VIRTUS INVESTMENT PARTNERS, INC.
Form 424B2
January 27, 2017
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Filed pursuant to Rule 424(b)(2)
Registration No. 333-215278

Prospectus Supplement to Prospectus dated January 23, 2017

910,000 Shares

Virtus Investment Partners, Inc.

of

Common Stock

Virtus Investment Partners, Inc., or Virtus or the Company , is offering 910,000 shares of common stock.

Concurrently with this offering, we are making a public offering of our 7.25% Series D Mandatory Convertible Preferred Stock, par value $0.01 per share, or the Mandatory Convertible Preferred Stock , which we refer to herein as the Concurrent Offering , pursuant to a separate prospectus supplement. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities being offered in the Concurrent Offering. We cannot assure you that the Concurrent Offering will be completed or, if completed, on what terms it will be completed. See Summary Financing Transactions Mandatory Convertible Preferred Stock Offering.

We intend to use the net proceeds of this offering, together with the net proceeds of the Concurrent Offering, cash on hand, proceeds from the sale of investments, borrowings pursuant to our committed debt financing and deferred cash and common stock consideration payable to certain RidgeWorth employees in exchange for a portion of their RidgeWorth equity, to finance our pending acquisition, the RidgeWorth Acquisition , of RidgeWorth Holdings, LLC, or RidgeWorth , and to pay related fees and expenses. See Summary Financing Transactions and Use of Proceeds.

The completion of this offering is not contingent on the closing of the Concurrent Offering (nor is the completion of the Concurrent Offering contingent on the closing of this offering) or the completion of the RidgeWorth Acquisition, which, if completed, will occur subsequent to the closing of this offering. In the event we do not consummate the RidgeWorth Acquisition for any reason, the net proceeds of this offering would be available for general corporate purposes. Accordingly, if you decide to purchase common stock in this offering, you should be willing to do so whether or not we complete the Concurrent Offering or the RidgeWorth Acquisition.

The common stock is quoted on the NASDAQ Global Market, or NASDAQ , under the symbol VRTS . The last reported sale price of the common stock on January 26, 2017 was $111.15 per share.

See Risk Factors on page S-15 of this prospectus supplement and page 5 of the accompanying prospectus to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 110.00	$ 100,100,000
Underwriting discounts	$ 4.95	$ 4,504,500
Proceeds, before expenses	$ 105.05	$ 95,595,500

We have granted the underwriters the option to purchase up to an additional 136,500 shares of common stock from us at the public offering price less the underwriting discounts within 30 days from the date of this prospectus supplement.

The underwriters expect to deliver the shares against payment therefor in New York, New York on February 1, 2017.

Joint Book-Running Managers

Barclays **Morgan Stanley**

J.P. Morgan **BofA Merrill Lynch**

Co-Managers

Credit Suisse **Sandler O Neill + Partners, L.P.**

Prospectus Supplement dated January 26, 2017.

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and also adds to and updates information contained in the accompanying prospectus dated January 23, 2017 and the documents incorporated by reference herein and therein. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. If the description of this offering varies between this prospectus supplement and the

accompanying prospectus or any document incorporated by reference herein or therein filed prior to the date of this prospectus supplement, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement or the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement. You should rely only on the information contained

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in or incorporated by reference into this prospectus supplement or contained in or incorporated by reference into the accompanying prospectus to which we or the underwriters have referred you. We and the underwriters have not authorized anyone to provide you with information that is different. The information contained in, or incorporated by reference into, this prospectus supplement and contained in, or incorporated by reference into, the accompanying prospectus is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of common stock. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in their entirety before making your investment decision. You should also read and consider the information in the documents to which we have referred you under the captions Documents Incorporated by Reference in this prospectus supplement and Documents Incorporated by Reference and Where You Can Find More Information in the accompanying prospectus.

We are offering to sell, and are seeking offers to buy, the common stock only in jurisdictions where such offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

This prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference includes trademarks, service marks and trade names owned by us or others. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or the accompanying prospectus are the property of their respective owners.

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors sections contained in this prospectus supplement, in the accompanying prospectus, in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016 and our consolidated financial statements and the related notes, our condensed consolidated financial statements and the related notes and the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein and therein to we, us, our, Virtus, and the Company, or similar terms are to Virtus Investment Partners, Inc., a Delaware corporation, and its subsidiaries.

Our Business

We are a provider of investment management and related services to individuals and institutions. We use a multi-manager, multi-style approach, offering investment strategies from affiliated managers and select unaffiliated subadvisers, each having its own distinct investment style, autonomous investment process and individual brand. By offering a broad array of products, we believe we can appeal to a greater number of investors, which allows us to have opportunities across market cycles and through changes in investor preferences.

Our earnings are primarily driven by asset-based fees charged for services relating to these various products including investment management, fund administration, distribution and shareholder services. These fees are based on a percentage of assets under management, or AUM , and are calculated using daily or weekly average assets or assets at the end of the preceding quarter. As of December 31, 2016 our total AUM was $45.4 billion.

Our Investment Products

We provide our products in a number of forms and through multiple distribution channels. Our retail products include open-end mutual funds, closed-end funds, exchange traded funds, variable insurance funds, Undertakings for Collective Investments in Transferable Securities, or UCITS , and separately managed accounts. Our open-end mutual funds and exchange traded funds are distributed through financial intermediaries. Our closed-end funds trade on the New York Stock Exchange and our exchange traded funds are traded on either the New York Stock Exchange or NASDAQ. Our variable insurance funds are available as investment options in variable annuities and life insurance products distributed by life insurance companies. Separately managed accounts are comprised of intermediary programs, sponsored and distributed by unaffiliated brokerage firms and private client accounts which are offered to the high net-worth clients of one of our affiliated managers. We also manage institutional accounts for corporations, multi-employer retirement funds, public employee retirement systems, foundations, endowments and as a subadviser to unaffiliated mutual funds.

Our Investment Managers

Our investment management services are provided by investment managers who are registered investment advisers under the Investment Advisers Act of 1940, as amended, or the Advisers Act . The investment managers are responsible for portfolio management activities for our retail and institutional products operating under advisory or subadvisory agreements. We provide our affiliated managers with distribution, operational and

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administrative support, thereby allowing each affiliated manager to focus primarily on investment management. We also engage select unaffiliated subadvisers for certain of our open-end mutual funds and exchange traded funds. We monitor the quality of our managers services by assessing their performance, style, consistency and the discipline with which they apply their investment process.

Our Distribution

We distribute our open-end mutual funds and exchange traded funds through financial intermediaries. We have broad access in the retail market, with distribution partners that include national and regional broker-dealers and independent financial advisory firms. Our sales efforts are supported by regional sales professionals, a national account relationship group and separate teams for the retirement and insurance products.

Our separately managed accounts are distributed through financial intermediaries and directly by teams at our affiliated managers. Our institutional distribution strategy is an affiliate-centric model. Through relationships with consultants, they target key market segments, including foundations and endowments, corporate, public and private pension plans and subadvisory accounts.

Our Strategy

We believe we will continue to enhance stockholder value by building upon our strengths and effectively executing the following strategies:

Maintain and expand our high quality investment strategies. Our primary objective is to provide clients with a diverse offering of investment capabilities from high quality managers. We offer investment solutions to institutional and individual investors from affiliated managers (companies in which we have an ownership interest) and to individual investors from unaffiliated subadvisers (companies in which we have no ownership interest) whose strategies are not typically available to retail mutual fund customers. We believe that we can appeal to a greater number of clients and participate in growth opportunities across different market cycles by offering products from a variety of boutique investment managers in a diverse range of styles and disciplines. To allow us to continue to offer current and prospective clients distinctive strategies, we plan to: (a) leverage the capabilities of current managers by introducing new strategies; (b) make existing strategies available in other product structures and for additional markets or channels; and (c) broaden our capabilities with new strategies by partnering with additional subadvisers, investment management teams or affiliated managers.

Capture greater market share by generating higher sales through our current distribution and expanding into other channels. Our investment capabilities are available in both the retail and institutional channels. Our mutual funds benefit from our broad distribution reach among financial intermediaries, and from our differentiated value proposition that allows us to offer financial advisors a single point of access to the distinctive investment philosophies and strategies of our affiliated and unaffiliated boutique managers. We plan to: (a) increase our market share in traditional retail channels by leveraging our strong wirehouse presence to distribute existing and new products, and expanding our efforts and resources in the independent and registered investment advisor channels; (b) deepen our presence in the retirement and institutional channels by broadening our sales and marketing efforts that target those clients; and (c) expand into non-U.S. distribution channels by providing foreign investors with access to our existing strategies and partnering with new offshore distribution relationships.

Leverage the benefits of our operating model by enhancing our shared administration and distribution services. In our model, our investment managers focus primarily on managing client assets because they benefit from shared distribution access, marketing and operational support. This model allows us to provide high-quality services to our managers and to take full advantage of the scale of our business, so we can cost effectively add new strategies, teams and affiliated or unaffiliated subadvisers. We plan to continue to: (a) enhance the efficiency and flexibility of our shared support services; and (b) leverage our shared distribution and operational support across more managers and strategies as we add incremental assets to our platform.

Maintain adequate capital to invest in the future growth of the business. Our approach is to maintain an appropriate level of capital to manage current operations, ensure business flexibility, continue to fund our multiple growth opportunities, service outstanding debt, and provide an appropriate return to stockholders. We plan to: (a) maintain a working capital balance that is appropriate for a company of our size and our plans for growth; (b) seed new investment strategies and mutual funds to ensure a strong pipeline of future saleable products; (c) invest in our organic growth opportunities in distribution efforts and product introductions; (d) pursue selective acquisition opportunities; and (e) provide an appropriate return to stockholders.

Recent Developments

Virtus Unaudited Results for the Three Months Ended December 31, 2016

For the three months ended December 31, 2016, Virtus reported U.S. GAAP net income attributable to common stockholders of $12.4 million and earnings per diluted common share of $1.87. Net income attributable to common stockholders and earnings per share increased 87% and 146%, respectively, compared to the prior year, primarily due to lower operating expenses, a lower effective tax rate and a 24% decline in diluted shares that was partially offset by a 7% decrease in total revenues due to lower average AUM. Fourth quarter 2016 earnings per share included a $0.65 benefit from the release of a deferred tax asset valuation allowance related to realized capital losses, ($0.49) of unrealized losses on investments, and ($0.31) of acquisition-related costs. See table below for a summary of quarterly financial results:

(Dollars in millions, except per share data or as noted)

	Three Months Ended December 31,			Three Months Ended September 30,	
	2016	2015	Change	2016	Change
Revenues	$ 79.9	$ 86.1	(7%)	$ 82.3	(3%)
Operating expenses	$ 67.1	$ 69.6	(4%)	$ 65.8	2%
Operating income	$ 12.8	$ 16.5	(23%)	$ 16.5	(23%)
Operating margin	16.0%	19.2%		20.1%	
Net income attributable to common stockholders	$ 12.4	$ 6.6	87%	$ 15.6	(20%)
Earnings per share - diluted	$ 1.87	$ 0.76	146%	$ 1.99	(6%)

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Virtus Unaudited Results for the Year Ended December 31, 2016

For the twelve months ended December 31, 2016, Virtus reported U.S. GAAP net income attributable to common stockholders of $48.5 million and earnings per diluted common share of $6.20. Net income attributable to common stockholders and earnings per share increased 38% and 58%, respectively, compared to the prior year, primarily due to lower operating expenses, higher non-operating income due to improved performance of marketable securities, a lower effective tax rate and a 13% decline in diluted shares that more than offset a 16% decline in total revenues due to lower average AUM. See table below for a summary of annual financial results:

(Dollars in millions, except per share data or as noted)

	Twelve Months Ended December 31,		
	2016	2015	Change
Revenues	$ 322.6	$ 382.0	(16%)
Operating expenses	$ 271.7	$ 301.6	(10%)
Operating income	$ 50.8	$ 80.4	(37%)
Operating margin	15.8%	21.0%	
Net income attributable to common stockholders	$ 48.5	$ 35.1	38%
Earnings per share - diluted	$ 6.20	$ 3.92	58%

Virtus Unaudited Select Balance Sheet Items at December 31, 2016

During the fourth quarter 2016, Virtus repurchased 1.7 million shares of its common stock held by Bank of Montreal Holdings Inc. at a price of $93.50 per share for a total purchase price of $161.5 million using $131.5 million of cash and cash equivalents and $30.0 million drawn from its existing revolving credit facility. The repurchase returned $161.5 million of capital to stockholders and reduced ending shares outstanding by 22.7%. At December 31, 2016, Virtus had working capital of $27.7 million, a decrease of $44.1 million or 61% from December 31, 2015. In addition, at December 31, 2016, Virtus had $180.1 million of seed capital investments and $120.0 million of credit available on its $150.0 million revolving credit facility. See table below for a summary of select balance sheet items:

(Dollars and share numbers in millions)

	As of December 31,			As of September 30,	
	2016	2015	Change	2016	Change
Cash and cash equivalents	$ 64.6	$ 87.6	(26%)	$ 165.4	(61%)
Seed capital investments (1)	180.1	273.7	(34%)	179.1	1%
Investments - other (2)	29.1	60.2	(52%)	38.4	(24%)
Total - cash and investments	$ 273.8	$ 421.5	(35%)	$ 382.9	(28%)
Deferred taxes, net	$ 47.5	$ 54.1	(12%)	$ 44.6	7%
Dividends payable	$ 3.5	$ 4.2	(17%)	$ 4.1	(15%)
Debt	$ 30.0	$	N/M	$	N/M
Total equity attributable to stockholders	$ 321.7	$ 509.6	(37%)	$ 469.8	(32%)
Working capital (3)	$ 27.7	$ 71.8	(61%)	$ 150.4	(82%)
Ending shares outstanding	5.889	8.399	(30%)	7.610	(23%)

N/M - Not Meaningful

(1) Represents the Company s investments in sponsored investment products including the Company s investment in consolidated sponsored investment products, or CSIPs , net of noncontrolling interests. For the periods ending December 31, 2016, December 31, 2015, and September 30, 2016, net assets of CSIPs represent $150.0 million, $343.5 million, and $141.8 million of total assets, $4.1 million, $15.4 million, and $2.9 million of total liabilities, and $37.3 million, $73.9 million, and $30.3 million of redeemable noncontrolling interests, respectively.

(2) Investments that are not related to the Company s seed investments, including mutual funds and an investment in a Company-managed CLO, which is a consolidated investment product. For the periods ended December 31, 2016 and September 30, 2016, the investment in the consolidated investment product consisted of \$367.0 million and \$377.0 million of total assets and \$341.3 million and \$349.6 million of total liabilities, respectively.

(3) Defined as cash and investments plus accounts receivable, net, less seed capital investments, a Company-managed CLO, accrued compensation and benefits, accounts payable and accrued liabilities, and dividends payable.

Virtus Assets Under Management at December 31, 2016

At December 31, 2016, Virtus had \$45.4 billion of AUM comprised of \$23.4 billion of open-end mutual funds, \$6.8 billion of closed-end funds, \$0.6 billion of exchange traded funds, \$8.5 billion of separately managed accounts and \$6.1 billion of institutional accounts. For the three months ended December 31, 2016, AUM decreased \$1.1 billion, or 3%, primarily due to market depreciation of \$0.6 billion and net outflows of \$0.4 billion. For the twelve months ended December 31, 2016, AUM decreased \$2.0 billion or 4%, primarily due to net outflows of \$4.7 billion and mutual fund dividends distributed, net of reinvestments of \$0.5 billion that were partially offset by market appreciation of \$3.2 billion. See table below for a summary of assets under management:

(Dollars in billions)

	Three Months Ended December 31,			Three Months Ended September 30,	
	2016	**2015**	**Change**	**2016**	**Change**
Ending assets under management	\$ 45.4	\$ 47.4	(4%)	\$ 46.5	(3%)
Average assets under management	\$ 45.3	\$ 48.5	(7%)	\$ 45.5	(1%)
Gross sales	\$ 2.6	\$ 3.2	(17%)	\$ 3.1	(15%)
Net flows	\$ (0.4)	\$ (1.1)	67%	\$ 0.5	N/M

N/M - Not Meaningful

RidgeWorth Assets Under Management at December 31, 2016

At December 31, 2016, RidgeWorth had \$40.2 billion of AUM comprised of \$16.7 billion of mutual funds, \$3.0 billion of separately managed accounts and \$20.5 billion of institutional accounts. For the three months ended December 31, 2016, AUM increased \$0.1 billion, or less than 1%, due to market appreciation of \$0.8 billion that was partially offset by net outflows of \$0.4 billion and a net change in liquidity strategies of \$0.3 billion. For the twelve months ended December 31, 2016, AUM increased \$2.5 billion, or 7%, due to market appreciation of \$3.6 billion and a net change in liquidity strategies of \$2.2 billion that was partially offset by net outflows of \$3.3 billion.

Pending Acquisition of RidgeWorth

On December 16, 2016, the Company entered into a merger agreement to acquire RidgeWorth, a multi-boutique asset management firm with \$40.2 billion (as of December 31, 2016) in assets managed by affiliated investment managers and unaffiliated subadvisers. Under the merger agreement, a wholly owned subsidiary of the Company will (subject to the satisfaction or waiver of the closing conditions in the merger agreement) merge with and into RidgeWorth with RidgeWorth continuing as the surviving company and becoming a wholly owned subsidiary of the Company.

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The purchase price for the RidgeWorth Acquisition equals (x) $472 million, plus (y) the fair market value of certain of RidgeWorth s investments at the effective time of the RidgeWorth Acquisition, with the final purchase price subject to adjustments for working capital and client consents. The purchase price was estimated as of December 16, 2016 to be $513 million, which is expected to be financed from the following sources: cash on hand and proceeds from the sale of investments, deferred cash and common stock consideration payable to certain RidgeWorth employees in exchange for a portion of their RidgeWorth equity, net proceeds from this offering and the Concurrent Offering and borrowings under our committed debt facility. See Summary Financing Transactions and Use of Proceeds.

The closing of the RidgeWorth Acquisition is subject to (a) the receipt of client consents required by the merger agreement representing revenues that are not less than 77.5% of the baseline revenue amount; (b) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (c) the absence of any material adverse effect (as defined in the merger agreement) on the business of RidgeWorth and its subsidiaries; and (d) other customary closing conditions. The RidgeWorth Acquisition is expected to close in mid-2017, subject to the satisfaction or waiver of such conditions; however, there can be no assurance that the RidgeWorth Acquisition will close, or if it does, when the closing will occur.

The merger agreement contains customary termination rights for the Company and RidgeWorth, including in the event the RidgeWorth Acquisition is not consummated on or before July 16, 2017 (subject to extension to September 16, 2017 in certain specified circumstances). The merger agreement also contains customary representations, warranties, covenants and indemnification and escrow provisions.

The RidgeWorth Acquisition may not be consummated and, even if consummated, we may not realize the anticipated benefits of the RidgeWorth Acquisition. The closing of this offering is not contingent on the closing of the Concurrent Offering or the RidgeWorth Acquisition. In the event we do not consummate the RidgeWorth Acquisition for any reason, we expect to use the net proceeds of this offering for general corporate purposes. Accordingly, if you decide to purchase common stock in this offering, you should be willing to do so whether or not we complete the Concurrent Offering or the RidgeWorth Acquisition.

RidgeWorth s Business

RidgeWorth Investments, headquartered in Atlanta, provides a wide variety of fixed income and equity strategies to institutional and individual clients through separate accounts, retirement plan investment options, and mutual funds. RidgeWorth is owned by its employees and investment funds affiliated with Lightyear Capital LLC. RidgeWorth s wholly owned affiliates are:

- Seix Investment Advisors, which manages $27.6 billion in fixed income through an investment grade team focused on high-quality securities and a leveraged finance team focused on leveraged loans and high-yield credit strategies.

- Ceredex Value Advisors, which manages $10.8 billion for institutions, endowments, foundations and high-net-worth investors using a traditional value style across all market cap ranges.

- Silvant Capital Management, which manages $1.3 billion, primarily in the large-cap growth style for institutional clients.

RidgeWorth also has a minority ownership interest in Zevenbergen Capital Investments, a growth equity boutique that is a subadviser to a RidgeWorth mutual fund. Two unaffiliated investment managers, WCM Investment Management and Capital Innovations, also serve as subadvisers to certain RidgeWorth funds.

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Strategic Rationale for the RidgeWorth Acquisition

We believe the RidgeWorth Acquisition is a strategically compelling and financially sound transaction that will: (a) diversify our asset mix across strategies, asset classes and client bases; (b) enhance and expand our distribution capabilities; (c) increase the Company s scale and profitability; and (d) provide growth opportunities.

The addition of RidgeWorth s investment strategies will diversify our asset mix across strategies and asset classes and complement our retail client asset base by providing access to a broader base of potential institutional clients.

The RidgeWorth Acquisition is expected to broaden our institutional distribution capabilities by adding dedicated and experienced sales and client services resources, and enhance our retail distribution resources through greater access to the retirement, private bank and independent/RIA channels.

The combined company is expected to benefit from the increase in scale and the benefits of synergies from the elimination or consolidation of duplicative support functions. The RidgeWorth Acquisition is expected to increase the Company s total AUM to approximately $85.5 billion, expand open-end fund offerings from 58 to 87 funds with approximately $40.1 billion of AUM, and increase institutional AUM to approximately $26.6 billion.

The RidgeWorth Acquisition is expected to lead to $25.0 million of cost synergies per year once the integration is completed. The cost synergies are expected to be achieved by streamlining the corporate and business support functions with no expected changes to the affiliate investment teams. We expect to realize approximately 85% of the cost savings within twelve months of closing and will incur approximately $15.0 million of one-time costs to achieve the synergies.

The RidgeWorth Acquisition is expected to lead to approximately $420.0 million of purchased intangibles to be amortized over 15 years for tax purposes. The amortization of the purchased intangibles is expected to produce up to $10.8 million of annual tax savings, assuming a tax rate of 38.3%.

We believe the RidgeWorth Acquisition will position the Company for expanded growth opportunities by allowing us to offer our existing strategies through RidgeWorth s institutional and retail distribution resources; offer RidgeWorth s mutual funds through our broader national retail distribution; and make RidgeWorth s investment strategies available in other markets and product forms such as ETFs and UCITS.

Although the Company expects that the RidgeWorth Acquisition will result in benefits to the Company, the Company may not realize those benefits because of integration difficulties and other challenges. See Risk Factors Risks Relating to the RidgeWorth Acquisition Although the Company expects that the RidgeWorth Acquisition will result in benefits to the Company, the Company may not realize those benefits because of integration difficulties and other challenges and Cautionary Note Regarding Forward-Looking Statements.

Share Repurchase

On October 27, 2016 the Company repurchased 1,727,746 shares of its common stock from Bank of Montreal Holdings Inc. at a price of $93.50 per share for a total purchase price of $161.5 million. See Virtus Unaudited Select Balance Sheet Items at December 31, 2016.

Financing Transactions

In addition to this offering, we expect to obtain or otherwise incur additional financing for the RidgeWorth Acquisition as described below.

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Mandatory Convertible Preferred Stock Offering

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 1,000,000 shares of our Mandatory Convertible Preferred Stock, plus up to 150,000 additional shares of our Mandatory Convertible Preferred Stock that the underwriters of such offering have the option to purchase from us at the public offering price of $100.00 per share, less the underwriting discounts.

Unless earlier converted, each share of Mandatory Convertible Preferred Stock will automatically convert on the third business day immediately following the last trading day of the 20 consecutive trading day averaging period commencing on the 22nd scheduled trading day immediately preceding February 1, 2020, into between 0.7576 and 0.9091 shares of common stock (subject to customary anti-dilution adjustments).

The completion of this offering and the completion of the Concurrent Offering are not conditioned upon one another. However, if the RidgeWorth Acquisition has not closed by September 30, 2017, the merger agreement is terminated at any time prior thereto or we determine in our reasonable judgment that the RidgeWorth Acquisition will not occur, we will have the right, but not the obligation, to redeem the Mandatory Convertible Preferred Stock. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy the securities being offered in the Concurrent Offering.

Debt Facilities

In connection with our entering into the merger agreement to acquire RidgeWorth, on December 16, 2016, the Company entered into a debt financing commitment letter with Barclays Bank PLC and Morgan Stanley Senior Funding, Inc., together, the Initial Commitment Parties. Pursuant to the debt financing commitment letter, the Initial Commitment Parties committed to arrange and provide the Company with a senior secured credit facility composed of (i) a term loan facility of up to $475.0 million which is expected to mature seven years after the execution date and (ii) a revolving credit facility of up to $100.0 million maturing five years after the execution date. The principal amount of the term loan will be reduced by the lesser of the net cash proceeds received by the Company from an issuance or issuances of equity or equity-linked securities (including from this offering and the Concurrent Offering) and $275.0 million. The availability of borrowings under the new debt facility is subject to satisfaction of certain customary conditions which include termination and repayment of all amounts outstanding under our existing senior unsecured revolving credit facility (using cash on hand). The senior secured credit facility will contain affirmative and negative financial and operating covenants and events of default customary for facilities of this type. The credit facility will be guaranteed by Virtus domestic subsidiaries (subject to certain exceptions) and will be secured by substantially all of our assets. We expect to close such debt financing concurrently with closing the RidgeWorth Acquisition.

Corporate Information

Virtus Investment Partners, Inc. commenced operations on November 1, 1995 through a reverse merger with Duff & Phelps Investment Management Co. We were a majority-owned subsidiary of The Phoenix Companies, Inc., or PNX , from 1995 to 2001 and a wholly-owned subsidiary from 2001 until 2008. On December 31, 2008, the Company was spun out from PNX and became an independent publicly traded company.

Our principal executive offices are located at 100 Pearl Street, Hartford, Connecticut 06103. Our telephone number is (800) 248-7971, and our internet address is *www.virtus.com*. The information found on our website and on websites linked from it is not incorporated into or a part of this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein and therein.

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THE OFFERING

The following is a brief summary of the terms and conditions of this offering. It does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms and conditions of the offering of our common stock, you should carefully read this entire prospectus supplement, the accompanying prospectus (including the section titled Description of Common Stock) and the documents incorporated by reference herein and therein.

Common stock offered	910,000 shares
Common stock to be outstanding immediately after this offering	6,799,013 shares
Underwriters option to purchase additional shares	Up to 136,500 shares
Use of proceeds	We currently intend to use the net proceeds of this offering, together with the net proceeds of the Concurrent Offering, cash on hand, proceeds from the sale of investments, borrowings pursuant to our committed debt financing and deferred cash and common stock consideration payable to certain RidgeWorth employees in exchange for a portion of their RidgeWorth equity, to finance the RidgeWorth Acquisition and to pay related fees and expenses. We may invest the net proceeds from this offering temporarily until we use them for their stated purpose. The closing of this offering is not contingent on the closing of the Concurrent Offering or the RidgeWorth Acquisition. In the event we do not consummate the RidgeWorth Acquisition for any reason the net proceeds of this offering would be available for general corporate purposes.
Concurrent Offering	Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 1,000,000 shares of our Mandatory Convertible Preferred Stock, plus up to 150,000 additional shares of our Mandatory Convertible Preferred Stock that the underwriters of such offering have the option to purchase from us at the public offering price of $100.00 per share, less the underwriting discounts. The proceeds of the Concurrent Offering are also expected to be used to finance the RidgeWorth Acquisition and to pay related fees and expenses. The closing of this offering is not conditioned upon the closing of the Concurrent Offering, and the closing of the Concurrent Offering is not conditioned upon the closing of this offering.

Risk factors	Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-15 of this prospectus supplement and on page 5 of the accompanying prospectus, as well as all of the other information set forth in and incorporated by reference into this prospectus supplement and the accompanying prospectus, for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
NASDAQ Global Market symbol	VRTS

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The information above is based on 5,889,013 shares of common stock outstanding as of December 31, 2016. It does not include:

- 137,157 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2016 at a weighted average exercise price of $17.77 per share;

- 302,824 shares of our common stock issuable upon vesting of restricted stock units outstanding as of December 31, 2016;

- 749,178 shares of our common stock available as of December 31, 2016 for future grant or issuance pursuant to our stock-based compensation plans;

- 136,500 additional shares of our common stock issuable upon exercise of the underwriters option to purchase additional shares from us;

- any shares of common stock issuable upon conversion of the $100 million aggregate liquidation preference of our Mandatory Convertible Preferred Stock (or $115 million aggregate liquidation preference if the underwriters exercise their option to purchase additional shares of our Mandatory Convertible Preferred Stock in full), any shares of common stock that may be issued in payment of a dividend on such Mandatory Convertible Preferred Stock, or any shares of common stock that may be issued pursuant to an acquisition termination redemption; and

- $25 million in shares of our common stock issuable as consideration to certain RidgeWorth employees in exchange for a portion of their RidgeWorth equity.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA OF VIRTUS

The following summary consolidated financial data as of and for the years ended December 31, 2015, 2014 and 2013 are derived from our audited consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus. The following unaudited summary condensed consolidated financial data as of September 30, 2016 and for each of the nine months in the periods ended September 30, 2016 and 2015 are derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus. Operating results for the nine months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the full year. The data should be read in conjunction with our audited consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations that are incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the year ended December 31, 2015 and our unaudited condensed consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations that are incorporated by reference into this prospectus supplement from our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016.

	Year Ended December 31,			Nine Months Ended September 30,	
	2015	2014	2013	2016	2015
	(in thousands, except per share data)				
Results of Operations					
Total revenues	$ 381,977	$ 450,598	$ 389,215	$ 242,704	$ 295,862
Total operating expenses	301,599	319,878	275,711	204,673	231,990
Operating income	80,378				