

# INVESTOR PRESENTATION

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- Firm Overview
- Product
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- Growth Opportunities
- Financial Review
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# IMPORTANT DISCLOSURES

This presentation contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995, as amended. 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 our 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 of our forward-looking statements are as of the date of this presentation only. The company can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially.

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 2018 Annual Report on Form 10-K, as well as the following risks and uncertainties: (a) any reduction in our assets under management; (b) withdrawal, renegotiation or termination of investment advisory agreements; (c) damage to our reputation; (d) failure to comply with investment guidelines or other contractual requirements; (e) inability to satisfy financial covenants and payments related to our indebtedness; (f) inability to attract and retain key personnel; (g) challenges from the competition we face in our business; (h) adverse regulatory and legal developments; (i) unfavorable changes in tax laws or limitations; (j) adverse developments related to unaffiliated subadvisers; (k) negative implications of changes in key distribution relationships; (l) interruptions in or failure to provide critical technological service by us or third parties; (m) volatility associated with our common and preferred stock; (n) adverse civil litigation and government investigations or proceedings; (o) risk of loss on our investments; (p) inability to make quarterly common and preferred stock distributions; (q) lack of sufficient capital on satisfactory terms; (r) losses or costs not covered by insurance; (s) impairment of goodwill or intangible assets; (t) inability to achieve expected acquisition-related benefits; and other risks and uncertainties described in our 2018 Annual Report on Form 10-K or in any of our filings with the Securities and Exchange Commission (“SEC”).

Certain other factors which may impact our continuing operations, prospects, financial results and liquidity, or which 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](http://www.virtus.com) under “Investor Relations.” You are urged to carefully consider all such factors.

The company does 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 presentation, 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 which modify or impact any of the forward-looking statements contained in or accompanying this presentation, such statements or disclosures will be deemed to modify or supersede such statements in this presentation.

# Firm Overview

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**We are a distinctive partnership of boutique investment managers, singularly committed to the long-term success of individual and institutional investors**

- Independent publicly traded asset manager
  - Market capitalization of \$0.9 billion<sup>1</sup> (NASDAQ: VRTS)
- Managing \$105 billion in a multi-boutique structure
  - Flexible model with offerings from affiliated managers and select subadvisers
  - Strong, centralized retail distribution
  - Shared operations and business support services
- Investment strategies available in multiple product forms:
  - Open-end mutual funds
  - Closed-end mutual funds
  - UCITS
  - ETFs
  - Retail separate accounts
  - Institutional accounts
  - Commingled investment trusts
  - Structured Products

AUM as of June 30, 2019

<sup>1</sup> As of June 30, 2019. Assumes conversion of preferred shares to common shares at the 20 day volume-weighted average common stock price at period end, subject to a conversion price range of \$109.68 to \$131.62 per share resulting in a conversion ratio range of 0.9117 to 0.7598

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## Flexible Multi-Boutique Asset Manager

- Flexible partnership approach with alignment of interests
- Preserves affiliate culture, investment process, and brand
- Shared distribution and support services

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## Diverse, High-Quality Product Offerings

- Well-diversified across asset classes and investment styles
- Differentiated strategies for changing environments and preferences
- 80% of fund assets rated 4 or 5 stars by Morningstar; 94% of institutional assets beating benchmarks on a 5-year basis

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## Effective Distribution Capabilities

- Provides one-point access to distinctive investment capabilities
- Relationships with a broad network of intermediaries
- Consultative and educational sales approach

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## Multiple Opportunities for Growth

- Introduction of new products
- Expansion of investment capabilities and distribution
- Addition of new affiliates

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## Attractive Financial Profile

- Strong and diverse cash flow
  - Proven operating leverage and ability to generate attractive margins
  - Prudent capital management with modest financial leverage, focused on growing the business
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We have the flexibility, agility, and responsiveness of a boutique asset management firm with the product breadth, distribution reach, and resources of larger firms

## All the Benefits of a Multi-Boutique

- Broad array of differentiated investment strategies
  - Attractive structure for high-quality investment teams and firms
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## Greater Efficiency

- Supported by effective retail distribution and marketing, shared operations and business support services
  - Significant economies of scale benefit affiliates
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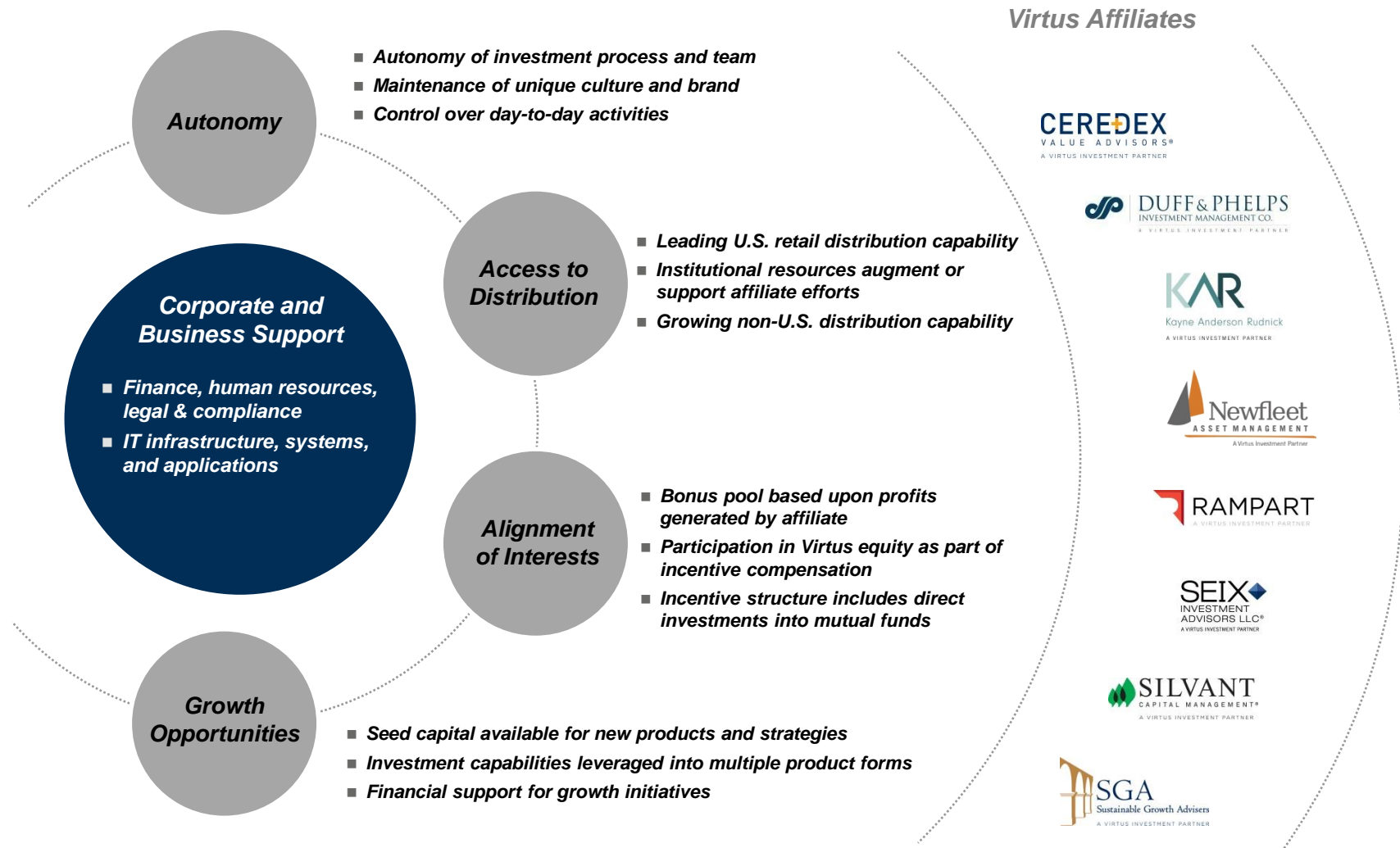
## Greater Flexibility

- Model incorporates multiple partnership options
  - Ability to respond to evolving investor preferences
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## Greater Growth Opportunities

- Expand product offerings from current and new managers
- Leverage distribution effectiveness to other channels and geographies

Our partnership approach preserves each affiliate's unique entrepreneurial culture, provides continued investment autonomy, and ensures alignment of interests





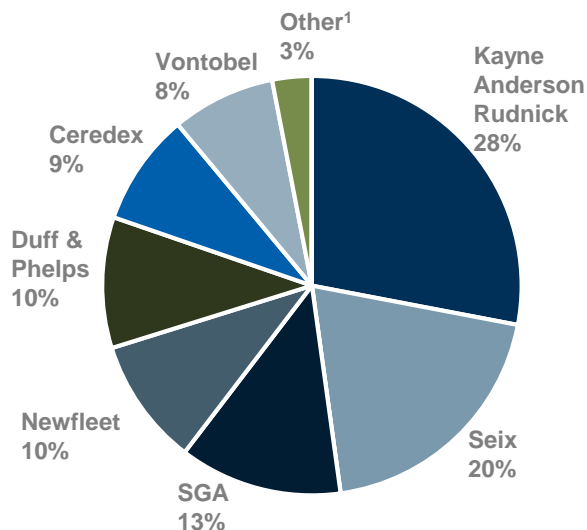
# Product

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# PRODUCTS

DIVERSITY OF STRATEGIES

## AUM by Manager



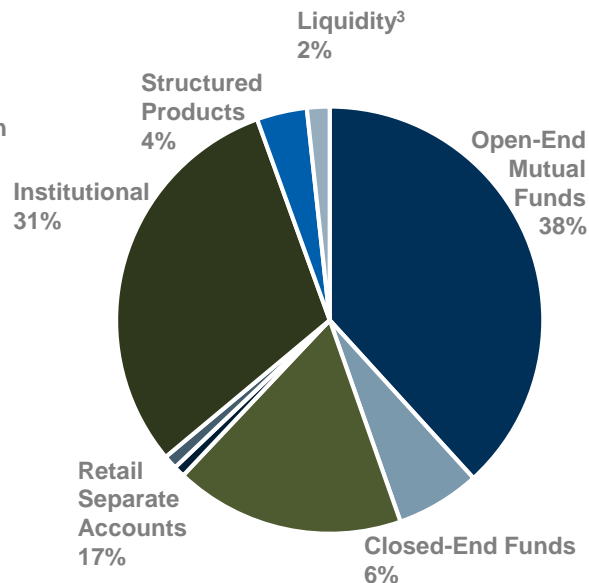
### Affiliated Managers

Kayne Anderson Rudnick	\$29.4
Seix	20.8
SGA	13.2
Newfleet	10.3
Duff & Phelps	10.6
Ceredex	9.1
Other <sup>2</sup>	2.1
<b>Total</b>	<b>\$95.5</b>

### Subadvisers

Vontobel	\$8.4
Other	1.1
<b>Total</b>	<b>\$9.5</b>

## AUM by Product Type



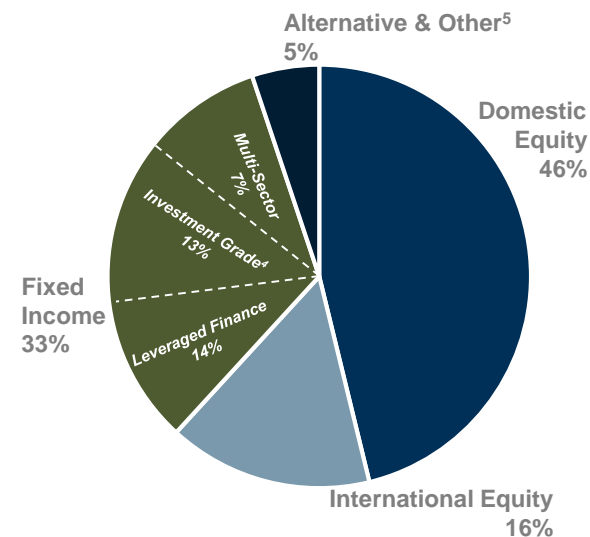
### Funds

Open-End	\$40.2
Closed-End	6.7
ETFs	1.1
Variable Insurance	0.9
<b>Total</b>	<b>\$48.9</b>

### Separate Accounts

Institutional Accounts	\$32.1
Retail Separate Accounts	18.3
Structured Products	4.0
Liquidity <sup>3</sup>	1.8
<b>Total</b>	<b>\$56.2</b>

## AUM by Asset Class



### Domestic Equity

Small-Cap	19.9
Large-Cap	\$ 19.5
Mid-Cap	9.1
<b>Total</b>	<b>\$48.5</b>

### International Equity

Developed Market	\$ 9.3
Emerging Market	7.1
<b>Total</b>	<b>\$16.4</b>

### Fixed Income & Liquidity

Leveraged Finance	\$13.9
Investment Grade <sup>4</sup>	13.6
Multi-Sector	7.2
<b>Total</b>	<b>\$34.7</b>

### Alternative & Other

Alternative	\$5.2
Other <sup>5</sup>	0.2
<b>Total</b>	<b>\$5.4</b>

**Total AUM: \$105 billion**

\$ billions as of June 30, 2019; totals may not add due to rounding

<sup>1</sup>Includes Silvant, Rampart, asset allocation and other subadvised strategies

<sup>2</sup>Primarily includes Silvant and Rampart

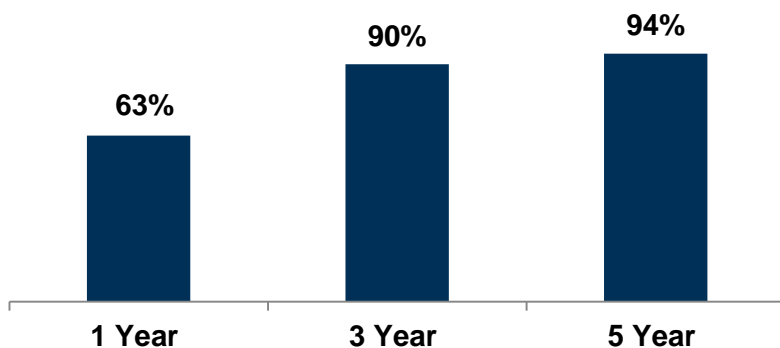
<sup>3</sup>Includes ultra short bond strategies <sup>4</sup>Includes liquidity strategies <sup>5</sup>Option strategies

# PRODUCTS

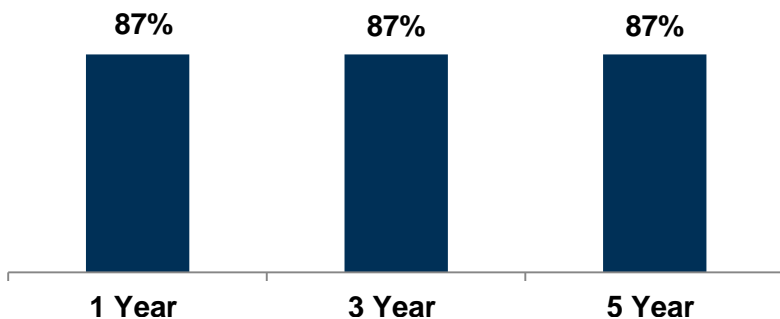
## ATTRACTIVE INVESTMENT PERFORMANCE



### Institutional Performance<sup>1</sup>



### Managed Accounts Performance<sup>1</sup>



### Mutual Fund Performance<sup>2</sup>

Morningstar Rating	# of Funds	\$ AUM	% of AUM
★★★★★	9	\$15,614	38%
★★★★	17	\$17,542	42%
★★★	20	\$7,225	17%
★★	6	\$680	2%
★	2	\$548	1%

80% (for 5, 4, and 3 star ratings)  
97% (for 5, 4, 3, and 2 star ratings)

#### Morningstar Normal Distribution

5 Star	4 Star	3 Star	2 Star	1 Star
10%	22.5%	35%	22.5%	10%

Strong ratings are not indicative of positive fund performance. The Overall Morningstar Rating is based on risk-adjusted returns.

\$ in millions as of June 30, 2019

<sup>1</sup> % AUM beating benchmark

<sup>2</sup> AUM excludes non-rated funds. Based on institutional-class shares, except for funds without I shares, for which A shares were used, or if A share rating is higher than I shares. Past performance is not indicative of future results

### 26 mutual funds rated 4 or 5 Stars, including the five largest funds

#### 4 and 5 Star Mutual Funds by Asset Class

Asset Class	# of Funds <sup>1</sup>
Fixed Income	9 Funds
U.S. Equity	6 Funds
Alternative/Allocation	3 Funds
International Equity	8 Funds

#### 5 Largest Mutual Funds

Fund	AUM <sup>2</sup> (\$B)	M'Star Rating <sup>1</sup>
Vontobel Emerging Markets Opportunities	\$7.0	4
Newfleet Multi-Sector S/T Bond	\$6.3	5
KAR Small-Cap Growth	\$5.2	5
Seix Floating Rate High Income	\$4.3	4
Ceredex Mid-Cap Value Equity	\$3.1	4

**Strong ratings are not indicative of positive fund performance. The overall Morningstar rating is based on risk-adjusted returns.**

<sup>1</sup> Morningstar overall rating for institutional-class shares

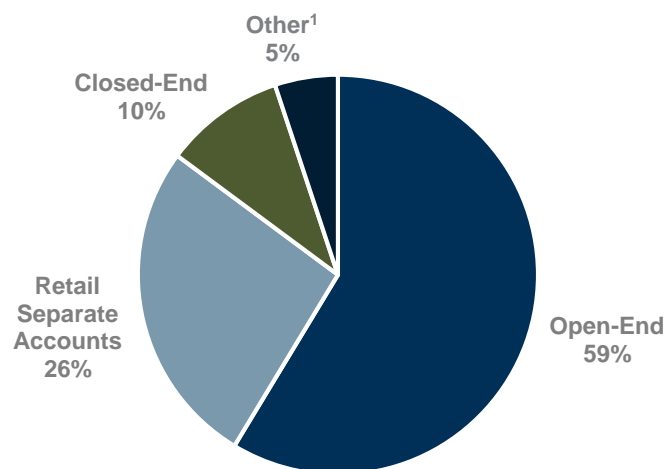
<sup>2</sup> As of June 30, 2019

Past performance is not indicative of future results

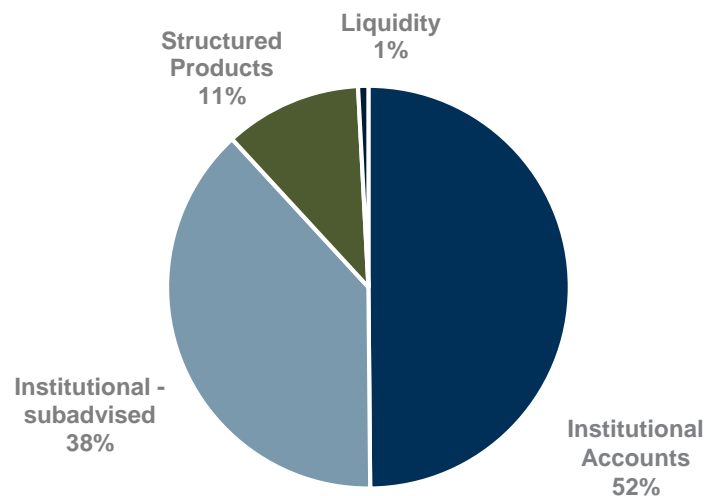
# Distribution

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Retail AUM by Product Type (\$68.7B)



Institutional AUM by Product Type (\$36.3B)



- Broad and diversified product offerings make Virtus a meaningful partner with distributors
- Centralized retail distribution supports mutual funds managed by affiliates and subadvisers in wirehouse, Independent/RIA and DCIO channels
- Strength and growth in retail separate accounts

- Affiliate-centric distribution resources through experienced institutional sales/client service teams
- Direct and consultant-sourced relationships
- Diversified and stable client base with institutions, corporations and foundations

\$ billions as of June 30, 2019

<sup>1</sup> Includes liquidity, ETFs, and variable insurance funds

### Strategy

One-point access to boutique managers

- Broad and differentiated product offerings
- Allows Financial Advisors to focus on fewer relationships

### Team

Experienced and high-quality 60+ person sales force

- Significant industry experience and tenure
- Effective communication of sophisticated strategies
- 21 year average industry tenure (eight years with Virtus)

### Approach

Consultative approach addressing client needs

- Assist Financial Advisors in managing their books of business
- Help Financial Advisors address current and future client needs with thoughtful educational content

**MUTUAL FUNDS ■ CLOSED-END FUNDS ■ RETAIL SEPARATE ACCOUNTS  
UCITS ■ COLLECTIVE INVESTMENT TRUSTS ■ ETFs**

Wirehouse	Regional	Independent/ RIA	Private Bank	Retirement and Insurance	Offshore
Merrill Lynch Morgan Stanley UBS Wells Fargo	Janney Raymond James RBC Stifel Nicolaus	Ameriprise AXA Commonwealth LPL	Citi Deutsche Fifth Third JP Morgan	Empower Jackson National Nationwide Transamerica	Merrill Lynch Morgan Stanley Snowden Lane UBS

- Well-defined and differentiated value proposition supports financial intermediaries
- Broad penetration and relationships with national and regional firms
- Experienced, channelized sales force with above-average years of experience in the industry



# Growth Opportunities

# MULTIPLE OPPORTUNITIES FOR GROWTH

Area	Growth Opportunities	Examples
<b>Product</b>	<ul style="list-style-type: none"> <li>■ Leverage capabilities of current strategies into other product structures</li> <li>■ Broaden capabilities with new teams/managers</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand ETFs, UCITS, CIT and private funds</li> <li>■ Selectively add sub-advisors or lift outs</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>■ Leverage strength in existing retail channels</li> <li>■ Increase presence in retirement and RIA</li> <li>■ Expand institutional distribution</li> <li>■ Broaden presence in offshore markets</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand sales of newer products</li> <li>■ Replicate strengths in less penetrated areas</li> <li>■ Add additional distribution resources</li> <li>■ Enhance non-US distribution access</li> </ul>
<b>Inorganic</b>	<ul style="list-style-type: none"> <li>■ Add differentiated or complementary investment strategies</li> <li>■ Diversify distribution</li> <li>■ Increase scale</li> </ul>	<ul style="list-style-type: none"> <li>■ Acquire boutiques with                             <ul style="list-style-type: none"> <li>• Non-competing capabilities</li> <li>• Complementary distribution capabilities</li> <li>• Significant presence in under-penetrated strategies</li> </ul> </li> </ul>

# HISTORY OF SUCCESSFUL INORGANIC EXPANSION

*HAS SUPPLEMENTED ORGANIC GROWTH*



Date	Opportunity	Strategic Rationale
<b>Nov. 2010</b>	<ul style="list-style-type: none"> <li>Adopts Phoenix Edge Series Fund, a variable insurance trust (VIT), from The Phoenix Companies</li> </ul>	<ul style="list-style-type: none"> <li>Adds \$1.2 billion of AUM in newly established Virtus VIT. Expands product offerings and distribution breadth</li> </ul>
<b>June 2011</b>	<ul style="list-style-type: none"> <li>Establishes Newfleet Asset Management affiliate</li> </ul>	<ul style="list-style-type: none"> <li>Adds team of fixed income managers with successful track record managing \$5.2 billion in fixed income assets</li> </ul>
<b>Oct. 2011</b>	<ul style="list-style-type: none"> <li>Adopts DCA Total Return Fund from Dividend Capital Investments</li> </ul>	<ul style="list-style-type: none"> <li>Expands closed-end fund offering with the addition of \$111 million in AUM</li> </ul>
<b>Oct. 2012</b>	<ul style="list-style-type: none"> <li>Acquires Rampart Investment Management</li> </ul>	<ul style="list-style-type: none"> <li>Adds customized options strategies for institutional and high net worth clients and \$1.4 billion of AUM</li> </ul>
<b>April 2015</b>	<ul style="list-style-type: none"> <li>Acquires majority interest in ETF Issuer Solutions</li> </ul>	<ul style="list-style-type: none"> <li>Broadens product suite with active and passive ETF capabilities</li> </ul>
<b>June 2017</b>	<ul style="list-style-type: none"> <li>Acquires RidgeWorth Investments</li> </ul>	<ul style="list-style-type: none"> <li>Transformative acquisition that significantly increases scale, diversifies investment offerings and enhances distribution with addition of RidgeWorth's boutique managers (Ceredex, Seix and Silvant). Nearly doubles AUM to \$90 billion</li> </ul>
<b>July 2018</b>	<ul style="list-style-type: none"> <li>Acquires majority interest in Sustainable Growth Advisors (SGA)</li> </ul>	<ul style="list-style-type: none"> <li>Adds \$11.6 billion of primarily institutional AUM focused on high-conviction U.S. and global growth equity strategies. Increases scale and expands institutional and international client base</li> </ul>
<b>May 2019</b>	<ul style="list-style-type: none"> <li>Adopts SGA Global Growth Fund from American Beacon</li> </ul>	<ul style="list-style-type: none"> <li>Adds \$0.1 billion fund with strong track record and 5-star Morningstar rating</li> </ul>

# Financial Review

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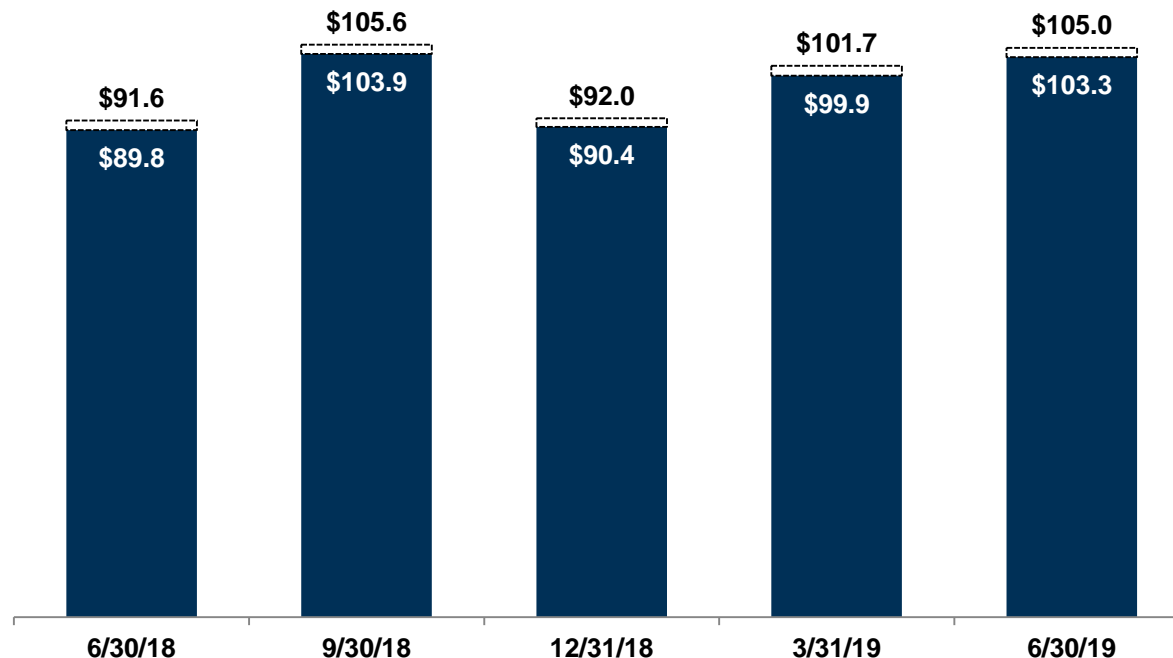


# ASSETS UNDER MANAGEMENT

## QUARTERLY TREND



■ Long-Term  
□ Liquidity



### Long-Term AUM by Asset Class

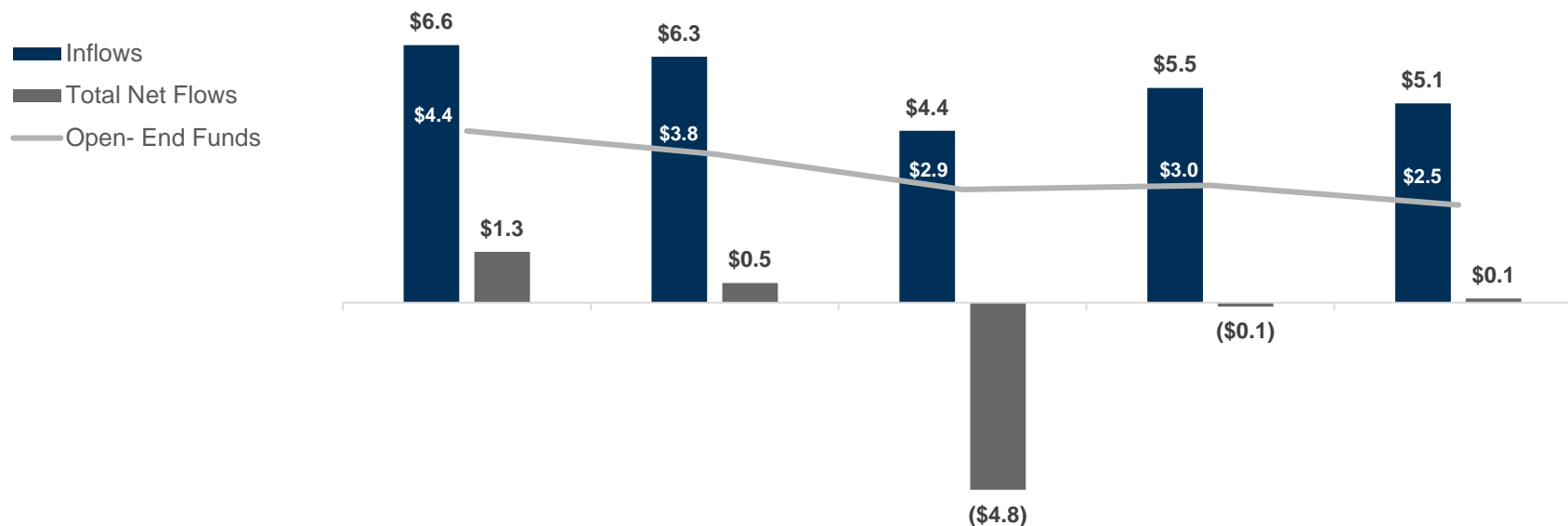
Asset Class	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19
Equity	51.9%	53.9%	60.3%	58.9%	62.8%
Fixed Income	43.2%	41.1%	35.4%	37.0%	31.9%
Alternatives <sup>1</sup>	4.9%	5.0%	4.3%	4.1%	5.3%

\$ in billions

<sup>1</sup> Consists of real estate securities, mid-stream energy securities and master limited partnerships, options strategies, and other

# SALES AND NET FLOWS

## QUARTERLY TREND



METRICS	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
Total Sales <sup>1</sup> Rate	30.5%	27.7%	16.9%	24.7%	20.5%
Total Net Flow Rate	5.9%	2.2%	(18.2%)	(0.2%)	0.2%
Open-End Fund Sales <sup>2</sup> Rate	40.4%	34.0%	25.4%	32.3%	24.7%

\$ in billions

<sup>1</sup>Total sales and net flows exclude liquidity products

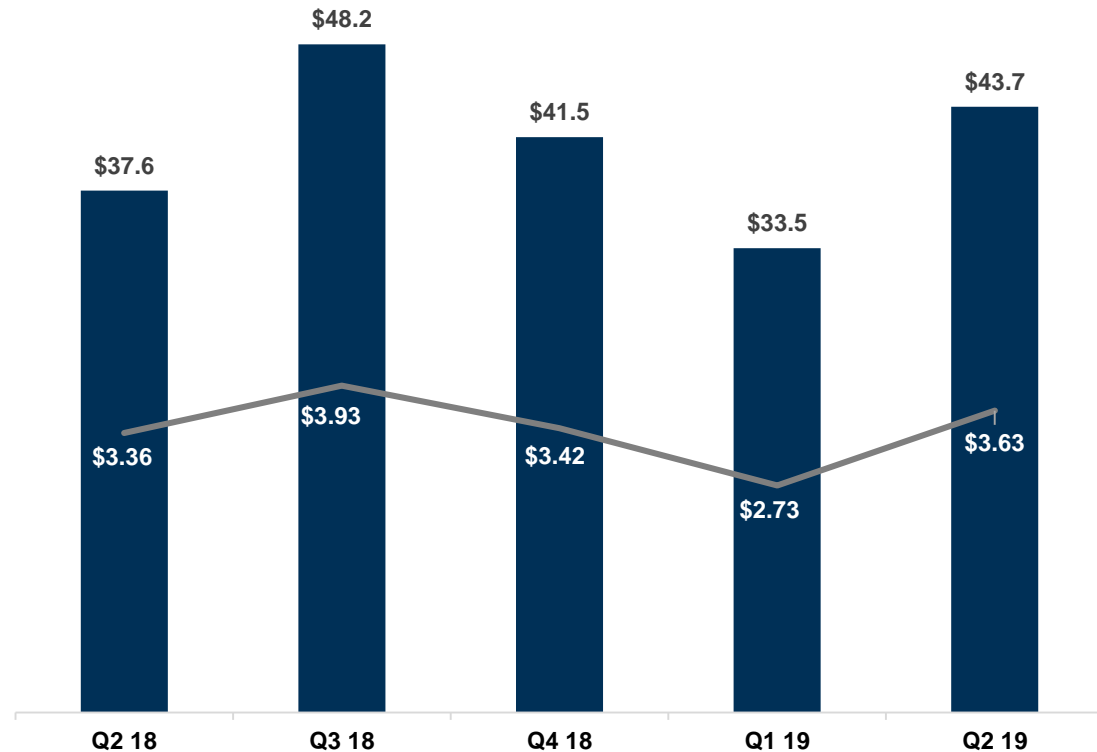
<sup>2</sup>Long-term open end mutual funds

Sales rate is annualized inflows divided by beginning-of-period assets; net flow rate is annualized net flows divided by beginning of period assets

# OPERATING INCOME, AS ADJUSTED

## QUARTERLY TREND

■ Operating Income, as adjusted  
— Net Income per diluted share, as adjusted



### METRICS

Net Income Attributable to Common Stockholders, as Adjusted	\$28.3	\$33.3	\$28.8	\$22.7	\$30.0
Operating Margin, as Adjusted	34.0%	37.5%	34.9%	29.8%	36.1%

# STRONG CAPITAL POSITION

## QUARTERLY TREND



- Working capital increased \$10.8 million, or 8%, sequentially in Q2 19, as cash generation more than offset debt repayments and share repurchases
  - Repaid \$12.4 million of debt during the quarter; \$315.7 million of gross debt outstanding at June 30, 2019
  - Repurchased 67,709 shares for \$7.5 million and net settled 9,753 shares for \$1.1 million
  - Preferred shares scheduled to mandatorily convert to common shares on February 1, 2020

	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19
Cash and cash equivalents	\$139	\$169	\$202	\$142	\$166
Seed capital investments <sup>1</sup>	\$107	\$109	\$93	\$89	\$96
Investments - other <sup>2</sup>	\$107	\$104	\$94	\$89	\$88
Deferred taxes, net	\$31	\$22	\$22	\$24	\$22
Gross debt <sup>3</sup>	\$258	\$351	\$341	\$328	\$316
Redeemable noncontrolling interests	\$ -	\$56	\$55	\$54	\$54
Total equity attributable to stockholders	\$625	\$644	\$630	\$634	\$651
<i>Working capital<sup>4</sup></i>	<i>\$94</i>	<i>\$128</i>	<i>\$140</i>	<i>\$138</i>	<i>\$149</i>
<i>Common shares outstanding</i>	<i>7.166</i>	<i>7.147</i>	<i>6.997</i>	<i>6.979</i>	<i>6.945</i>
<i>Hypothetical conversion of preferred shares<sup>5</sup></i>	<i>0.880</i>	<i>0.950</i>	<i>1.047</i>	<i>1.047</i>	<i>1.048</i>
<i>Common shares outstanding, as adjusted<sup>5</sup></i>	<i>8.046</i>	<i>8.097</i>	<i>8.044</i>	<i>8.026</i>	<i>7.993</i>
<b>Metrics:</b>					
Net Debt <sup>6</sup>	\$119	\$183	\$139	\$186	\$150
Gross Debt <sup>3</sup> to Bank EBITDA <sup>7</sup>	1.4x	1.7x	1.6x	1.6x	1.5x
Net Debt to Bank EBITDA	0.7x	0.9x	0.7x	0.9x	0.7x

\$ and shares in millions

<sup>1</sup> Represents sponsored investment products including open-end funds, ETFs, and separate accounts

<sup>2</sup> Represents investments not related to seed capital investments; company-managed CLOs represent \$84 million of the total

<sup>3</sup> Excludes deferred financing costs

<sup>4</sup> Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable, contingent consideration and required principal payments due over the next twelve months

<sup>5</sup> Assumes conversion of preferred shares to common shares at the 20 day volume-weighted average common stock price at period end, subject to a conversion price range of \$109.68 to \$131.62 per share resulting in a conversion ratio range of 0.9117 to 0.7598 as of 06/30/2019

<sup>6</sup> Defined as gross debt less cash and cash equivalents

<sup>7</sup> Calculated in accordance with the company's credit agreement

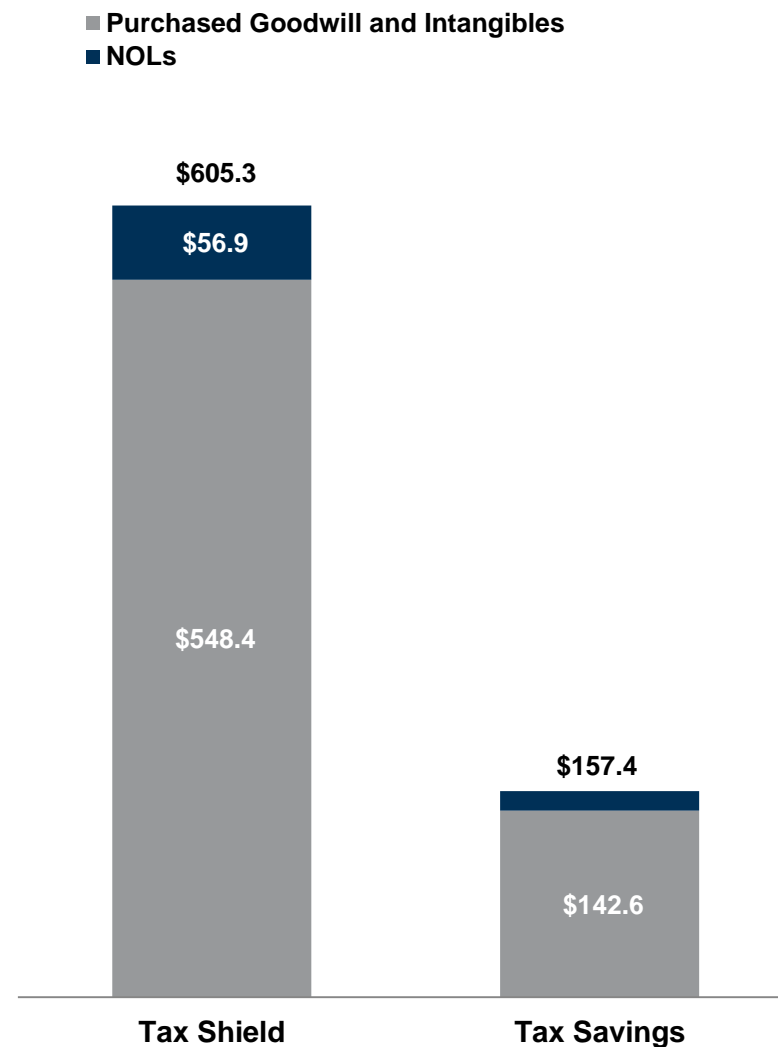
See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes



# SIGNIFICANT TAX BENEFIT

TAX SHIELD<sup>1</sup> OVER NEXT 15 YEARS (2019-2034)

- Recent acquisitions have created significant tax benefit from amortizable intangible assets
- Cash tax savings expected to average \$10.5 million per year over next 15 years



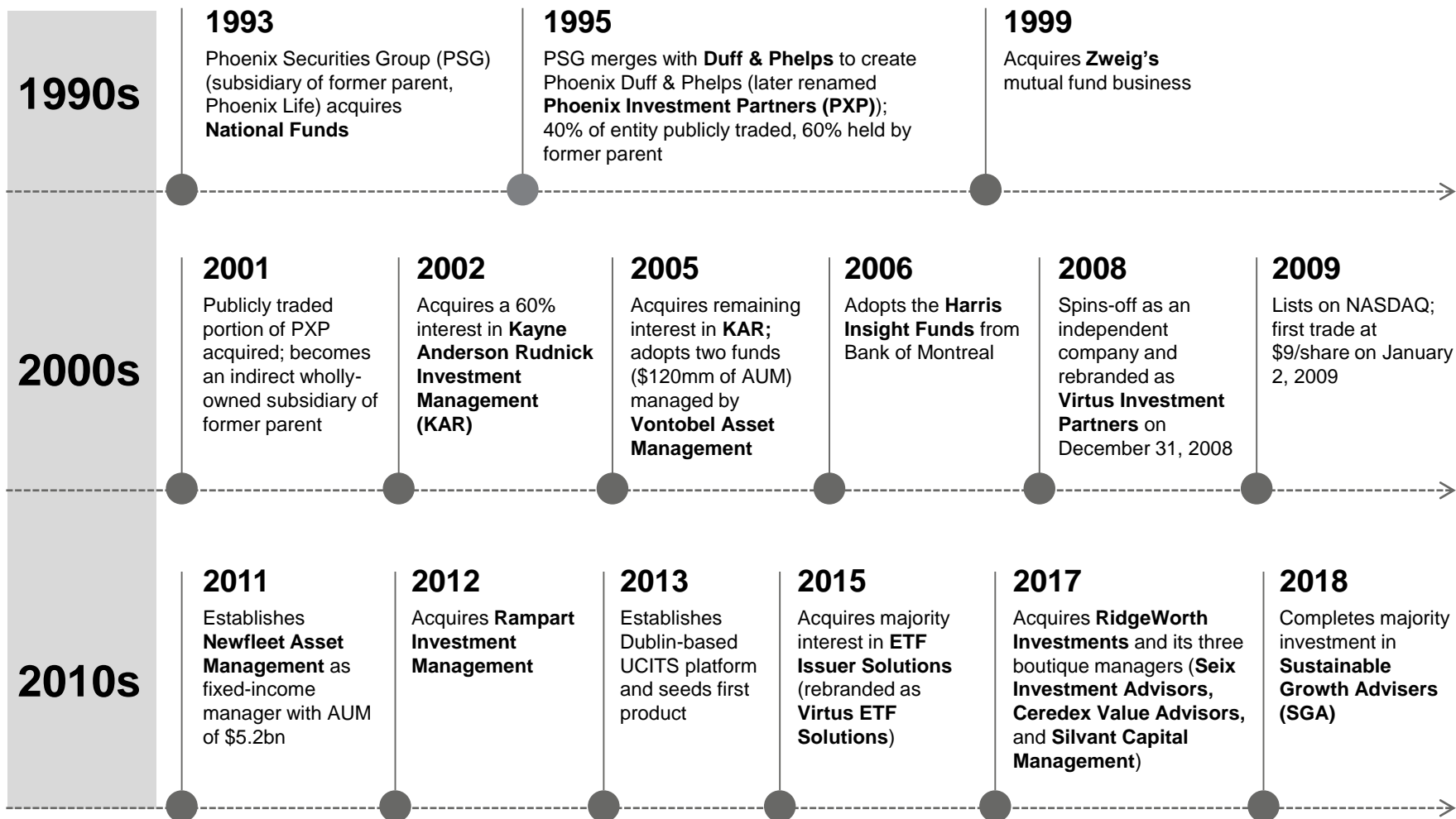
\$ in millions

<sup>1</sup> Purchased goodwill/intangibles and net operating losses (NOLs); NOL tax shield at assumed effective rate of 26%

# Appendix

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## Established in the 1990s and fully independent since January 2009



# NON-GAAP INFORMATION

## INCOME STATEMENT<sup>1</sup> (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Revenues, As Adjusted</b>							
Investment management fees, as adjusted	\$104,559	\$123,379	\$113,253	\$107,572	\$116,428	\$206,606	\$224,000
Distribution and service fees, as adjusted	13,553	13,734	10,831	10,066	10,620	26,164	20,686
Administration and shareholder service fees, as adjusted	15,995	16,579	15,366	14,440	15,081	31,734	29,521
Other income and fees, as adjusted	248	200	230	324	227	455	551
Distribution and other asset-based expenses, as adjusted	(23,721)	(25,386)	(21,043)	(19,764)	(21,322)	(46,012)	(41,086)
Total revenues, as adjusted	\$110,634	\$128,506	\$118,637	\$112,638	\$121,034	\$218,947	\$233,672
<b>Operating Expenses, As Adjusted</b>							
Employment expenses, as adjusted	\$53,660	\$61,708	\$58,073	\$59,418	\$57,008	\$112,453	\$116,426
Other operating expenses, as adjusted	18,227	17,393	17,812	18,496	19,055	33,920	37,551
Depreciation and other amortization, as adjusted	1,100	1,189	1,293	1,213	1,271	2,115	2,484
Total operating expenses, as adjusted	\$72,987	\$80,290	\$77,178	\$79,127	\$77,334	\$148,488	\$156,461
<b>Operating Income (Loss), As Adjusted</b>	<b>\$37,647</b>	<b>\$48,216</b>	<b>\$41,459</b>	<b>\$33,511</b>	<b>\$43,700</b>	<b>\$70,459</b>	<b>\$77,211</b>

\$ in thousands

<sup>1</sup> The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. See the information beginning on page 22 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

# NON-GAAP INFORMATION

## INCOME STATEMENT<sup>1</sup> (CONTINUED) (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other Income (Expense), As Adjusted</b>							
Realized and unrealized gain (loss) on investments, net, as adjusted	\$137	\$10	(\$244)	\$359	\$102	(\$61)	\$461
Other income, net, as adjusted	455	549	1,272	450	696	1,774	1,146
Total other income (expense), as adjusted	\$592	\$559	\$1,028	\$809	\$798	\$1,713	\$1,607
<b>Interest Income (Expense), As Adjusted</b>							
Interest expense, as adjusted	(\$3,849)	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$7,667)	(\$10,316)
Interest and dividend income, as adjusted	4,853	3,848	4,826	4,228	3,808	8,524	8,036
Total interest income (expense), net, as adjusted	\$1,004	(\$1,307)	(\$1,137)	(\$937)	(\$1,343)	\$857	(\$2,280)
<b>Pre-Tax Income (Loss), As Adjusted</b>	<b>\$39,243</b>	<b>\$47,468</b>	<b>\$41,350</b>	<b>\$33,383</b>	<b>\$43,155</b>	<b>\$73,029</b>	<b>\$76,538</b>
Income tax expense (benefit), as adjusted	10,994	12,678	11,526	9,062	11,668	20,511	20,730
<b>Net Income (Loss), As Adjusted</b>	<b>\$28,249</b>	<b>\$34,790</b>	<b>\$29,824</b>	<b>\$24,321</b>	<b>\$31,487</b>	<b>\$52,518</b>	<b>\$55,808</b>
Noncontrolling interests, as adjusted	-	(1,542)	(1,002)	(1,591)	(1,497)	-	(3,088)
<b>Net Income Attributable to Common Stockholders, As Adjusted</b>	<b>\$28,249</b>	<b>\$33,248</b>	<b>\$28,822</b>	<b>\$22,730</b>	<b>\$29,990</b>	<b>\$52,518</b>	<b>\$52,720</b>
Weighted average shares outstanding - diluted, as adjusted	8,401	8,456	8,429	8,322	8,252	8,396	8,290
<b>Earnings (Loss) Per Share - Diluted, As Adjusted</b>	<b>\$3.36</b>	<b>\$3.93</b>	<b>\$3.42</b>	<b>\$2.73</b>	<b>\$3.63</b>	<b>\$6.26</b>	<b>\$6.36</b>

\$ and shares in thousands

<sup>1</sup> The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. See the information beginning on page 22 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

# NON-GAAP INFORMATION

## BALANCE SHEET<sup>1</sup> (UNAUDITED)



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>
<b>Assets:</b>					
Cash and cash equivalents	\$138,827	\$168,982	\$201,705	\$142,344	\$166,026
Investments – seed capital	107,217	109,111	92,846	88,594	95,765
Investments – other	107,030	104,496	93,636	88,558	87,885
Investments – long term	20,064	17,758	18,264	19,563	20,046
Accounts receivable, net	68,710	80,807	71,150	75,309	72,882
Furniture, equipment, and leasehold improvements, net	11,409	11,998	20,154	20,171	20,092
Intangible assets, net	291,893	346,353	338,811	331,270	325,383
Goodwill	170,153	290,366	290,366	290,366	290,366
Deferred taxes, net	31,134	22,790	22,116	23,564	21,611
Other assets	40,091	19,837	14,204	32,693	35,612
<b>Total Assets</b>	<b>\$986,528</b>	<b>\$1,172,498</b>	<b>\$1,163,252</b>	<b>\$1,112,432</b>	<b>\$1,135,668</b>

\$ in thousands

<sup>1</sup> The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of presenting balance sheet accounts before the consolidation of investment products

# NON-GAAP INFORMATION

## BALANCE SHEET<sup>1</sup> (CONTINUED) (UNAUDITED)



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accrued compensation and benefits	\$45,187	\$70,750	\$93,339	\$31,105	\$52,675
Accounts payable and accrued liabilities	25,805	32,803	27,926	27,723	24,757
Dividends payable	6,688	7,552	7,762	7,473	7,625
Other liabilities	39,236	22,490	20,010	40,574	39,785
Debt <sup>2</sup>	245,147	338,874	329,184	317,665	306,110
<b>Total Liabilities</b>	<b>\$362,063</b>	<b>\$472,469</b>	<b>\$478,221</b>	<b>\$424,540</b>	<b>\$430,952</b>
Redeemable noncontrolling interests	\$ -	\$56,287	\$55,097	\$54,357	\$53,656
<b>Equity:</b>					
Equity attributable to stockholders	\$624,465	\$643,742	\$629,934	\$633,535	\$651,060
<b>Total Liabilities and Equity</b>	<b>\$986,528</b>	<b>\$1,172,498</b>	<b>\$1,163,252</b>	<b>\$1,112,432</b>	<b>\$1,135,668</b>
<b>Working Capital<sup>3</sup></b>	<b>\$94,252</b>	<b>\$128,186</b>	<b>\$140,178</b>	<b>\$137,927</b>	<b>\$148,715</b>

\$ in thousands

<sup>1</sup> The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of presenting balance sheet accounts before the consolidation of investment products

<sup>2</sup> Defined as gross debt less deferred financing costs

<sup>3</sup> Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable and required principal payments due over the next twelve months including scheduled amortization and an estimate of the excess cash flow payment; the actual excess cash flow payment will be measured based on fiscal year 2019 financial results and the net leverage ratio as of December 31, 2019

# U.S. GAAP INFORMATION

## INCOME STATEMENT (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Revenues</b>							
Investment management fees	\$103,168	\$121,713	\$111,664	\$105,918	\$114,591	\$203,644	\$220,509
Distribution and service fees	13,549	13,730	10,829	10,063	10,617	26,156	20,680
Administration and shareholder service fees	15,967	16,567	15,342	14,413	15,054	31,705	29,467
Other income and fees	248	200	230	324	227	455	551
<b>Total revenues</b>	<b>\$132,932</b>	<b>\$152,210</b>	<b>\$138,065</b>	<b>\$130,718</b>	<b>\$140,489</b>	<b>\$261,960</b>	<b>\$271,207</b>
<b>Operating Expenses</b>							
Employment expenses	\$54,868	\$63,269	\$59,668	\$60,851	\$58,123	\$115,564	\$118,974
Distribution and other asset-based expenses	23,721	25,386	21,043	19,764	21,322	46,012	41,086
Other operating expenses	19,128	20,350	18,513	18,723	19,174	35,990	37,897
Other operating expenses of CIP <sup>1</sup>	1,783	529	692	451	2,568	2,294	3,019
Restructuring and severance	-	-	87	1,176	320	-	1,496
Depreciation expense	1,100	1,189	1,293	1,213	1,271	2,115	2,484
Amortization expense	5,024	7,541	7,541	7,541	7,583	10,060	15,124
<b>Total operating expenses</b>	<b>\$105,624</b>	<b>\$118,264</b>	<b>\$108,837</b>	<b>\$109,719</b>	<b>\$110,361</b>	<b>\$212,035</b>	<b>\$220,080</b>
<b>Operating Income (Loss)</b>	<b>\$27,308</b>	<b>\$33,946</b>	<b>\$29,228</b>	<b>\$20,999</b>	<b>\$30,128</b>	<b>\$49,925</b>	<b>\$51,127</b>

\$ in thousands

<sup>1</sup> CIP refers to Consolidated Investment Products; Revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("CLOs") that are consolidated in the financial statements



# U.S. GAAP INFORMATION

## INCOME STATEMENT (CONTINUED) (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other Income (Expense)</b>							
Realized and unrealized gain (loss) on investments, net	\$960	(\$374)	(\$6,241)	\$3,433	\$2,039	\$1,398	\$5,472
Realized and unrealized gain (loss) of CIP <sup>1</sup> , net	(1,779)	(4,735)	(16,997)	(1,921)	9,720	480	7,799
Other income (expense), net	455	549	966	450	696	1,774	1,146
Total other income (expense), net	(\$364)	(\$4,560)	(\$22,272)	\$1,962	\$12,455	\$3,652	\$14,417
<b>Interest Income (Expense)</b>							
Interest expense	(\$4,469)	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$8,327)	(\$10,316)
Interest and dividend income	1,818	716	1,744	1,190	964	2,539	2,154
Interest and dividend income of CIP <sup>1</sup>	23,679	26,596	26,678	27,402	29,368	45,082	56,770
Interest expense of CIP <sup>1</sup>	(15,278)	(16,959)	(18,002)	(19,701)	(31,077)	(29,827)	(50,778)
Total interest income (expense), net	\$5,750	\$5,198	\$4,457	\$3,726	(\$5,896)	\$9,467	(\$2,170)
<b>Income (Loss) Before Income Taxes</b>	<b>\$32,694</b>	<b>\$34,584</b>	<b>\$11,413</b>	<b>\$26,687</b>	<b>\$36,687</b>	<b>\$63,044</b>	<b>\$63,374</b>
Income tax expense (benefit)	9,465	6,653	10,320	4,219	8,788	15,988	13,007
<b>Net Income (Loss)</b>	<b>\$23,229</b>	<b>\$27,931</b>	<b>\$1,093</b>	<b>\$22,468</b>	<b>\$27,899</b>	<b>\$47,056</b>	<b>\$50,367</b>
Noncontrolling interests	(159)	(933)	1,068	(722)	(973)	(686)	(1,695)
<b>Net Income (Loss) Attributable to Stockholders</b>	<b>\$23,070</b>	<b>\$26,998</b>	<b>\$2,161</b>	<b>\$21,746</b>	<b>\$26,926</b>	<b>\$46,370</b>	<b>\$48,672</b>
Preferred stockholder dividends	(2,084)	(2,085)	(2,084)	(2,084)	(2,084)	(4,168)	(4,168)
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$20,986</b>	<b>\$24,913</b>	<b>\$77</b>	<b>\$19,662</b>	<b>\$24,842</b>	<b>\$42,202</b>	<b>\$44,504</b>
Weighted average shares outstanding - diluted	8,401	8,456	7,382	8,322	8,252	8,396	8,290
<b>Earnings (Loss) Per Share - Diluted</b>	<b>\$2.75</b>	<b>\$3.19</b>	<b>\$0.01</b>	<b>\$2.61</b>	<b>\$3.26</b>	<b>\$5.52</b>	<b>\$5.87</b>

\$ and shares in thousands

<sup>1</sup> CIP refers to Consolidated Investment Products; Revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("CLOs") that are consolidated in the financial statements

Non-GAAP financial information differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items, as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures.

#### Notes to Reconciliations:

1. Distribution and other asset-based expenses - Primarily payments to distribution partners for providing services to investors in our sponsored funds and payments to third-party service providers for investment management-related services. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that do not utilize intermediary distribution partners or third-party service providers.
2. Consolidated investment products - Revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("CLOs") that are consolidated in the financial statements. Management believes that excluding these operating activities to reflect net revenues and expenses of the company prior to the consolidation of these products is consistent with the approach of reflecting its operating results from managing third-party client assets.
3. Amortization of intangible assets - Non-cash amortization expense or impairment expense, if any, attributable to acquisition-related intangible assets, including any portion that is allocated to noncontrolling interests. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
4. Restructuring and severance - Certain expenses associated with restructuring the business, including lease abandonment-related expenses and severance costs associated with staff reductions, that are not reflective of the ongoing earnings generation of the business. Management believes that making this adjustment aids in comparing the company's operating results with prior periods.
5. Acquisition and integration expenses - Expenses that are directly related to acquisition and integration activities. Acquisition expenses include transaction closing costs, certain professional fees, and financing fees. Integration expenses include costs incurred that are directly attributable to combining businesses, including compensation, restructuring and severance charges, professional fees, consulting fees and other expenses. Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
6. Other - Certain expenses that are not reflective of the ongoing earnings generation of the business. In addition, it includes income tax expense (benefit) items, such as adjustments for uncertain tax positions, changes in tax law, valuation allowances and other unusual or infrequent items not related to current operating results to reflect a normalized effective rate. Preferred dividends are adjusted as the shares are mandatorily convertible into common shares at the end of three years and weighted average shares, as adjusted reflects the conversion. Management believes that making these adjustments aids in comparing the company's operating results with prior periods.
7. Seed capital and CLO investments (gains)/losses - Gains and losses (realized and unrealized) of seed capital and CLO investments. Gains and losses (realized and unrealized) generated by investments in seed capital and CLO investments can vary significantly from period to period and do not reflect the company's operating results from providing investment management and related services. Management believes that making this adjustment aids in comparing the company's operating results with prior periods and with other asset management firms that do not have meaningful seed capital and CLO investments.

Components of Acquisition and Integration Expenses and Other for the respective periods are shown in the table below:

	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Acquisition and Integration Expenses</b>							
Employment expenses	\$1,208	\$1,561	\$1,595	\$1,433	\$1,115	\$3,111	\$2,548
Restructuring and severance	-	-	(279)	-	-	-	-
Other operating expenses	768	2,729	363	47	119	1,957	166
<b>Total Acquisition and Integration Operating Expenses</b>	<b>\$1,976</b>	<b>\$4,290</b>	<b>\$1,679</b>	<b>\$1,480</b>	<b>\$1,234</b>	<b>\$5,068</b>	<b>\$2,714</b>
Interest expense	620	-	-	-	-	660	-
<b>Total Acquisition and Integration Expenses</b>	<b>\$2,596</b>	<b>\$4,290</b>	<b>\$1,679</b>	<b>\$1,480</b>	<b>\$1,234</b>	<b>\$5,728</b>	<b>\$2,714</b>

	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other</b>							
Occupancy related expenses	\$111	\$228	\$338	\$180	\$-	\$111	\$180
Tax impact of occupancy related expenses	(31)	(61)	(94)	(49)	-	(31)	(49)
System transition expenses	22	-	-	-	-	2	-
Tax impact of system transition expenses	(6)	-	-	-	-	-	-
Discrete tax adjustments	568	(416)	660	(1,257)	(351)	(326)	(1,608)
Preferred stockholder dividends	2,084	2,085	2,084	2,084	2,084	4,168	4,168
<b>Total Other</b>	<b>\$2,748</b>	<b>\$1,836</b>	<b>\$2,988</b>	<b>\$958</b>	<b>\$1,733</b>	<b>\$3,924</b>	<b>\$2,691</b>

## Senior Management Team



**George R. Aylward**  
***President and Chief Executive Officer***

George Aylward is president and Chief Executive Officer of Virtus Investment Partners, Inc. He is responsible for driving all operations to improve revenues and profitability through a strategy focused on Virtus Investment Partners' multi-manager, multi-style investment platform. Mr. Aylward has been with Virtus Investment Partners and its predecessor, Phoenix Investment Partners, since 1996, beginning with increasingly responsible positions in the corporate finance area. From 2002 to 2004, he served as chief of staff to the chief executive officer of The Phoenix Companies, Inc. He returned to Phoenix Investment Partners in 2004 as senior vice president and chief operating officer, and in November, 2006, was given responsibility for all aspects of Phoenix's investment management organization as president of Phoenix Investment Partners.

Mr. Aylward successfully directed the spin-off of Virtus from The Phoenix Companies, Inc., its former parent, in 2008, including its transition to a public company, selection of a board of directors and development of corporate governance procedures. Prior to joining Phoenix, Mr. Aylward was employed in the financial services group of PriceWaterhouse LLP.

Mr. Aylward holds a bachelor of science degree in accounting from the University of Connecticut and a master of business administration from the University of Massachusetts. He earned the designation of certified public accountant and is a member of the Connecticut Society of Certified Public Accountants and the American Institute of Certified Public Accountants.



**Michael A. Angerthal**  
***Executive Vice President and Chief Financial Officer***

Mike Angerthal is Chief Financial Officer of Virtus Investment Partners, Inc. He is responsible for overall risk management, financial planning and reporting, financial control, SEC compliance, taxation, and investor relations for Virtus. Mr. Angerthal joined Virtus in 2008 as the company prepared to become an independent, publicly traded company following its spin-off from The Phoenix Companies, Inc.

Prior to joining Virtus, he was the chief financial officer of CBRE Realty Finance, following nine years with several units of GE Corporation, including GE Real Estate, GE Capital Corp., and NBC. Earlier he was a manager of business assurance in the audit practice of Coopers & Lybrand in New York.

Mr. Angerthal graduated from Pace University in New York with a BBA in accounting, and received an MBA in corporate finance from the Columbia University Business School.

