expiration of the Performance Cycle, the Company shall grant to the Participant a Restricted Stock Unit award ("Restricted Stock Unit Award"), each Restricted Stock Unit representing the right to receive a Common Share (as defined below) in accordance with and subject to the terms and conditions of this Agreement and the Plan. For purposes of this Agreement, Performance Share Unit Awards and Restricted Stock Unit Awards, collectively shall be referred to as the "Awards".

This Agreement describes in detail your rights with respect to the Performance Share Units granted to you, and Restricted Stock Units that may be granted to you, hereby and constitutes a legal agreement between you and the Company. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Plan.

1. Recipient Name: ________________________________
2. Performance Share Unit Award Date: _________, 20__
3. Target Number of Performance Share Units: _________
4. Performance Cycle: _________, 20__ to _________, 20__
5. Restricted Stock Unit Award Date: _________, 20__ (or any such later date as the Committee may determine in order to confirm satisfaction of applicable Performance Goals)
6. Number of Restricted Stock Units: To be determined based on calculation under Attachment A
7. Restricted Stock Unit Vesting Date: _________, 20__

(The above information is, or may be, maintained electronically by the Company's stock plan administrator).

ARTICLE I
PERFORMANCE SHARE UNITS

Section 1.1. **Performance Share Unit**. "Performance Share Unit" means a long-term incentive award representing the right to receive a Restricted Stock Unit or, in certain instances expressly set forth in this Agreement, one (1) share of common stock of the Company, par value

$0.01 per share (the "Common Shares"), as applicable, as described in and subject to the terms of this Agreement and the Plan.

Section 1.2 **Calculation of Earned Performance Share Units**. The Compensation Committee of the Board of Directors (the "Committee"), in its sole discretion, will determine the number of Performance Share Units earned by you at the end of the Performance Cycle, based upon the achievement of the Performance Goals . In the event that the Committee has the discretion under the Plan to adjust the Performance Goals or the Performance Cycle with respect to the Performance Share Units, no such discretion shall be exercised in a manner that would serve to increase the amount of compensation that would otherwise have been due upon attainment of the Performance Goal or upon completion of the Performance Cycle (as determined under Treasury Regulation Section 1.162-27(e)(2)(iii)) prior to the exercise of such discretion).

Section 1.3. **Determination of Restricted Stock Units**. Subject to the terms and conditions of this Agreement, including Sections 1.4 and 1.5 below, your entitlement to Restricted Stock Units, if any, will be determined following the conclusion of the Performance Cycle, and your Performance Share Units will convert to such Restricted Stock Units on the Restricted Stock Unit Award Date (the "Conversion"), except as otherwise expressly provided herein. Any Performance Share Units not converted to Restricted Stock Units on the date of Conversion under this Section 1.3, and not vested under Sections 1.4 or 1.5 below, are forfeited and you shall have no further rights therein.

Section 1.4. **Termination of Employment**. Notwithstanding Section 8.6 of the Plan:

(a)(i) If your employment with the Company terminates prior to the end of the Performance Cycle, or after the end of the Performance Cycle but prior to the Restricted Stock Unit Award Date, due to death, Disability[, Retirement,] or an involuntary termination that qualifies you for severance pay and severance benefits under a Company-approved written severance plan, arrangement or agreement with the Company, all as conclusively determined by the Company, you shall be eligible to receive a prorated Performance Share Unit Award, in accordance with Section 1.4(a)(ii) below, based on the actual achievement of the Performance Goals for the full Performance Cycle, multiplied by the ratio of:

(X) the number of days that you were actively employed by the Company following the Performance Share Unit Award Date <u>divided by</u>

(Y) the number of days during the period beginning on the Performance Share Unit Award Date and ending on the Restricted Stock Unit Vesting Date.

(ii) If your employment with the Company terminates due to death, Disability or an involuntary termination that (x) qualifies you for severance pay and severance benefits under a Company- approved written severance plan and (y) does not qualify as Retirement, the prorated number of Performance Share Units, if any, that you are entitled to under Section 1.4(a)(i) above will vest immediately and a distribution of the Common Shares underlying the prorated Performance Share Unit Award, if any, to which you are entitled shall be made within ninety (90) days following the end of the Performance Cycle. The balance of any unvested Performance Share Units is forfeited and you shall have no further rights therein.

[(iii) If your employment with the Company terminates due to Retirement (whether voluntary or involuntary), as conclusively determined by the Company, the prorated number of Performance Share Units, if any, that you are entitled to under Section 1.4(a)(i) above will convert into Restricted Stock Units in accordance with Section 1.3 above and shall vest on the Restricted Stock Unit Vesting Date. A distribution of the Common Shares underlying the prorated Restricted Stock Unit Award, if any, to which you are entitled shall be made in accordance with Section 3.4 below. The balance of any unvested Performance Share Units is forfeited and you shall have no further rights therein.]

[(b) If your employment with the Company terminates prior to the end of the Performance Cycle, or after the end of the Performance Cycle but prior to the Restricted Stock Unit Award Date, due to Retirement (whether voluntary or involuntary), as conclusively determined by the Company, you shall be eligible to receive a Performance Share Unit Award based on the actual achievement of the Performance Goals for the full Performance Cycle. Your Performance Share Unit Award, if any, shall not be prorated and will convert into Restricted Stock Units in accordance with Section 1.3 above and shall vest on the Restricted Stock Unit Vesting Date. A distribution of the Common Shares underlying the Restricted Stock Unit Award to which you are entitled shall be made in accordance with Section 3.5 below.]

[(b)][(c)] If your employment with the Company terminates prior to the end of the Performance Cycle, or after the end of the Performance Cycle but prior to the Restricted Stock Award Date, due to any reason other than those expressly identified in [Section 1.4(a)] [Sections 1.4(a) and (b)] above, then all unvested Performance Share Units under this Agreement shall be forfeited as of your termination date and you shall have no further rights therein.

[(c)][(d)] Notwithstanding anything in this Agreement to the contrary, at the election of the Company, the Common Shares underlying the Performance Share Units will not be considered vested and will not be distributed to you under Section 1.4(a) above, unless and until you have delivered to the Company a written waiver and release in form and content satisfactory to the Company, within the time period set forth therein, and any right of you to revoke such waiver and release has expired; *provided that*, if the period during which you are entitled to consider such waiver and release and to revoke such waiver and release, if applicable, spans two (2) calendar years, then the distribution of Common Shares underlying such Performance Share Units will in no case be made until the later of (i) the end of the revocation period (assuming that you do not revoke), or (ii) the first business day of the second calendar year (regardless of whether the you used the full time period allowed for consideration), all if and as required for purposes of Section 409A of the Code.

Section 1.5 **Change in Control While Performance Share Units Remain Outstanding**. Subject to Section 11.2 of the Plan, in the event a Change in Control occurs before the end of the Performance Cycle and prior to any termination of your employment with the Company, then (a) the Performance Goals shall be deemed to have been met at, and your Performance Share Units shall vest at, the "Target" level, (b) the Performance Share Units so vested shall not be subject to proration, and (c) the Common Shares underlying such vested Performance Share Units shall be distributed to you within ninety (90) days following the end of the Performance Cycle, unless any such distribution cannot be made because the Change in Control does not constitute a change in control as defined under Section 409A of the Code, then such distribution of the Common

Shares shall be made at the next event, occurrence or date at which such distribution could be made in compliance with the requirements of Section 409A of the Code.

ARTICLE II
RESTRICTED STOCK UNITS

Section 2.1. **Restricted Stock Unit**. “Restricted Stock Unit” means a long-term incentive award representing the right to receive a Common Share as described in and subject to the terms of this Agreement and the Plan.

Section 2.2 **Calculation Restricted Stock Units**. The Committee, in its sole discretion, will determine the number of Performance Share Units that will be converted to Restricted Stock Units under Section 1.2 of this Agreement.

Section 2.3. **Vesting**. Subject to the terms and conditions of this Agreement, including Sections 2.4 and 2.5 below, your Restricted Stock Units will vest on the Restricted Stock Unit Vesting Date, provided that you remain actively employed by the Company until such date, unless otherwise expressly provided herein.

Section 2.4. **Termination of Employment**. Notwithstanding Section 8.6 of the Plan:

(a)(i) If your employment with the Company terminates after the Restricted Stock Unit Award Date and prior to the Restricted Stock Unit Vesting Date due to death, Disability[, Retirement,] or an involuntary termination that qualifies you for severance pay and severance benefits under a Company-approved written severance plan, arrangement or agreement with the Company, all as conclusively determined by the Company, you shall be eligible to receive a prorated Restricted Stock Unit Award, in accordance with Sections 2.4(a)(ii) and 2.4(a)(iii) below, in an amount equal to the product of the number of Restricted Stock Units awarded, multiplied by the ratio of:

(X) the number of days that you were actively employed by the Company following the Performance Share Unit Award Date, <u>divided by</u>

(Y) the number of days during the period beginning on the Performance Share Unit Award Date and ending on the Restricted Stock Unit Vesting Date.

(ii) If your employment with the Company terminates due to death, Disability or an involuntary termination that (x) qualifies you for severance pay and severance benefits under a Company approved written severance plan and (y) does not qualify as Retirement, the prorated number of Restricted Stock Units that you are entitled to under Section 2.4(a)(i) above will vest immediately and a distribution of the Common Shares underlying the prorated Restricted Stock Unit Award to which you are entitled shall be made within ninety (90) days following your termination of employment. The balance of any unvested Restricted Stock Units is forfeited and you shall have no further rights therein.

[(iii) If your employment with the Company terminates due to Retirement (whether voluntary or involuntary), the prorated number of Restricted Stock Units that you are entitled to under Section 2.4(a)(i) above will vest on the Restricted Stock Unit Vesting Date. A distribution of the Common Shares underlying the prorated Restricted Stock Unit Award to which you are entitled shall be made in accordance with Section 3.4 below. The balance of any unvested Restricted Stock Units is forfeited and you shall have no further rights therein.]

[(b) If your employment with the Company terminates after the Restricted Stock Unit Award Date and prior to the Restricted Stock Unit Vesting Date due to Retirement (whether voluntary or involuntary), as conclusively determined by the Company, your Restricted Stock Unit Award shall not be prorated and shall vest on the Restricted Stock Unit Vesting Date. A distribution of the Common Shares underlying the Restricted Stock Unit Award to which you are entitled shall be made in accordance with Section 3.4 below.]

[(b)][(c)] If your employment with the Company terminates after the Restricted Stock Unit Award Date and prior to the Restricted Stock Unit Vesting Date due to any reason other than those expressly identified in [Section 2.4(a)] [Sections 2.4(a) and 2.4(b)] above, then all unvested Restricted Stock Units shall be forfeited as of your termination date and you shall have no rights therein.

[(c)][(d)] Notwithstanding anything to in this Agreement to the contrary, if your employment with the Company terminates due to an involuntary termination that (x) qualifies you for severance pay and severance benefits under a Company approved written severance plan and (y) does not qualify as Retirement, at the election of the Company, your unvested Restricted Stock Units will not vest and no shares of Common Stock underlying such Restricted Stock Units will be distributed to you under Section 2.4(a) above, unless and until you have delivered to the Company a written waiver and release in form and content satisfactory to the Company, within the time period set forth therein, and any right of you to revoke such waiver and release has expired; *provided that*, if the period during which you are entitled to consider such waiver and release and to revoke such waiver and release, if applicable, spans two (2) calendar years, then your unvested Restricted Stock Units will not vest and no shares of Common Stock underlying such Restricted Stock Units will be distributed to you until the later of (i) the end of the revocation period (assuming that you do not revoke), or (ii) the first business day of the second calendar year (regardless of whether the you used the full time period allowed for consideration), all if and as required for purposes of Section 409A of the Code.

Section 2.5 **Change in Control**. Subject to Section 11.2 of the Plan, in the event a Change in Control occurs after the end of the Performance Cycle (regardless of whether the Conversion has occurred) and prior to any termination of your employment with the Company, the Restricted Stock Units to which you are entitled under Section 2.2 above and which are then outstanding will automatically vest to the extent not then vested. The Common Shares underlying such vested Restricted Stock Units shall be distributed within thirty (30) days following the Change in Control, unless any such distribution cannot be made because the Change in Control does not constitute a change in control as defined under Section 409A of the Code, then such distribution of the Common Shares shall be made at the next event, occurrence or date at which such distribution could be made in compliance with the requirements of Section 409A of the Code.

ARTICLE III
RIGHTS AND SETTLEMENT

Section 3.1. **Rights as a Shareholder**. Your Performance Share Units and Restricted Stock Units will not give you any right to vote on any matter submitted to the Company's stockholders. You will have voting rights with respect to the Common Shares that underlie your Performance Share Units and/or Restricted Stock Units only if and to the extent such shares have vested and settled pursuant to Section 3.4.

Section 3.2. **Restrictions on Transferability**. You will not have any right to sell, assign, transfer, pledge, hypothecate or otherwise encumber your Performance Share Units and/or Restricted Stock Units. Any attempt to effect any of the preceding in violation of this Section 3.2, whether voluntary or involuntary, will be void.

Section 3.3. **Dividend Equivalents**. The Company will credit each of your outstanding Performance Share Units or Restricted Stock Units, as applicable, with Dividend Equivalents [from the date of your Award to the end of the Restricted Period]. A "Dividend Equivalent" is a dollar amount equal to the cash dividend payable per Common Share multiplied by the number of Common Shares then underlying such outstanding Performance Share Units or Restricted Stock Units, as applicable. Such amount shall be credited to a book entry account on your behalf at the time the Company pays any cash dividend on its Common Shares while your Performance Share Units or Restricted Stock Units, as applicable, are outstanding. Your rights in any such Dividend Equivalents shall vest at the same time as, and only to the extent, that the underlying Performance Share Units or Restricted Stock Units, as applicable, vest and shall be distributed at the same time as, and only to the extent, the related Common Shares are to be distributed to you in accordance with this Agreement and to which such Dividend Equivalents apply.

Section 3.4. **Settlement of Your Restricted Stock Units**. Promptly after the Restricted Stock Unit Vesting Date, if any, your Restricted Stock Units vest pursuant to Section 2.3, the Company will deliver to you the number of Common Shares then underlying your vested Restricted Stock Units, or cash, as determined by the Committee, within ninety (90) days following the Restricted Stock Units Vesting Date.

Section 3.5. **Adjustment Due to Change in Capitalization**. If any Adjustment Event occurs while any Performance Share Units or Restricted Stock Units are outstanding, the number of Common Shares underlying each outstanding Performance Share Unit or Restricted Stock Unit, as applicable, shall be appropriately and equitably adjusted as provided in the Plan.

Section 3.6 **Clawback**. Notwithstanding anything in this Agreement to the contrary, the Awards are expressly subject to the provisions in this Section 3.6. You agree that the Company may enforce the provisions in this Section 3.6 by all legal means available, including, without limitation, by withholding the value of the amount required to be returned to the Company and forfeited hereunder from other sums owed to you by the Company.

(a) In the event and to the extent the Committee determines within three (3) years following the later of (i) the Restricted Stock Unit Grant Date or (ii) the date on which the Committee confirms or otherwise finally determines satisfaction of the applicable Performance Goals that the performance certified by the Committee, on the basis of which Performance Share

Units or Restricted Stock Units were converted to Common Shares or Performance Share Units were converted to Restricted Stock Units, was based on materially inaccurate financial statements or other performance measure information, then following the Committee's review of the facts and circumstances underlying such event, you agree to return to the Company and forfeit, to the extent permitted by applicable law, that portion (which may be all) of your Awards (including any Dividend Equivalents thereon) or Common Shares distributed in respect of your vested or earned Awards, or the value thereof (regardless of whether vesting or satisfaction of other conditions to the Awards has occurred and Restricted Stock Units or Common Shares have been distributed) that the Committee, in its discretion, determines to be appropriate.

(b) If, following the termination of your employment with the Company for any reason, including, without limitation, due to death, Disability, or Retirement, the Company becomes aware that (i) during your employment with the Company you engaged in any activity that would have been grounds to terminate your employment or service with the Company for Cause (as defined in the Plan), as reasonably determined by the Committee, or (ii) following your employment with the Company, you have breached any written covenant or agreement with the Company or any of its subsidiaries, as reasonably determined by the Committee, not to disclose or misuse any information pertaining to, or misuse any property of, the Company or any of its subsidiaries, or not to compete or interfere with the Company, or not to solicit employees, agents, customers or clients of the Company, then upon written demand by the Company, you agree to return to the Company and forfeit, to the extent permitted by applicable law, that portion (which may be all) of your Awards (including any Dividend Equivalents thereon) or Common Shares distributed in respect of your vested or earned Awards, or the value thereof (regardless of whether vesting or satisfaction of other conditions to the Awards has occurred and Restricted Stock Units or Common Shares have been distributed) that the Committee, in its discretion, determines to be appropriate.

(c) The Awards (including Dividend Equivalents thereon), Common Shares distributed in respect of your vested Awards, or the value thereof (regardless of whether vesting or satisfaction of other conditions to the Awards has occurred and Restricted Stock Units or Common Shares have been distributed) shall also be subject to forfeiture to the extent required by applicable law. Further, if the Company is required by applicable law, rule or regulation to include or adopt any additional "clawback" or "forfeiture" provision relating to outstanding and/or vested or earned awards, under the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then you hereby agree that such clawback or forfeiture provision shall also apply to the Awards under this Agreement as if it had been included on the Performance Share Unit Award Date and the Company shall notify the you of such additional provision.

ARTICLE IV
ADMINISTRATION

Section 4.1. **Administration**. The Committee is authorized to interpret your Awards and this Agreement and to make all other determinations necessary or advisable for the administration and interpretation of your Awards to carry out its provisions and purposes. Determinations, interpretations or other actions made or taken by the Committee pursuant to the provisions of this Agreement shall be final, binding and conclusive for all purposes and upon all persons. The Committee may consult with legal counsel, who may be counsel to the Committee or the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

ARTICLE V
MISCELLANEOUS

Section 5.1. **Tax Withholding**. The Company will have the power to withhold, or require you to remit to the Company promptly upon notification of the amount due, an amount sufficient to satisfy Federal, state and local withholding tax requirements with respect to your Award (or settlement thereof), and delivery of Common Shares or cash shall not occur until such requirements are satisfied. You shall have the right to elect (a) to have Common Shares deliverable in respect of your Award withheld by the Company or (b) to deliver to the Company previously acquired Common Shares, in each case, having a Fair Market Value equal to and sufficient to satisfy your statutory minimum Federal, state and local tax obligation associated with the settlement.

Section 5.2 **Section 409A**. Notwithstanding anything in this Agreement to the contrary, it is the intention of the parties that this Agreement comply with Section 409A of the Code, and all regulations or other guidance issued thereunder, and this Agreement and the payments of any benefits hereunder will be operated and administered accordingly. However, neither the Company nor the Committee shall have any liability to any person in the event Section 409A of the Code applies to the Awards or any payments hereunder in a transaction that results in adverse tax consequences to the Recipient or any beneficiaries or transferees. If you are a specified employee within the meaning of Section 409A of the Code, distributions under Sections 1.4 and 2.4 above may be delayed until six (6) months and one (1) day following the date of such termination of employment to the extent necessary to comply with Section 409A of the Code.

Section 5.3. **Unsecured Creditor Status and Assignment Prohibition**. These Awards are provided under an entirely unfunded arrangement and no provision shall at any time be made with respect to segregating any assets of the Company or any affiliate for payment of the Awards hereunder. No employee, beneficiary, surviving spouse or any other person shall have any interest in any particular assets of the Company or any affiliate by reason of the right to receive the Awards and any such employee, beneficiary, surviving spouse or other person shall have only the rights of a general unsecured creditor with respect to the Awards.

Prior to an actual payment and distribution with respect to the Awards, no interest of any person or entity in, or right to receive, an Award shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment or other alienation or encumbrance of any kind; nor shall any such interest or right to receive a benefit be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

Section 5.4. **Requirements of Law**. The granting of your Awards and the issuance of Common Shares will be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 5.5. **No Impact on Benefits**. The Awards will not be compensation for purposes of calculating your rights under any employee benefit plan, unless otherwise specifically provided in such other plans.

Section 5.6. **Employment**. Nothing in this Agreement shall limit the right of the Company or any of its affiliates to terminate your service or otherwise impose upon the Company or any of its affiliates any obligation to continue to employ you. The Company may terminate you at any time, with or without cause.

Section 5.7. **Securities Law Compliance**. The Company shall have the authority to determine the instruments by which your Awards shall be evidenced. Instruments evidencing your Awards may contain such other provisions as the Company deems advisable. You understand that the Company has filed with the Securities and Exchange Commission a Form S-8 registration statement under the Securities Act of 1933, as amended, with respect to the Plan and the shares covered by this Agreement. The Company will endeavor to keep such registration statement effective, but in the event the Company notifies you that such registration statement is not then effective, you agree to refrain from sales of Common Shares until such time as the Company advises you that such registration statement has become effective.

Section 5.8. **Governing Law**. This Agreement and your Awards shall be governed by the laws of the State of Connecticut (other than its conflict of law principles).

Section 5.9 **Trading Black Out Periods**. By entering into this Agreement you expressly agree that: (a) during all periods of your employment with the Company or its affiliates, or while you are otherwise maintained on the payroll of the Company or its affiliates, you agree to abide by all applicable trading “black out” periods with respect to purchases or sales of Company stock or exercises of stock options for the Company’s stock established from time to time by the Company (“Trading Black Out Periods”), and (b) upon any cessation or termination of your employment with the Company and its affiliates for any reason, you agree that for a period of three (3) months following the effective date of any such termination or cessation of your employment or, if later, for a period of three (3) months following the date as of which you are no longer on the payroll of the Company and its affiliates, you agree to continue to abide by all such Trading Black Out Periods established from time to time by the Company.

Section 5.10 **Other**. This Agreement is binding on you and your executors, administrators, heirs and personal and legal representatives and on the Company and its successors or assigns.

This Agreement contains the entire Agreement and all terms between you and the Company with respect to the Awards, and there are no other understandings, warranties or representations with respect to the Awards.

Any determination or interpretation by the Committee or Company, as applicable, under or pursuant to this Agreement shall be final, binding and conclusive for all purposes and upon all persons affected hereby. In the event of a conflict between any term of this Agreement and the terms of the Plan, the terms of the Plan shall control.

VIRTUS INVESTMENT PARTNERS, INC.

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By: Mardelle S. Peña

Title: EVP and Chief Human Resources 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 9, 2023

/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 9, 2023

/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, 2023, 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 9, 2023

/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)