

VIRTUS INVESTMENT PARTNERS, INC.
Form 10-Q
November 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2018

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 (I.R.S. Employer
incorporation or organization) Identification No.)
100 Pearl St., Hartford, CT 06103
(Address of principal executive offices) (Zip Code)
(800) 248-7971
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

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Non-accelerated filer (Do not check if a smaller reporting company) 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 7,146,602 as of October 26, 2018.

Table of Contents

VIRTUS INVESTMENT PARTNERS, INC.
INDEX

	Page
<u>Part I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2018 and December 31, 2017</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Nine Months Ended September 30, 2018 and 2017</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Nine Months Ended September 30, 2018 and 2017</u>	3
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2018 and 2017</u>	4
<u>Condensed Consolidated Statements of Changes in Equity (Unaudited) for the Nine Months Ended September 30, 2018 and 2017</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
Item 4. <u>Controls and Procedures</u>	40
 <u>Part II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	42
Item 1A. <u>Risk Factors</u>	43
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
Item 6. <u>Exhibits</u>	43
<u>Signatures</u>	44

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

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Virtus Investment Partners, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

	September 30, 2018	December 31, 2017
(\$ in thousands, except share data)		
Assets:		
Cash and cash equivalents	\$ 168,982	\$ 132,150
Investments	85,131	108,492
Accounts receivable, net	79,823	65,648
Assets of consolidated investment products ("CIP")		
Cash and cash equivalents of CIP	50,427	101,315
Cash pledged or on deposit of CIP	767	817
Investments of CIP	1,791,379	1,597,752
Other assets of CIP	16,888	33,486
Furniture, equipment and leasehold improvements, net	11,998	10,833
Intangible assets, net	346,353	301,954
Goodwill	290,366	170,153
Deferred taxes, net	22,332	32,428
Other assets	19,836	35,771
Total assets	\$ 2,884,282	\$ 2,590,799
Liabilities and Equity		
Liabilities:		
Accrued compensation and benefits	\$ 70,750	\$ 86,658
Accounts payable and accrued liabilities	32,802	29,607
Dividends payable	7,552	6,528
Debt	338,874	248,320
Other liabilities	22,032	39,895
Liabilities of CIP		
Notes payable of CIP	1,608,735	1,457,435
Securities purchased payable and other liabilities of CIP	84,064	112,954
Total liabilities	2,164,809	1,981,397
Commitments and Contingencies (Note 14)		
Redeemable noncontrolling interests	60,248	4,178
Equity:		
Equity attributable to stockholders:		
Series D mandatory convertible preferred stock, \$0.01 par value, 1,150,000 shares authorized, issued and outstanding at September 30, 2018 and December 31, 2017	110,843	110,843
Common stock, \$0.01 par value, 1,000,000,000 shares authorized; 10,541,697 shares issued and 7,146,602 shares outstanding at September 30, 2018 and 10,455,934 shares issued and 7,159,645 shares outstanding at December 31, 2017	105	105
Additional paid-in capital	1,210,645	1,216,173
Retained earnings (accumulated deficit)	(313,026)	(386,216)
Accumulated other comprehensive income (loss)	(600)	(600)
Treasury stock, at cost, 3,395,095 and 3,296,289 shares at September 30, 2018 and December 31, 2017, respectively	(364,249)	(351,748)

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Total equity attributable to stockholders	643,718	588,557
Noncontrolling interests of CIP	15,507	16,667
Total equity	659,225	605,224
Total liabilities and equity	\$ 2,884,282	\$ 2,590,799

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

1

Table of Contents

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(\$ in thousands, except per share data)				
Revenues				
Investment management fees	\$121,713	\$97,295	\$325,357	\$230,628
Distribution and service fees	13,730	11,482	39,886	32,704
Administration and shareholder service fees	16,567	14,699	48,272	33,156
Other income and fees	200	199	655	1,095
Total revenues	152,210	123,675	414,170	297,583