

Fourth Quarter 2020 Earnings Presentation

February 11, 2021

Forward Looking Statements

This presentation may contain “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, competitive position and potential organic and inorganic growth opportunities. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our beliefs and assumptions only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Victory Capital uses non-GAAP financial measures referred to as Adjusted EBITDA and Adjusted Net Income to measure the operating profitability of the business. These measures eliminate the impact of one-time acquisition, restructuring and integration costs and demonstrate the ongoing operating earnings metrics of the business. The Company has included these non-GAAP measures to provide investors with the same financial metrics used by management to assess the operating performance of the Company. Reconciliations of non-GAAP metrics to their closest comparable GAAP metrics can be found in the Appendix that accompanies this presentation.

Agenda

Quarterly Business Overview

The Year 2020 in Review

Investment Performance

Fourth Quarter and Full–Year 2020 Financial Results

Appendix

Quarterly Business Overview

Quarterly Business Overview

AUM & FLOWS

- At Dec. 31, 2020, total AUM of $147.2Bn
  - ➢ Up 11% from Sep. 30, 2020
- Record high long-term AUM at year end of $143.7Bn
- Total LT gross flows up 12% to $5.7Bn in 4Q 2020, compared with 3Q 2020
  - ➢ Improving net flows vs. prior three quarters

4Q OPERATING & FINANCIAL HIGHLIGHTS

- Record high $1.07 Adjusted Net Income with tax benefit per diluted share
  - ➢ Up 7% from 3Q 2020
- Record high 52% Adjusted EBITDA Margin
- Ended quarter with $788MM of debt, improving leverage ratio to 1.8x
  - ➢ Subsequent to year end, repaid an additional $32.5 million
- Quarterly cash dividend increased 29% from $0.07 to $0.09
- Investment performance was strong in 4Q, at year end 2020
  - ➢ 67% of AUM outperformed respective benchmarks over one-, three-, and five-years
  - ➢ 76% of AUM outperforming benchmark over 10 years

The Year 2020 in Review

The Year 2020 in Review

FULL-YEAR OPERATING & FINANCIAL HIGHLIGHTS

- Total AUM at year end 2020 was $147.2Bn
  - Ended year with record-high long-term AUM of $143.7Bn
- Record gross flows and improving net flows, as year progressed
- Record $3.87 Adjusted Net Income with tax benefit per diluted share
  - Up 47% from $2.63 in 2019
- Record Adjusted EBITDA Margin of 49% in 2020
  - Expanded 480 basis points versus 2019
- Reduced debt by $164 million, improving leverage ratio from 2.2x to 1.8x
- Returned $42.6 million to shareholders during 2020
  - Repurchased 1.5 million shares
  - Raised quarterly cash dividend by 80%, since 1H 2020
- Investment performance remains very strong across the firm

ACQUISITION & INVESTMENTS

- THB Asset Management Acquisition closing on track
- Strategic investment made in Alderwood Partners
- Made significant investments in product development, digital transformation, data and technology
- Launched new digital platform
- Continuing to conduct due diligence on a variety of exciting acquisition opportunities

The Year 2020 in Review

STATED OBJECTIVES During 2018 IPO	TANGIBLE RESULTS Today
Make Accretive Acquisitions	USAA® AMCO acquisition earnings accretion ***>100%*** & THB Asset Management closing in 1Q 2021
Increase Scale	***AUM up >100%***, enhancing operating efficiencies
Diversify Asset Classes	Acquired ***Fixed Income, Solutions, and ESG*** capabilities, balancing asset class mix
Broaden Distribution	Launched new ***Direct Investor Business***
Become the Industry's Consolidator of Choice	***Next Generation*** integrated multi-franchise platform provides distinct competitive advantages for current trends in asset management industry

				%Growth		
(in millions, except per share amounts and percentages)	2020	2019	2018	'20 vs. '18	'20 vs. '19	'19 vs. '18
Revenue	$775.4	$612.4	$413.4	**+88%**	**+27%**	**+48%**
Adjusted EBITDA	$377.3	$268.8	$160.2	**+136%**	**+40%**	**+68%**
Adjusted EBITDA Margin	48.7%	43.9%	38.7%	**+1,000bps**	**+480bps**	**+520bps**
ANI with Tax Benefit	$285.5	$193.1	$115.5	**+147%**	**+48%**	**+67%**
GAAP EPS	$2.88	$1.26	$0.90	**+220%**	**+129%**	**+40%**
ANI with Tax Benefit per Diluted Share	$3.87	$2.63	$1.64	**+137%**	**+47%**	**+60%**
Cash Dividends Declared per Share	$0.23	$0.10	$0.00	**NA**	**+130%**	**NA**

The Year 2020 in Review
Direct Business and USAA® Investments Franchise

DIGITAL MARKETPLACE

- Referral agreement with USAA
  - ➢ Approximately 115K new account registrations since acquisition
- USAA 529 College Savings Plan
  - ➢ Positive net new account growth and net asset inflows during 2020 and since the acquisition
- Executive leadership resources added
- Business converted onto new digital platform
- Launched new contact center technology
- 11 new Victory Funds added to enhance product options
- Added fixed income SMA offering
- Introduced ESG-focused USAA Sustainable World Fund

USAA INVESTMENTS

- Launched fixed income SMA capabilities for Intermediary Platforms
- Strong investment performance with 90% of AUM in 4- and 5-star rated funds
- Two active fixed income ETFs reached 3-year track records
  - ➢ Both earned overall 4-star rankings from Morningstar
- Increasing shelf space for USAA Mutual Funds and ETFs in intermediary channels
- New share classes introduced for the USAA Mutual Funds to increase options for financial advisors

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The Year 2020 in Review
THB Asset Management Acquisition

VictoryCapital

ACQUISITION UPDATE

- On schedule to close in 1Q 2021
- Tenth Investment Franchise
- Full ESG integration in investment process
- All strategies outperformed benchmarks for 1-, 3-, and 5-year periods
- Continued strong investment performance
  - ➢ All strategies ranked in top-decile or top-quintile for 1-yr. period

THB Asset Management

		U.S. Micro-Cap[1]	U.S.Small-Cap[2]	U.S.Mid-Cap[3]	International Opportunities[4]
1-Year	Peer Rank (%)	*15%*	*10%*	*19%*	*7%*
	Excess return vs. benchmark	+909 bps	+1,039 bps	+627 bps	+1,048 bps
3-Year	Peer Rank (%)	*19%*	*33%*	*12%*	*8%*
	Excess return vs. benchmark	+255 bps	+218 bps	+450 bps	+495 bps
5-Year	Peer Rank (%)	*8%*	*24%*	*18%*	*2%*
	Excess return vs. benchmark	+378 bps	+157 bps	+274 bps	+938 bps

Source: eVestment and THB Asset Management, peer Rankings and Excess Returns vs. Benchmarks, as of Dec. 31, 2020.
Performance data quoted represents past performance net of fees and is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income. Benchmark Indexes: 1) Russell Microcap; 2) Russell 2000; 3) Russell Midcap®; and, 4) MSCI EAFE Small Cap

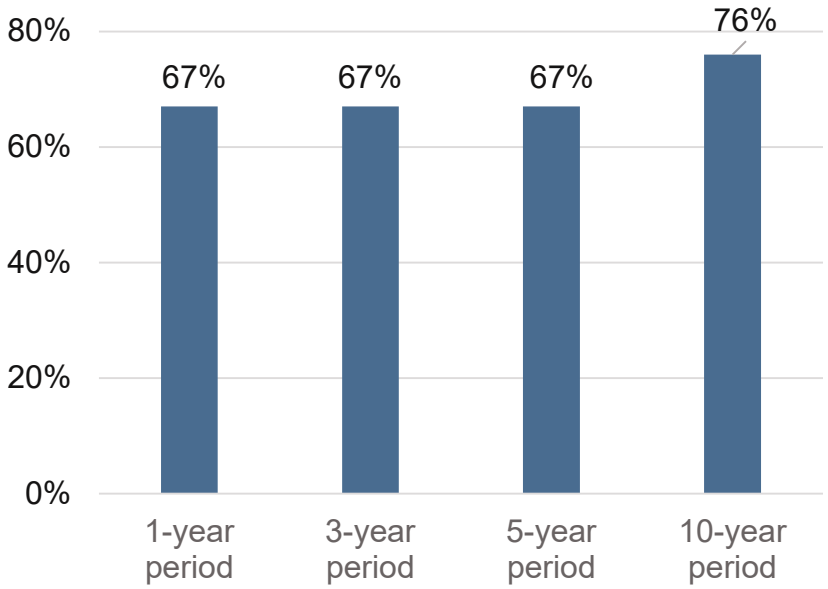
Investment Performance

Commitment to Long-Term Investment Performance

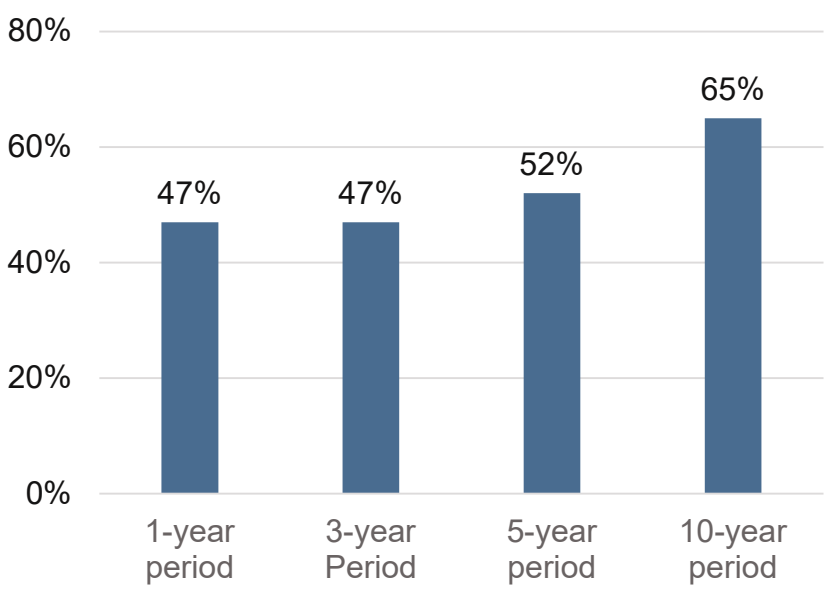
44 *Total Mutual Funds and ETFs with 4- or 5-Star overall ratings*

64% *Total Mutual Funds and ETFs AUM with 4- or 5-Star overall ratings*

% of AUM outperforming benchmarks



% of strategies outperforming benchmarks



All figures as of December 31, 2020.

Fourth Quarter 2020
Financial Results

Fourth Quarter 2020 Financial Results

FOURTH QUARTER FINANCIAL RESULTS

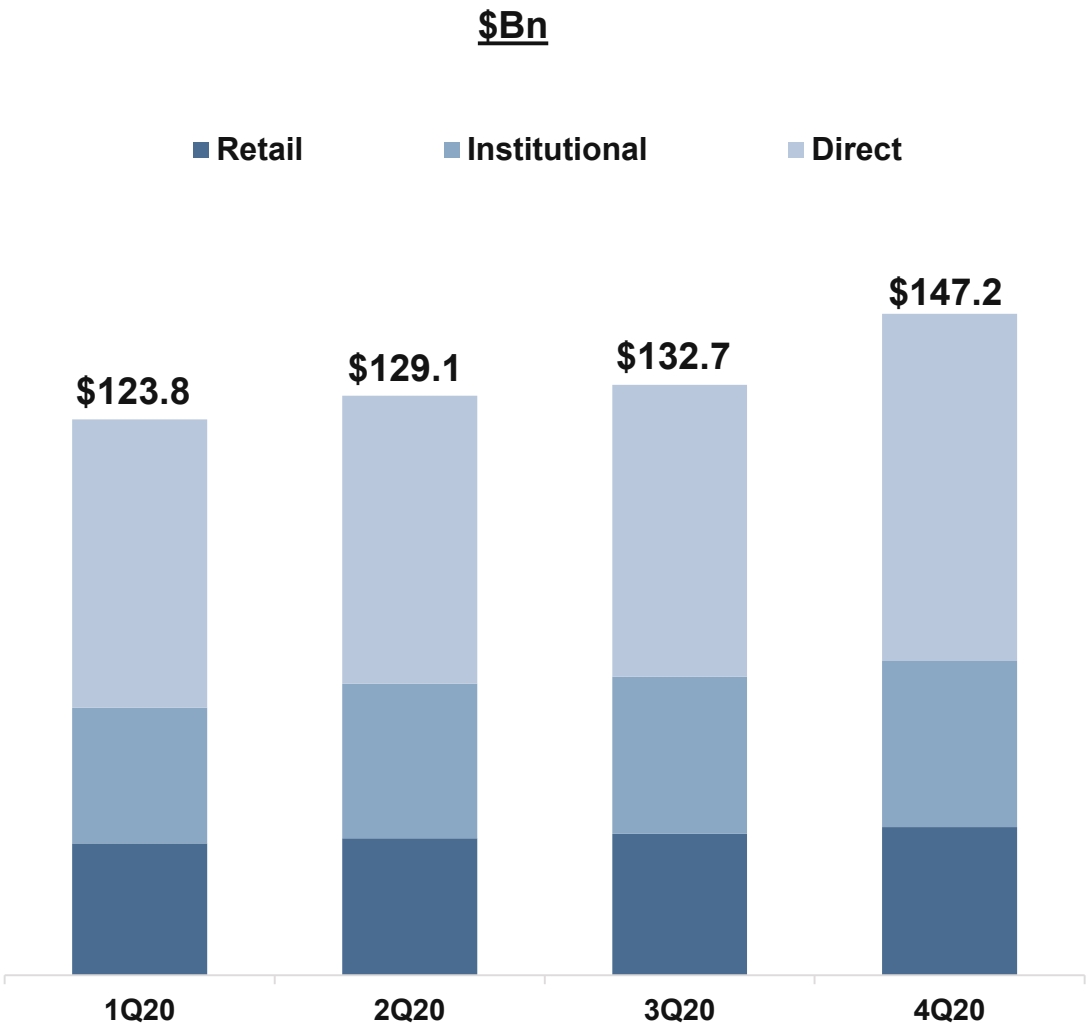
- $200.4MM revenue
  - Up 6% from 3Q 2020
- Record high Adjusted EBITDA Margin of 52%
- GAAP operating margin of 39%
  - Down 390 bps from 3Q 2020
  - Up 940 bps from 4Q 2019
- GAAP Earnings per diluted share of $0.75
  - Down $0.01 from 3Q 2020
  - Up $0.24, or 47%, from 4Q 2019
- Record high Adjusted Net Income with tax benefit of $78.6 million
  - $1.07 per diluted share

CAPITAL MANAGEMENT

- Net Debt / Annualized Adjusted EBITDA down to 1.8x at Dec. 31
- Returned $10.3MM to shareholders in 4Q 2020
- Declared 29% quarterly cash dividend increase to $0.09 per share

Assets Under Management

- Total AUM of $147.2Bn at Dec. 31, 2020
  - > Up 11% from Sep. 30, 2020
- Diversified distribution channels
  - > Retail
  - > Institutional
  - > Direct



Assets under management are as of the end of the respective periods shown.

Long-Term Asset Flows

4Q 2020

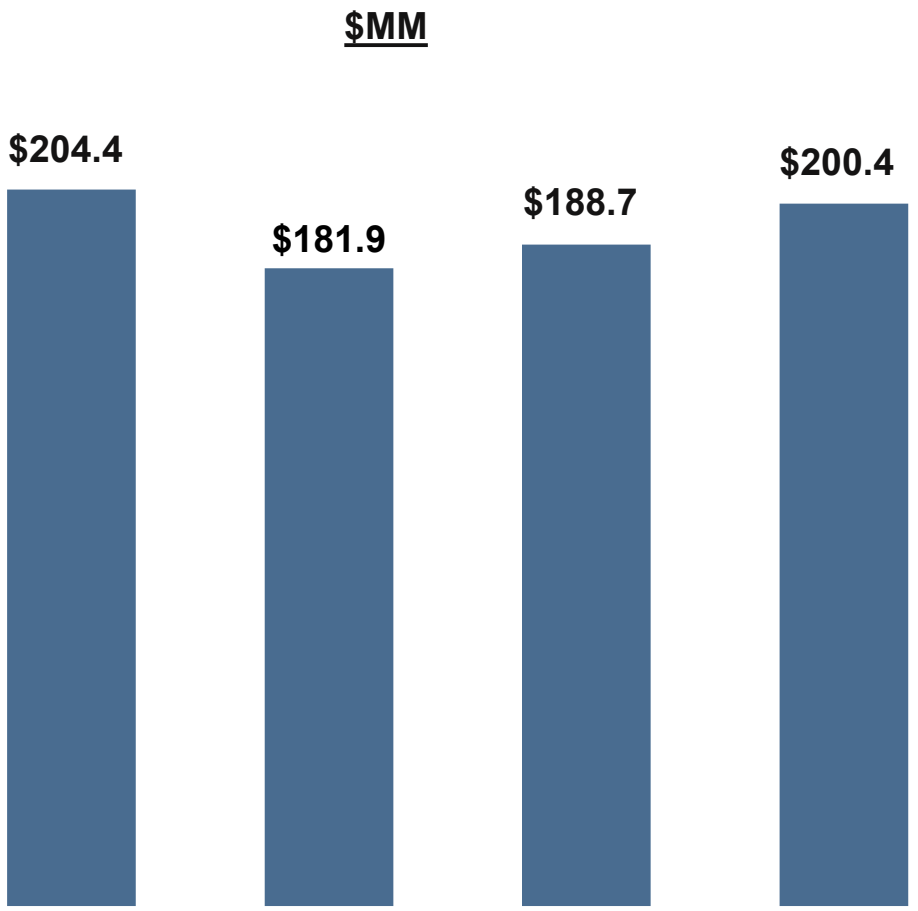
- Gross LT sales of $5.7Bn
- LT net outflows $1.5Bn
- Multiple franchises/strategies generated long-term net inflows in 4Q & FY2020:
  - > INCORE
  - > Trivalent
  - > Sophus
  - > RS Global



Operating Metrics	1Q20	2Q20	3Q20	4Q20
Net long-term flows ($MM)	-$3,101	-$3,466	-$2,878	**-$1,466**

Revenues

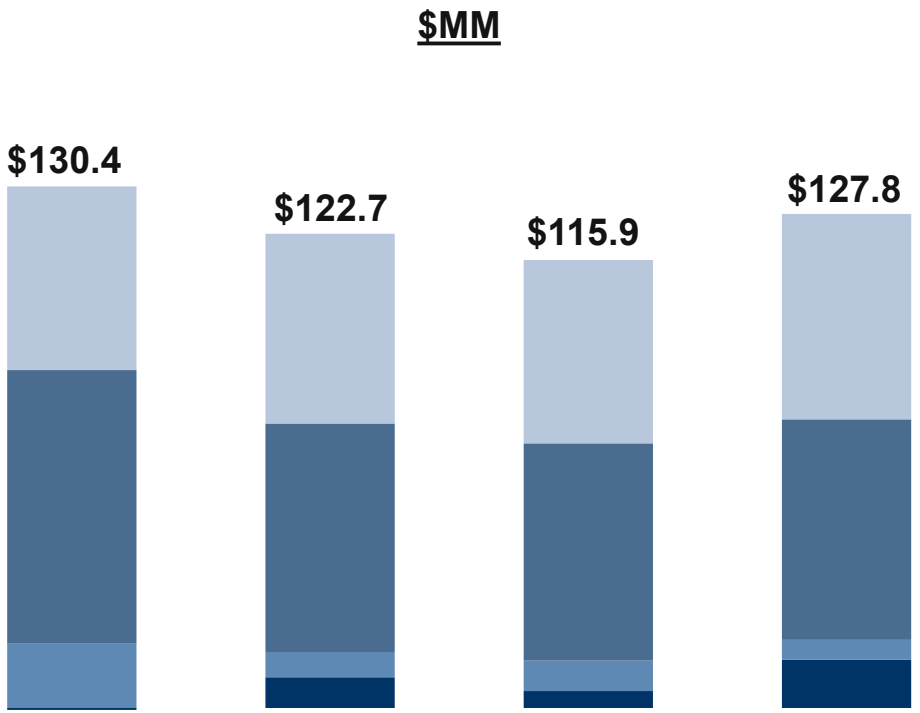
- 4Q 2020 revenue $200MM
  - ➢ Up 6%, vs 3Q 2020
- FY2020 record high revenue of $775MM
  - ➢ Up 27% vs 2019
- Average FY2020 fee rate of 56.8bps



Operating Metrics	1Q20	2Q20	3Q20	4Q20
Average AUM ($Bn)	$144.1	$128.9	$133.1	**$139.6**
Average Fee Rate (bps), as reported	57.1	56.7	56.4	**57.1**

Expenses

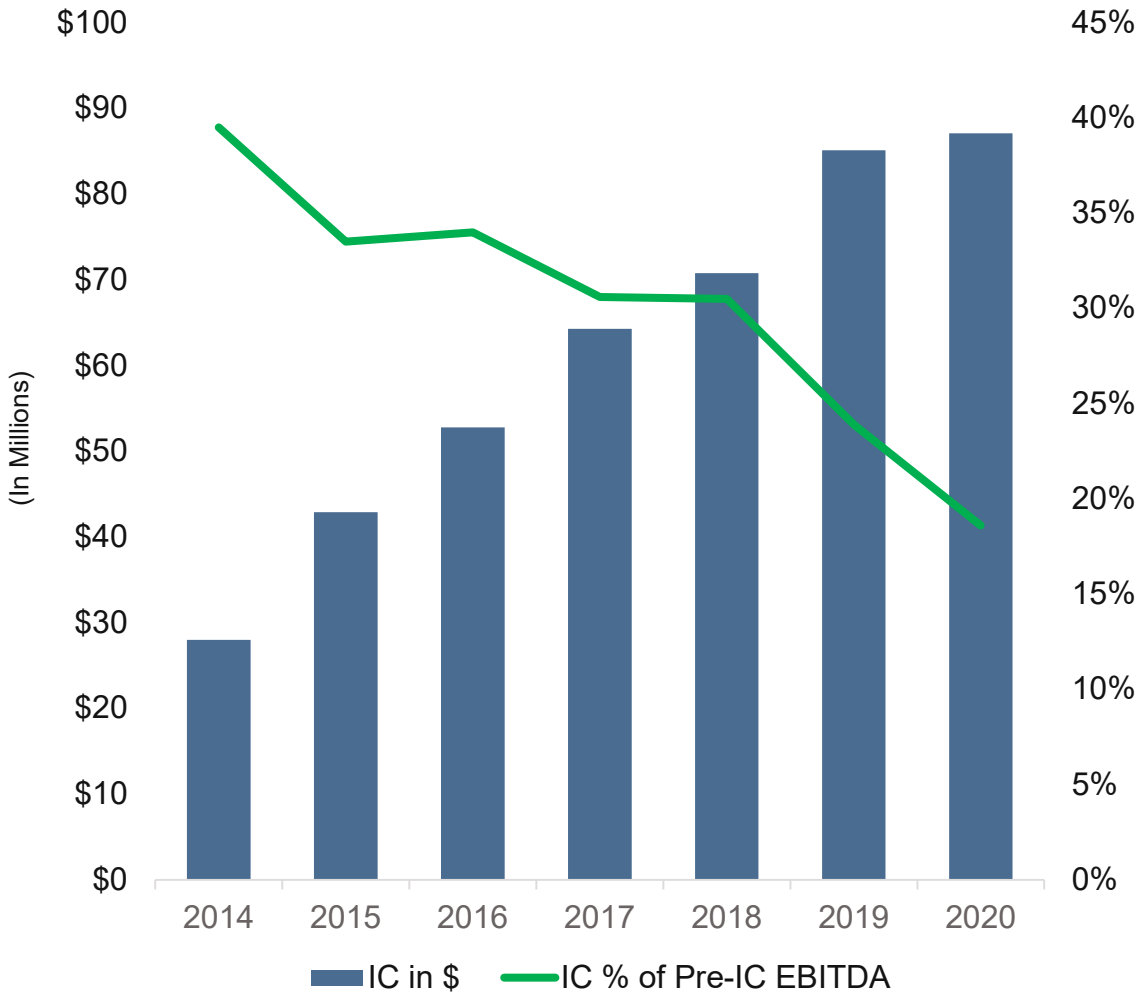
- 4Q 2020 Total expenses increased $11.9 million vs 3Q
  - ➢ Driven primarily by $8.1 million increase in acquisition-related, restructuring and integration expenses
    - ○ Non-cash accounting adjustment of book value for contingent earnout payments to USAA® grew by $7.5 million compared with 3Q



Operating Metrics ($MM)	1Q20	2Q20	3Q20	**4Q20**
Personnel	$47.6	$49.1	$47.4	**$53.1**
Operating	70.8	59.1	56.3	**57.1**
Non-Operating	16.6	6.6	7.8	**5.1**
Acquisition-related, restructuring & integration	(4.6)	7.9	4.4	**12.5**

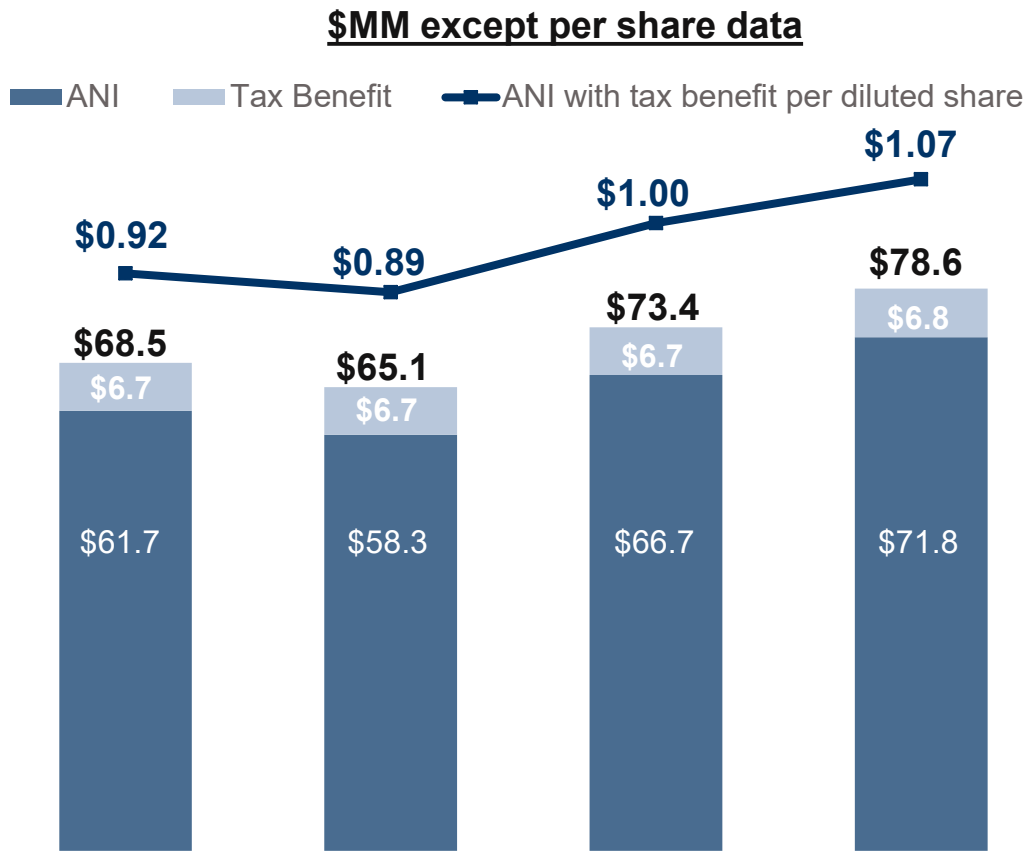
Annual Incentive Compensation Trends

- IC has declined as a percentage of Pre-IC EBITDA as business has scaled up
- Another attribute of our scalable platform



Non-GAAP Metrics

- 4Q 2020 Adjusted Net Income (ANI) with tax benefit of $1.07 per diluted share
  - Up 7% from 3Q 2020
  - Up 8% from 4Q 2019
- 4Q 2020 ANI with tax benefit of $78.6MM
  - $71.8MM ANI
  - $6.8MM tax benefit
- Record high Adjusted EBITDA Margin of 51.8%
  - Up 110 bps from 3Q 2020
  - Up 500 bps from 4Q 2019



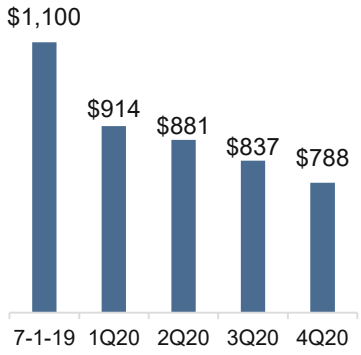
Operating Metrics	1Q20	2Q20	3Q20	4Q20
Adjusted EBITDA ($MM)	$91.5	$86.3	$95.6	**$103.8**
Adjusted EBITDA Margin	44.8%	47.5%	50.7%	**51.8%**

Adjusted measures are non-GAAP financial measures. Reconciliations and explanations of these non-GAAP financial measures are provided at the end of this presentation.

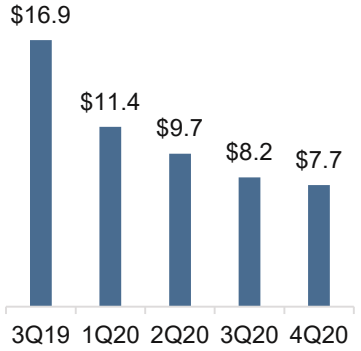
Capital Management

Selected Balance Sheet Items ($MM)	12/31/2020
Cash / Cash Equivalents	$23
Debt ***(1Q to-date, further reduced to $756MM)***	$788
Stockholders' Equity	$708
Diluted Shares Outstanding (MM)	73.7
Net Debt / Adjusted EBITDA[1] *(at 12/31/2020)*	1.8x

Debt ($MM)



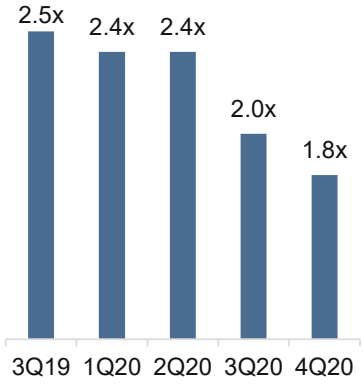
Interest Expense and Other Financing Costs ($MM)



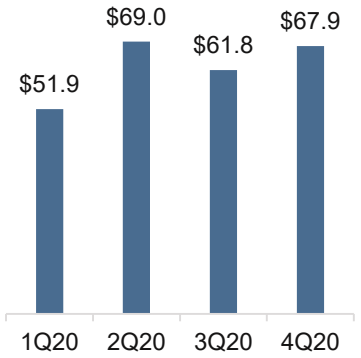
4Q 2020 Highlights

- Reduced debt by $49 million in 4Q
- Leverage ratio reduced to 1.8x
- Returned $10.3 million to shareholders
  - > Repurchased 272K shares
- Increased cash dividend 29%
- Interest expense continues to decline

Leverage Ratio[1]



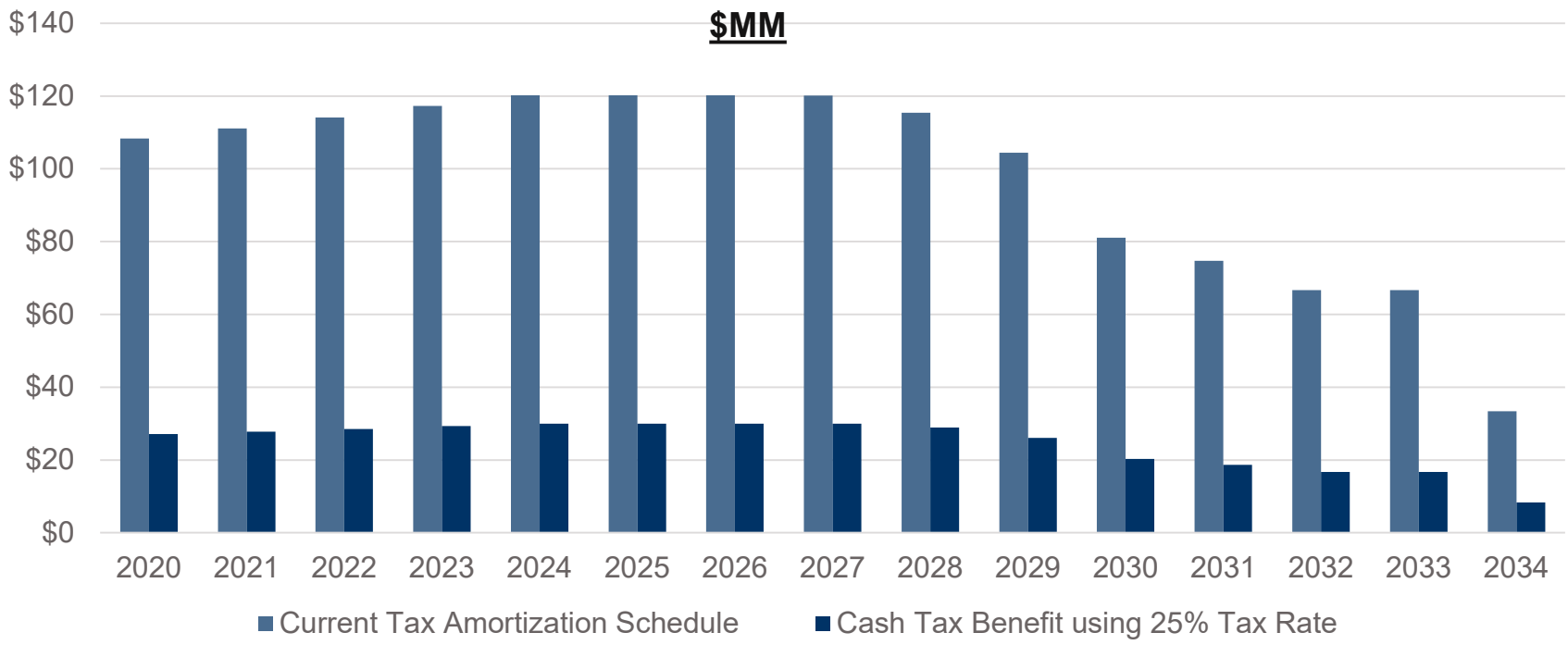
GAAP Operating Cash Flow ($MM)



[1] *Net Debt / Run Rate Adjusted EBITDA ratio was 1.8x at 12/31/2020, from Annualized Adjusted EBITDA of $415MM, and net debt of $765MM from $788MM in debt, less $23MM in cash.*

Ongoing and Future Cash-Tax Benefits

- Section 338(h)(10) Election
  - > Stepped up cost basis of acquired indefinite lived intangible assets is deductible for corporate income tax purposes over 15 years
    - > $1.8 billion in total future tax amortization
    - > **$441 million** in future cash tax savings, assuming 25% tax rate
    - > **NPV >$200 million conservatively discounted at 10%, or ~$3.00 per share**



Appendix

Notes and Disclosures

Information Regarding Non-GAAP Financial Measures

Victory Capital uses non-GAAP financial measures referred to as Adjusted EBITDA and Adjusted Net Income to measure the operating profitability of the Company. These measures eliminate the impact of one-time acquisition, restructuring and integration costs and demonstrate the ongoing operating earnings metrics of the Company. The Company has included these non-GAAP measures to provide investors with the same financial metrics used by management to assess the operating performance of the Company. Due to rounding, numbers presented in the following tables may not add up to precisely the totals provided.

Adjusted EBITDA

Adjustments made to GAAP Net Income to calculate Adjusted EBITDA, as applicable, are:

- Adding back income tax expense;
- Adding back interest paid on debt and other financing costs net of interest income;
- Adding back depreciation on property and equipment;
- Adding back other business taxes;
- Adding back amortization expense on acquisition-related intangible assets;
- Adding back stock-based compensation expense associated with equity awards issued from pools created in connection with the management-led buyout and various acquisitions and as a result of equity grants related to the IPO;
- Adding back direct incremental costs of acquisitions and the IPO, including restructuring costs;
- Adding back debt issuance costs; and
- Adjusting for earnings/losses on equity method investments.

Notes and Disclosures

Information Regarding Non-GAAP Financial Measures (cont.)

Adjusted Net Income

Adjustments made to GAAP Net Income to calculate Adjusted Net Income, as applicable, are:

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- Adding back amortization expense on acquisition-related intangible assets;
- Adding back stock-based compensation expense associated with equity awards issued from pools created in connection with the management-led buyout and various acquisitions and as a result of any equity grants related to the IPO;
- Adding back direct incremental costs of acquisitions and the IPO, including restructuring costs;
- Adding back debt issuance costs; and
- Subtracting an estimate of income tax expense applied to the sum of the adjustments above.

Tax Benefit of Goodwill and Acquired Intangible Assets

Due to Victory Capital's acquisitive nature, tax deductions allowed on acquired intangible assets and goodwill provide it with additional significant supplemental economic benefit. The tax benefit of goodwill and intangible assets represent the tax benefits associated with deductions allowed for intangible assets and goodwill generated from prior acquisitions in which the Company received a step-up in basis for tax purposes. Acquired intangible assets and goodwill may be amortized for tax purposes, generally over a 15-year period. The tax benefit from amortization on these assets is included to show the full economic benefit of deductions for all acquired intangible assets with a step-up in tax basis.

Consolidated Reconciliations of Adjusted EBITDA

	For the three months ended,				
	(in thousands)				
	12/31/2019	**3/31/2020**	**6/30/2020**	**9/30/2020**	**12/31/2020**
GAAP Net income	**$ 37,589**	**$ 57,166**	**$ 44,720**	**$ 55,741**	**$ 54,895**
GAAP Income tax expense	(10,854)	(16,823)	(14,487)	(17,027)	(17,681)
GAAP income before taxes	**48,443**	**73,989**	**59,207**	**72,768**	**72,576**
Interest expense	14,852	10,528	8,267	7,497	7,432
Depreciation	1,130	884	746	814	1,107
Other business taxes	359	(3,296)	219	256	265
GAAP amortization of acquisition-related intangibles	4,490	3,166	3,420	3,122	3,122
Stock-based compensation	5,724	5,372	3,068	2,806	3,774
Acquisition, restructuring and exit costs	24,947	(1,542)	10,105	6,996	13,904
Debt issuance costs	2,387	2,389	1,312	1,386	1,459
Earnings/losses from equity method investments	-	-	-	-	193
Adjusted EBITDA	**$ 102,332**	**$ 91,490**	**$ 86,344**	**$ 95,645**	**$ 103,832**
Revenue (in thousands)	$ 218,554	$ 204,421	$ 181,886	$ 188,656	$ 200,388
Adjusted EBITDA Margin	46.8%	44.8%	**47.5%**	**50.7%**	**51.8%**

Consolidated Reconciliations of Adjusted Net Income

	For the three months ended,				
	(in thousands, except per-share data)				
	12/31/2019	**3/31/2020**	**6/30/2020**	**9/30/2020**	**12/31/2020**
GAAP Net Income	**$ 37,589**	**$ 57,166**	**$ 44,720**	**$ 55,741**	**$ 54,895**
Other business taxes	359	(3,296)	219	256	265
GAAP amortization of acquisition-related intangibles	4,490	3,166	3,420	3,122	3,122
Stock-based compensation	5,724	5,372	3,068	2,806	3,774
Acquisition, restructuring and exit costs	24,947	(1,542)	10,105	6,996	13,904
Debt issuance costs	2,387	2,389	1,312	1,386	1,459
Tax effect of above adjustments	(9,477)	(1,522)	(4,531)	(3,642)	(5,631)
Adjusted Net Income	66,019	61,733	58,313	66,665	71,788
Tax benefit of goodwill and acquired intangibles	6,801	6,728	6,745	6,745	6,774
Adjusted Net Income with Tax Benefit	**$ 72,820**	**$ 68,461**	**$ 65,058**	**$ 73,410**	**$ 78,562**
Weighted average shares outstanding – diluted	73,856	74,350	73,204	73,437	73,682
Adjusted Net income with Tax Benefit Per Diluted Share	**$ 0.99**	**$ 0.92**	**$ 0.89**	**$ 1.00**	**$ 1.07**

Detailed Reconciliation of 4Q20 Adjusted Net Income

	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 147,883	$ –	$ –	$ –	$ –	$ –	$ –	$ 147,883	$ –	
Fund administration and distribution fees	52,505	-	-	-	-	-	-	52,505	-	
Total revenue	**200,388**	**-**	**-**	**-**	**-**	**-**	**-**	**200,388**	**-**	
Expenses										
Personnel compensation and benefits (1)	53,107	-	-	(3,774)	-	-	(3,774)	49,333	-	
Distribution and other asset-based expenses (2)	40,074	-	-	-	-	-	-	40,074	-	
General and administrative (2)	12,845	(265)	-	-	(1,454)	-	(1,719)	11,126	-	
Depreciation and amortization (2)	4,229	-	(3,122)	-	-	-	(3,122)	1,107	-	
Change in value of consideration payable for acquisition of business (2)	9,500	-	-	-	(9,500)	-	(9,500)	-	-	
Acquisition-related costs (2)	52	-	-	-	(52)	-	(52)	-	-	
Restructuring and integration costs (2)	2,898	-	-	-	(2,898)	-	(2,898)	-	-	
Total operating expenses	**122,705**	**(265)**	**(3,122)**	**(3,774)**	**(13,904)**	**–**	**(21,065)**	**101,640**	**–**	
Income/(loss) from operations	**77,683**	**265**	**3,122**	**3,774**	**13,904**	**–**	**21,065**	**98,748**	**–**	
Other income (expense)										
Interest income and other income/(expense) (3)	3,789	-	-	-	-	-	-	3,789	-	
Interest expense and other financing costs (3)	(7,700)	-	-	-	-	709	709	(6,991)	-	
Loss on debt extinguishment (3)	(1,196)	-	-	-	-	750	750	(446)	-	
Total other income (expense), net	**(5,107)**	**–**	**–**	**–**	**–**	**1,459**	**1,459**	**(3,648)**	**–**	
Income/(loss) before income taxes	**72,576**	**265**	**3,122**	**3,774**	**13,904**	**1,459**	**22,524**	**95,100**	**–**	
Income tax (expense)/benefit	(17,681)	(66)	(781)	(944)	(3,476)	(365)	(5,631)	(23,312)	6,774	
Net income/(loss)	**$ 54,895**	**$ 199**	**$ 2,342**	**$ 2,831**	**$ 10,428**	**$ 1,094**	**$ 16,893**	**$ 71,788**	**$ 6,774**	= **$ 78,562**
Earnings per share—basic	$ 0.81							$ 1.06	$ 0.10	
Earnings per share—diluted	$ 0.75							$ 0.97	+ $ 0.09	**$ 1.07**
Weighted average shares outstanding—basic	67,489							67,489	67,489	
Weighted average shares outstanding—diluted	73,682							73,682	73,682	
Memo: Expenses										
Personnel (1)	53,107							49,333		
Operating (2)	69,598							52,307		
Non-Operating (3)	5,107							3,648		

Detailed Reconciliation of 3Q20 Adjusted Net Income

VictoryCapital®

(in thousands, except per-share amounts)		Adjustments							
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles
Revenue									
Investment management fees	$ 137,240	$ –	$ –	$ –	$ –	$ –	$ –	$ 137,240	$ –
Fund administration and distribution fees	51,416	-	-	-	-	-	-	51,416	-
Total revenue	**188,656**	**-**	**-**	**-**	**-**	**-**	**-**	**188,656**	**-**
Expenses									
Personnel compensation and benefits (1)	47,375	-	-	(2,806)	-	-	(2,806)	44,569	-
Distribution and other asset-based expenses (2)	39,123	-	-	-	-	-	-	39,123	-
General and administrative (2)	13,196	(256)	-	-	(2,563)	48	(2,771)	10,425	-
Depreciation and amortization (2)	3,936	-	(3,122)	-	-	-	(3,122)	814	-
Change in value of consideration payable for acquisition of business (2)	2,000	-	-	-	(2,000)	-	(2,000)	-	-
Acquisition-related costs (2)	1,148	-	-	-	(1,148)	-	(1,148)	-	-
Restructuring and integration costs (2)	1,285	-	-	-	(1,285)	-	(1,285)	-	-
Total operating expenses	**108,063**	**(256)**	**(3,122)**	**(2,806)**	**(6,996)**	**48**	**(13,132)**	**94,931**	**–**
Income/(loss) from operations	**80,593**	**256**	**3,122**	**2,806**	**6,996**	**(48)**	**13,132**	**93,725**	**–**
Other income (expense)									
Interest income and other income/(expense) (3)	1,120	-	-	-	-	-	-	1,120	-
Interest expense and other financing costs (3)	(8,187)	-	-	-	-	738	738	(7,449)	-
Loss on debt extinguishment (3)	(758)	-	-	-	-	696	696	(62)	-
Total other income (expense), net	**(7,825)**	**–**	**–**	**–**	**–**	**1,434**	**1,434**	**(6,391)**	**–**
Income/(loss) before income taxes	**72,768**	**256**	**3,122**	**2,806**	**6,996**	**1,386**	**14,566**	**87,334**	**–**
Income tax (expense)/benefit	(17,027)	(64)	(781)	(702)	(1,749)	(347)	(3,642)	(20,669)	6,745
Net income/(loss)	**$ 55,741**	**$ 192**	**$ 2,342**	**$ 2,105**	**$ 5,247**	**$ 1,040**	**$ 10,925**	**$ 66,665**	**$ 6,745** = **$ 73,410**
Earnings per share—basic	$ 0.82							$ 0.98	$ 0.10
Earnings per share—diluted	$ 0.76							$ 0.91 +	$ 0.09 **$ 1.00**
Weighted average shares outstanding—basic	67,743							67,743	67,743
Weighted average shares outstanding—diluted	73,437							73,437	73,437
Memo: Expenses									
Personnel (1)	47,375							44,569	
Operating (2)	60,688							50,362	
Non-Operating (3)	7,825							6,391	

Detailed Reconciliation of 2Q20 Adjusted Net Income

VictoryCapital®

(in thousands, except per-share amounts)		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 130,032	$ –	$ –	$ –	$ –	$ –	$ –	$ 130,032	$ –	
Fund administration and distribution fees	51,854	-	-	-	-	-	-	51,854	-	
Total revenue	**181,886**	**-**	**-**	**-**	**-**	**-**	**-**	**181,886**	**-**	
Expenses										
Personnel compensation and benefits (1)	49,105	-	-	(3,068)	(595)	-	(3,663)	45,442	-	
Distribution and other asset-based expenses (2)	41,630	-	-	-	-	-	-	41,630	-	
General and administrative (2)	13,289	(219)	-	-	(1,628)	-	(1,847)	11,442	-	
Depreciation and amortization (2)	4,166	-	(3,420)	-	-	-	(3,420)	746	-	
Change in value of consideration payable for acquisition of business (2)	5,300	-	-	-	(5,300)	-	(5,300)	-	-	
Acquisition-related costs (2)	(23)	-	-	-	23	-	23	-	-	
Restructuring and integration costs (2)	2,605	-	-	-	(2,605)	-	(2,605)	-	-	
Total operating expenses	**116,072**	**(219)**	**(3,420)**	**(3,068)**	**(10,105)**	**–**	**(16,812)**	**99,260**	**–**	
Income/(loss) from operations	**65,814**	**219**	**3,420**	**3,068**	**10,105**	**–**	**16,812**	**82,626**	**–**	
Other income (expense)										
Interest income and other income/(expense) (3)	2,966	-	-	-	-	-	-	2,966	-	
Interest expense and other financing costs (3)	(9,710)	-	-	-	-	755	755	(8,955)	-	
Loss on debt extinguishment (3)	137	-	-	-	-	557	557	694	-	
Total other income (expense), net	**(6,607)**	**–**	**–**	**–**	**–**	**1,312**	**1,312**	**(5,295)**	**–**	
Income/(loss) before income taxes	**59,207**	**219**	**3,420**	**3,068**	**10,105**	**1,312**	**18,124**	**77,331**	**–**	
Income tax (expense)/benefit	(14,487)	(55)	(855)	(767)	(2,526)	(328)	(4,531)	(19,018)	6,745	
Net income/(loss)	**$ 44,720**	**$ 164**	**$ 2,565**	**$ 2,301**	**$ 7,579**	**$ 984**	**$ 13,593**	**$ 58,313**	**$ 6,745**	= **$ 65,058**
Earnings per share—basic	$ 0.66							$ 0.86	$ 0.10	
Earnings per share—diluted	$ 0.61							$ 0.80	+ $ 0.09	**$ 0.89**
Weighted average shares outstanding—basic	67,821							67,821	67,821	
Weighted average shares outstanding—diluted	73,204							73,204	73,204	
Memo: Expenses										
Personnel (1)	49,105							45,442		
Operating (2)	66,967							53,818		
Non-Operating (3)	6,607							5,295		

Detailed Reconciliation of 1Q20 Adjusted Net Income

(in thousands, except per-share amounts)

	U.S. GAAP Basis	Adjustments: Other Business Taxes	Adjustments: GAAP Amortization of Acquisition-Related Intangibles	Adjustments: Stock-Based Compensation	Adjustments: Acquisition, Restructuring and Exit Costs	Adjustments: Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 146,881						$ –	$ 146,881		
Fund administration and distribution fees	57,540						-	57,540		
Total revenue	**204,421**	-	-	-	-	-	-	**204,421**		
Expenses										
Personnel compensation and benefits (1)	47,571			(5,372)	(593)		(5,965)	41,606		
Distribution and other asset-based expenses (2)	54,860						-	54,860		
General and administrative (2)	11,888	3,296			(2,436)	(946)	(86)	11,802		
Depreciation and amortization (2)	4,050		(3,166)				(3,166)	884		
Change in value of consideration payable for acquisition of business (2)	(5,500)				5,500		5,500	-		
Acquisition-related costs (2)	(69)				69		69	-		
Restructuring and integration costs (2)	998				(998)		(998)	-		
Total operating expenses	**113,798**	**3,296**	**(3,166)**	**(5,372)**	**1,542**	**(946)**	**(4,646)**	**109,152**		
Income/(loss) from operations	**90,623**	**(3,296)**	**3,166**	**5,372**	**(1,542)**	**946**	**4,646**	**95,269**		
Other income (expense)										
Interest income and other income/(expense) (3)	(4,172)						-	(4,172)		
Interest expense and other financing costs (3)	(11,408)					782	782	(10,626)		
Loss on debt extinguishment (3)	(1,054)					661	661	(393)		
Total other income (expense), net	**(16,634)**	**–**	**–**	**–**	**–**	**1,443**	**1,443**	**(15,191)**		
Income/(loss) before income taxes	**73,989**	**(3,296)**	**3,166**	**5,372**	**(1,542)**	**2,389**	**6,089**	**80,078**		
Income tax (expense)/benefit	(16,823)	824	(792)	(1,343)	386	(597)	(1,522)	(18,345)	6,728	
Net income/(loss)	**$ 57,166**	**$ (2,472)**	**$ 2,375**	**$ 4,029**	**$ (1,157)**	**$ 1,792**	**$ 4,567**	**$ 61,733**	**+ $ 6,728**	**= $ 68,461**
Earnings per share—basic	$ 0.84							$ 0.91	$ 0.10	
Earnings per share—diluted	$ 0.77							**$ 0.83**	**+ $ 0.09**	**= $ 0.92**
Weighted average shares outstanding—basic	67,790							67,790	67,790	
Weighted average shares outstanding—diluted	74,350							74,350	74,350	
Memo: Expenses										
Personnel (1)	47,571							41,606		
Operating (2)	66,227							67,546		
Non-Operating (3)	16,634							15,191		

Detailed Reconciliation of 4Q19 Adjusted Net Income

	U.S. GAAP Basis	Adjustments: Other Business Taxes	Adjustments: GAAP Amortization of Acquisition-Related Intangibles	Adjustments: Stock-Based Compensation	Adjustments: Acquisition, Restructuring and Exit Costs	Adjustments: Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 158,943						$ –	$ 158,943		
Fund administration and distribution fees	59,611						-	59,611		
Total revenue	**218,554**	-	-	-	-	-	-	**218,554**	-	
Expenses										
Personnel compensation and benefits (1)	54,210			(5,724)	(416)		(6,140)	48,070		
Distribution and other asset-based expenses (2)	57,471						-	57,471		
General and administrative (2)	14,740	(359)			(2,229)		(2,588)	12,152		
Depreciation and amortization (2)	5,620		(4,490)				(4,490)	1,130		
Change in value of consideration payable for acquisition of business (2)	19,900				(19,886)		(19,886)	14		
Acquisition-related costs (2)	367				(367)		(367)	-		
Restructuring and integration costs (2)	2,049				(2,049)		(2,049)	-		
Total operating expenses	**154,357**	**(359)**	**(4,490)**	**(5,724)**	**(24,947)**	**–**	**(35,520)**	**118,837**		
Income/(loss) from operations	**64,197**	**359**	**4,490**	**5,724**	**24,947**	**–**	**35,520**	**99,717**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,598				-		-	1,598		
Interest expense and other financing costs (3)	(14,901)					848	848	(14,053)		
Loss on debt extinguishment (3)	(2,451)					1,539	1,539	(912)		
Total other income (expense), net	**(15,754)**	**–**	**–**	**–**	**–**	**2,387**	**2,387**	**(13,367)**		
Income/(loss) before income taxes	**48,443**	**359**	**4,490**	**5,724**	**24,947**	**2,387**	**37,907**	**86,350**		
Income tax (expense)/benefit	(10,854)	(90)	(1,123)	(1,431)	(6,236)	(597)	(9,477)	(20,331)	6,801	
Net income/(loss)	**$ 37,589**	**$ 269**	**$ 3,367**	**$ 4,293**	**$ 18,711**	**$ 1,790**	**$ 28,430**	**$ 66,019**	**+ $ 6,801**	**= $ 72,820**
Earnings per share—basic	$ 0.56							$ 0.98	$ 0.10	
Earnings per share—diluted	$ 0.51							$ 0.89	+ $ 0.09	**$ 0.99**
Weighted average shares outstanding—basic	67,633							67,633	67,633	
Weighted average shares outstanding—diluted	73,856							73,856	73,856	
Memo: Expenses										
Personnel (1)	54,210							48,070		
Operating (2)	100,147							70,767		
Non-Operating (3)	15,754							13,367		

Detailed Reconciliation of 2020 Adjusted Net Income

VictoryCapital®

(in thousands, except per-share amounts)		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 562,036						$ –	$ 562,036		
Fund administration and distribution fees	213,315						-	213,315		
Total revenue	**775,351**	-	-	-	-	-	-	**775,351**		
Expenses										
Personnel compensation and benefits (1)	197,158			(15,020)	(1,188)		(16,208)	180,950		
Distribution and other asset-based expenses (2)	175,687						-	175,687		
General and administrative (2)	51,218	2,556			(8,081)	(898)	(6,423)	44,795		
Depreciation and amortization (2)	16,381		(12,830)				(12,830)	3,551		
Change in value of consideration payable for acquisition of business (2)	11,300				(11,300)		(11,300)	-		
Acquisition-related costs (2)	1,108				(1,108)		(1,108)	-		
Restructuring and integration costs (2)	7,786				(7,786)		(7,786)	-		-
Total operating expenses	**460,638**	**2,556**	**(12,830)**	**(15,020)**	**(29,463)**	**(898)**	**(55,655)**	**404,983**		
Income/(loss) from operations	**314,713**	**(2,556)**	**12,830**	**15,020**	**29,463**	**898**	**55,655**	**370,368**		
Other income (expense)										
Interest income and other income/(expense) (3)	3,703						-	3,703		
Interest expense and other financing costs (3)	(37,005)					2,984	2,984	(34,021)		
Loss on debt extinguishment (3)	(2,871)					2,664	2,664	(207)		
Total other income (expense), net	**(36,173)**	**–**	**–**	**–**	**–**	**5,648**	**5,648**	**(30,525)**		
Income/(loss) before income taxes	**278,540**	**(2,556)**	**12,830**	**15,020**	**29,463**	**6,546**	**61,303**	**339,843**		
Income tax (expense)/benefit	(66,018)	639	(3,208)	(3,755)	(7,366)	(1,637)	(15,326)	(81,344)	26,992	
Net income/(loss)	**$ 212,522**	**$ (1,917)**	**$ 9,623**	**$ 11,265**	**$ 22,097**	**$ 4,910**	**$ 45,977**	**$ 258,499**	**+ $ 26,992**	**= $ 285,491**
Earnings per share—basic	$ 3.14							$ 3.82	$ 0.40	
Earnings per share—diluted	$ 2.88							**$ 3.51**	**+ $ 0.37**	**= $ 3.87**
Weighted average shares outstanding—basic	67,710							67,710	67,710	
Weighted average shares outstanding—diluted	73,719							73,719	73,719	
Memo: Expenses										
Personnel (1)	197,158							180,950		
Operating (2)	263,480							224,033		
Non-Operating (3)	36,173							30,525		

Detailed Reconciliation of 2019 Adjusted Net Income

		Adjustments								
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 466,802						$ –	$ 466,802		
Fund administration and distribution fees	145,571						-	145,571		
Total revenue	**612,373**	**-**	**-**	**-**	**-**	**-**	**-**	**612,373**	**-**	
Expenses										
Personnel compensation and benefits (1)	179,809			(14,849)	(1,621)		(16,470)	163,339		
Distribution and other asset-based expenses (2)	146,622						-	146,622		
General and administrative (2)	46,568	(1,484)			(4,249)	(4,340)	(10,073)	36,495		
Depreciation and amortization (2)	23,873		(20,878)				(20,878)	2,995		
Change in value of consideration payable for acquisition of business (2)	19,886				(19,886)		(19,886)	-		
Acquisition-related costs (2)	22,317				(22,317)		(22,317)	-		
Restructuring and integration costs (2)	8,678				(8,678)		(8,678)	-		
Total operating expenses	**447,753**	**(1,484)**	**(20,878)**	**(14,849)**	**(56,751)**	**(4,340)**	**(98,302)**	**349,451**		
Income/(loss) from operations	**164,620**	**1,484**	**20,878**	**14,849**	**56,751**	**4,340**	**98,302**	**262,922**		
Other income (expense)										
Interest income and other income/(expense) (3)	6,829				-		-	6,829		
Interest expense and other financing costs (3)	(40,901)					2,498	2,498	(38,403)		
Loss on debt extinguishment (3)	(9,860)					6,281	6,281	(3,579)		
Total other income (expense), net	**(43,932)**	**–**	**–**	**–**	**–**	**8,779**	**8,779**	**(35,153)**		
Income/(loss) before income taxes	**120,688**	**1,484**	**20,878**	**14,849**	**56,751**	**13,119**	**107,081**	**227,769**		
Income tax (expense)/benefit	(28,197)	(371)	(5,220)	(3,712)	(14,187)	(3,280)	(26,770)	(54,967)	20,324	
Net income/(loss)	**$ 92,491**	**$ 1,113**	**$ 15,658**	**$ 11,137**	**$ 42,564**	**$ 9,839**	**$ 80,311**	**$ 172,802**	**+ $ 20,324**	**= $ 193,126**
Earnings per share—basic	$ 1.37							$ 2.56	$ 0.30	
Earnings per share—diluted	$ 1.26							$ 2.35	+ $ 0.28	**$ 2.63**
Weighted average shares outstanding—basic	67,616							67,616	67,616	
Weighted average shares outstanding—diluted	73,466							73,466	73,466	
Memo: Expenses										
Personnel (1)	179,809							163,339		
Operating (2)	267,944							186,112		
Non-Operating (3)	43,932							35,153		

Notes and Disclosures

Investing involves risk, including the potential loss of principal. There are no assurances that any fund will achieve its stated objective. All data in this presentation, unless otherwise noted, is as of December 31, 2020.

Past performance does not guarantee future results. A fund's most recent performance can be found at vcm.com. 63 mutual funds and ETFs did not have 4- or 5- star overall ratings. 36% of AUM in mutual funds and ETFs did not receive overall rating of 4 or 5 stars.

Consider the investment objectives, risks, charges and expenses of the funds and the USAA 529 College Savings Plan (Plan) carefully before investing. Visit vcm.com/prospectus for a Mutual Fund or ETF prospectus or summary prospectus or for a Plan Description and Participation Agreement containing this and other important information about the Funds and Plan. Read it carefully before investing. You should compare the Plan with any 529 Plan offered by your home state or your beneficiary's home state and consider, before investing, any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's plan.

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