

Second Quarter 2021 Earnings Presentation

August 6, 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

Investment Performance

Second-Quarter 2021 Financial Results

Appendix

Quarterly Business Overview

Quarterly Business Overview

AUM & FLOWS

- At June 30, 2021, total AUM of $162Bn
  - Up 5% from March 31, 2021
  - Up 25% year-over-year
- Record high long-term AUM at quarter end of $159Bn
- Third consecutive quarter of improving gross long-term flows
- Fourth consecutive quarter of improving net long-term flows; turned positive in Q2

Q2 OPERATING & FINANCIAL HIGHLIGHTS

- Revenue up 4% from Q1 2021
- Record high $1.18 Adjusted Net Income with tax benefit per diluted share
  - Up 4% from Q1 2021
  - Up 33% from Q2 2020
- Adjusted EBITDA margin of 51%
  - 4th consecutive quarter above 50%
- Ended quarter with $681MM of net debt
  - Reduced leverage ratio to 1.4x
  - Subsequent to quarter end, repaid an additional $35MM
- Quarterly cash dividend increased 25% from $0.12 to $0.15 per share

Quarterly Business Overview

DIRECT INVESTOR BUSINESS

- Approximately 135K new account registrations since acquisition
- USAA 529 College Savings Plan
  - Positive net new account growth and net flows since closing
- Continue to see improvement in Direct Investor net flow profile
- Contact center had 140K investor engagements during Q2
- Mobile app for Direct Investor business launching this month

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NEW PRODUCT DEVELOPMENT

- Launched previously announced private crypto index product in partnership with Nasdaq® and Hashdex
- Exclusive sponsor of private funds and other vehicles for US investors based on the Nasdaq Crypto Index (NCI)
- Filed for three new ESG-focused active ETFs
  - VictoryShares THB Mid Cap ESG ETF
  - VictoryShares ESG Core Plus Bond ETF
  - VictoryShares ESG Corporate Bond ETF
- Began sub-advising two new ETFs in July

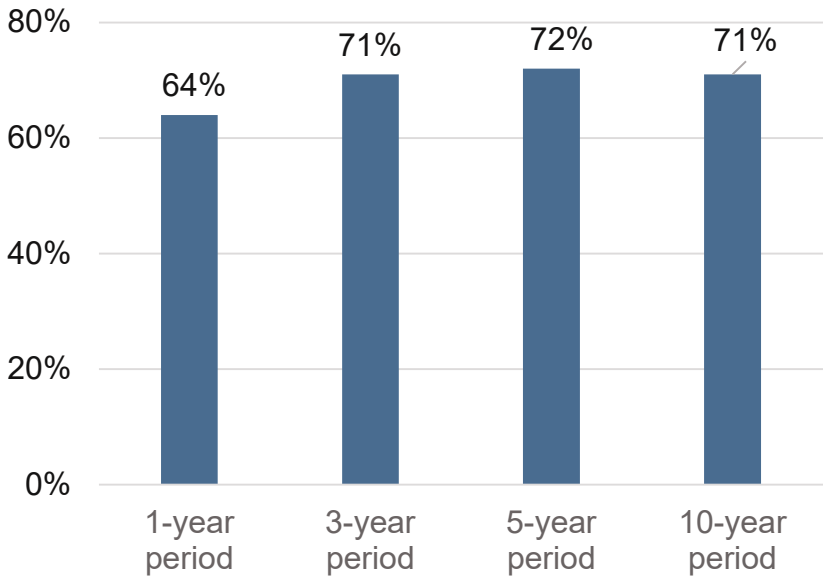
Investment Performance

Commitment to Long-Term Investment Performance

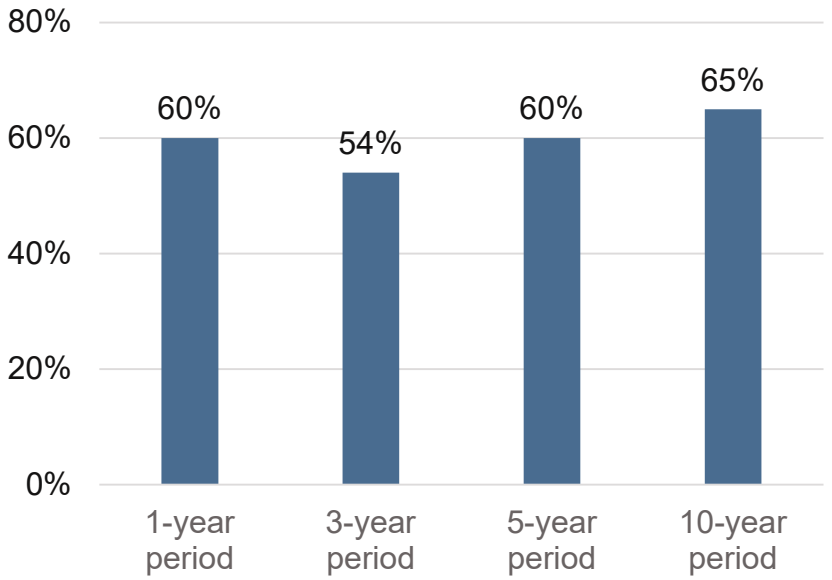
44 *Total Mutual Funds and ETFs with 4- or 5-Star overall ratings*

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 June 30, 2021.Past performance is no guarantee of future results.

Second-Quarter 2021 Financial Results

Second-Quarter 2021 Financial Results

SECOND QUARTER FINANCIAL RESULTS

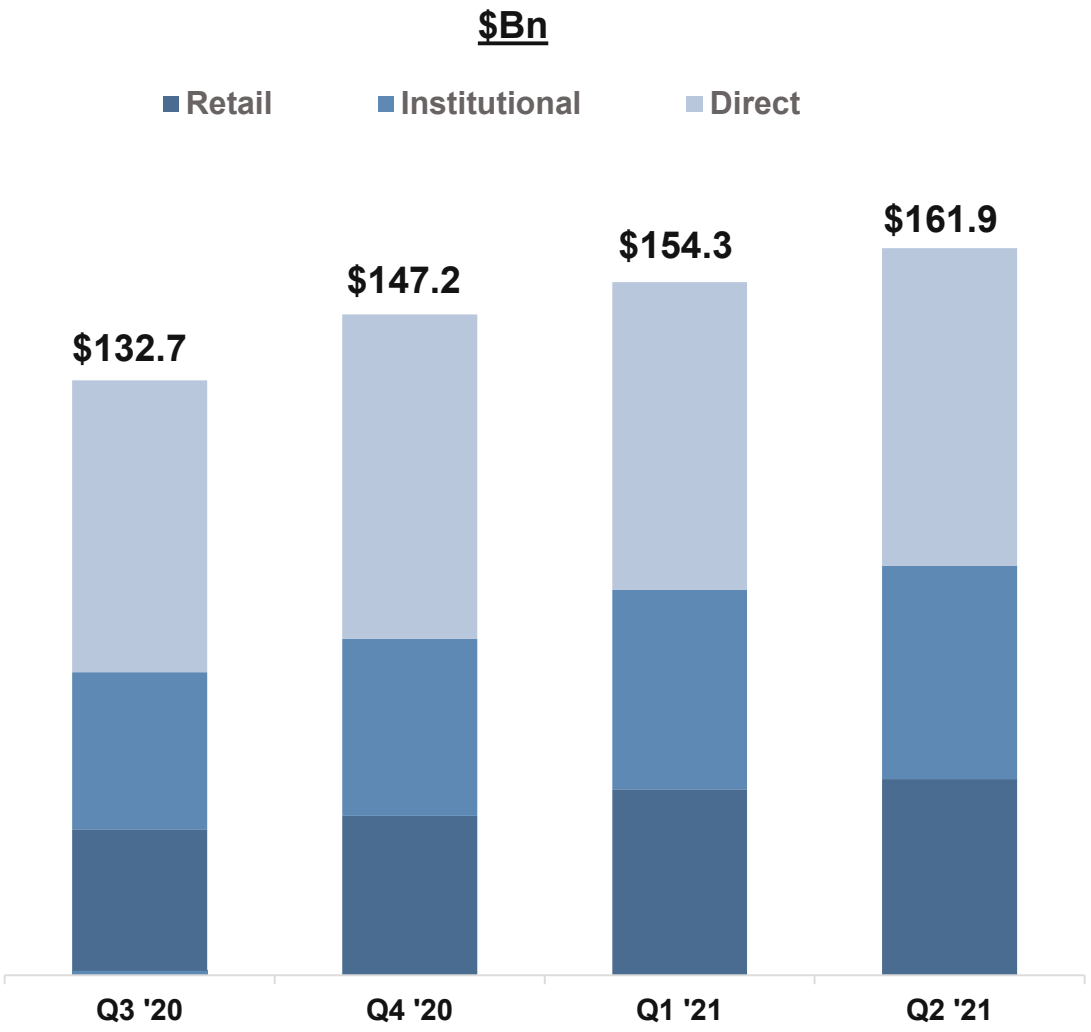
- $222MM revenue
  - Up 4% from Q1 2021
  - Up 22% from Q2 2020
- GAAP operating margin of 42.9%
- Adjusted EBITDA margin was 50.6%
- Record Adjusted EBITDA of $112.2MM
- GAAP Net Income of $69.3MM
- Record GAAP Net Income Per Diluted Share of $0.93
  - Up 6% from Q1 2021
  - Up 52% from Q2 2020
- Adjusted Net Income with tax benefit of $87.2MM
  - $1.18 per diluted share

CAPITAL MANAGEMENT

- Repaid $57MM in debt during second quarter; $107MM in first half of 2021
- Net Debt / Annualized Adjusted EBITDA down to 1.4x at quarter end
- Returned $18.3MM to shareholders
- Declared 25% quarterly cash dividend increase to $0.15 per share

Assets Under Management

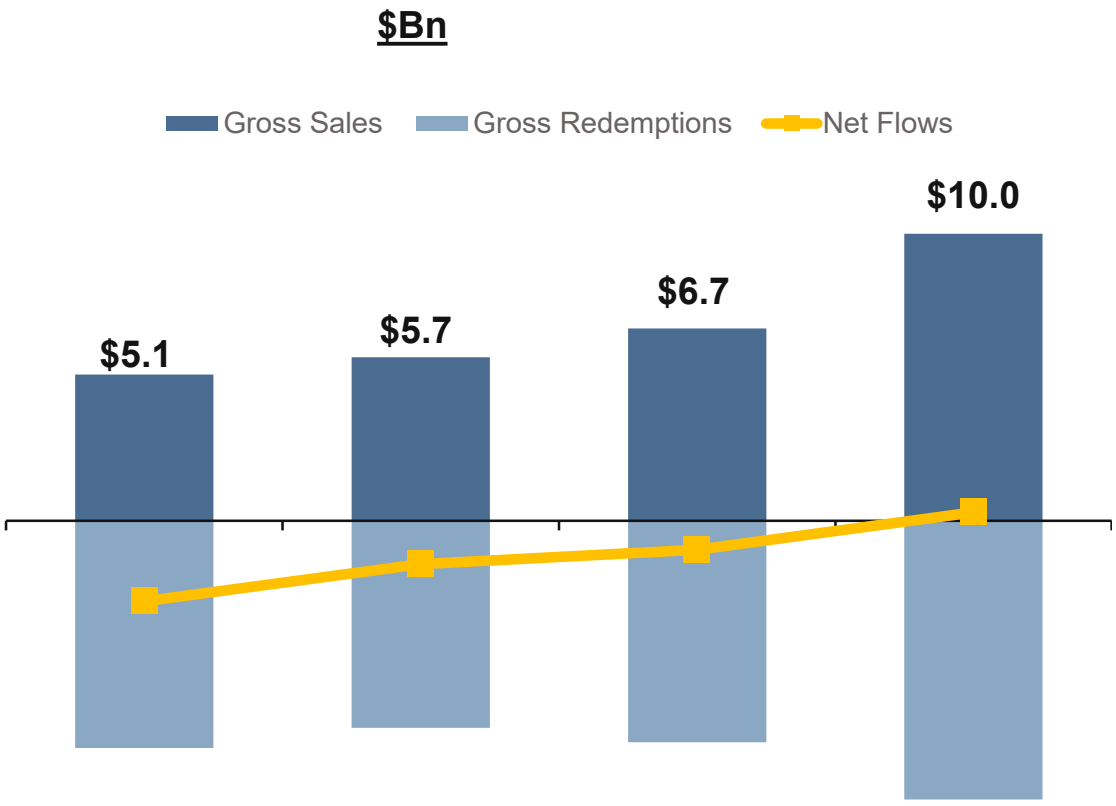
- Total AUM of $161.9Bn at June 30, 2021
  - Up 5% from March 31, 2021
  - Up 25% from June 30, 2020
- Diversified distribution
  - Retail
  - Institutional
  - Direct



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

Long-Term Asset Flows

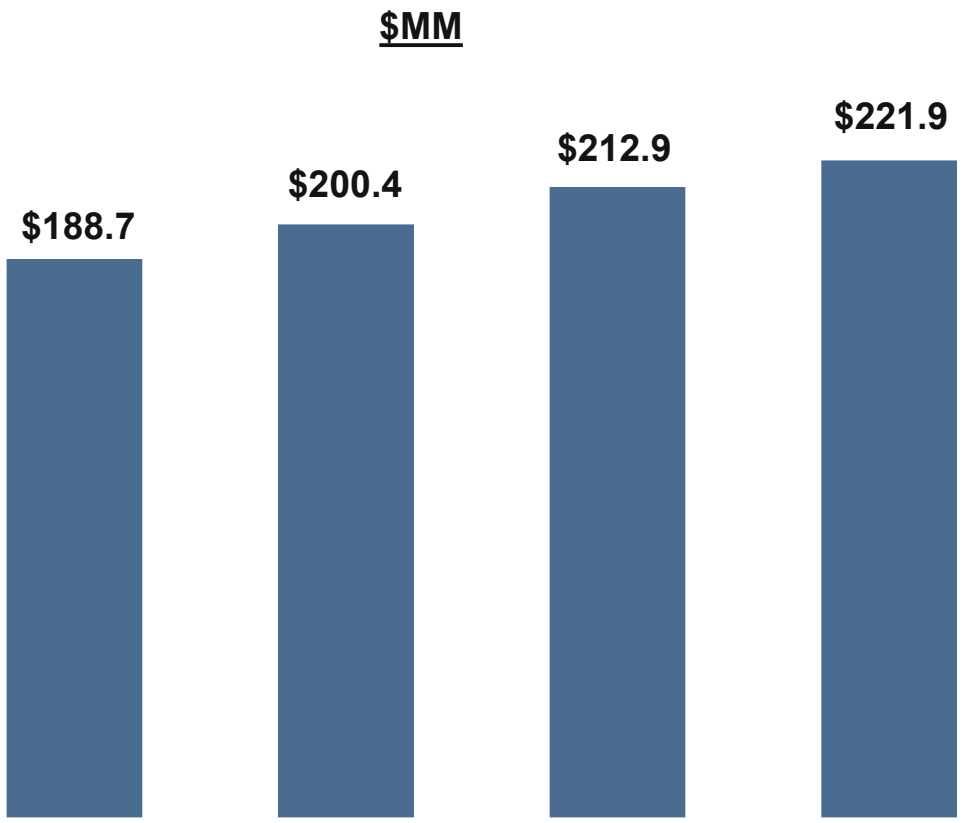
- Gross LT sales of $10.0Bn
  - 49% increase in Q-o-Q Sales
  - 93% increase in Y-o-Y Sales
- Multiple franchises/strategies and products generated long-term net inflows in Q2 including:
  - RS Global
  - Trivalent
  - Sophus
  - Sycamore
  - VictoryShares ETFs
  - Solutions



Operating Metrics	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Net long-term flows ($MM)	-$2,878	-$1,466	-$983	**+$302**

Revenues

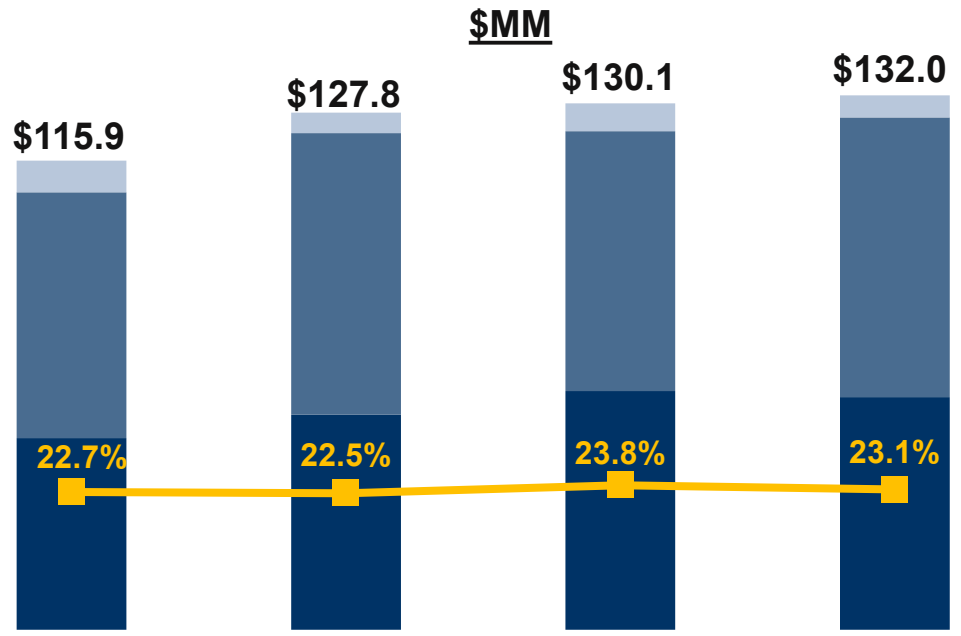
- Q2 2021 revenue of $222MM
  - Up 4% vs Q1 2021
  - Up 22% vs Q2 2020



Operating Metrics	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Average AUM ($Bn)	$133.1	$139.6	$151.1	**$158.5**
Average Fee Rate (bps), as reported	56.4	57.1	57.2	**56.2**

Expenses

- Q2 2021 total expenses increased $1.9MM (1%) vs Q1 2021
  - Driven by $3.2MM increase in non-cash accounting adjustment for future acquisition earnout payments
  - Lower reported compensation expenses partially offset by higher non-personnel expenses
  - Cash compensation ratio steady

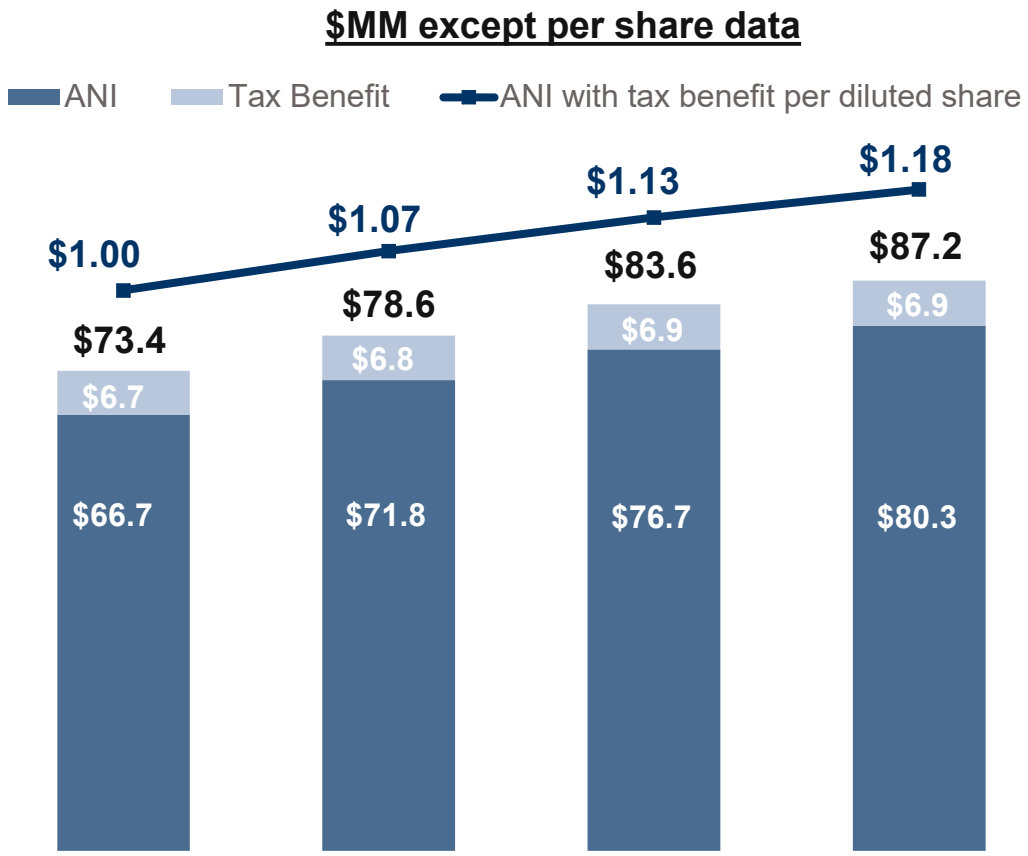


($MM)	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Cash Compensation, payroll taxes	$ 42.9	$ 45.0	$ 50.7	**$ 51.3**
Equity Compensation (Non-cash)	3.6	4.6	5.5	**4.3**
Deferred Compensation MTM (Non-cash)	0.8	3.5	2.7	**1.8**
Total Compensation Expenses	47.4	53.1	59.0	**57.5**
Acquisition, Restructuring, and Integration Expenses	4.4	12.5	4.4	**6.5**
All Other Non-Personnel Operating Expenses	56.3	57.1	59.8	**62.6**
Total Operating Expenses	108.1	122.7	123.2	**126.6**
Unrealized Gain/(Loss) on Deferred Comp Plan - Offset	*0.8*	*3.5*	*2.7*	***1.8***
Total Non-Operating Exp. (inclusive of Def Comp G/L)	7.8	5.1	6.9	**5.4**
Total Expenses	$ 115.9	$ 127.8	$ 130.1	**$ 132.0**

Cash compensation, as a percentage of revenue

Non-GAAP Metrics

- Q2 2021 Adjusted Net Income (ANI) with tax benefit of $1.18 per diluted share
  - ➢ Up 4% from Q1 2021
  - ➢ Up 33% from Q2 2020
- Q2 2021 ANI with tax benefit of $87.2MM
- Adjusted EBITDA margin of 50.6%
  - ➢ Inclusive of investments in the business



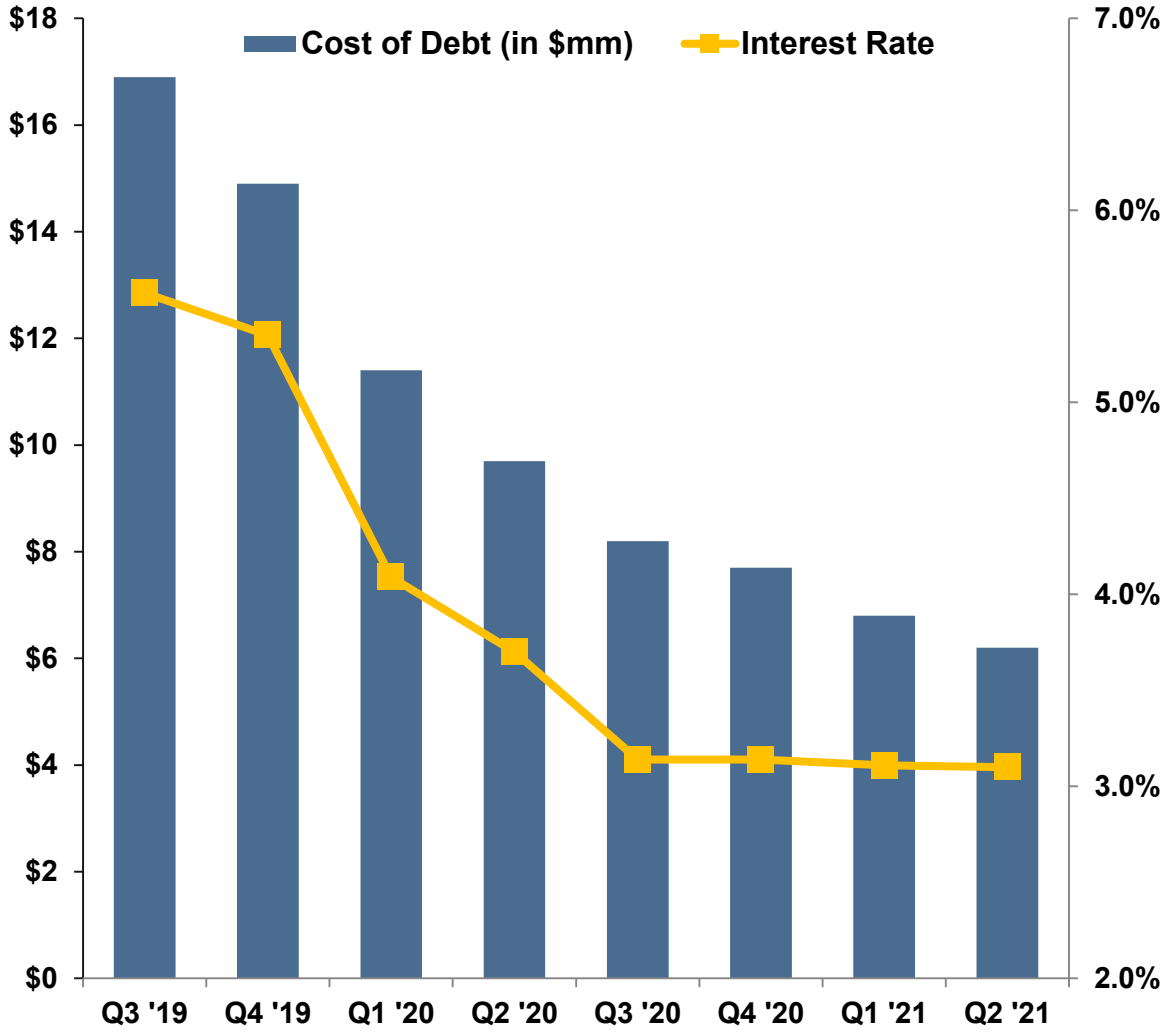
Operating Metrics	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Adjusted EBITDA ($MM)	$95.6	$103.8	$106.8	**$112.2**
Adjusted EBITDA margin	50.7%	51.8%	50.2%	**50.6%**

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

Balance Sheet & Capital Management

Balance Sheet Strength

- Cost of debt reduced by 63% from $16.9MM in Q3 2019 to $6.2MM in Q2 2021
- Debt reduced by 41% to-date[1] following loan origination
  - $142MM paid down YTD[1]
  - $164MM paid down in 2020
- Interest rate reduced 247 bps from 5.57% to 3.10%
  - Two re-pricings
  - Lower LIBOR
- Covenant free
- Prepaid through maturity in 2026
- Leverage ratio reduced to1.4x at June 30, 2021[2]
- Coverage ratio of 14x in Q2 2021
- $100MM undrawn revolver

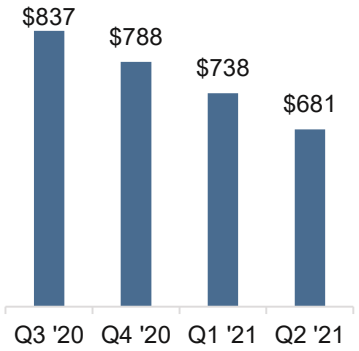


[1]*As of August 5, 2021*
[2]*Net Debt / Run Rate Adjusted EBITDA ratio was 1.4x at 6/30/2021, from Annualized Adjusted EBITDA of $449MM, and net debt of $649MM from $681MM in debt, less $32MM in cash.*

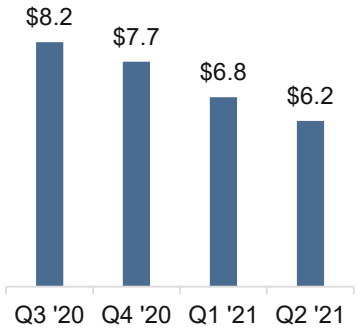
Capital Management

Selected Balance Sheet Items ($MM)	6/30/2021
Cash / Cash Equivalents	$32
Debt ***(Q3 to-date, further reduced to $646MM)***	$681
Stockholders' Equity	$816
Diluted Shares Outstanding (MM)	74.2
Net Debt / Adjusted EBITDA[1] *(at 6/30/2021)*	1.4x

Debt ($MM)



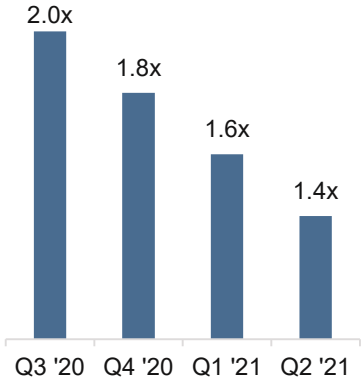
Interest Expense and Other Financing Costs ($MM)



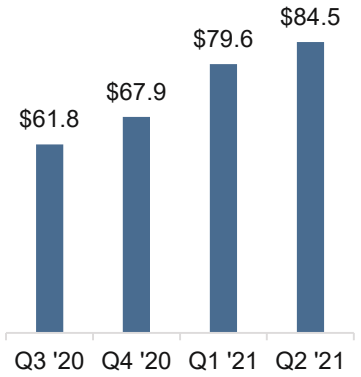
Q2 2021 Highlights

- Reduced debt by $57MM
- Leverage ratio down to 1.4x
- Returned $18.3MM to shareholders
  - Repurchased 288K shares
  - New $15MM repurchase program
- Increased quarterly cash dividend 25%
- Interest expense rapidly declining

Leverage Ratio[1]



GAAP Operating Cash Flow ($MM)



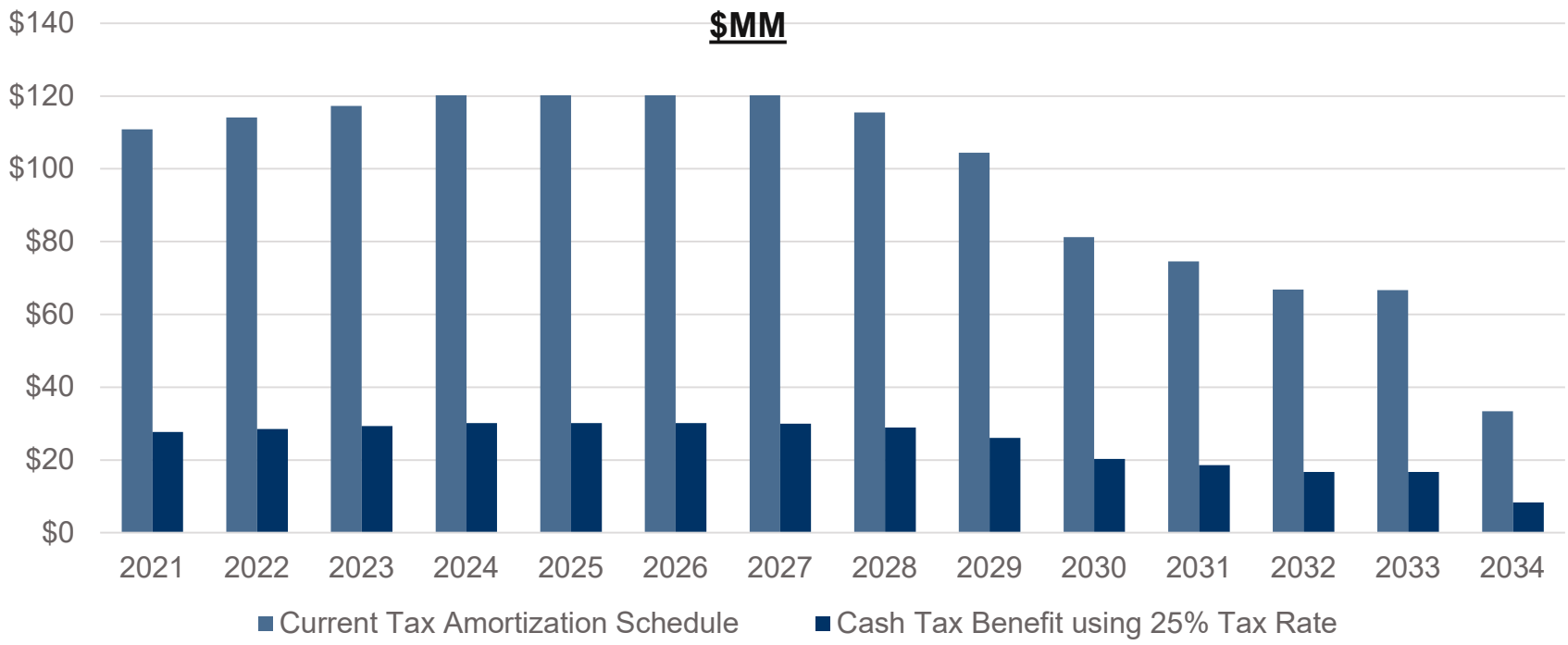
[1] *Net Debt / Run Rate Adjusted EBITDA ratio was 1.4x at 6/30/2021, from Annualized Adjusted EBITDA of $449MM, and net debt of $649MM from $681MM in debt, less $32MM in cash.*

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
  - **$340MM** in future cash tax savings, assuming 25% tax rate
  - **NPV $225MM 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, 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, 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)				
	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021
GAAP Net income	**$ 44,720**	**$ 55,741**	**$ 54,895**	**$ 65,202**	**$ 69,270**
GAAP Income tax expense	(14,487)	(17,027)	(17,681)	(17,662)	(20,629)
GAAP income before taxes	**59,207**	**72,768**	**72,576**	**82,864**	**89,899**
Interest expense	8,267	7,497	7,432	7,310	6,086
Depreciation	746	814	1,107	1,246	1,524
Other business taxes	219	256	265	374	524
GAAP amortization of acquisition-related intangibles	3,420	3,122	3,122	3,138	3,171
Stock-based compensation	3,068	2,806	3,774	4,636	3,124
Acquisition, restructuring and exit costs	10,105	6,996	13,904	4,389	6,544
Debt issuance costs	1,312	1,386	1,459	2,793	1,304
Earnings/losses from equity method investments	-	-	193	92	65
Adjusted EBITDA	**$ 86,344**	**$ 95,645**	**$ 103,832**	**$ 106,842**	**$ 112,241**
Revenue (in thousands)	$ 181,886	$ 188,656	$ 200,388	$ 212,949	$ 221,904
Adjusted EBITDA Margin	**47.5%**	**50.7%**	**51.8%**	**50.2%**	**50.6%**

Consolidated Reconciliations of Adjusted Net Income

	For the three months ended,				
	(in thousands, except per-share data)				
	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021
GAAP Net Income	**$ 44,720**	**$ 55,741**	**$ 54,895**	**$ 65,202**	**$ 69,270**
Other business taxes	219	256	265	374	524
GAAP amortization of acquisition-related intangibles	3,420	3,122	3,122	3,138	3,171
Stock-based compensation	3,068	2,806	3,774	4,636	3,124
Acquisition, restructuring and exit costs	10,105	6,996	13,904	4,389	6,544
Debt issuance costs	1,312	1,386	1,459	2,793	1,304
Tax effect of above adjustments	(4,531)	(3,642)	(5,631)	(3,832)	(3,667)
Adjusted Net Income	58,313	66,665	71,788	76,700	80,270
Tax benefit of goodwill and acquired intangibles	6,745	6,745	6,774	6,918	6,918
Adjusted Net Income with Tax Benefit	**$ 65,058**	**$ 73,410**	**$ 78,562**	**$ 83,618**	**$ 87,188**
Weighted average shares outstanding – diluted	73,204	73,437	73,682	74,108	74,166
Adjusted Net income with Tax Benefit Per Diluted Share	**$ 0.89**	**$ 1.00**	**$ 1.07**	**$ 1.13**	**$ 1.18**

Detailed Reconciliation of Q2 '21 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	Adjustments: Total Adjustments	Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles	
Revenue										
Investment management fees	$ 168,033						$ –	$ 168,033		
Fund administration and distribution fees	53,871						-	53,871		
Total revenue	**221,904**	**-**	**-**	**-**	**-**	**-**	**-**	**221,904**		
Expenses										
Personnel compensation and benefits (1)	57,462	-	-	(3,124)	-	-	(3,124)	54,338		
Distribution and other asset-based expenses (2)	44,223	-	-	-	-	-	-	44,223		
General and administrative (2)	13,713	(524)	-	-	-	-	(524)	13,189		
Depreciation and amortization (2)	4,694	-	(3,171)	-	-	-	(3,171)	1,523		
Change in value of consideration payable for acquisition of business (2)	5,700	-	-	-	(5,700)	-	(5,700)	-		
Acquisition-related costs (2)	422	-	-	-	(422)	-	(422)	-		
Restructuring and integration costs (2)	422	-	-	-	(422)	-	(422)	-		
Total operating expenses	**126,636**	**(524)**	**(3,171)**	**(3,124)**	**(6,544)**	**–**	**(13,363)**	**113,273**		
Income/(loss) from operations	**95,268**	**524**	**3,171**	**3,124**	**6,544**	**–**	**13,363**	**108,631**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,932						-	1,932		
Interest expense and other financing costs (3)	(6,155)					585	585	(5,570)		
Loss on debt extinguishment (3)	(1,146)					719	719	(427)		
Total other income (expense), net	**(5,369)**	**–**	**–**	**–**	**–**	**1,304**	**1,304**	**(4,065)**		
Income/(loss) before income taxes	**89,899**	**524**	**3,171**	**3,124**	**6,544**	**1,304**	**14,667**	**104,566**		
Income tax (expense)/benefit	(20,629)	(131)	(793)	(781)	(1,636)	(326)	(3,667)	(24,296)	6,918	
Net income/(loss)	**$ 69,270**	**$ 393**	**$ 2,378**	**$ 2,343**	**$ 4,908**	**$ 978**	**$ 11,000**	**$ 80,270**	**+ $ 6,918**	**= $ 87,188**
Earnings per share—basic	$ 1.02							$ 1.18	$ 0.10	
Earnings per share—diluted	$ 0.93							**$ 1.08**	**+ $ 0.09**	**= $ 1.18**
Weighted average shares outstanding—basic	67,776							67,776	67,776	
Weighted average shares outstanding—diluted	74,166							74,166	74,166	
Memo: Expenses										
Personnel (1)	57,462							54,338		
Operating (2)	69,174							58,935		
Non-Operating (3)	5,369							4,065		

Detailed Reconciliation of Q1 '21 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 Q4 '20 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 Q3 '20 Adjusted Net Income

(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 Q2 '20 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		

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 June 30, 2021.

Past performance does not guarantee future results. A fund's most recent performance can be found at vcm.com. 61 mutual funds and ETFs did not have 4- or 5- star overall ratings. 38% of AUM in mutual funds and ETFs did not receive overall rating of 4 or 5 stars or are not rated. Internal analysis by Victory Capital was used to calculate relative performance. Not all asset classes considered are available to the general public and not all strategies included have a history to be included in each time period. The returns used for this comparison are gross of fees and do not reflect the returns an investor would receive. Visit www.vcm.com for more information.

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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As of June 30, 2021

Morningstar Score Report

4 and 5 Star Mutual Funds and ETFs

VictoryCapital®

Overall Ratings	Ticker	Morningstar Category	Morningstar Ratings based on risk-adjusted returns			
			OVERALL	3-YEAR	5-YEAR	10-YEAR
DOMESTIC EQUITY						
Victory Munder Small Cap Growth Fund, Y Shares	MYSGX	Small Growth	★★★★ out of 576	★★★★ out of 576	★★★★ out of 505	–
Victory RS Small Cap Equity Fund, Y Shares	RSCYX	Small Growth	★★★★ out of 576	★★★ out of 576	★★★★ out of 505	★★★★ out of 379
Victory RS Partners Fund, Y Shares	RSPYX	Small Value	★★★★★ out of 409	★★★★★ out of 409	★★★★★ out of 383	★★★★ out of 285
Victory Sycamore Small Company Opportunity Fund, I Shares	VSOIX	Small Value	★★★★★ out of 409	★★★★★ out of 409	★★★★★ out of 383	★★★★★ out of 285
Victory THB US Small Opportunities Fund, I Shares	THBIX	Small Blend	★★★★ out of 603	★★★ out of 603	★★★★★ out of 512	–
USAA® Small Cap Stock Fund, Institutional Shares	USCX	Small Blend	★★★★ out of 603	★★★★ out of 603	★★★★★ out of 512	★★★★ out of 356
Victory Sycamore Established Value Fund, I Shares	VEVIX	Mid-Cap Value	★★★★★ out of 395	★★★★★ out of 395	★★★★★ out of 346	★★★★★ out of 246
USAA Nasdaq-100 Index Fund, Institutional Shares	UINQX	Large Growth	★★★★★ out of 1138	★★★★★ out of 1138	★★★★★ out of 1024	★★★★★ out of 761
USAA 500 Index Fund, Reward Shares	USPRX	Large Blend	★★★★★ out of 1257	★★★★ out of 1257	★★★★ out of 1099	★★★★★ out of 820
Victory S&P 500 Index Fund, Y Shares	MUXYX	Large Blend	★★★★ out of 1257	★★★ out of 1257	★★★ out of 1099	★★★★ out of 820
INTERNATIONAL EQUITY						
Victory RS International Fund, Y Shares	RSIGX	Foreign Large Blend	★★★★ out of 673	★★★★ out of 673	★★★★ out of 579	★★★★ out of 385
Victory Trivalent International Small-Cap Fund, Y Shares	MYSIX	Foreign Small/ Mid Blend	★★★★★ out of 90	★★★★ out of 90	★★★★★ out of 75	★★★★★ out of 47
USAA Sustainable World Fund, Institutional Shares	UIWGX	World Large-Stock Blend	★★★★ out of 282	★★★★★ out of 282	★★★★ out of 239	★★★★★ out of 144
Victory RS Global Fund, Y Shares	RGGYX	World Large-Stock Blend	★★★★★ out of 282	★★★★★ out of 282	★★★★★ out of 239	★★★★★ out of 144
USAA Capital Growth Fund, Institutional Shares	UICGX	World Large-Stock Value	★★★★★ out of 158	★★★★ out of 158	★★★★★ out of 145	★★★★★ out of 81
TAX EXEMPT FIXED INCOME						
USAA Tax Exempt Short-Term Fund, Institutional Shares	USTIX	Muni National Short	★★★★ out of 200	★★★ out of 200	★★★★ out of 180	★★★★ out of 137
USAA Tax Exempt Intermediate-Term Fund, Institutional Shares	UITIX	Muni National Interm	★★★★ out of 254	★★★★ out of 254	★★★★ out of 223	★★★★ out of 164

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Overall Ratings

	Ticker	Morningstar Category	Morningstar Ratings based on risk-adjusted returns			
			Overall	3-Year	5-Year	10-Year
TAX EXEMPT FIXED INCOME						
USAA Tax Exempt Long-Term Fund, Institutional Shares	ULTIX	Muni National Long	★★★★ out of 144	★★★★ out of 144	★★★★ out of 123	★★★★ out of 98
Victory Tax-Exempt Fund, Y Shares	RSTYX	Muni National Long	★★★★ out of 144	★★★★ out of 144	★★★★★ out of 123	★★★ out of 98
Victory High Income Municipal Bond Fund, Y Shares	RHMYX	High Yield Muni	★★★★ out of 182	★★★★ out of 182	★★★★ out of 151	★★★ out of 103
USAA California Bond Fund, Institutional Shares	UCBIX	Muni California Long	★★★★ out of 92	★★★ out of 92	★★★ out of 76	★★★★ out of 61
USAA Virginia Bond Fund, Institutional Shares	UVAIX	Muni Single State Interm	★★★★★ out of 129	★★★★ out of 129	★★★★★ out of 116	★★★★★ out of 102
USAA New York Bond Fund, Institutional Shares	UNYIX	Muni New York Intermediate	★★★★★ out of 50	★★★★★ out of 50	★★★★★ out of 47	★★★★★ out of 42
FIXED INCOME						
USAA Ultra Short-Term Bond Fund, Institutional Shares	UUSIX	Ultrashort Bond	★★★★★ out of 204	★★★★★ out of 204	★★★★★ out of 162	★★★★★ out of 80
USAA Short-Term Bond Fund, Institutional Shares	UISBX	Short-Term Bond	★★★★ out of 524	★★★★ out of 524	★★★★ out of 462	★★★★ out of 303
Victory INCORE Fund for Income, I Shares	VFFIX	Short Government	★★★★ out of 79	★★★★ out of 79	★★★ out of 75	★★★★★ out of 65
USAA Intermediate-Term Bond Fund, Institutional Shares	UIITX	Intermediate Core-Plus Bond	★★★★★ out of 550	★★★★★ out of 550	★★★★★ out of 478	★★★★★ out of 341
USAA Income Fund, Institutional Shares	UIINX	Intermediate Core-Plus Bond	★★★★ out of 550	★★★★ out of 550	★★★★ out of 478	★★★★ out of 341
Victory High Yield Fund, Y Shares	RSYYX	High Yield Bond	★★★★★ out of 634	★★★★★ out of 634	★★★★★ out of 556	★★★★★ out of 361
Victory Floating Rate Fund, Y Shares	RSFYX	Bank Loan	★★★★★ out of 232	★★★★★ out of 232	★★★★★ out of 209	★★★★★ out of 123
USAA Government Securities Fund, Institutional Shares	UIGSX	Intermediate Government	★★★★ out of 224	★★★★ out of 224	★★★★ out of 203	★★★ out of 177
Victory Strategic Income Fund, Y Shares	RSRYX	Multisector Bond	★★★★ out of 289	★★★★ out of 289	★★★★ out of 256	★★★ out of 134
MULTI-ASSET & ALTERNATIVES						
USAA Growth and Tax Strategy Fund, Institutional Shares	UGTIX	Allocation--30% to 50% Equity	★★★★★ out of 480	★★★★★ out of 480	★★★★★ out of 430	★★★★★ out of 272
USAA Cornerstone Conservative Fund, Fund Shares	USCCX	Allocation--15% to 30% Equity	★★★★ out of 175	★★★★ out of 175	★★★★ out of 161	–
Victory Market Neutral Income Fund, I Shares	CBHIX	Equity Market Neutral	★★★★★ out of 38	★★★★ out of 38	★★★★★ out of 37	–
Victory Strategic Allocation Fund, I Shares	VBFIX	World Allocation	★★★★★ out of 415	★★★★ out of 415	★★★★ out of 362	★★★★★ out of 229

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Overall Ratings

	Ticker	Morningstar Category	Morningstar Ratings based on risk-adjusted returns			
			Overall	3-Year	5-Year	10-Year
ETF						
VictoryShares US Small Cap High Div Volatility Wtd ETF	CSB	Small Value	★★★★★ out of 409	★★★★★ out of 409	★★★★★ out of 383	—
VictoryShares US Discovery Enhanced Volatility Wtd ETF	CSF	Small Blend	★★★★ out of 603	★★★★ out of 603	★★★★ out of 512	—
VictoryShares US EQ Income Enhanced Volatility Wtd ETF	CDC	Large Value	★★★★★ out of 1141	★★★★★ out of 1141	★★★★★ out of 1012	—
VictoryShares US Multi-Factor Minimum Volatility ETF	VSMV	Large Value	★★★★ out of 1141	★★★★ out of 1141	—	—
VictoryShares Dividend Accelerator ETF	VSDA	Large Blend	★★★★ out of 1257	★★★★ out of 1257	—	—
VictoryShares USAA Core Short-Term Bond ETF	USTB	Short-Term Bond	★★★★ out of 524	★★★★ out of 524	—	—
VictoryShares USAA Core Intermediate-Term Bond ETF	UITB	Intermediate Core Bond	★★★★★ out of 403	★★★★★ out of 403	—	—

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