

VIRTUS INVESTMENT PARTNERS, INC.

Form 10-Q

August 05, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

.. **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)

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Delaware
(State or other jurisdiction of
incorporation or organization)

95-4191764
(I.R.S. Employer
Identification No.)

100 Pearl St., 9th Floor, 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 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 or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
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 6,215,930 as of July 29, 2011.

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	June 30, 2011	December 31, 2010
<i>(\$ in thousands, except share data)</i>		
Assets		
Current Assets		
Cash and cash equivalents	\$ 36,635	\$ 43,948
Trading securities, at fair value	13,129	8,357
Available-for-sale securities, at fair value	2,221	1,916
Accounts receivable	24,778	21,136
Prepaid expenses and other assets	3,037	3,009
Total current assets	79,800	78,366
Furniture, equipment, and leasehold improvements, net	5,945	6,557
Intangible assets, net	51,078	52,977
Goodwill	4,795	4,795
Long-term investments (\$2,613 and \$2,340 at fair value, respectively) and other assets	9,696	6,216
Total assets	\$ 151,314	\$ 148,911
Liabilities and Stockholders Equity		
Current Liabilities		
Accrued compensation and benefits	\$ 15,140	\$ 19,245
Accounts payable	6,178	4,229
Income taxes payable	330	61
Other accrued liabilities	5,467	5,938
Broker-dealer payable	5,311	4,687
Total current liabilities	32,426	34,160
Deferred taxes, net	8,785	8,785
Long-term debt	15,000	15,000
Lease obligations and other long-term liabilities	6,465	6,775
Total liabilities	62,676	64,720
Commitments and Contingencies (Note 11)		
Series B redeemable convertible preferred stock (stated at liquidation value), \$.01 par value, 45,000 shares authorized, 35,217 shares issued and outstanding, at June 30, 2011 and December 31, 2010, respectively	35,921	35,921
Stockholders Equity		
Common stock, \$.01 par value, 1,000,000,000 shares authorized; 6,315,251 shares issued and 6,210,251 shares outstanding at June 30, 2011 and 6,271,821 shares issued and 6,251,821 shares outstanding at	63	63

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December 31, 2010		
Additional paid-in capital	914,549	912,942
Accumulated deficit	(855,970)	(863,503)
Accumulated other comprehensive loss	(181)	(308)
Treasury stock, at cost, 105,000 shares and 20,000 shares at June 30, 2011 and December 31, 2010, respectively	(5,744)	(924)
Total stockholders' equity	52,717	48,270
Total liabilities and stockholders' equity	\$ 151,314	\$ 148,911

See Notes to Condensed Consolidated Financial Statements.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<i>(\$ in thousands, except per share data)</i>				
Revenues				
Investment management fees	\$ 31,481	\$ 23,388	\$ 60,312	\$ 47,802
Distribution and service fees	11,122	7,001	20,860	13,410
Administration and transfer agent fees	5,817	3,964	10,990	6,188
Other income and fees	482	435	861	835
Total revenues	48,902	34,788	93,023	68,235
Operating Expenses				
Employment expenses	23,050	15,458	42,619	31,817
Distribution and administration expenses	12,367	7,786	23,444	15,130
Other operating expenses	7,936	7,434	15,286	14,417
Restructuring and severance	594	1,100	741	1,130
Depreciation and amortization	485	500	974	995
Intangible asset amortization	1,011	1,293	2,057	2,822
Total operating expenses	45,443	33,571	85,121	66,311
Operating Income	3,459	1,217	7,902	1,924
Other Income (Expense)				
Realized and unrealized gain (loss) on trading securities	278	(526)	839	(177)
Other (expense) income	3	3	(212)	71
Total other income (expense), net	281	(523)	627	(106)
Interest Income (Expense)				
Interest expense	(192)	(267)	(403)	(542)
Interest and dividend income	65	77	111	247
Total interest expense, net	(127)	(190)	(292)	(295)
Income Before Income Taxes	3,613	504	8,237	1,523
Income tax expense	417	91	704	50
Net Income	3,196	413	7,533	1,473
Preferred stockholder dividends	(704)	(900)	(1,408)	(1,800)
Allocation of earnings to preferred stockholders	(449)		(1,103)	
Net Income (Loss) Attributable to Common Stockholders	\$ 2,043	\$ (487)	\$ 5,022	\$ (327)

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Earnings (Loss) per share - Basic	\$ 0.33	\$ (0.08)	\$ 0.81	\$ (0.06)
Earnings (Loss) per share - Diluted	\$ 0.30	\$ (0.08)	\$ 0.73	\$ (0.06)
Weighted Average Shares Outstanding - Basic (in thousands)	6,238	5,854	6,238	5,843
Weighted Average Shares Outstanding - Diluted (in thousands)	6,887	5,854	6,898	5,843

See Notes to Condensed Consolidated Financial Statements.

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

Six Months Ended June 30,