

First Quarter 2021
Earnings Presentation
May 7, 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. Please review our press release and SEC filings for additional information on risk factors. 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

Organic Growth Outlook

First-Quarter 2021 Financial Results

Appendix

Quarterly Business Overview

Quarterly Business Overview

AUM & FLOWS

- At March 31, 2021, total AUM of $154.3Bn
  - Up 5% from Dec. 31, 2020
- Record high long-term AUM at quarter end of $151Bn
- Long-term gross flows increased for 3rd consecutive quarter
- Positive net long-term flows in March

1Q OPERATING & FINANCIAL HIGHLIGHTS

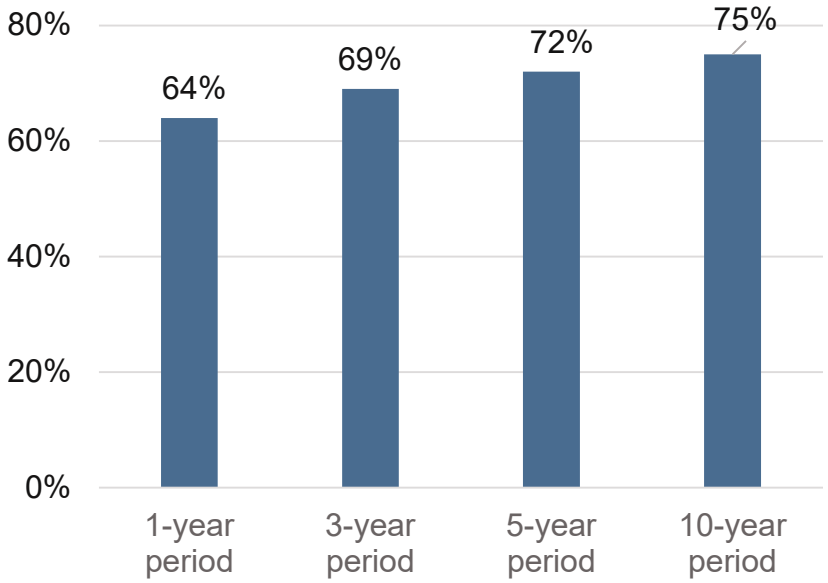
- Revenue up 6% from 4Q 2020
  - Highest average fee rate realization in 5 quarters
- Record high $1.13 Adjusted Net Income with tax benefit per diluted share
  - Up 6% from 4Q 2020
- Adjusted EBITDA Margin of 50.2%
  - 3rd consecutive quarter above 50%
- Ended quarter with $708MM of net debt
  - Reduced leverage ratio to 1.6x
  - Subsequent to quarter end, repaid an additional $27 million
- Quarterly cash dividend increased 33% from $0.09 to $0.12 per share

Commitment to Long-Term Investment Performance

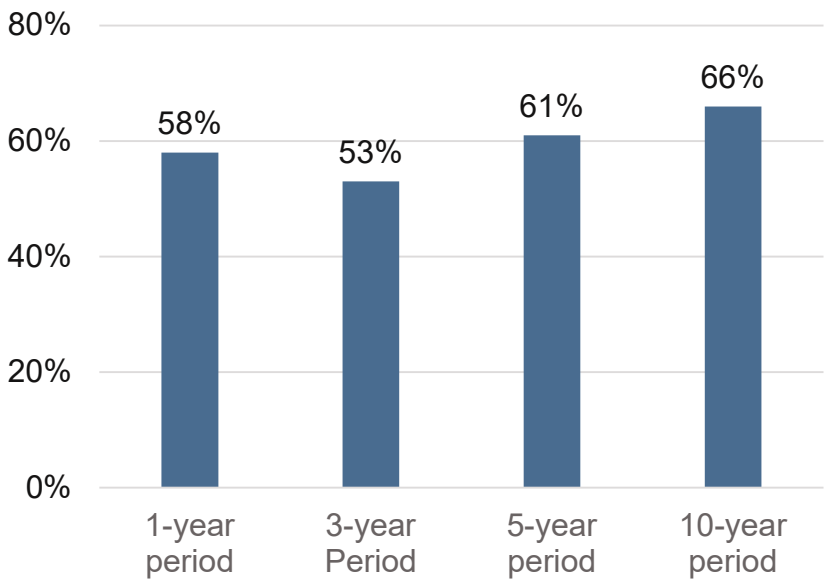
45 *Total Mutual Funds and ETFs with 4- or 5-Star overall ratings*

62% *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 March 31, 2021.

Organic Growth Outlook

Organic Growth Outlook - Opportunities

PRODUCTS/STRATEGIES		OPEN CAPACITY
Recent Acquisitions		**~$15 Billion**
THB Asset Management	Exceptional Investment Performance	★★★★★
Alderwood	Alternative Investments	N/A
Products for Current Interest Rate Environment		**~$50 Billion**
Victory Floating Rate Fund – **RSFYX**	Top Decile 1-, 3-, 5-yrs	★★★★★
Victory High Yield Fund – **GUHYX**	Top Quintile 1-, 3-, 5-yrs	★★★★★
Victory Market Neutral Income Fund – **CBHIX**	Differentiated Product	★★★★
In Demand Active Equity Asset Classes		**~$35 Billion**
Sycamore – Small- and Mid-Cap Value	Top Decile, 3-, 5-yrs	★★★★★
Trivalent – International Small Cap	Top Quartile 1-, 3-, 5-yrs	★★★★★
RS – Global	Top Quartile 3-, 5-yrs	★★★★★
Victory Strategic Allocation – Global	Top Quartile 1-, 3-, 5-yrs	★★★★★
Integrity – Mid Cap Value	Top Quartile, 1-, 5-yrs	★★★★
USAA Sustainable World Fund	ESG / Responsible Investing	★★★★
VictoryShares® – Thematic ETFs		**~$50 Billion**
US EQ Inc Enhanced Volatility Weighted – **CDC**	Top Quintile 3-, 5-yrs	★★★★★
US SmCp Hi Div Volatility Weighted – **CSB**	Top Decile, 3-, 5-yrs	★★★★★
Nasdaq Next 50 - **QQQN**	Next Gen Innovators	Not Rated
Top Veteran Employers - **VTRN**	Veteran Focused	Not Rated
Additional Opportunities		**~$50 Billion**
Recently Launched Fixed Income SMAs	Cost Efficient	N/A
2 Active Fixed Income ETFs	Advantageous Structure	★★★★
USAA Mutual Funds - Fixed Income Products	94% of Funds are 4- or 5-Star Rated	★★★★★ or ★★★★
	Total Potential Opportunity:	**~$200 Billion**

Source: Evestment for institutional rankings. Morningstar for mutual fund and ETF rankings and (overall) star ratings. As of March 31, 2021. See vcm.com for ratings details and a prospectus.

Organic Growth Opportunity – By Asset Class & Franchise

VictoryCapital®

INTERNATIONAL SMALL CAP

- Trivalent
- THB

→ Trivalent INVESTMENTS; THB Asset Management

GLOBAL

- RS
- THB

→ RS Investments®; THB Asset Management

EMERGING MARKETS

- Sophus

→ Sophus CAPITAL℠

U.S. MICRO-, SMALL-, SMID-, AND MID-CAP

- Sycamore
- Integrity
- RS
- THB

→ Integrity Asset Management; RS Investments®; THB Asset Management; Sycamore Capital

INVESTMENT GRADE CONVERTIBLE BONDS

- INCORE

→ INCORE CAPITAL MANAGEMENT℠ — INDEPENDENT • COMPREHENSIVE • REPEATABLE

ALTERNATIVE INCOME

- Solutions / ETFs

→ VictoryCapital SOLUTIONS℠; VictoryShares®

ALTERNATIVE INVESTMENTS

- Alderwood

→ ALDERWOOD CAPITAL

Organic Growth Outlook – Won-Not-Yet-Funded / Pipeline

WNF / PIPELINE ACROSS NUMEROUS FRANCHISES AND ASSET CLASSES

- Fixed Income
- U.S. Small-Cap Value
- U.S. Mid-Cap Value
- Solutions
- Global
- Emerging Markets

DIVERSIFIED BY CLIENT TYPE

- Sovereign Wealth Funds
- Insurance Companies
- City/State Pensions
- Taft Hartley Plans
- Retirement Plans
- Sub-advised
- Intermediary Platforms

Direct Investor Business and USAA® Investments Franchise

DIGITAL MARKETPLACE

- 56 mutual funds are now available in digital marketplace
- Launched digital portfolio planner
- Fixed income SMAs now available
- Referral agreement with USAA is producing tangible results
  - Approximately 125K new account registrations since acquisition
- Average client tenure of 13.7 years.
- USAA 529 College Savings Plan
  - Positive net new account growth and net asset inflows since close of acquisition

USAA® MUTUAL FUNDS

USAA® 529 COLLEGE SAVINGS PLAN

USAA INVESTMENTS FRANCHISE

- Strong investment performance with 93% of fixed income fund AUM in 4- and 5-star rated funds
- Launched tax-exempt SMA capabilities for Intermediary Platforms
- New share classes introduced for the USAA Mutual Funds to increase options for financial advisors

USAA® INVESTMENTS
A VICTORY CAPITAL® INVESTMENT FRANCHISE

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Increasing Shelf Space – USAA Investments Franchise

Victory Capital

NEW OR EXPANDED RELATIONSHIPS FORGED SINCE JULY 2019



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First-Quarter 2021 Financial Results

First-Quarter 2021 Financial Results

FIRST-QUARTER FINANCIAL RESULTS

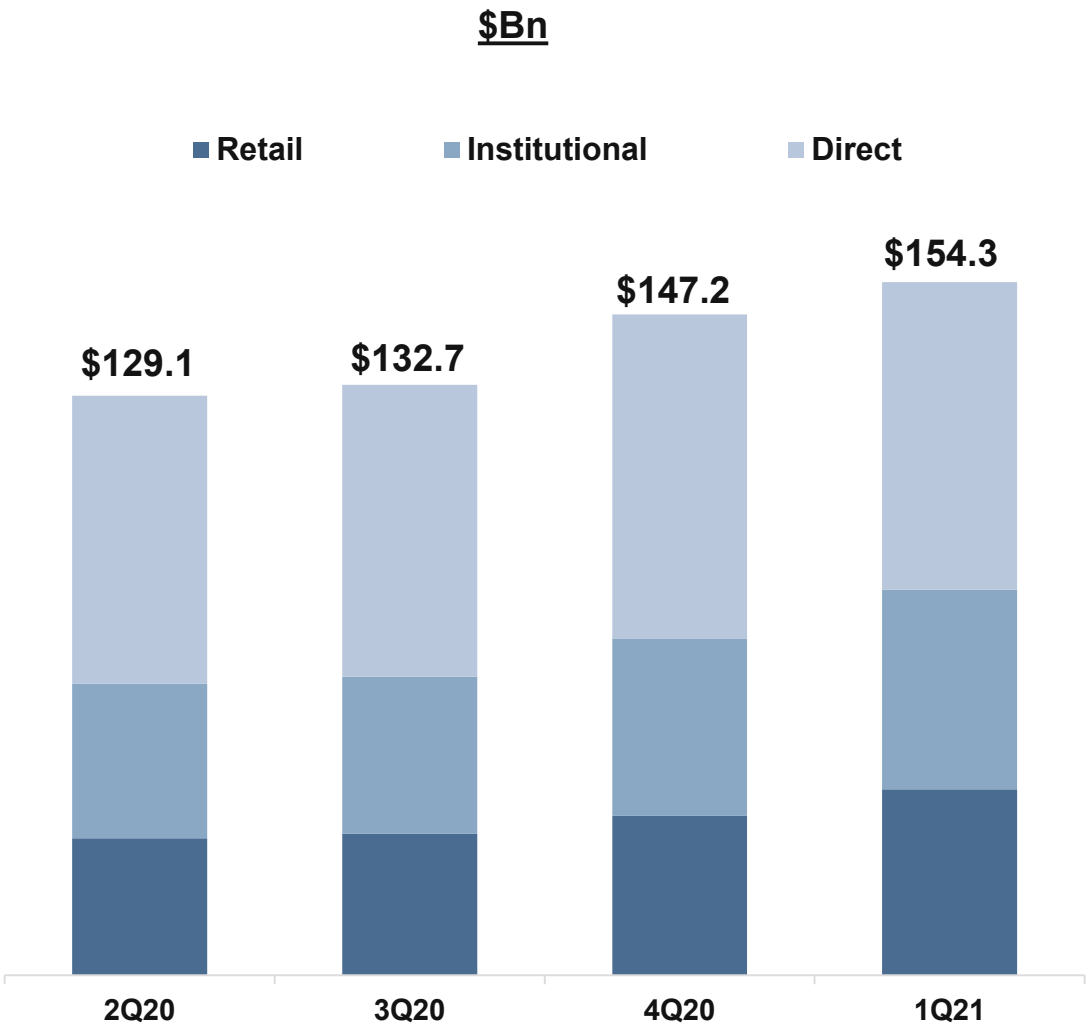
- $213MM revenue
  - Up 6% from 4Q 2020
- GAAP operating margin of 42%
  - 330bp expansion from 4Q 2020
- Adjusted EBITDA margin was 50.2%
- Record Adjusted EBITDA $106.8 million
- Record GAAP Net Income of $65.2 million
- Record GAAP Net Income Per Diluted Share of $0.88
  - Up 17% from 4Q 2020
- Record high Adjusted Net Income with tax benefit of $83.6 million
  - $1.13 per diluted share

CAPITAL MANAGEMENT

- Repriced debt reducing interest rate spread by 25bps
- Net Debt / Annualized Adjusted EBITDA down to 1.6x at quarter end
- Returned $14.1 million to shareholders
- Declared 33% quarterly cash dividend increase to $0.12 per share

Assets Under Management

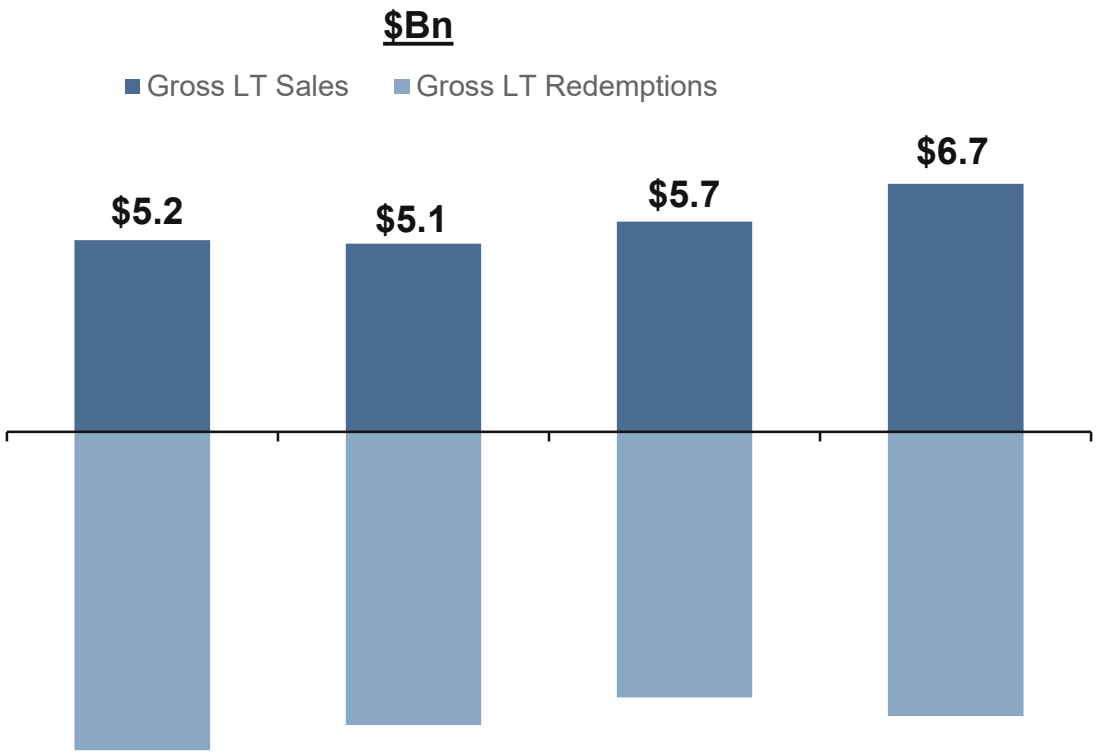
- Total AUM of $154.3Bn at March 31, 2021
  - Up 5% from Dec. 31, 2020
- Diversified distribution
  - Retail
  - Institutional
  - Direct



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

Long-Term Asset Flows

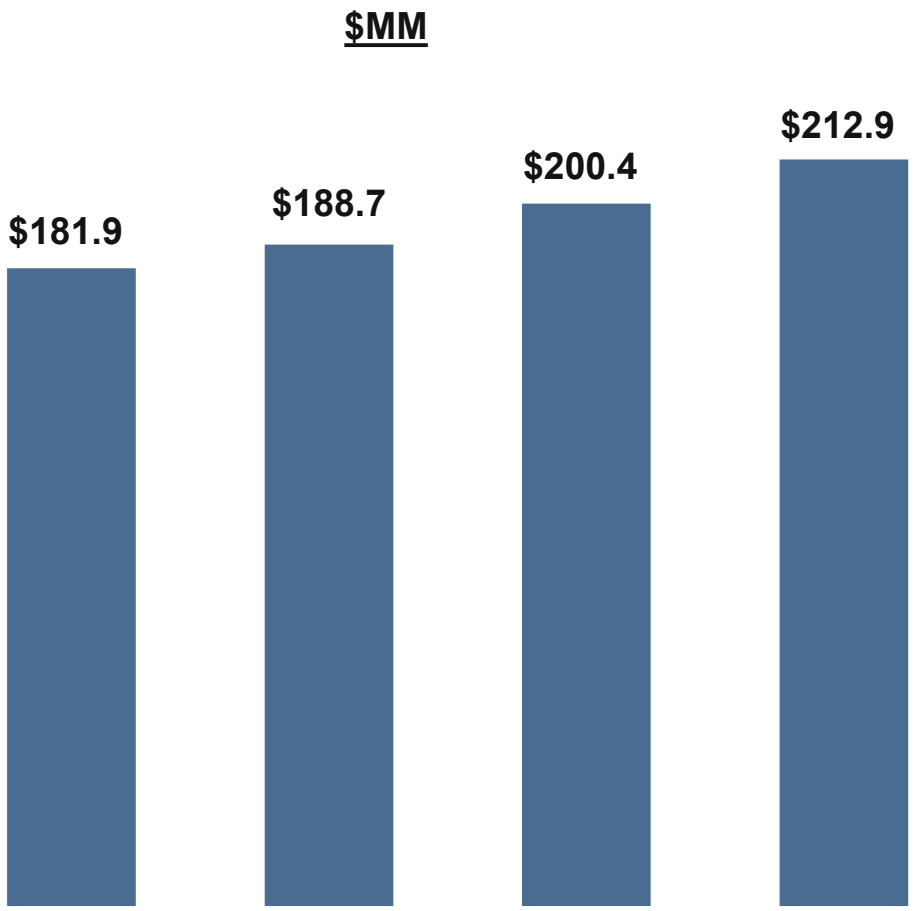
- Gross LT sales of $6.7Bn
  - 18% increase in Q-o-Q Sales
- Multiple franchises/strategies and products generated long-term net inflows in 1Q including:
  - THB
  - INCORE
  - Trivalent
  - Sycamore
  - VictoryShares ETFs



Operating Metrics	2Q20	3Q20	4Q20	1Q21
Net long-term flows ($MM)	-$3,466	-$2,878	-$1,466	**-$983**

Revenues

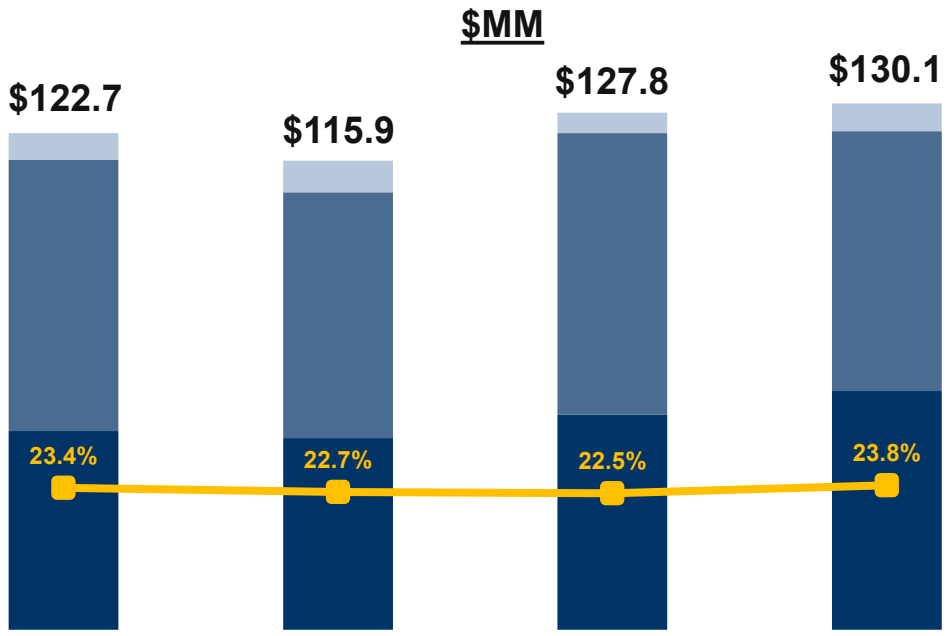
- 1Q 2021 revenue $213MM
  - Up 6% vs 4Q 2020
- Average fee rate realization increased for the second consecutive quarter
  - Highest in 5 quarters



Operating Metrics	2Q20	3Q20	4Q20	1Q21
Average AUM ($Bn)	$128.9	$133.1	$139.6	**$151.1**
Average Fee Rate (bps), as reported	56.7	56.4	57.1	**57.2**

Expenses

- 1Q 2021 total expenses increased $2.3 million vs 4Q 2020
  - Driven primarily by higher variable expenses and seasonally higher expenses related to benefits, offset by lower acquisition-related expenses
  - Non-cash accounting adjustment of book value for contingent acquisition earnout payments was $2.5 million in 1Q compared to $9.5 million in 4Q

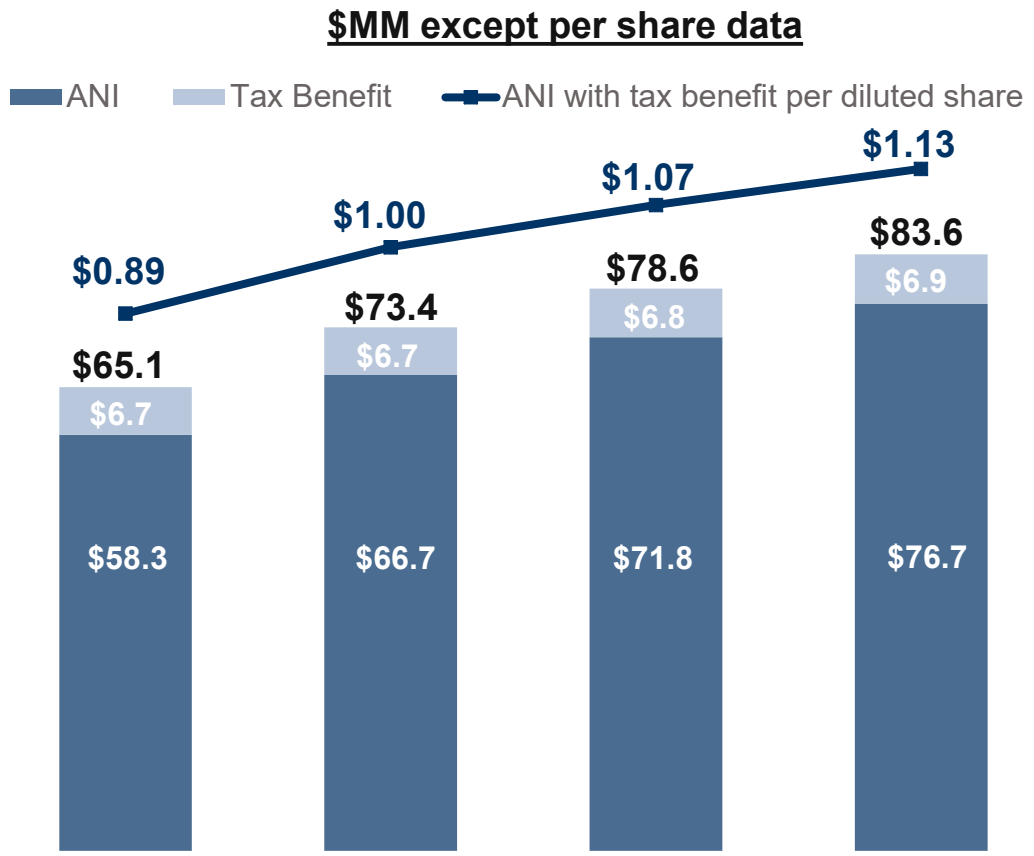


($MM)	2Q20	3Q20	4Q20	1Q21
Cash Compensation, payroll taxes	$ 42.6	$ 42.9	$ 45.0	**$ 50.7**
Equity Compensation (Non-cash)	3.9	3.6	4.6	**5.5**
Deferred Compensation MTM (Non-cash)	2.6	0.8	3.5	**2.7**
Total Compensation Expenses	49.1	47.4	53.1	**59.0**
Acquisition, Restructuring, and Integration Expenses	7.9	4.4	12.5	**4.4**
All Other Non-Personnel Operating Expenses	59.1	56.3	57.1	**59.8**
Total Operating Expenses	116.1	108.1	122.7	**123.2**
Unrealized Gain/(Loss) on Deferred Comp Plan - Offset	*2.6*	*0.8*	*3.5*	**2.7**
Total Non-Operating Exp. (inclusive of Def Comp G/L)	6.6	7.8	5.1	**6.9**
Total Expenses	$ 122.7	$ 115.9	$ 127.8	**$ 130.1**

Cash compensation, as a percentage of revenue

Non-GAAP Metrics

- 1Q 2021 Adjusted Net Income (ANI) with tax benefit of $1.13 per diluted share
  - Up 6% from 4Q 2020
- 1Q 2021 ANI with tax benefit of $83.6MM
- Adjusted EBITDA Margin of 50.2%
  - Inclusive of investments in our business



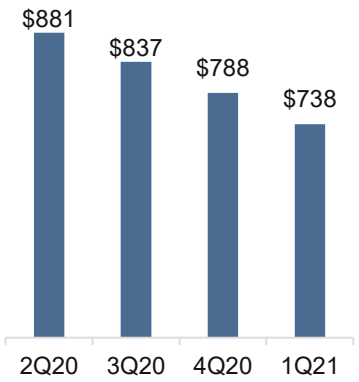
Operating Metrics	2Q20	3Q20	4Q20	1Q21
Adjusted EBITDA ($MM)	$86.3	$95.6	$103.8	**$106.8**
Adjusted EBITDA Margin	47.5%	50.7%	51.8%	**50.2%**

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

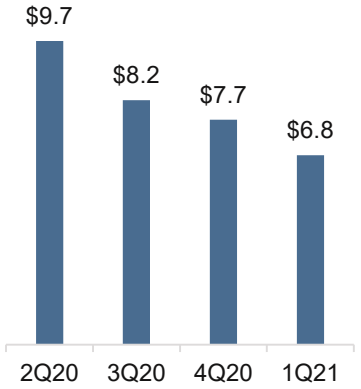
Capital Management

Selected Balance Sheet Items ($MM)	3/31/2021
Cash / Cash Equivalents	$30
Debt ***(2Q to-date, further reduced to $711MM)***	$738
Stockholders' Equity	$765
Diluted Shares Outstanding (MM)	74.1
Net Debt / Adjusted EBITDA[1] *(at 3/31/2021)*	1.6x

Debt ($MM)



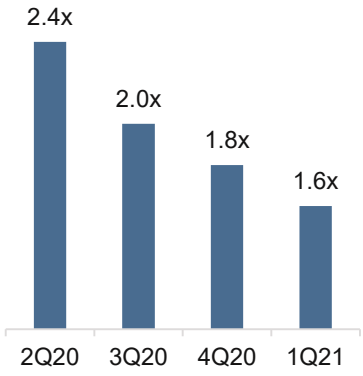
Interest Expense and Other Financing Costs ($MM)



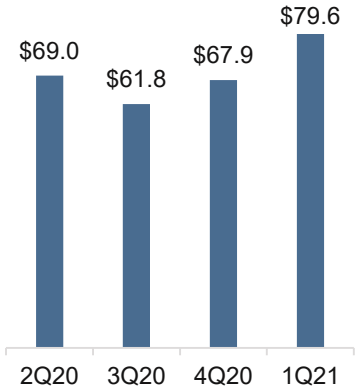
1Q 2021 Highlights

- Reduced debt by $50 million
- Leverage ratio reduced to 1.6x
- Returned $14.1 million to shareholders
  - Repurchased 287K shares
- Increased cash dividend 33%
- Interest expense continues to decline

Leverage Ratio[1]



GAAP Operating Cash Flow ($MM)



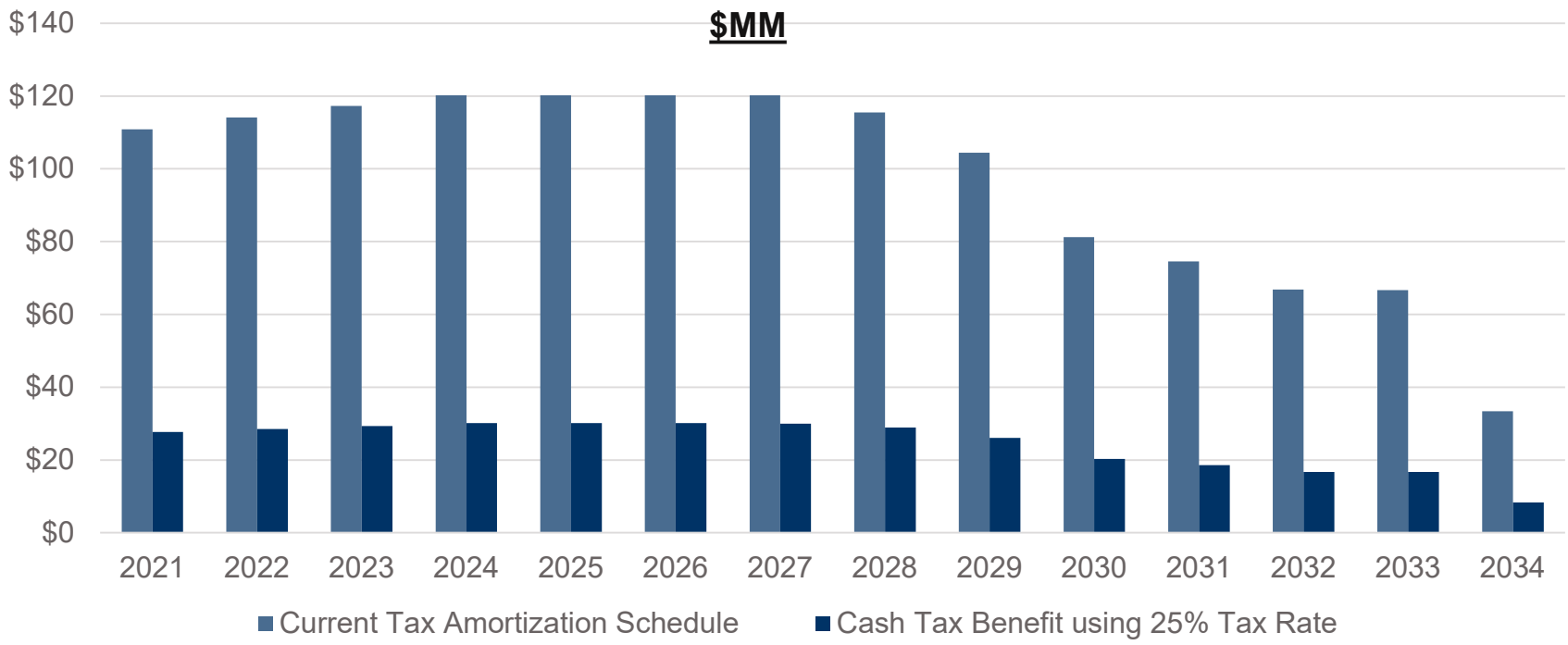
[1] *Net Debt / Run Rate Adjusted EBITDA ratio was 1.6x at 3/31/2021, from Annualized Adjusted EBITDA of $433MM, and net debt of $708MM from $738MM in debt, less $30MM in cash.*

Appendix

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
  - $1.4 billion in total future tax amortization
  - **$340 million** in future cash tax savings, assuming 25% tax rate
  - **NPV $225 million conservatively discounted at 7%, or >$3.00 per share**



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:

- 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 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)				
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021
GAAP Net income	**$ 57,166**	**$ 44,720**	**$ 55,741**	**$ 54,895**	**$ 65,202**
GAAP Income tax expense	(16,823)	(14,487)	(17,027)	(17,681)	(17,662)
GAAP income before taxes	**73,989**	**59,207**	**72,768**	**72,576**	**82,864**
Interest expense	10,528	8,267	7,497	7,432	7,310
Depreciation	884	746	814	1,107	1,246
Other business taxes	(3,296)	219	256	265	374
GAAP amortization of acquisition-related intangibles	3,166	3,420	3,122	3,122	3,138
Stock-based compensation	5,372	3,068	2,806	3,774	4,636
Acquisition, restructuring and exit costs	(1,542)	10,105	6,996	13,904	4,389
Debt issuance costs	2,389	1,312	1,386	1,459	2,793
Earnings/losses from equity method investments	-	-	-	193	92
Adjusted EBITDA	**$ 91,490**	**$ 86,344**	**$ 95,645**	**$ 103,832**	**$ 106,842**
Revenue (in thousands)	$ 204,421	$ 181,886	$ 188,656	$ 200,388	$ 212,949
Adjusted EBITDA Margin	**44.8%**	**47.5%**	**50.7%**	**51.8%**	**50.2%**

Consolidated Reconciliations of Adjusted Net Income

	For the three months ended,				
	(in thousands, except per-share data)				
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021
GAAP Net Income	**$ 57,166**	**$ 44,720**	**$ 55,741**	**$ 54,895**	**$ 65,202**
Other business taxes	(3,296)	219	256	265	374
GAAP amortization of acquisition-related intangibles	3,166	3,420	3,122	3,122	3,138
Stock-based compensation	5,372	3,068	2,806	3,774	4,636
Acquisition, restructuring and exit costs	(1,542)	10,105	6,996	13,904	4,389
Debt issuance costs	2,389	1,312	1,386	1,459	2,793
Tax effect of above adjustments	(1,522)	(4,531)	(3,642)	(5,631)	(3,832)
Adjusted Net Income	61,733	58,313	66,665	71,788	76,700
Tax benefit of goodwill and acquired intangibles	6,728	6,745	6,745	6,774	6,918
Adjusted Net Income with Tax Benefit	**$ 68,461**	**$ 65,058**	**$ 73,410**	**$ 78,562**	**$ 83,618**
Weighted average shares outstanding – diluted	74,350	73,204	73,437	73,682	74,108
Adjusted Net income with Tax Benefit Per Diluted Share	**$ 0.92**	**$ 0.89**	**$ 1.00**	**$ 1.07**	**$ 1.13**

Detailed Reconciliation of 1Q21 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	$ 160,284						$ –	$ 160,284		
Fund administration and distribution fees	52,665						-	52,665		
Total revenue	**212,949**	**-**	**-**	**-**	**-**	**-**	**-**	**212,949**		
Expenses										
Personnel compensation and benefits (1)	59,006			(4,636)			(4,636)	54,370		
Distribution and other asset-based expenses (2)	42,103						-	42,103		
General and administrative (2)	13,310	(374)				(386)	(760)	12,550		
Depreciation and amortization (2)	4,385		(3,138)				(3,138)	1,247		
Change in value of consideration payable for acquisition of business (2)	2,500				(2,500)		(2,500)	-		
Acquisition-related costs (2)	(164)				164		164	-		
Restructuring and integration costs (2)	2,053				(2,053)		(2,053)	-		
Total operating expenses	**123,193**	**(374)**	**(3,138)**	**(4,636)**	**(4,389)**	**(386)**	**(12,923)**	**110,270**		
Income/(loss) from operations	**89,756**	**374**	**3,138**	**4,636**	**4,389**	**386**	**12,923**	**102,679**		
Other income (expense)										
Interest income and other income/(expense) (3)	2,734						-	2,734		
Interest expense and other financing costs (3)	(6,845)					662	662	(6,183)		
Loss on debt extinguishment (3)	(2,781)					1,745	1,745	(1,036)		
Total other income (expense), net	**(6,892)**	**–**	**–**	**–**	**–**	**2,407**	**2,407**	**(4,485)**		
Income/(loss) before income taxes	**82,864**	**374**	**3,138**	**4,636**	**4,389**	**2,793**	**15,330**	**98,194**		
Income tax (expense)/benefit	(17,662)	(94)	(785)	(1,158)	(1,097)	(698)	(3,832)	(21,494)	6,918	
Net income/(loss)	**$ 65,202**	**$ 280**	**$ 2,353**	**$ 3,478**	**$ 3,292**	**$ 2,095**	**$ 11,498**	**$ 76,700**	**+ $ 6,918**	**= $ 83,618**
Earnings per share—basic	$ 0.96							$ 1.13	$ 0.10	
Earnings per share—diluted	$ 0.88							**$ 1.03**	**+ $ 0.09**	**= $ 1.13**
Weighted average shares outstanding—basic	67,761							67,761	67,761	
Weighted average shares outstanding—diluted	74,108							74,108	74,108	
Memo: Expenses										
Personnel (1)	59,006							54,370		
Operating (2)	64,187							55,900		
Non-Operating (3)	6,892							4,485		

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		

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 March 31, 2021.

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 or are note rated. 38% of AUM in mutual funds and ETFs did not receive overall rating of 4 or 5 stars or are not rated.

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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