

Third Quarter 2023 Earnings Presentation

November 3, 2023

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

Third-Quarter Financial Results

Appendix

Quarterly Business Overview

Business Overview

Q3 2023 OPERATING & FINANCIAL HIGHLIGHTS

- Achieved quarter-over-quarter growth:
  - Revenue up 3%
  - Adjusted EBITDA margin, expanded 20 bps to 51.1%
  - Adjusted Net Income with tax benefit per diluted share up 6%
- Improved long-term net outflows from previous quarter
- Increased cash position for financial flexibility

STRATEGIC INVESTMENTS

- Ongoing investments in the business supporting growth:
  - Product development continuing
  - Investing in technology and automation
  - Data & analytics platform continues to be built
  - Enhancing digital marketing capabilities
  - Continuing to hire in strategic areas

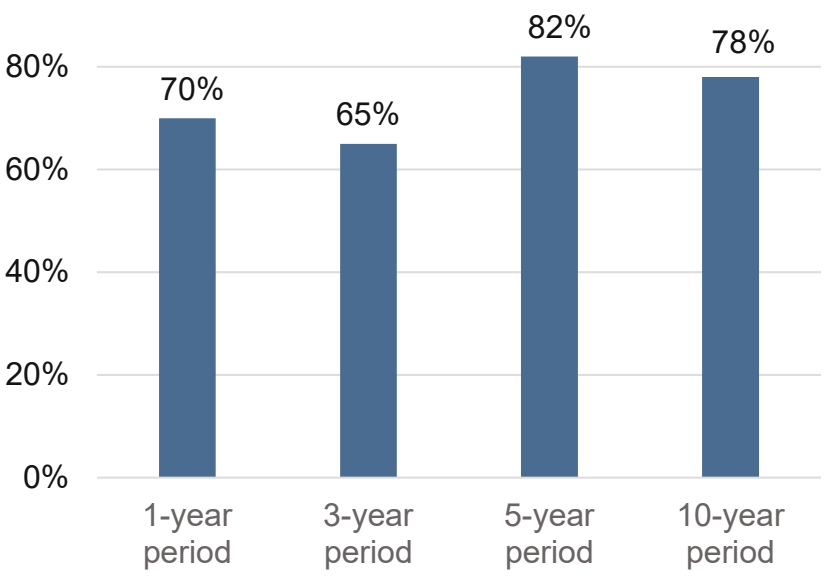
Investment Performance

Commitment to Long-Term Investment Performance

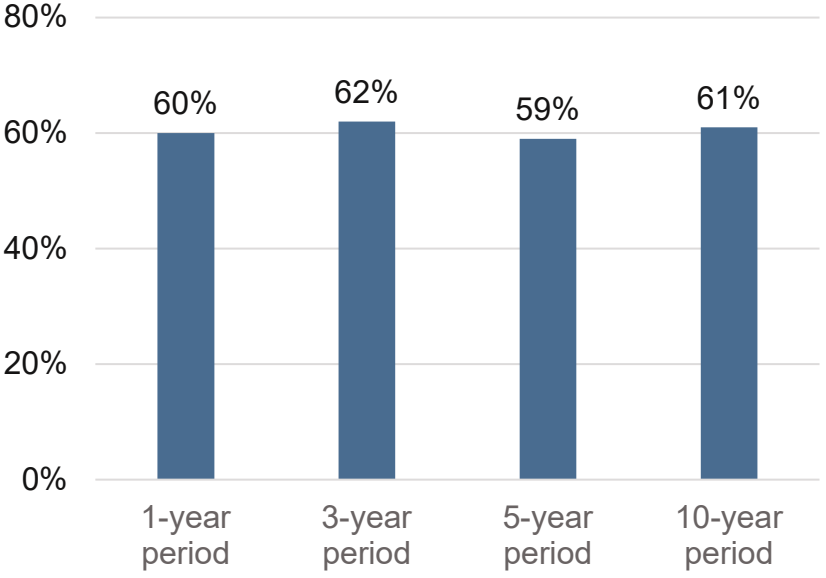
40 *Total Mutual Funds and ETFs with 4- or 5-Star overall ratings*

67% *Total Mutual Funds and ETFs AUM with 4- or 5-Star overall ratings*

% of AUM outperforming benchmarks

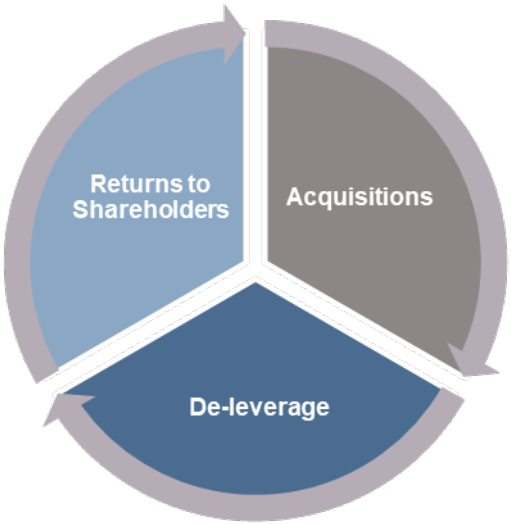


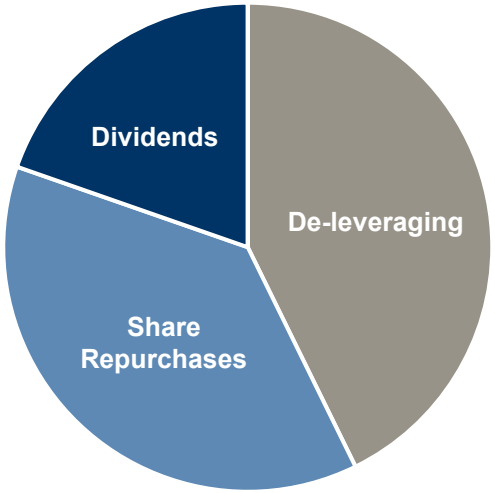
% of strategies outperforming benchmarks



All figures as of September 30, 2023.

Long-term Growth & Capital Allocation Strategy





Enhancing Shareholder Value by:

- Improving platform with every strategic acquisition
- Evolving product set to drive organic growth
- Gaining efficiency from integrated platform
- Evaluating numerous acquisition opportunities
- Being acquirer of choice for many asset managers
- Commitment to de-levering for balance sheet flexibility

Maintaining Balance Sheet Flexibility with:

- Capital allocation policy that supports growth strategy
- Strong free cash flow generation
- Capacity to do additional deals
- Opportunistic share repurchases
- Ancillary cash dividend
- Minimal cap ex, result of operating model

Third-Quarter 2023 Financial Results

Third-Quarter 2023 Financial Results

THIRD QUARTER FINANCIAL RESULTS

- AUM of $153.5Bn at September 30, 2023
  - ➢ Average AUM increased 2.4% in Q3 versus Q2
- Revenue increased 3%
- GAAP operating income of $80MM
- Adjusted EBITDA increased and margin expanded to 51.1%
- GAAP Net Income of $52MM, or $0.77 per diluted share
- Adjusted Net Income with tax benefit rose to $79.8MM, or $1.18 per diluted share

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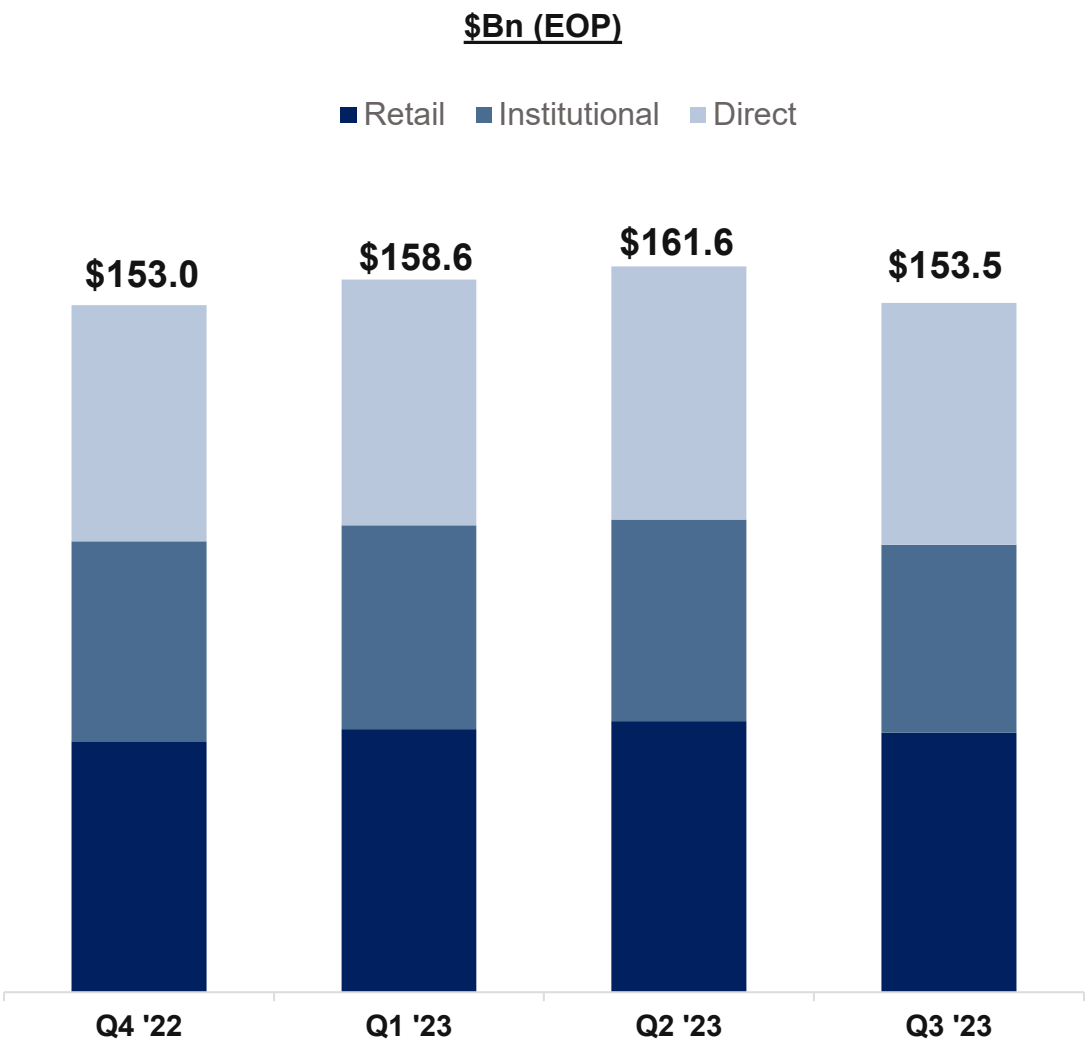
CAPITAL MANAGEMENT

- Ended the quarter with $108 million of cash on balance sheet
- Monetized floating-to-fixed swap, creating an additional $43 million in cash
- Returned $21 million to shareholders via cash dividends
- Returned $7 million via share repurchases
- Declared regular $0.32 quarterly dividend

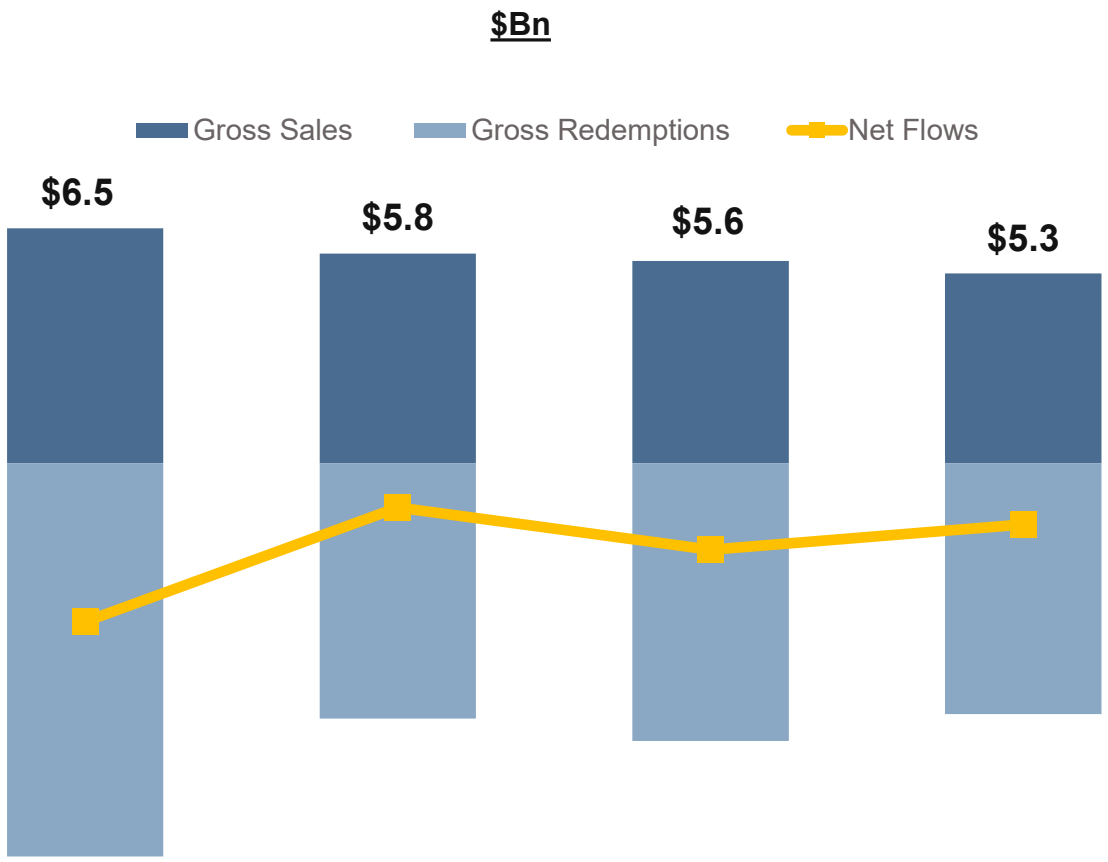
Assets Under Management

- Well-diversified distribution channels and client base
  - Retail
  - Institutional
  - Direct
- Significant diversification within each channel as well



Long-Term Asset Flows

- Asset redemptions slowed for third consecutive quarter
- Multiple franchises generated positive long-term net flows for the quarter:
  - WestEnd Advisors
  - RS Global
  - Trivalent Investments
  - New Energy Capital

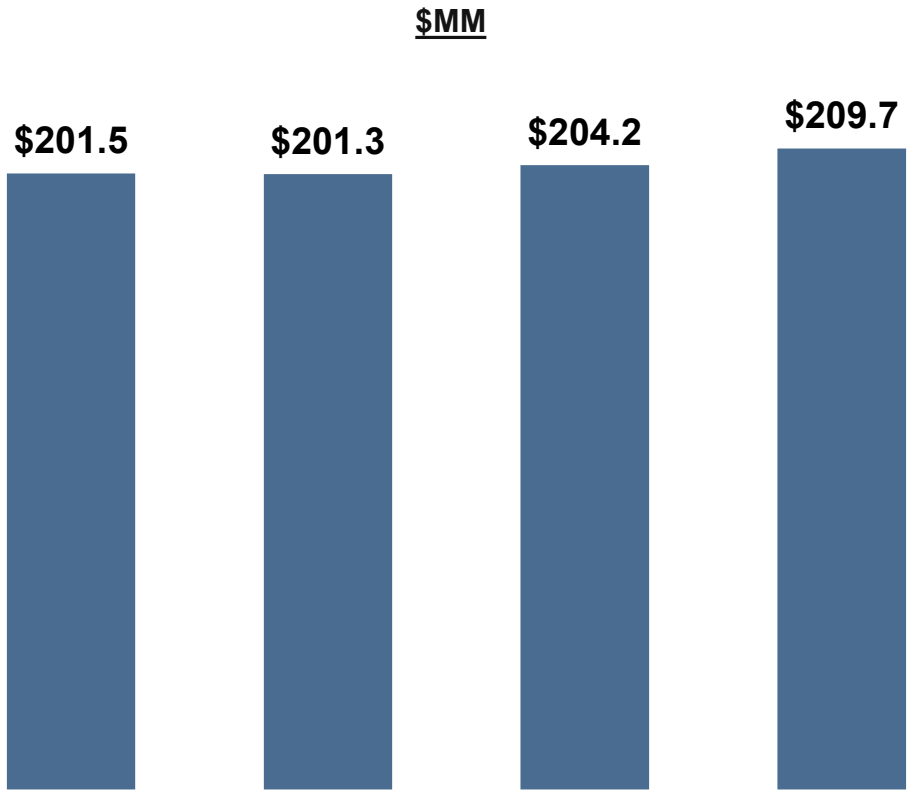


Operating Metrics	Q4 '22	Q1 '23	Q2 '23	Q3 '23
Net long-term flows ($MM)	-$4,405	-$1,235	-$2,106*	**-$1,700**

**Includes previously disclosed April redemption of a $1.1 billion passive mandate that was not making any meaningful margin contribution.*

Revenues

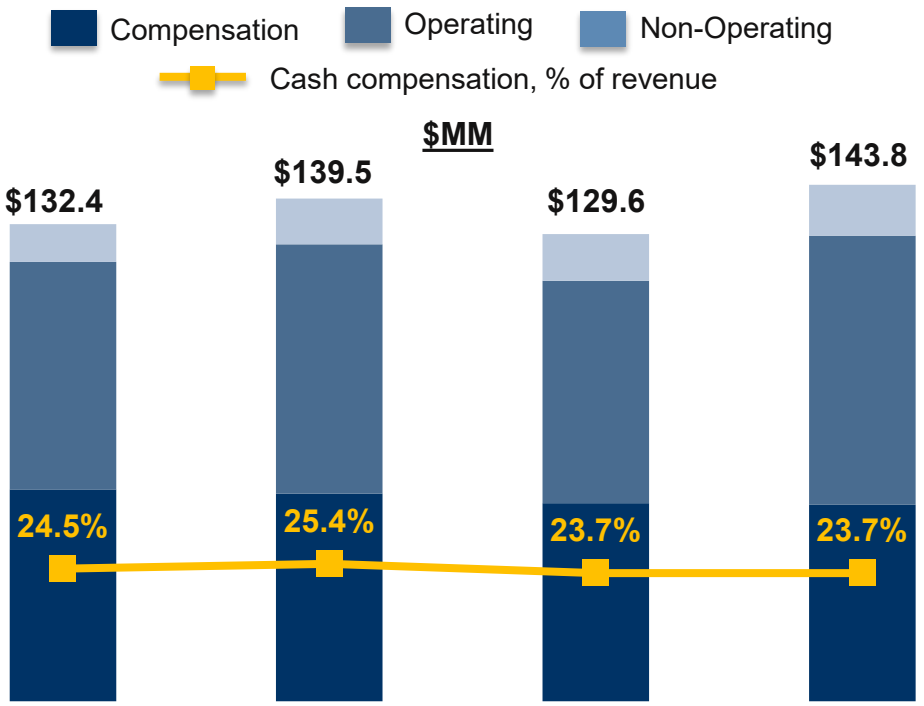
- Highest revenue generated in five quarters
- Average fee rate steady and consistent



Operating Metrics	Q4 '22	Q1 '23	Q2 '23	Q3 '23	TTM
Average AUM ($Bn)	$154.6	$157.8	$157.4	**$161.1**	
Average Fee Rate (bps)	51.7	51.7	52.1	**51.6**	**51.8**

Expenses

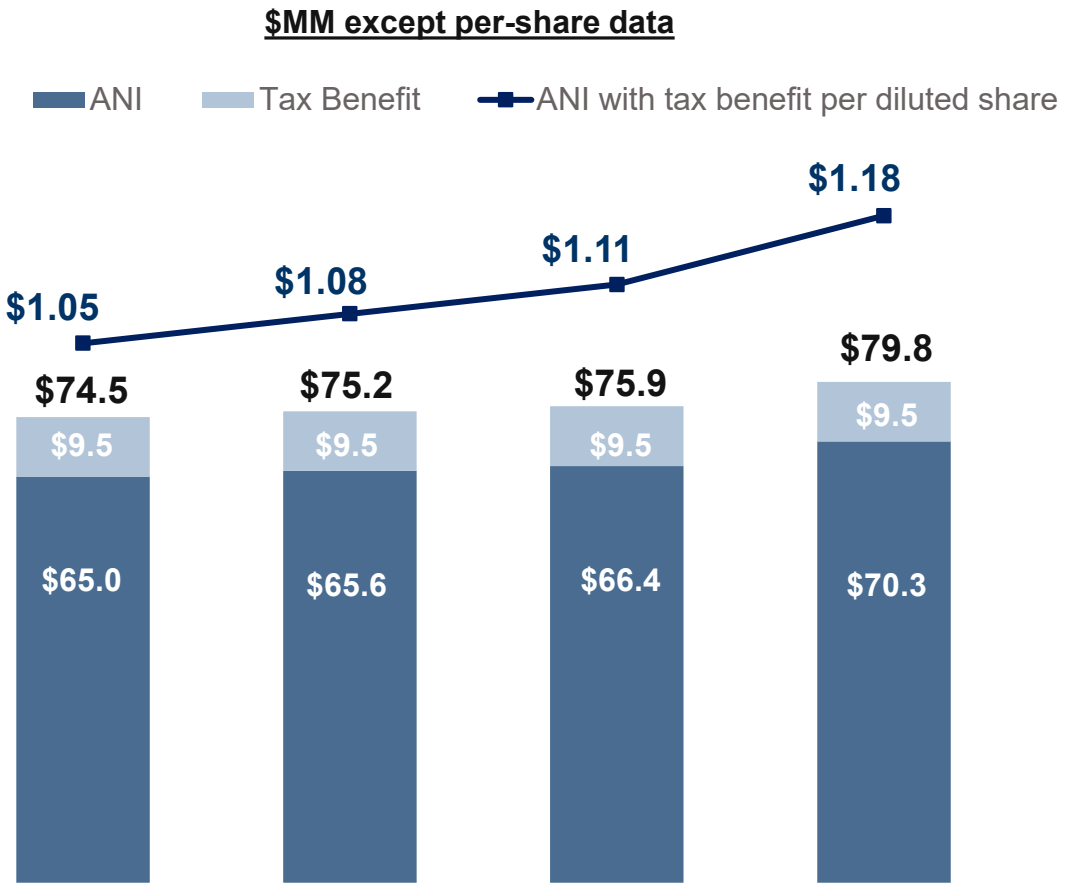
- Compensation expenses relatively flat quarter-over-quarter
- Total GAAP expenses rose, due primarily to an increase in non-cash change in consideration payable for prior acquisitions



($MM)	Q4 '22	Q1 '23	Q2 '23	Q3 '23
Cash compensation and payroll taxes	$ 49.3	$ 51.1	$ 48.4	**$ 49.8**
Acquisition / Transaction related compensation	3.1	1.6	1.4	**1.4**
Equity compensation (non-cash)	4.6	4.3	4.2	**3.9**
Deferred compensation MTM (non-cash)	1.8	0.7	0.8	**(0.5)**
Total Compensation Expenses	58.8	57.6	54.9	**54.5**
Acquisition, restructuring, and integration expenses (income)	0.9	0.0	0.0	**0.4**
All other non-personnel operating expenses	62.2	69.2	61.8	**74.7**
Total Operating Expenses	121.9	126.8	116.7	**129.6**
Unrealized gain/(loss) on deferred comp plan - offset	*1.8*	*0.7*	*0.8*	***(0.5)***
Total Non-Operating Exp. (inclusive of def comp)	10.5	12.7	12.9	**14.1**
Total Expenses	$ 132.4	$ 139.5	$ 129.6	**$ 143.8**

Non-GAAP Metrics

- Adjusted EBITDA Margin expanded from Q2
- Highest Adjusted EBITDA and Adjusted EBITDA margin in trailing four quarters
- Over last 13 quarters Adjusted EBITDA Margin exceeded forecast of 49%:
  - 9 quarters above or equal to 50%
- 12% growth in ANI with tax benefit per diluted share from Q4 '22



Operating Metrics	Q4 '22	Q1 '23	Q2 '23	Q3 '23	TTM
Adjusted EBITDA ($MM)	$100.1	$99.2	$104.0	**$107.2**	
Adjusted EBITDA margin	49.7%	49.3%	50.9%	**51.1%**	**50.3%**

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

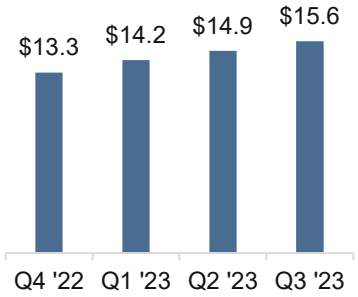
Capital Management

Selected Balance Sheet Items ($MM)	9/30/2023
Cash / Cash Equivalents	$108
Debt	$1,002
Stockholders' Equity	$1,076
Diluted Shares Outstanding (MM)	67.7
Net Debt / Adjusted EBITDA	2.1X

Debt ($MM)



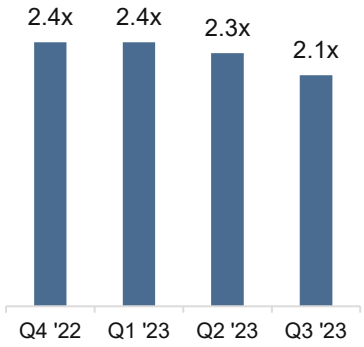
Interest Expense and Other Financing Costs ($MM)



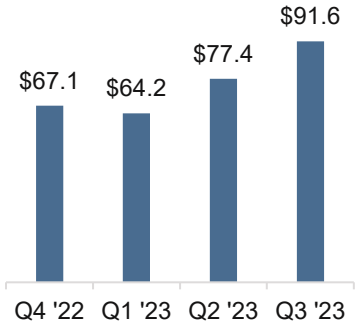
Highlights

- $108 million of cash on balance sheet
- Leverage ratio reduced to 2.1X
- Average interest rate in Q3 essentially flat with Q2
- $100MM revolver remains undrawn

Leverage Ratio



GAAP Operating Cash Flow ($MM)

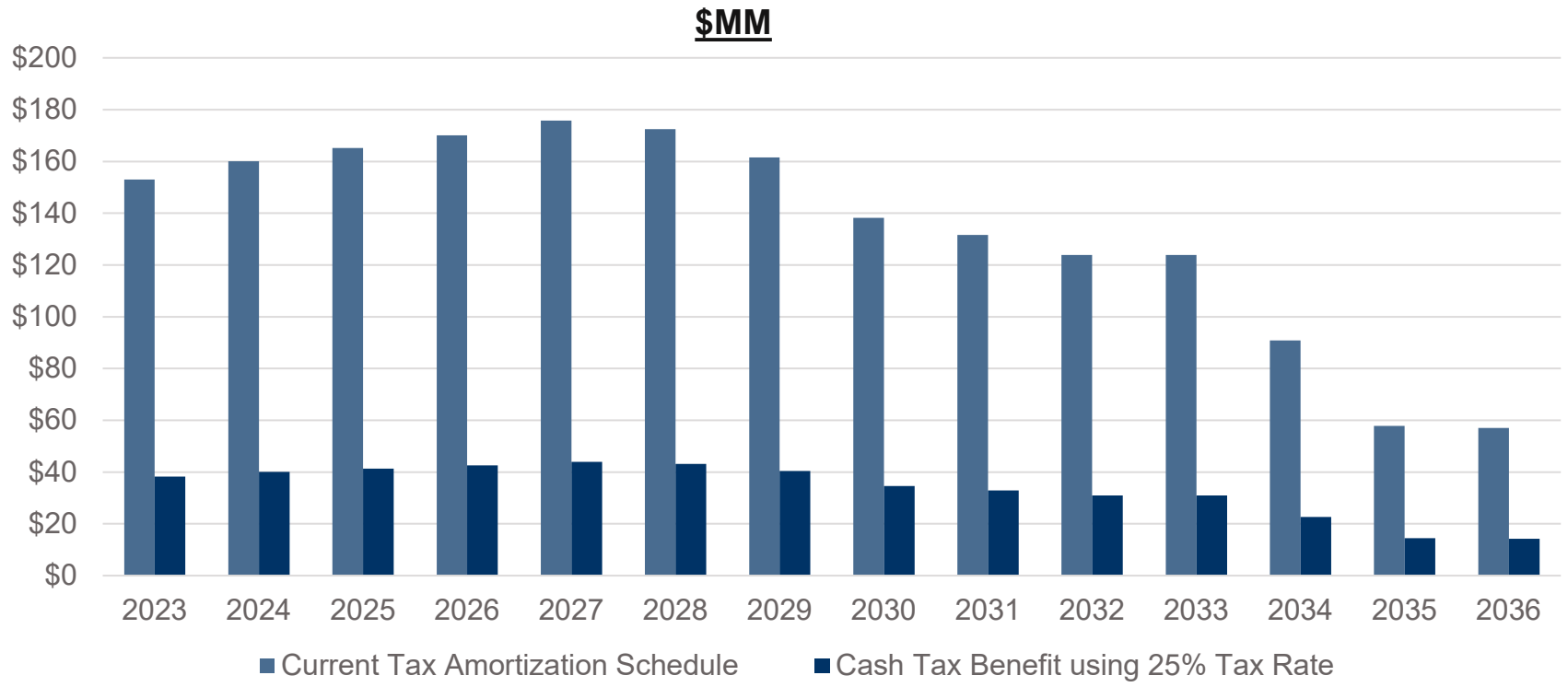


Appendix

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
  - $1.9 billion in total future tax amortization
  - **$470MM** in future cash tax savings, assuming 25% tax rate
  - **NPV $296MM, conservatively discounted at 8%, or >$4.30 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.

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)				
	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
GAAP Net income	**$ 72,764**	**$ 52,269**	**$ 49,273**	**$ 56,671**	**$ 52,007**
GAAP Income tax expense	(12,582)	(16,879)	(12,597)	(17,924)	(13,915)
GAAP income before taxes	**85,346**	**69,148**	**61,870**	**74,595**	**65,922**
Interest expense	10,795	12,006	13,482	14,146	14,659
Depreciation	2,030	1,959	1,971	2,296	2,302
Other business taxes	539	448	384	382	636
GAAP amortization of acquisition-related intangibles	8,657	9,191	9,709	7,353	10,032
Stock-based compensation	2,230	2,420	2,004	1,538	1,451
Acquisition, restructuring and exit costs	(7,842)	3,997	8,984	2,949	11,463
Debt issuance costs	1,064	935	748	756	762
Losses from equity method investments	759	-	-	-	-
Adjusted EBITDA	**$ 103,578**	**$ 100,104**	**$ 99,152**	**$ 104,015**	**$ 107,227**
Revenue (in thousands)	$ 207,260	$ 201,515	$ 201,320	$ 204,226	$ 209,688
Adjusted EBITDA Margin	**50.0%**	**49.7%**	**49.3%**	**50.9%**	**51.1%**

Consolidated Reconciliations of Adjusted Net Income

	For the three months ended,				
	(in thousands, except per-share data)				
	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
GAAP Net Income	**$ 72,764**	**$ 52,269**	**$ 49,273**	**$ 56,671**	**$ 52,007**
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Acquisition, restructuring and exit costs	(7,842)	3,997	8,984	2,949	11,463
Debt issuance costs	1,064	935	748	756	762
Tax effect of above adjustments	(1,163)	(4,247)	(5,457)	(3,244)	(6,085)
Adjusted Net Income	76,249	65,013	65,645	66,405	70,266
Tax benefit of goodwill and acquired intangibles	9,328	9,513	9,524	9,537	9,536
Adjusted Net Income with Tax Benefit	**$ 85,577**	**$ 74,526**	**$ 75,169**	**$ 75,942**	**$ 79,802**
Weighted average shares outstanding – diluted	71,877	70,685	69,727	68,500	67,676
Adjusted Net income with Tax Benefit Per Diluted Share	**$ 1.19**	**$ 1.05**	**$ 1.08**	**$ 1.11**	**$ 1.18**

Detailed Reconciliation of Q3 '23 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	$ 163,953						$ –	$ 163,953		
Fund administration and distribution fees	45,735						-	45,735		
Total revenue	**209,688**	**-**	**-**	**-**	**-**	**-**	**-**	**209,688**		
Expenses										
Personnel compensation and benefits (1)	54,501	-	-	(1,451)	(1,365)	-	(2,816)	51,685		
Distribution and other asset-based expenses (2)	38,160	-	-	-	-	-	-	38,160		
General and administrative (2)	13,947	(636)	-	-	-	-	(636)	13,311		
Depreciation and amortization (2)	12,333	-	(10,032)	-	-	-	(10,032)	2,301		
Change in value of consideration payable for acquisition of business (2)	10,336	-	-	-	(10,336)	-	(10,336)	-		
Acquisition-related costs (2)	116	-	-	-	(116)	-	(116)	-		
Restructuring and integration costs (2)	246	-	-	-	(246)	-	(246)	-		
Total operating expenses	**129,639**	**(636)**	**(10,032)**	**(1,451)**	**(12,063)**	**–**	**(24,182)**	**105,457**		
Income/(loss) from operations	**80,049**	**636**	**10,032**	**1,451**	**12,063**	**–**	**24,182**	**104,231**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,452				(600)		(600)	852		
Interest expense and other financing costs (3)	(15,580)					762	762	(14,818)		
Loss on debt extinguishment (3)	-					-	-	-		
Total other income (expense), net	**(14,128)**	**–**	**–**	**–**	**(600)**	**762**	**162**	**(13,966)**		
Income/(loss) before income taxes	**65,921**	**636**	**10,032**	**1,451**	**11,463**	**762**	**24,344**	**90,265**		
Income tax (expense)/benefit	(13,914)	(159)	(2,508)	(362)	(2,865)	(191)	(6,085)	(19,999)	9,536	
Net income/(loss)	**$ 52,007**	**$ 477**	**$ 7,524**	**$ 1,089**	**$ 8,598**	**$ 571**	**$ 18,259**	**$ 70,266**	**+ $ 9,536**	**= $ 79,802**
Earnings per share—basic	$ 0.79							$ 1.07	$ 0.14	
Earnings per share—diluted	$ 0.77							**$ 1.04**	**+ $ 0.14**	**= $ 1.18**
Weighted average shares outstanding—basic	65,774							65,774	65,774	
Weighted average shares outstanding—diluted	67,676							67,676	67,676	
Memo: Expenses										
Personnel (1)	54,501							51,685		
Operating (2)	75,138							53,772		
Non-Operating (3)	14,128							13,966		

Detailed Reconciliation of Q2 '23 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	$ 159,410						$ –	$ 159,410		
Fund administration and distribution fees	44,816						-	44,816		
Total revenue	**204,226**	**-**	**-**	**-**	**-**	**-**	**-**	**204,226**		
Expenses										
Personnel compensation and benefits (1)	54,940	-	-	(1,538)	(1,433)	-	(2,971)	51,969		
Distribution and other asset-based expenses (2)	37,344	-	-	-	-	-	-	37,344		
General and administrative (2)	13,250	(382)	-	-	-	-	(382)	12,868		
Depreciation and amortization (2)	9,650	-	(7,353)	-	-	-	(7,353)	2,297		
Change in value of consideration payable for acquisition of business (2)	1,500	-	-	-	(1,500)	-	(1,500)	-		
Acquisition-related costs (2)	16	-	-	-	(16)	-	(16)	-		
Restructuring and integration costs (2)	-	-	-	-	-	-	-	-		
Total operating expenses	**116,700**	**(382)**	**(7,353)**	**(1,538)**	**(2,949)**	**–**	**(12,222)**	**104,478**		
Income/(loss) from operations	**87,526**	**382**	**7,353**	**1,538**	**2,949**	**–**	**12,222**	**99,748**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,971						-	1,971		
Interest expense and other financing costs (3)	(14,902)					756	756	(14,146)		
Loss on debt extinguishment (3)	-					-	-	-		
Total other income (expense), net	**(12,931)**	**–**	**–**	**–**	**–**	**756**	**756**	**(12,175)**		
Income/(loss) before income taxes	**74,595**	**382**	**7,353**	**1,538**	**2,949**	**756**	**12,978**	**87,573**		
Income tax (expense)/benefit	(17,924)	(96)	(1,837)	(385)	(737)	(189)	(3,244)	(21,168)	9,537	
Net income/(loss)	**$ 56,671**	**$ 286**	**$ 5,516**	**$ 1,153**	**$ 2,212**	**$ 567**	**$ 9,734**	**$ 66,405**	**+ $ 9,537**	**= $ 75,942**
Earnings per share—basic	$ 0.85							$ 1.00	$ 0.14	
Earnings per share—diluted	$ 0.83							**$ 0.97**	**+ $ 0.14**	**= $ 1.11**
Weighted average shares outstanding—basic	66,466							66,466	66,466	
Weighted average shares outstanding—diluted	68,500							68,500	68,500	
Memo: Expenses										
Personnel (1)	54,940							51,969		
Operating (2)	61,760							52,509		
Non-Operating (3)	12,931							12,175		

Detailed Reconciliation of Q1 '23 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	$ 156,836						$ –	$ 156,836		
Fund administration and distribution fees	44,484						-	44,484		
Total revenue	**201,320**	-	-	-	-	-	-	**201,320**		
Expenses										
Personnel compensation and benefits (1)	57,602			(2,004)	(1,553)		(3,557)	54,045		
Distribution and other asset-based expenses (2)	37,654						-	37,654		
General and administrative (2)	12,388	(384)					(384)	12,004		
Depreciation and amortization (2)	11,680		(9,709)				(9,709)	1,971		
Change in value of consideration payable for acquisition of business (2)	7,400				(7,400)		(7,400)	-		
Acquisition-related costs (2)	2				(2)		(2)	-		
Restructuring and integration costs (2)	29				(29)		(29)	-		
Total operating expenses	**126,755**	**(384)**	**(9,709)**	**(2,004)**	**(8,984)**	**–**	**(21,081)**	**105,674**		
Income/(loss) from operations	**74,565**	**384**	**9,709**	**2,004**	**8,984**	**–**	**21,081**	**95,646**		
Other income (expense)										
Interest income and other income/(expense) (3)	1,544						-	1,544		
Interest expense and other financing costs (3)	(14,239)					748	748	(13,491)		
Loss on debt extinguishment (3)	-					-	-	-		
Total other income (expense), net	**(12,695)**	**–**	**–**	**–**	**–**	**748**	**748**	**(11,947)**		
Income/(loss) before income taxes	**61,870**	**384**	**9,709**	**2,004**	**8,984**	**748**	**21,829**	**83,699**		
Income tax (expense)/benefit	(12,597)	(96)	(2,427)	(500)	(2,246)	(188)	(5,457)	(18,054)	9,524	
Net income/(loss)	**$ 49,273**	**$ 288**	**$ 7,282**	**$ 1,504**	**$ 6,738**	**$ 560**	**$ 16,372**	**$ 65,645**	**+ $ 9,524**	**= $ 75,169**
Earnings per share—basic	$ 0.73							$ 0.98	$ 0.14	
Earnings per share—diluted	$ 0.71							**$ 0.94**	**+ $ 0.14**	**= $ 1.08**
Weighted average shares outstanding—basic	67,288							67,288	67,288	
Weighted average shares outstanding—diluted	69,727							69,727	69,727	
Memo: Expenses										
Personnel (1)	57,602							54,045		
Operating (2)	69,153							51,629		
Non-Operating (3)	12,695							11,947		

Detailed Reconciliation of Q4 '22 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	$ 156,346						$ –	$ 156,346		
Fund administration and distribution fees	45,169						-	45,169		
Total revenue	**201,515**	**-**	**-**	**-**	**-**	**-**	**-**	**201,515**		
Expenses										
Personnel compensation and benefits (1)	58,846	-	-	(2,420)	(3,104)	-	(5,524)	53,322		
Distribution and other asset-based expenses (2)	37,634	-	-	-	-	-	-	37,634		
General and administrative (2)	13,389	(448)	-	-	-	-	(448)	12,941		
Depreciation and amortization (2)	11,150	-	(9,191)	-	-	-	(9,191)	1,959		
Change in value of consideration payable for acquisition of business (2)	-	-	-	-	-	-	-	-		
Acquisition-related costs (2)	85	-	-	-	(85)	-	(85)	-		
Restructuring and integration costs (2)	808	-	-	-	(808)	-	(808)	-		
Total operating expenses	**121,912**	**(448)**	**(9,191)**	**(2,420)**	**(3,997)**	**–**	**(16,056)**	**105,856**		
Income/(loss) from operations	**79,603**	**448**	**9,191**	**2,420**	**3,997**	**–**	**16,056**	**95,659**		
Other income (expense)										
Interest income and other income/(expense) (3)	2,633						-	2,633		
Interest expense and other financing costs (3)	(13,327)					771	771	(12,556)		
Loss on debt extinguishment (3)	239					164	164	403		
Total other income (expense), net	**(10,455)**	**–**	**–**	**–**	**–**	**935**	**935**	**(9,520)**		
Income/(loss) before income taxes	**69,148**	**448**	**9,191**	**2,420**	**3,997**	**935**	**16,991**	**86,139**		
Income tax (expense)/benefit	(16,879)	(112)	(2,298)	(605)	(999)	(233)	(4,247)	(21,126)	9,513	
Net income/(loss)	**$ 52,269**	**$ 336**	**$ 6,893**	**$ 1,815**	**$ 2,998**	**$ 702**	**$ 12,744**	**$ 65,013**	**+ $ 9,513**	**= $ 74,526**
Earnings per share—basic	$ 0.77							$ 0.96	$ 0.14	
Earnings per share—diluted	$ 0.74							**$ 0.92**	**+ $ 0.13**	**= $ 1.05**
Weighted average shares outstanding—basic	68,054							68,054	68,054	
Weighted average shares outstanding—diluted	70,685							70,685	70,685	
Memo: Expenses										
Personnel (1)	58,846							53,322		
Operating (2)	63,066							52,534		
Non-Operating (3)	10,455							9,520		

Detailed Reconciliation of Q3 '22 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	$ 160,770						$ –	$ 160,770		
Fund administration and distribution fees	46,490						-	46,490		
Total revenue	**207,260**	**-**	**-**	**-**	**-**	**-**	**-**	**207,260**		
Expenses										
Personnel compensation and benefits (1)	56,869	-	-	(2,230)	(2,413)	-	(4,643)	52,226		
Distribution and other asset-based expenses (2)	39,019	-	-	-	-	-	-	39,019		
General and administrative (2)	12,301	(539)	-	-	-	-	(539)	11,762		
Depreciation and amortization (2)	10,686	-	(8,657)	-	-	-	(8,657)	2,029		
Change in value of consideration payable for acquisition of business (2)	(10,500)	-	-	-	10,500	-	10,500	-		
Acquisition-related costs (2)	189	-	-	-	(189)	-	(189)	-		
Restructuring and integration costs (2)	56	-	-	-	(56)	-	(56)	-		
Total operating expenses	**108,620**	**(539)**	**(8,657)**	**(2,230)**	**7,842**	**–**	**(3,584)**	**105,036**		
Income/(loss) from operations	**98,640**	**539**	**8,657**	**2,230**	**(7,842)**	**–**	**3,584**	**102,224**		
Other income (expense)										
Interest income and other income/(expense) (3)	(1,446)						-	(1,446)		
Interest expense and other financing costs (3)	(11,479)					785	785	(10,694)		
Loss on debt extinguishment (3)	(369)					279	279	(90)		
Total other income (expense), net	**(13,294)**	**–**	**–**	**–**	**–**	**1,064**	**1,064**	**(12,230)**		
Income/(loss) before income taxes	**85,346**	**539**	**8,657**	**2,230**	**(7,842)**	**1,064**	**4,648**	**89,994**		
Income tax (expense)/benefit	(12,582)	(135)	(2,164)	(558)	1,960	(266)	(1,163)	(13,745)	9,328	
Net income/(loss)	**$ 72,764**	**$ 404**	**$ 6,493**	**$ 1,672**	**$ (5,882)**	**$ 798**	**$ 3,485**	**$ 76,249**	**+ $ 9,328**	**= $ 85,577**
Earnings per share—basic	$ 1.06							$ 1.11	$ 0.14	
Earnings per share—diluted	$ 1.01							**$ 1.06**	**+ $ 0.13**	**= $ 1.19**
Weighted average shares outstanding—basic	68,609							68,609	68,609	
Weighted average shares outstanding—diluted	71,877							71,877	71,877	
Memo: Expenses										
Personnel (1)	56,869							52,226		
Operating (2)	51,751							52,810		
Non-Operating (3)	13,294							12,230		

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 September 30, 2023.

Past performance does not guarantee future results. Carefully consider a fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus or summary prospectus containing this and other important information, visit www.vcm.com/prospectus. Read it carefully before investing.

A fund's most recent performance can be found at vcm.com. 60 mutual funds and ETFs did not have 4- or 5- star overall ratings or are not rated. 33% 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.

The Morningstar Rating for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36–59 months of total returns, 60% five-year rating/40% three-year rating for 60–119 months of total returns, and 50% ten-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the ten-year overall star rating formula seems to give the most weight to the ten-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings may reflect fee waivers in effect; in their absence, ratings may have been lower.