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VIRTUS.COM

Item 1.

Virtus Alternative Investment Advisers, Inc.

**100 Pearl Street
Hartford, CT 06103
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www.Virtus.com

June 16, 2011

This Brochure provides information about the qualifications and business practices of Virtus Alternative Investment Advisers, Inc. 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.

Virtus Alternative Investment Advisers, Inc. 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.

Item 2.

Material Changes

This Brochure is dated June 16, 2011 and reflects the following changes:

- 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.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of our business' fiscal year end. We may further provide other ongoing disclosure information about material changes as necessary.

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.

Additional information about Virtus Alternative Investment Advisers, Inc. (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.

Item 3.

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Item 4: Advisory Business

VAIA offers customized fixed income solutions to institutional investors, including solutions for liquidity management, Residential Mortgage Backed Securities (RMBS), Structured Investment Vehicles (SIVs), as well as more traditional corporate and ABS portfolios. VAIA's services may include advice concerning the restructuring and redemption of structured financial products, and the investments therein.

Types of Investments

VAIA may offer investment advice on the following types of investments:

- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Money market mutual fund shares
- U.S. Government securities
- Other

Other Types of Investments

VAIA may invest in repurchase agreements on behalf of its clients. The acceptable collateral types, maturity, margins and counterparties will be determined by the client's investment guidelines. All repurchase agreement transactions will be governed by the terms laid out in the Master Repurchase Agreement (MRA) and the Global Master Repurchase Agreements (GMRA). These agreements will be completed and signed by both participating parties prior to any transactions. Both parties to the agreements will use tri-party agents to ensure security interest in the event of default.

VAIA may also invest in repurchase agreements and structured products on behalf of its clients.

Structured products may include, but are not limited to, asset-backed commercial paper, asset-backed securities, residential mortgage-backed securities, and commercial mortgage-backed securities.

Assets Under Management

As of December 31, 2010, 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.

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 would be subject to the applicable provisions of the Investment Advisers Act of 1940 (Section 205(a)-1).

Item 7: Types of Clients

VAIA Asset Management, Inc. seeks to provide investment services on fixed income investments to institutional clients meeting the definition of Qualified Institutional Buyer, as defined in Rule 144A under the U.S. Securities Act of 1933. 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.

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 spreading 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

VAIA is a wholly owned subsidiary of Virtus Partners, Inc. Virtus Partners, Inc. ("Virtus") is wholly owned by Virtus Investment Partners, Inc., a public company (NASDAQ – VRTS).

The following registered investment advisers are all subsidiaries of Virtus and affiliates of VAIA: Duff & Phelps Investment Management Co., Euclid Advisers LLC, Kayne Anderson Rudnick Investment Management, LLC, Newfleet Asset Management, LLC (fka SCM Advisors LLC), Virtus Investment Advisers, Inc. and Zweig Advisers LLC. VP Distributors, Inc., 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.

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

In particular, 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.

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.

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

VAIA, as an SEC-registered adviser, has adopted the VAIA Asset Management, Inc. Code of Ethics for personal trading, pursuant to Section 204A-1 of the Investment Advisers Act of 1940. A copy of this Code of Ethics will be provided to clients or prospective clients upon written request to VAIA Asset Management, Inc., Attn: Corporate Compliance, 100 Pearl Street, 8th Floor, Hartford, CT 06103.

The Code of Ethics is intended to prevent and detect possible conflicts of interest with client trades, and breach of fiduciary duty. The Code requires all covered employees to meet reporting requirements pursuant to Section 204A-1. These requirements include: an Initial Holdings Report, upon employment by the firm, disclosing accounts and securities holdings; Quarterly Transaction Reports, and an Annual Certification and Holdings Report. Reportable securities are defined under SEC Rule 204A-1(e)(10). Duplicate copies of statements and confirmations are required on any brokerage account held by

employees. This requirement also applies to accounts in which the employee would be considered to have beneficial interest (e.g. spouse).

Preclearance of non-exempt transactions is required for covered employee accounts and accounts of employee beneficial interest. Employees are not allowed to buy or sell securities on any day when a client account has a pending order for the same security, in the same direction (buy or sell). Portfolio managers are also restricted by a seven-day black out period, before and after client trades.

These requirements are monitored on a regular basis by the Compliance Department. Violations of these and other specific provisions of the Code of Ethics are subject to penalty and sanction, up to and including termination of employment.

VAIA has also adopted the Virtus Investment Partners, Inc. Code of Conduct which outlines policies and procedures underlying the Virtus commitment to ethics, and compliance with applicable rules and best practice for its shareholders, customers, corporate integrity, and employees.

Employees of VAIA may establish accounts with the Virtus Mutual Funds, to which an affiliate, Virtus Investment Advisers, Inc. serves as adviser. In doing so, employees are subject to the Virtus Code of Conduct and the VAIA Code of Ethics for Personal Trading, to the extent applicable.

Acknowledgement of and compliance with both the Code of Ethics and Code of Conduct is a condition of continued employment.

VAIA may recommend to clients that they buy or sell securities or investment products in which a related person has some financial interest. However, VAIA currently does not act as general partner in any partnership and clients are not solicited to invest in other investment vehicles managed or advised by Affiliates. VAIA as a policy does not own any securities.

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.

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.

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 VAIA Asset Management, Inc., Attn: Corporate Compliance, 100 Pearl Street, 8th Floor, Hartford, Connecticut 06103.

Item 18: Financial Condition

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.