

VIRTUS ALTERNATIVE INVESTMENT ADVISERS, INC.

Item 1.

**Virtus Alternative Investment Advisers, Inc.
100 Pearl Street
Hartford, CT 06103
800-248-7971**

www.Virtus.com

March 30, 2012

This Brochure provides information about the qualifications and business practices of Virtus Alternative Investment Advisers, Inc. (“VAIA”). If you have any questions about the contents of this brochure, please contact us at 800-248-7971. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission nor by any state securities authority.

VAIA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you may use to determine to hire or retain an adviser.

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Material Changes

This Brochure is dated **March 30, 2012** and reflects the following changes from the last annual update, dated December 31, 2010:

- Name Change: Newfleet Asset Management, Inc. is now Virtus Alternative Investment Advisers, Inc. (The previous brochure, dated December 31, 2010, was filed under the name of Newfleet Asset Management, Inc.)
- Affiliate Name Change: Our affiliate, SCM Advisors LLC, has changed its name to Newfleet Asset Management, LLC.

This Brochure does not contain any other material changes from our last annual update. We will provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Chief Compliance Officer at **860-263-4732**, or [**David.Fusco@virtus.com**](mailto:David.Fusco@virtus.com).

Additional information about VAIA is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with VAIA who are registered, or are required to be registered, as investment adviser representatives of VAIA.

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Item 4: Advisory Business

VAIA is an indirect, wholly-owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”) a publicly traded multi-manager asset management business, as of December 31, 2008 (NASDAQ: VRTS). VAIA has been a registered investment adviser since 2007.

Generally, prospective clients may include banks or thrift institutions, state or other public entities, investment companies, pension and profit sharing plans, trusts or other charitable organizations, and other business entities.

Types of Investments

VAIA offers investment advisory services principally in the following types of instruments: equity securities (common stocks and equivalents) including exchange-listed securities, securities traded over-the-counter, foreign issues, warrants, certificates of deposit, investment company securities, including traditional mutual fund shares and exchange traded funds, debt securities and United States government securities. VAIA may also utilize, where appropriate, options contracts.

Assets Under Management

As of December 31, 2011, VAIA did not have assets under management.

Item 5. Fees and Compensation

VAIA’s investment advisory services provide for continuous advice to clients based on the individual needs and investment guidelines established pursuant to each client contract. Investment advisory fees may be based on the fair market value of the assets or the current face value of the assets on an annual basis, or fixed fees. VAIA may negotiate and enter into a performance based fee arrangement with eligible clients meeting the criteria as set forth under Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Item 6: Performance Based Fees and Side-By-Side Management

VAIA does not have any performance-based fee arrangements (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Performance-based fee arrangements would only be entered into with qualified clients, subject to individual negotiation. Any such arrangement will comply with Section 205 of the Investment Advisers Act of 1940, as amended, and the rules thereunder, and all applicable laws and regulations.

Item 7: Types of Clients

Generally, prospective clients may include banks or thrift institutions, state or other public entities, investment companies, pension and profit sharing plans, trusts or other charitable organizations, and other business entities.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

VAIA’s security analysis methods include fundamental and technical analysis, as well as charting and cyclical review. VAIA will use varied sources of information including, but not limited to, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. VAIA may also utilize the services of a third party research provider.

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VAIA's investment strategies may include one or all of the following:

- long term purchases (securities held at least a year)
- short term purchases (securities sold within a year)
- trading (securities sold within 30 days)
- option writing, including covered options, uncovered options or spread strategies

Interest rate, credit spread and credit default hedges may also be implemented if consistent with a client's investment guidelines.

Investors should be aware their investment is not guaranteed and understand that there is a risk of loss of value in their investment.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of VAIA, or the integrity of VAIA's management. VAIA has no information applicable to this item.

Item 10: Other Financial Industry Activities and Affiliations

The following registered investment advisers are all subsidiaries of Virtus and affiliates of VAIA: Duff & Phelps Investment Management Co., Euclid Advisors LLC, Kayne Anderson Rudnick Investment Management, LLC, Newfleet Asset Management, LLC, Virtus Investment Advisers, Inc. and Zweig Advisors LLC. VP Distributors, LLC, a registered broker-dealer, is a subsidiary of Virtus, and the underwriter and distributor of certain registered investment companies to which affiliates of VAIA act as adviser or sub-adviser. It is also the administrator for the Duff & Phelps Global Utility Income Fund Inc., Virtus Global Multi-Sector Income Fund, Virtus Total Return Fund, The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., whose portfolios are advised and/or sub-advised by VAIA's affiliates.

The investment management services of VAIA are offered by Virtus under its multi-adviser asset management platform. Distribution of investment products and services offered in conjunction with this platform may involve VAIA, its affiliates, and other entities in support of these activities. There may exist certain potential or actual conflicts of interests within these interrelationships, which may or may not be readily apparent to an investor.

In a variety of instances, VAIA may utilize the personnel and/or services of one or more of its affiliates, some of which are registered as investment advisers with the SEC under the Advisers Act, in the performance of its business including, without limitation, investment advice, portfolio execution and trading, back office processing, accounting, reporting and client servicing. Such utilization may take a variety of forms including dual employee or delegation arrangements, formal sub-advisory or servicing agreements, or other formal and informal arrangements among VAIA and its affiliates. In these circumstances, the registered affiliate, with which the client has its investment management agreement, remains responsible for the account within the framework of the Advisers Act and/or other applicable regulatory frameworks and the relevant investment management agreement, and no additional fees are charged to the client for the affiliates' services except as set forth in the investment management agreement.

Additionally, VAIA's parent and affiliated subsidiaries may enter into marketing or sponsorship arrangements with third parties, subadvisers and brokerage firms to promote the distribution of proprietary investment products including, but not limited to, mutual funds, managed accounts or the general enhancement of the Virtus marketing image. Such third parties, subadvisers and brokerage firms may concurrently have advisory, distribution or other relationships with VAIA. These arrangements may or may not necessarily result in additional assets under management by VAIA or inure to the direct or indirect benefit of clients of VAIA.

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Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

VAIA or a related person may recommend that clients buy or sell securities or investment products in which VAIA or a related person has some financial interest. Likewise, VAIA or a related person may buy or sell securities that VAIA also recommends to clients.

To fully protect the interests of VAIA's clients, employees, and affiliates, any employee found to engage in improper or unlawful activity faces appropriate administrative and legal action. Everyone has a responsibility to ensure that employees are conducting business professionally and are complying with the procedures and policies governing VAIA's collective responsibility. Anyone aware of employees engaged in wrongdoing or improper conduct must immediately report such activity to their supervisor and compliance officer. Failure to do so may result in additional action being taken against that individual.

VAIA has adopted The Virtus Code of Conduct and a Code of Ethics for personal trading, which are designed to prevent and detect possible conflicts of interest with client trades. Compliance with these codes is a condition of employment. All of our supervised persons must acknowledge their terms annually, or as amended. The following highlights some of the provisions of the Virtus Code of Conduct:

Virtus Code of Conduct

Commitment to Shareholders

- Conflicts of interest
- Insider trading and personal trading
- Market timing

Commitment to Customers

- Safeguarding assets
- Other market conduct
- Privacy

Commitment to Corporate Citizenship

- Complying with the legal and regulatory requirements
- Anti-money laundering
- Lobbying and political contributions

Commitment to Employees

- Equal opportunities
- Sexual harassment
- Workplace safety

Commitment to Ethics and Compliance

- Ethical decision-making
- Monitoring Code compliance
- Whistleblower protection

A complete copy of the Virtus Code of Conduct is available upon request.

VAIA Code of Ethics

The following highlights some of the provisions of the VAIA Code of Ethics:

- Pre-clearance is required for all non-exempt transactions with respect to which an employee is beneficial owner in order to prevent the employee from buying or selling at the same time as the firm.

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- 60 day holding period for covered securities.
- Brokerage provision of duplicate copies of brokerage statements and confirmations to our Compliance Department or the electronic equivalent.
- Employee provision of Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Requirement that personal transactions be consistent with the Code of Ethics in a manner that avoids any actual or potential conflict of interest.
- Any covered employee not in observance of the above may be subject to discipline. VAIA does not purchase or sell securities for its own account. VAIA's directors, officers, and employees may buy, hold, or sell the same investments for their own accounts as are held or to be held or sold for a client account. None of VAIA's directors, officers, or advisory persons may buy or sell any security or any option to buy or sell such security, such that they hold or acquire any direct or indirect beneficial ownership as a result of the transaction and that they know at the time of such transaction that is being bought, sold, or considered for purchase or sale for a client account, unless:
 - they have no influence or control over the transaction from which they will acquire a beneficial interest
 - the transaction is non-volitional on their part or the client's
 - the transaction is a purchase under an automatic dividend reinvestment plan or pursuant to the exercise of rights issues, pro-rata to them and other holders of the same class of the issuer's securities, or
 - they have obtained, in advance, approval from someone authorized to grant such approval when circumstances indicate no reasonable likelihood of harm to the client or violation of applicable laws and regulations

VAIA's officers and employees are encouraged to invest in shares of Virtus Mutual Funds (i.e., Virtus Equity Trust, Virtus Insight Trust, Virtus Opportunities Trust and Virtus Total Return Fund) that VAIA advises.

VAIA ensures that the investment management and overall business of the firm complies with both VAIA and Virtus policies and applicable U.S. federal and state securities laws and regulations.

A complete copy of VAIA's current Code of Ethics is available by sending a written request to Virtus Alternative Investment Advisers, Inc., Attn: Corporate Compliance, 100 Pearl Street, 8th Floor, Hartford, CT 06103.

Item 12: Brokerage Practices

VAIA will maintain a brokerage committee to review and approve brokers prior to the placement of any transactions. Several factors are utilized in the broker selection process, including, but not limited to expertise in the specific type of security or issue; financial strength and stability at the time of trade execution; the type and size of programs, securities, or collateral that is available for use; credit quality and exposure within a current portfolio; and distribution channels. Brokers must have efficient and effective settlement processes to ensure minimal failed trades, and high operational effectiveness. Brokers will be used if they offer best execution on a given day, given all facts and circumstances, and to ensure best execution, traders will reference multiple information sources and obtain quotes from other dealers to ensure the transaction is reasonable, given market conditions. Brokers will not be utilized solely based on the products, research, and services they provide, however, such services may be taken into account when striving for best execution. Any research received is used across all client accounts that hold securities that are relevant to that specific research. Brokers must also meet client guideline requirements.

VAIA will perform investment advisory services for various clients and may give advice, and take action, with respect to one or more accounts which may differ from the advice given, or the timing or nature of action taken, to other accounts. VAIA will, to the extent practical, allocate investment opportunities to each account on a fair and equitable basis relative to other similarly invested client accounts.

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Item 13: Review of Accounts

Recommendations made to clients are reviewed on a periodic basis for continuing consistency with client specific investment objectives. The frequency of reports will be established for each account on a per client basis.

Item 14: Client Referrals and Other Compensation

VAIA may accept the referral of potential clients by certain designated persons (referred to as "Solicitors"). Any solicitor will be required to enter into a written agreement with VAIA that contains an undertaking that the Solicitor will deliver a disclosure document relating to VAIA and a separate disclosure document relating to the Solicitor's relationship with VAIA. Payments to Solicitors will be subject to negotiation on a case-by-case basis.

Certain designated employees of VAIA's parent firm may act on its behalf to provide information regarding VAIA's advisory services.

Item 15: Custody

VAIA will not have custody of client assets.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. VAIA urges you to carefully review such statements and compare such official custodian records to the account statements that we may provide to you.

Item 16: Investment Discretion

Generally, pursuant to investment advisory contract executed with each client, VAIA will have complete discretion with respect to client accounts without any limitations on its authority. However, whether an account is accepted or the management of an account is continued may depend upon the nature and extent of the instructions given by a client.

Class Actions

VAIA will not file for managed accounts unless agreed to by client contract.

Item 17: Voting Client Securities

Where VAIA may be responsible to vote proxies for a client, policies and procedures have been adopted in an effort to ensure that votes are cast in the best interests of its clients and that proper documentation is maintained relating to how proxies were voted. The basic policies and procedures are as follows:

Pre-determined proxy voting guidelines (the "Guidelines") have been adopted to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the investment. Under the Guidelines, VAIA may delegate, to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations on behalf of VAIA. Additionally, VAIA may vote a proxy contrary to the Guidelines if it determines that such action is in the best interests of clients.

Conflicts of Interest relating to proxy proposals will be handled in various ways depending on the type and materiality. Generally, where the Guidelines outline the VAIA's voting position, as either "for" or "against" such proxy proposal, voting will be in accordance with the Guidelines. Where the Guidelines outline the VAIA's voting position to be determined on a "case by case" basis for such proxy proposal, or such proposal is not listed in the Guidelines, then VAIA will choose either to vote the proxy in accordance with the voting recommendation of a non-affiliated third party vendor, or vote the proxy pursuant to client direction. The method selected by VAIA will depend upon the facts and circumstances of each situation and the requirements of applicable law.

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VAIA may choose not to vote proxies in certain situations or for certain accounts, such as: 1) where a client has retained the right to vote the proxy, 2) where VAIA deems the cost of voting exceeds any anticipated benefit to the client, 3) where a proxy is received for a client account that has been terminated, 4) where a proxy is received for a security VAIA no longer manages (i.e. VAIA had previously sold the entire position), and/or 5) where the exercise of voting rights could restrict the ability of the portfolio manager to freely trade the security.

A complete copy of VAIA's current Proxy Voting Policies, Procedures and Guidelines may be obtained by sending a written request to Virtus Alternative Investment Advisers, Inc., Attn: Corporate Compliance, 100 Pearl Street, 8th Floor, Hartford, Connecticut 06103.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. VAIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. VAIA does not require or solicit prepayment of advisory fees. VAIA does not act as custodian for any client account. VAIA has not been the subject of a bankruptcy proceeding.