

VP Distributors, LLC

(A wholly-owned subsidiary of Virtus Partners, Inc.)

Statement of Income

| | Year Ended December 31, 2015 |
|--|---|
| <i>(\$ in thousands)</i> | |
| Operating Revenues | |
| Distribution and service fees | \$ 67,107 |
| Related party marketing fees | 75,404 |
| Other income and fees | 1,553 |
| Total operating revenues | <u>144,064</u> |
| Operating Expenses | |
| Employment expenses | 26,992 |
| Distribution expenses | 82,529 |
| Other operating expenses | 9,057 |
| Depreciation and amortization | 91 |
| Total operating expenses | <u>118,669</u> |
| Operating Income | <u>25,395</u> |
| Other Income | |
| Realized and unrealized gains on trading securities, net | (19) |
| Other income, net | 22 |
| Total other income | <u>3</u> |
| Income before income taxes | 25,398 |
| Provision for income taxes | 9,832 |
| Net Income | <u>\$ 15,566</u> |

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