



Third Quarter 2017 Presentation

VIRTUS INVESTMENT PARTNERS

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. These statements may be identified by such forward-looking terminology as “expect,” “estimate,” “plan,” “intend,” “believe,” “anticipate,” “may,” “will,” “should,” “could,” “continue,” “project,” 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, are not guarantees of future results or performance, and involve substantial risks and uncertainty, including assumptions and projections concerning our assets under management, cash inflows and outflows, operating cash flows, our ability to expand distribution and product offerings, and future credit facilities, for all forward periods. All of our forward-looking statements are as of the date of this release 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 2016 Annual Report on Form 10-K, as well as the following risks and uncertainties: (a) any reduction in our assets under management; (b) the 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) the inability to attract and retain key personnel; (f) challenges from the competition we face in our business; (g) adverse regulatory and legal developments; (h) unfavorable changes in tax laws or limitations; (i) adverse developments related to unaffiliated subadvisers; (j) negative implications of changes in key distribution relationships; (k) interruptions in or failure to provide service by third-parties; (l) volatility associated with our common stock; (m) adverse civil litigation and government investigations or proceedings; (n) the risk of loss on our investments; (o) the inability to make quarterly distributions; (p) the lack of sufficient capital on satisfactory terms; (q) liabilities and losses not covered by insurance; (r) the inability to satisfy financial covenants; (s) the inability to achieve expected acquisition-related financial benefits and synergies; and other risks and uncertainties described in our 2016 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 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.

AGENDA

- Firm Overview
- Multi-Boutique Model
- Product
- Distribution
- Financial Review
- Growth Opportunities
- Appendix



FIRM OVERVIEW

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 ~\$0.8 billion (NASDAQ: VRTS)
- Managing \$90.6 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
 - Variable insurance funds
 - Separately managed accounts
 - Institutional accounts
 - Commingled investment trusts

VALUE PROPOSITION



Flexible Multi-Boutique Asset Manager

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

Diverse, High-Quality Product Offerings

- Well-diversified across asset classes and investment styles
- Differentiated strategies for changing environments and preferences
- Attractive investment offerings with strong performance

Effective Distribution Capabilities

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

Attractive Financial Profile

- Strong and diverse cash flow generation
- Proven operating leverage and ability to generate attractive margins
- Prudent capital management with modest financial leverage, focused on growing the business

Multiple Opportunities for Growth

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



MULTI-BOUTIQUE MODEL

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

Greater Efficiency

- Supported by effective retail distribution and marketing; shared operations and business support services
- Significant economies of scale benefit affiliates

Greater Flexibility

- Model incorporates multiple partnership options
- Ability to respond to evolving investor preferences

Greater Growth Opportunities

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

OUR MANAGERS



We offer an array of distinctive capabilities from our investment partners

Affiliates*



Subadvisers



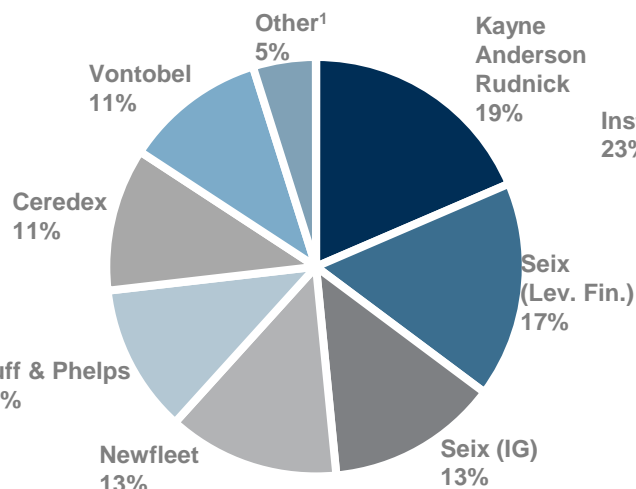
*Virtus has an ownership interest in the firm.



PRODUCT

DIVERSITY OF STRATEGIES

AUM by Manager



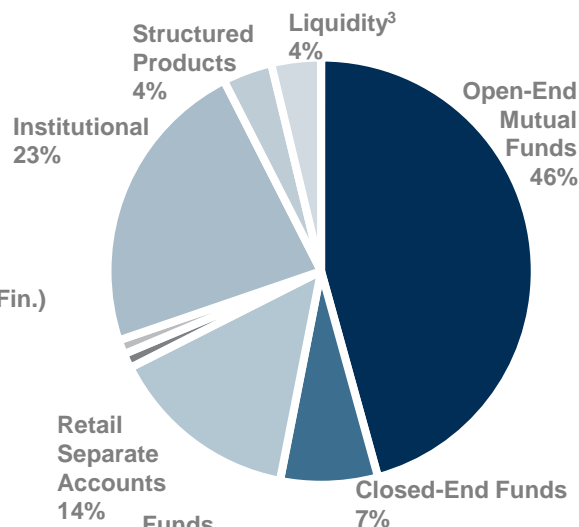
Affiliated Managers

Kayne Anderson Rudnick	\$16.8
Seix (Lev. Fin.)	15.1
Seix (IG)	12.0
Newfleet	12.0
Duff & Phelps	10.4
Ceredex	10.0
Silvant	1.1
Rampart and Other ²	2.8
Total	\$80.2

Subadvisers

Vontobel	\$9.9
Other Subadvisers	0.5
Total	\$10.4

AUM by Product Type



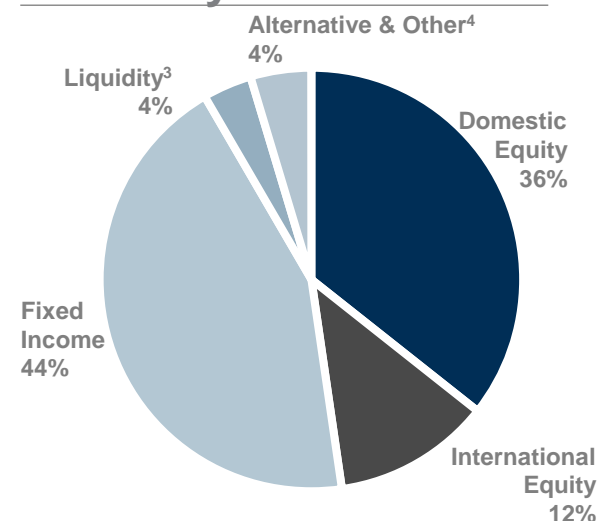
Funds

Open-End	\$41.4
Closed-End	6.7
Variable Insurance	1.0
ETFs	1.0
Total	50.1

Separate Accounts

Institutional Accounts	\$20.6
Retail Separate Accounts	13.1
Structured Products	3.4
Liquidity ³	3.4
Total	40.5

AUM by Asset Class



Domestic Equity

Large-Cap	\$14.2
Small-Cap	13.7
Mid-Cap	4.4
Total	\$32.3

International Equity

International	\$10.9
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Fixed Income & Liquidity

Taxable	\$37.2
Non-Taxable	2.6
Liquidity ³	3.4
Total	\$43.2

Alternative & Other

Alternative	\$3.6
Other ⁴	0.6
Total	\$4.2

Total AUM: \$90.6 billion

As of September 30, 2017; totals may not add due to rounding

¹Includes Silvant, Rampart, asset allocation and other subadvised strategies

²Primarily includes assets to be managed by investment professionals from Rampart

³Liquidity category includes ultra short bond strategies

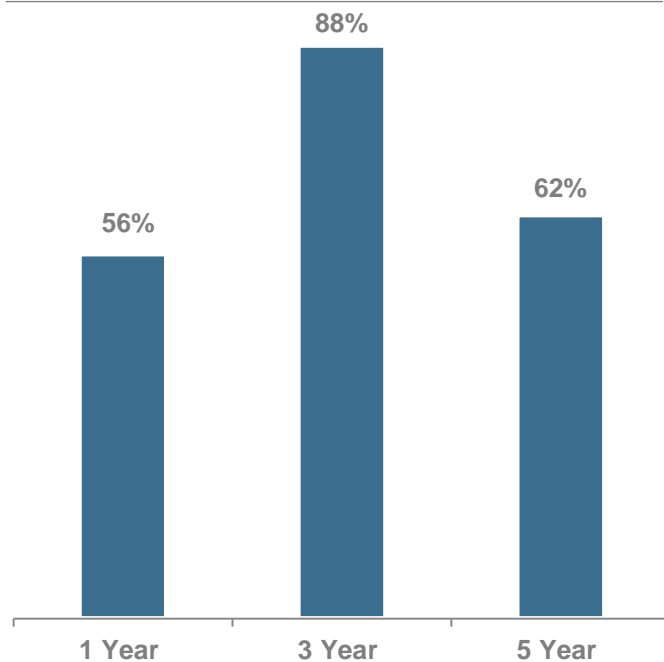
⁴Option strategies

CONSISTENT STRONG PERFORMANCE

Majority of mutual fund AUM has strong investment performance

Mutual Fund Assets Under Management

% AUM in Top Half of Peer Group¹



Morningstar Rating By Assets²

Morningstar Rating	# of Funds	\$mm AUM	% of AUM
★★★★★	8	\$16,804	39%
★★★★	23	\$20,217	47%
★★★	18	\$3,875	9%
★★	11	\$1,302	3%
★	3	\$559	2%

86% (for 39% + 47%)
95% (for 39% + 47% + 9%)

Morningstar Normal Distribution

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

AUM excludes non-rated funds

¹ Lipper as of September 30, 2017

² Based on institutional-class shares, except for two Virtus funds that do not have institutional-class shares (the Strategic Allocation Fund and the Tactical Allocation Fund), for which A-class shares were used; all fund data as of September 30, 2017

DIVERSITY OF PERFORMANCE



31 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 ¹
Fixed Income	14 Funds
U.S. Equity	8 Funds
Alternative / Allocation	5 Funds
International Equity	4 Funds

Top 5 Largest Mutual Funds

Fund	AUM ² (\$B)	M'Star Rating ¹
Vontobel Emerging Markets Opportunities	\$8.2	4
Newfleet Multi-Sector S/T Bond	\$7.4	5
Seix Floating Rate High Income	\$6.3	5
Ceredex Mid-Cap Value Equity	\$3.0	4
Ceredex Large Cap Value Equity	\$2.0	4

¹ Morningstar overall rating for institutional-class shares

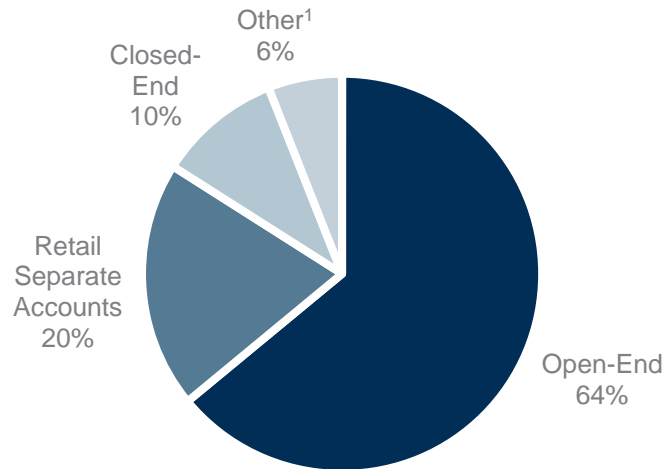
² As of September 30, 2017



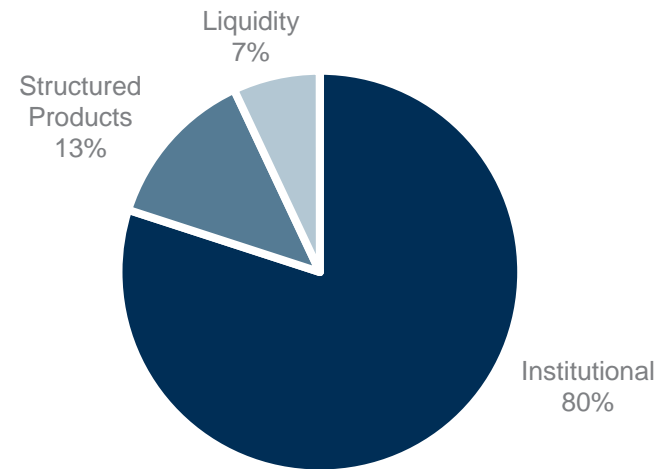
DISTRIBUTION

EFFECTIVE DISTRIBUTION CAPABILITIES

Retail AUM by Product Type (\$64.7B)



Institutional AUM by Product Type (\$25.9B)



- 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
- Strong retail separate account presence in private bank, high-net-worth channels

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

¹ Includes liquidity, ETFs, and variable insurance funds

MULTI-CHANNEL RETAIL APPROACH



Wirehouse	Regional	Independent/ RIA	Private Bank	Variable Insurance	DCIO
Merrill Lynch Morgan Stanley UBS Wells Fargo	Janney Raymond James RBC Stifel Nicolaus	Ameriprise AXA Commonwealth LPL	Citi Deutsche Fifth Third JP Morgan	AXA Lincoln National Nationwide Phoenix	Fidelity Great-West Matrix Schwab

- 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

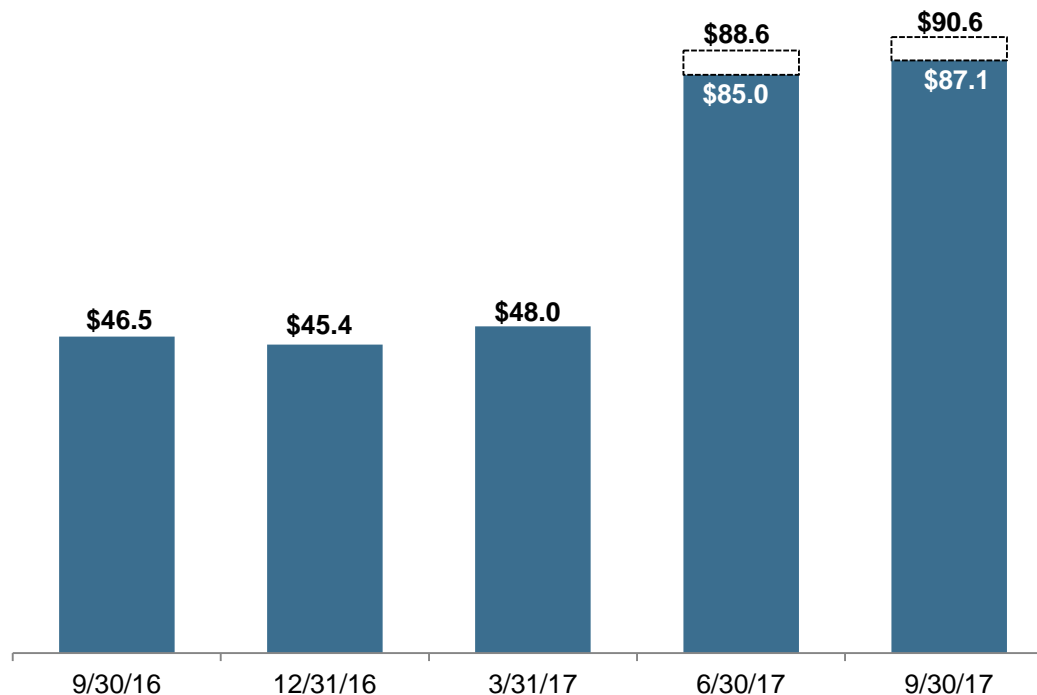


FINANCIAL REVIEW

ASSETS UNDER MANAGEMENT

Long-term assets increased 2% from the prior quarter and 87% from the prior year

■ Long-Term
 □ Liquidity



Metrics

Equity as % total	57.3%	56.9%	58.3%	49.0%	49.5%
Fixed Income as % total	33.9%	34.2%	33.1%	46.0%	45.6%
Alternatives ¹ as % total	8.8%	8.9%	8.6%	5.0%	4.9%
Long-Term Fee Rate (bps)	51.8	51.2	51.3	48.3	44.8

\$ in billions

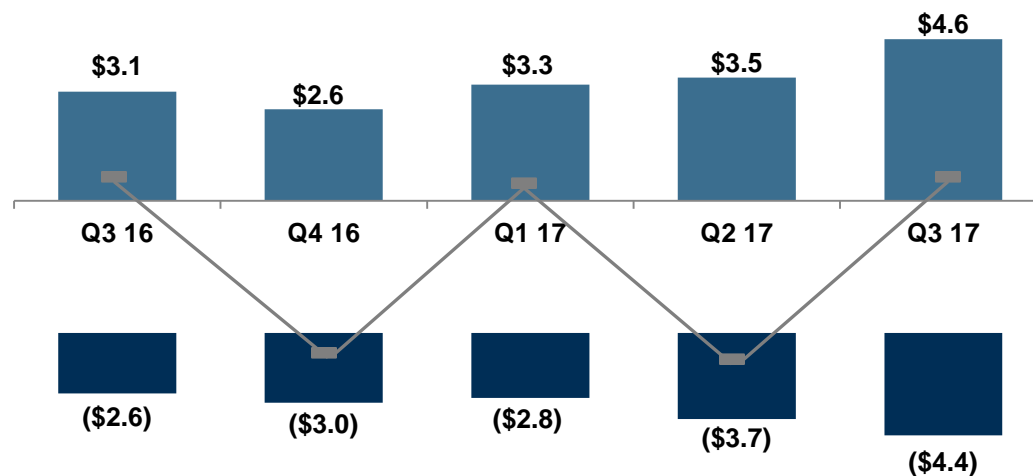
¹ Consists of real estate securities, master limited partnerships, options strategies, and other

ASSET FLOWS

Generated positive net flows in the third quarter and on a year-to-date basis

Inflows/(Outflows)

- Inflows
- Outflows
- Net flows



Metrics

Net Flows ¹	\$0.5	(\$0.4)	\$0.5	(\$0.2)	\$0.2
Inflow Rate ²	27.1%	22.5%	29.2%	28.8%	20.4%
Outflow Rate ³	(22.8%)	(25.7%)	(24.5%)	(30.5%)	(19.4%)
Net Flow Rate ⁴	4.3%	(3.2%)	4.6%	(1.7%)	1.0%

\$ in billions

¹ Net flows exclude flows from liquidity products

² Annualized sales divided by beginning-of-period long-term AUM

³ Annualized redemptions divided by beginning-of-period long-term AUM

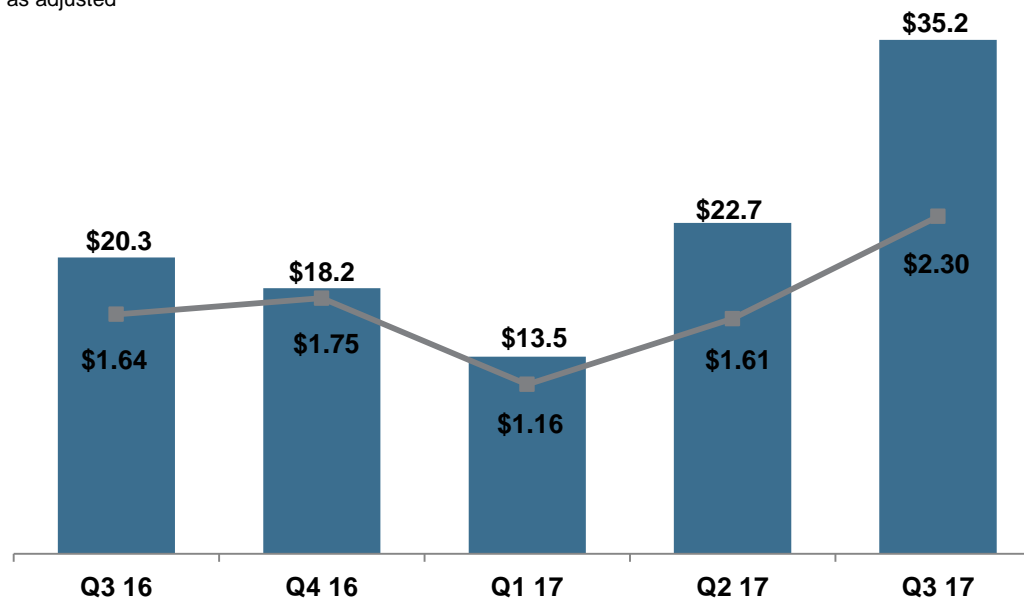
⁴ Annualized net flows divided by beginning-of-period long-term AUM

NON-GAAP RESULTS

Operating margin, as adjusted, increased 500 bps from the prior quarter and 260 bps from the prior year

Operating Income, As Adjusted

■ Diluted earnings per share, as adjusted



Metrics

Net Income, As Adjusted	\$12.9	\$11.6	\$8.6	\$13.4	\$19.5
GAAP Net Income	\$15.6	\$12.4	\$10.9	(\$2.4)	\$16.7
GAAP EPS	\$1.99	\$1.87	\$1.62	(\$0.34)	\$2.21
Operating Margin, As Adjusted	31.2%	28.4%	20.9%	28.8%	33.8%

\$ in millions, except per share data

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

CAPITAL POSITION

Select Non-GAAP Balance Sheet Items

Cash and cash equivalents	\$165
Investments – seed capital	109
Investments – other	93
Goodwill and intangible assets, net	477
Debt ¹	249
Contingent consideration	52
Total equity attributable to stockholders	584
Working capital ²	68
Net Debt ³	147
Net Debt to Bank EBITDA ⁴	0.9x

As of 9/30/17

\$ in millions, except as noted

¹Defined as gross debt less deferred financing costs

²Defined as cash and equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, contingent consideration, and dividends payable

³Defined as gross debt plus contingent consideration less cash and cash equivalents

⁴Defined as net debt divided by Bank EBITDA, which is calculated in accordance with the company's credit agreement

- Repurchased 66,244 shares for \$7.5 million, representing 0.8% of outstanding common shares, as adjusted
- Contingent consideration of \$51.7 million expected to be paid in the fourth quarter
- Net debt to bank EBITDA of 0.9x
- Dividend and interest income earned on investments was \$4.2 million
- Book value of goodwill and intangible assets, net approximates tax basis



GROWTH OPPORTUNITIES

MULTIPLE OPPORTUNITIES FOR GROWTH

Area	Growth Opportunities
Product	<ul style="list-style-type: none">■ Leverage capabilities of current managers■ Offer existing strategies in other product structures■ Broaden capabilities with new teams/managers
Distribution	<ul style="list-style-type: none">■ Increase market share in retail channels■ Deepen presence in other channels■ Expand into non-U.S. distribution channels
Inorganic	<ul style="list-style-type: none">■ Leverage multi-boutique platform by adding targeted investment and/or distribution capabilities■ Maintain selective and disciplined approach to inorganic growth opportunities

SUMMARY

- Flexible Multi-Boutique Asset Manager
- Diverse, High-Quality Product Offerings
- Effective Distribution Capabilities
- Attractive Financial Profile
- Multiple Opportunities for Growth



APPENDIX

VIRTUS HISTORY



Established in the 1990s and Fully Independent Since January 2009

1993	Phoenix Securities Group (subsidiary of former parent, Phoenix Life) acquires National Funds
1995	Merges with Duff & Phelps to create Phoenix Duff & Phelps (later renamed Phoenix Investment Partners ("PXP")); 40% of entity publicly traded, 60% held by former parent
1999	Acquires Zweig's mutual fund business
2001	Publicly traded portion of PXP acquired; becomes an indirect wholly-owned subsidiary of former parent
2002	Acquires a 60% interest in Kayne Anderson Rudnick Investment Management
2005	Acquires remaining interest in Kayne Anderson Rudnick Adopts two funds (\$120mm of AUM) managed by Vontobel Asset Management
2006	Adopts the Harris Insight Funds from Bank of Montreal ("BMO")
2008	Spun-off as an independent company and rebranded as Virtus Investment Partners on December 31, 2008
2009	Lists on NASDAQ; first trade at \$9/share on January 2, 2009
2011	Establishes Newfleet Asset Management as fixed-income manager with AUM of \$5.2bn
2012	Acquires Rampart Investment Management
2013	Establishes Dublin-based UCITS platform and seeds first product
2015	Acquires majority interest in ETF Issuer Solutions (rebranded as Virtus ETF Solutions)
2017	Acquires RidgeWorth Investments and its three boutique managers (Seix, Ceredex and Silvant)

U.S. GAAP TO NON-GAAP RECONCILIATION



Q3 2017 (Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments					Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and severance	Seed capital and CLO investments	Acquisition and integration expenses	Other	
Revenues									
Investment management fees	\$ 97,295	\$ -	\$ 1,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,402
Distribution and services fees	11,482	-	4	-	-	-	-	-	11,486
Administration and transfer agent fees	14,699	-	10	-	-	-	-	-	14,709
Other income and fees	199	-	-	-	-	-	-	-	199
Distribution and other asset-based expenses	-	(20,552)	-	-	-	-	-	-	(20,552)
Total revenues	123,675	(20,552)	1,121	-	-	-	-	-	104,244
Operating Expenses									
Employment expenses	54,159	-	-	-	-	-	(2,275)	-	51,884
Distribution and other asset-based expenses	20,552	(20,552)	-	-	-	-	-	-	-
Other operating expense	17,733	-	-	-	-	-	(1,196)	(406)	16,131
Other operating expenses of consolidated investment products	6,757	-	(6,757)	-	-	-	-	-	-
Restructuring and severance	1,584	-	-	-	(137)	-	(1,447)	-	-
Depreciation expense	1,038	-	-	-	-	-	-	-	1,038
Amortization expense	5,063	-	-	(5,063)	-	-	-	-	-
Total operating expenses	106,886	(20,552)	(6,757)	(5,063)	(137)	-	(4,918)	(406)	69,053
Operating Income (Loss)	16,789	-	7,878	5,063	137	-	4,918	406	35,191
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	1,367	-	1,880	-	-	(3,247)	-	-	-
Realized and unrealized gain (loss) of consolidated investment products, net	13,465	-	(13,465)	-	-	-	-	-	-
Other income (expense), net	436	-	33	-	-	(33)	-	-	436
Total other income (expense), net	15,268	-	(11,552)	-	-	(3,280)	-	-	436
Interest Income (Expense)									
Interest expense	(4,116)	-	-	-	-	-	-	-	(4,116)
Interest and dividend income	679	-	3,472	-	-	(3,953)	-	-	198
Interest and dividend income of investments of consolidated investment products, net	17,778	-	(17,778)	-	-	-	-	-	-
Interest expense of consolidated investment products	(16,249)	-	16,249	-	-	-	-	-	-
Total interest income (expense), net	(1,908)	-	1,943	-	-	(3,953)	-	-	(3,918)
Income (Loss) Before Income Taxes	30,149	-	(1,731)	5,063	137	(7,233)	4,918	406	31,709
Income tax expense (benefit)	9,626	-	-	1,944	53	(1,678)	1,889	339	12,173
Net Income (Loss)	20,523	-	(1,731)	3,119	84	(5,555)	3,029	67	19,536
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Noncontrolling interests	(1,731)	-	1,731	-	-	-	-	-	-
Net Income (Loss) Attributable to Common Stockholders	\$ 16,708	\$ -	\$ -	\$ 3,119	\$ 84	\$ (5,555)	\$ 3,029	\$ 2,151	\$ 19,536
Earnings (Loss) Per Share - Basic	\$ 2.32								\$ 2.71
Earnings (Loss) Per Share - Diluted	\$ 2.21								\$ 2.30
Weighted Average Shares Outstanding - Basic (Thousands)	7,212								7,212
Weighted Average Shares Outstanding - Diluted (Thousands)	8,492								8,492

\$ and share counts in thousands, except per share data

U.S. GAAP TO NON-GAAP RECONCILIATION



Q2 2017

(Unaudited)

	U.S. GAAP Basis	Reclassifications			Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and severance	Seed capital and CLO investments	Acquisition and integration expenses	Other	
Revenues									
Investment management fees	\$ 74,062	\$ -	\$ 210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,272
Distribution and services fees	10,439	-	7	-	-	-	-	-	10,446
Administration and transfer agent fees	9,476	-	19	-	-	-	-	-	9,495
Other income and fees	155	-	-	-	-	-	-	-	155
Distribution and other asset-based expenses	-	(15,764)	-	-	-	-	-	-	(15,764)
Total revenues	94,132	(15,764)	236	-	-	-	-	-	78,604
Operating Expenses									
Employment expenses	42,992	-	-	-	-	-	(2,059)	-	40,933
Distribution and other asset-based expenses	15,764	(15,764)	-	-	-	-	-	-	-
Other operating expense	20,236	-	-	-	-	-	(5,629)	(374)	14,233
Other operating expenses of consolidated investment products	473	-	(473)	-	-	-	-	-	-
Restructuring and severance	8,894	-	-	-	(255)	-	(8,639)	-	-
Depreciation and other amortization	776	-	-	-	-	-	-	-	776
Amortization expense	1,813	-	-	(1,813)	-	-	-	-	-
Total operating expenses	90,948	(15,764)	(473)	(1,813)	(255)	-	(16,327)	(374)	55,942
Operating Income	3,184	-	709	1,813	255	-	16,327	374	22,662
Other (Expense)/Income									
Realized and unrealized gain/(loss) on investments, net of consolidated investment products, net	1,287	-	397	-	-	(1,684)	-	-	-
Other income, net	(1,424)	-	1,424	-	-	-	-	-	-
Other income, net	47	-	(1,944)	-	-	1,943	-	-	46
Total other (expense)/income, net	(90)	-	(123)	-	-	259	-	-	46
Interest (Expense)/Income									
Interest expense	(3,739)	-	-	-	-	-	2,286	-	(1,453)
Interest and dividend income	446	-	1,188	-	-	(1,355)	-	-	279
Interest and dividend income of investments of consolidated investment products, net	5,102	-	(5,102)	-	-	-	-	-	-
Interest expense of consolidated investment products	(2,995)	-	2,995	-	-	-	-	-	-
Total (expense)/income, net	(1,186)	-	(919)	-	-	(1,355)	2,286	-	(1,174)
Income Before Income Taxes	1,908	-	(333)	1,813	255	(1,096)	18,613	374	21,534
Income tax expense	1,880	-	-	689	97	(237)	7,073	(1,321)	8,181
Net Income	28	-	(333)	1,124	158	(859)	11,540	1,695	13,353
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Noncontrolling interests	(333)	-	333	-	-	-	-	-	-
Net (Loss)/Income Attributable to Common Stockholders	\$ (2,389)	\$ -	\$ -	\$ 1,124	\$ 158	\$ (859)	\$ 11,540	\$ 3,779	\$ 13,353
(Loss)/Earnings Per Share - Basic	\$ (0.34)								\$ 1.65
(Loss)/Earnings Per Share - Diluted	\$ (0.34)								\$ 1.61
Weighted Average Shares Outstanding - Basic (in thousands)	7,064								8,109
Weighted Average Shares Outstanding - Diluted (in thousands)	7,064								8,311

\$ and share counts in thousands, except per share data

U.S. GAAP TO NON-GAAP RECONCILIATION



Q1 2017

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration expenses	Other	
Revenues								
Investment management fees	\$ 59,271	\$ -	\$ 242	\$ -	\$ -	\$ -	\$ -	\$ 59,513
Distribution and services fees	10,783	-	10	-	-	-	-	10,793
Administration and transfer agent fees	8,981	-	34	-	-	-	-	9,015
Other income and fees	741	-	-	-	-	-	-	741
Distribution and other asset-based expenses	-	(15,323)	-	-	-	-	-	(15,323)
Total revenues	79,776	(15,323)	286	-	-	-	-	64,739
Operating Expenses								
Employment expenses	39,641	-	-	-	-	-	-	39,641
Distribution and other asset-based expenses	15,323	(15,323)	-	-	-	-	-	-
Other operating expense	13,226	-	-	-	-	(1,629)	(669)	10,928
Other operating expenses of consolidated sponsored investment products	577	-	(577)	-	-	-	-	-
Other operating expenses of consolidated investment products	65	-	(65)	-	-	-	-	-
Depreciation and other amortization	664	-	-	-	-	-	-	664
Amortization expense	233	-	-	(233)	-	-	-	-
Total operating expenses	69,729	(15,323)	(642)	(233)	-	(1,629)	(669)	51,233
Operating Income	10,047	-	928	233	-	1,629	669	13,506
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	297	-	3,513	-	(3,810)	-	-	-
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	3,726	-	(3,726)	-	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	718	-	(718)	-	-	-	-	-
Other income (expense), net	646	-	1,424	-	(1,424)	-	-	646
Total other income (expense), net	5,387	-	493	-	(5,234)	-	-	646
Interest Income (Expense)								
Interest expense	(243)	-	-	-	-	-	-	(243)
Interest and dividend income	188	-	660	-	(733)	-	-	115
Interest and dividend income of investments of consolidated sponsored investment products, net	1,495	-	(1,495)	-	-	-	-	-
Interest income of consolidated investment product	4,161	-	(4,161)	-	-	-	-	-
Interest expense of consolidated investment product	(2,857)	-	2,857	-	-	-	-	-
Total interest (expense) income, net	2,744	-	(2,139)	-	(733)	-	-	(128)
Income Before Income Taxes	18,178	-	(718)	233	(5,967)	1,629	669	14,024
Income tax expense	4,433	-	-	90	(288)	628	544	5,407
Net Income	13,745	-	(718)	143	(5,679)	1,001	125	8,617
Preferred stockholder dividends	(2,084)	-	-	-	-	-	2,084	-
Noncontrolling interests	(718)	-	718	-	-	-	-	-
Net Income Attributable to Common Stockholders	\$ 10,943	\$ -	\$ -	\$ 143	\$ (5,679)	\$ 1,001	\$ 2,209	\$ 8,617
Earnings Per Share - Basic	\$ 1.67							\$ 1.19
Earnings Per Share - Diluted	\$ 1.62							\$ 1.16
Weighted Average Shares Outstanding - Basic (in thousands)	6,542							7,217
Weighted Average Shares Outstanding - Diluted (in thousands)	6,773							7,447

\$ and share counts in thousands, except per share data

U.S. GAAP TO NON-GAAP RECONCILIATION



Q4 2016

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration expenses	Other	
Revenues								
Investment management fees	\$ 58,996	\$ -	\$ 283	\$ -	\$ -	\$ -	\$ -	\$ 59,279
Distribution and services fees	11,489	-	11	-	-	-	-	11,500
Administration and transfer agent fees	9,176	-	35	-	-	-	-	9,211
Other income and fees	189	-	-	-	-	-	-	189
Distribution and other asset-based expenses	-	(16,136)	-	-	-	-	-	(16,136)
Total revenues	79,850	(16,136)	329	-	-	-	-	64,043
Operating Expenses								
Employment expenses	33,457	-	-	-	-	-	-	33,457
Distribution and other asset-based expenses	16,136	(16,136)	-	-	-	-	-	-
Other operating expense	15,660	-	-	-	-	(3,347)	(611)	11,702
Other operating expenses of consolidated sponsored investment products	488	-	(488)	-	-	-	-	-
Other operating expenses of consolidated investment products	23	-	(23)	-	-	-	-	-
Restructuring and severance	-	-	-	-	-	-	-	-
Depreciation and other amortization	700	-	-	-	-	-	-	700
Amortization expense	603	-	-	(603)	-	-	-	-
Total operating expenses	67,067	(16,136)	(511)	(603)	-	(3,347)	(611)	45,859
Operating Income	12,783	-	840	603	-	3,347	611	18,184
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	1,398	-	(2,555)	-	1,158	-	-	1
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	(3,110)	-	3,110	-	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	(4,030)	-	4,030	-	-	-	-	-
Other income (expense), net	626	-	(1,774)	-	1,774	-	-	626
Total other income (expense), net	(5,116)	-	2,811	-	2,932	-	-	627
Interest Income (Expense)								
Interest expense	(290)	-	-	-	-	-	-	(290)
Interest and dividend income	630	-	1,300	-	(1,848)	-	-	82
Interest and dividend income of investments of consolidated sponsored investment products, net	1,488	-	(1,488)	-	-	-	-	-
Interest income of consolidated investment product	4,058	-	(4,058)	-	-	-	-	-
Interest expense of consolidated investment product	(1,104)	-	1,104	-	-	-	-	-
Total interest (expense) income, net	4,782	-	(3,142)	-	(1,848)	-	-	(208)
Income Before Income Taxes	12,449	-	509	603	1,084	3,347	611	18,603
Income tax expense	532	-	-	227	4,754	1,260	230	7,003
Net Income	11,917	-	509	376	(3,670)	2,087	381	11,600
Noncontrolling interests	509	-	(509)	-	-	-	-	-
Net Income Attributable to Common Stockholders	\$ 12,426	\$ -	\$ -	\$ 376	\$ (3,670)	\$ 2,087	\$ 381	\$ 11,600
Earnings Per Share - Basic	\$ 1.94							\$ 1.81
Earnings Per Share - Diluted	\$ 1.87							\$ 1.75
Weighted Average Shares Outstanding - Basic (in thousands)	6,413							6,413
Weighted Average Shares Outstanding - Diluted (in thousands)	6,627							6,627

\$ and share counts in thousands, except per share data

U.S. GAAP TO NON-GAAP RECONCILIATION



Q3 2016

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments			Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and severance	Seed capital and CLO investments	
Revenues							
Investment management fees	\$ 60,398	\$ -	\$ 153	\$ -	\$ -	\$ -	\$ 60,551
Distribution and services fees	12,116	-	6	-	-	-	12,122
Administration and transfer agent fees	9,588	-	32	-	-	-	9,620
Other income and fees	222	-	-	-	-	-	222
Distribution and other asset-based expenses	-	(17,380)	-	-	-	-	(17,380)
Total revenues	82,324	(17,380)	191	-	-	-	65,135
Operating Expenses							
Employment expenses	33,142	-	-	-	-	-	33,142
Distribution and other asset-based expenses	17,380	(17,380)	-	-	-	-	-
Other operating expense	11,392	-	-	-	-	(445)	10,947
Other operating expenses of consolidated sponsored investment products	611	-	(611)	-	-	-	-
Other operating expenses of consolidated investment products	24	-	(24)	-	-	-	-
Restructuring and severance	1,879	-	-	-	(1,879)	-	-
Depreciation and other amortization	754	-	-	-	-	-	754
Amortization expense	604	-	-	(604)	-	-	-
Total operating expenses	65,786	(17,380)	(635)	(604)	(1,879)	(445)	44,843
Operating Income	16,538	-	826	604	1,879	445	20,292
Other Income (Expense)							
Realized and unrealized gain (loss) on investments, net	961	-	3,179	-	-	(4,089)	51
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	3,536	-	(3,536)	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	144	-	(144)	-	-	-	-
Other income (expense), net	250	-	(59)	-	-	59	250
Total other income (expense), net	4,891	-	(560)	-	-	(4,030)	301
Interest Income (Expense)							
Interest expense	(128)	-	-	-	-	-	(128)
Interest and dividend income	221	-	706	-	-	(811)	116
Interest and dividend income of investments of consolidated sponsored investment products, net	1,364	-	(1,364)	-	-	-	-
Interest income of consolidated investment product	4,047	-	(4,047)	-	-	-	-
Interest expense of consolidated investment product	(3,788)	-	3,788	-	-	-	-
Total interest (expense) income, net	1,716	-	(917)	-	-	(811)	(12)
Income Before Income Taxes	23,145	-	(651)	604	1,879	(4,841)	20,581
Income tax expense	6,869	-	-	226	702	(270)	7,693
Net Income	16,276	-	(651)	378	1,177	(4,571)	12,888
Noncontrolling interests	(651)	-	651	-	-	-	-
Net Income Attributable to Common Stockholders	\$ 15,625	\$ -	\$ -	\$ 378	\$ 1,177	\$ (4,571)	\$ 12,888
Earnings Per Share - Basic	\$ 2.04						\$ 1.68
Earnings Per Share - Diluted	\$ 1.99						\$ 1.64
Weighted Average Shares Outstanding - Basic (in thousands)	7,676						7,676
Weighted Average Shares Outstanding - Diluted (in thousands)	7,854						7,854

\$ and share counts in thousands, except per share data

Non-GAAP financial information differ 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 have 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 third-party distribution partners and third-party service providers 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 majority-owned mutual funds and 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. 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, 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, 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 earnings (losses) - Gains and losses (realized and unrealized), dividends and interest income generated by seed capital and CLO investments. Earnings or losses 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.

FOOTNOTES

Components of Acquisition and integration expense and Other for the respective periods are shown in the table below:

(Unaudited)

	<u>Q3:16</u>	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>YTD:16</u>	<u>YTD:17</u>
Acquisition and Integration Expenses							
Employment expenses	\$ -	\$ -	\$ -	\$2,059	\$2,275	\$ -	\$4,334
Restructuring and severance	-	-	-	8,639	1,447	-	10,086
Other operating expenses	-	3,347	1,629	5,629	1,196	-	8,454
Total Acquisition and Integration Operating Expenses	\$ -	\$3,347	\$1,629	\$16,327	\$4,918	\$ -	\$22,874
Interest expense	-	-	-	2,286	-	-	2,286
Total Acquisition and Integration Expenses	\$ -	\$3,347	\$1,629	\$18,613	\$4,918	\$ -	\$25,160
Other							
System transition expenses	\$445	\$611	\$669	\$374	\$406	\$1,217	\$1,449
Tax impact of transition expenses	(166)	(230)	(258)	(141)	(156)	(463)	(555)
Discrete tax adjustments	-	-	(286)	1,462	(183)	-	993
Preferred stockholder dividends	-	-	2,084	2,084	2,084	-	6,252
Total Other	\$279	\$381	\$2,209	\$3,779	\$2,151	\$754	\$8,139

LIPPER, MORNINGSTAR DATA



Additional Information on Virtus Funds rated by Morningstar as of 9/30/17:

Description	Overall	3 yr.	5 yr.	10 yr.
Number of 3/4/5 Star Funds	49	44	42	36
Percentage of Assets	96%	92%	88%	96%
Number of 4/ 5 Star Funds	31	23	21	26
Percentage of Assets	87%	48%	49%	91%
Total Funds	63	63	61	48

Data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investing involves risk, including the possible loss of principal. The value of your investment will fluctuate over time and you may gain or lose money.

Morningstar Ratings as of 9/30/17:

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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Lipper Rankings as of 9/30/17:

Lipper performance on an asset weighted basis is calculated by taking all funds and assigning the assets under management ("AUM") in each respective fund to either the 1st, 2nd, 3rd or 4th quartile bucket based on each fund's respective Lipper rankings. The total AUM of each quartile's bucket is then divided by complex wide total AUM to arrive at the respective percent of AUM in each bucket. Lipper, a wholly owned subsidiary of Reuters, provides independent insight on global collective investments including mutual funds, retirement funds, hedge funds, fund fees and expenses to the asset management and media communities. Lipper ranks the performance of mutual funds within a classification of funds that have similar investment objectives. Rankings are historical with capital gains and dividends reinvested and do not include the effect of loads. Funds not ranked by Lipper are not included in the analysis. If sales loads were reflected, the rankings shown would be lower. If an expense waiver was in effect, it may have had a material effect on the total return or yield for the period.

Strong ratings are not indicative of positive fund performance. Absolute performance for some funds was negative. For complete investment performance, please visit www.virtus.com.

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