

Victory Capital to Acquire THB Asset Management

THB Asset Management to Become Victory Capital's 10th Investment Franchise

SAN ANTONIO--(BUSINESS WIRE)-- Victory Capital Holdings, Inc. (NASDAQ: VCTR) ("Victory Capital" or the "Company") today announced that it has signed a definitive purchase agreement to acquire certain assets of THB Asset Management ("THB").

The transaction is expected to close in early 2021 and be immediately accretive to earnings. Consistent with Victory Capital's model, THB's investment team will become employees of the Company and the newly created Franchise will be subject to a compensation agreement based on revenue sharing. No material consideration will be paid for the assets.

"We are pleased to welcome the THB investment team and their clients to Victory Capital," said David Brown, Chairman and CEO. "With investment strategies in asset classes where we have extensive operating and distribution experience, we look forward to a seamless and efficient integration as we also continue to evaluate a wide variety of other acquisition prospects. Our scaled and integrated platform appeals to leading investment professionals by combining the benefits of an established operating and distribution infrastructure while preserving the autonomy of their investment process and unique brand."

THB's Chief Investment Officer, Christopher Cuesta, commented, "Our investment team is delighted to be joining forces with Victory Capital. Their entrepreneurial culture, strategic vision and appreciation of capacity constrained strategies aligns perfectly with our heritage. This transaction will not affect our investment philosophy or process, and we look forward to devoting all our attention to managing portfolios and serving clients from our current location in Norwalk, CT. We have significant capacity to grow assets in our products and believe Victory Capital's broad and deep distribution network—coupled with its ability to develop in-demand products and investment vehicles—will accelerate our growth."

"THB's investment performance track record demonstrates a genuine edge," Brown added. "Its strategies have consistently outperformed respective benchmarks throughout various market cycles and rank among the top tier of their strategy peer groups. Aligning with our responsible investing goals, THB has a 30-year history of managing socially responsible investment portfolios with ESG considerations fully integrated into the investment process for each of its strategies. In addition, the team also seeks investments in sustainable impact themes such as renewable energy, carbon capture and storage, green technologies, and environmentally friendly products."

Founded in 1982, and formerly known as Thomson, Hortsman & Bryant, THB Asset Management is based in Norwalk, CT, and will remain in its current location. The team currently manages approximately \$435 million in equity assets in capacity constrained, micro-cap, small-cap, and mid-cap asset classes, including strategies managing U.S., international and global portfolios. THB serves clients in the U.S. and in Europe and Australia through long-established partnerships

with Carolon Capital and Brookvine, providing Victory Capital with additional offshore distribution relationships and opportunities.

Table: THB Investment Performance

THB Asset Management Peer Rankings and Excess Returns vs. Benchmarks, as of Sep 30, 2020					
		Micro-Cap1	Small-Cap2	Mid-Cap3	International Opportunities4
QTD	Peer Rank (%)	4%	30%	7%	4%
	Excess return vs. benchmark	+867 bps	+123 bps	+260 bps	+551 bps
1-Year	Peer Rank (%)	24%	14%	9%	7%
	Excess return vs. benchmark	-100 bps	+720 bps	+936 bps	+1,298 bps
3-Year	Peer Rank (%)	25%	32%	10%	8%
	Excess return vs. benchmark	+75 bps	+128 bps	+620 bps	+511 bps
5-Year	Peer Rank (%)	20%	21%	18%	2%
	Excess return vs. benchmark	+242 bps	+135 bps	+276 bps	+846 bps
10-Year	Peer Rank (%)	35%	64%	NA	NA
	Excess return vs. benchmark	+64 bps	-59 bps	NA	NA
Since Inception		Jun 1998	Jan 1992	Feb 2014	Apr 2015
	Excess return vs. benchmark	+444 bps	+61 bps	+297 bps	+819 bps

Performance data quoted represents past performance net of fees and is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income. Benchmark Indexes: 1) Russell Microcap; 2) Russell 2000; 3) Russell Midcap®; and, 4) MSCI EAFE Small Cap

Source: eVestment and THB Asset Management. eVestment universe rankings reflect the following independent category classifications: U.S. Micro Cap Core Equity; U.S. Small Cap Core Equity; U.S. Mid Cap Core Equity; and EAFE Small Cap Core Equity.

Closing is subject to customary approvals, conditions and consents, including approvals by the shareholders and board of trustees of the THB-advised mutual fund.

BofA Securities served as financial advisor to Victory Capital, and Willkie Farr & Gallagher LLP served as legal advisor to Victory Capital. Acclinate LLC served as consultant to THB Asset Management.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “assume,” “budget,” “continue,” “estimate,” “future,” “objective,” “outlook,” “plan,” “potential,” “predict,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Victory Capital’s control such as the COVID-19 pandemic and its effect on our business, operations and financial results going forward, as discussed in Victory Capital’s filings with the SEC, that could cause Victory Capital’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements.

Although it is not possible to identify all such risks and factors, they include, among others, the following: reductions in

AUM based on investment performance, client withdrawals, difficult market conditions and other factors such as a pandemic; the nature of the Company's contracts and investment advisory agreements; the Company's ability to maintain historical returns and sustain its historical growth; the Company's dependence on third parties to market its strategies and provide products or services for the operation of its business; the Company's ability to retain key investment professionals or members of its senior management team; the Company's reliance on the technology systems supporting its operations; the Company's ability to successfully acquire and integrate new companies; the concentration of the Company's investments in long-only small- and mid-cap equity and U.S. clients; risks and uncertainties associated with non-U.S. investments; the Company's efforts to establish and develop new teams and strategies; the ability of the Company's investment teams to identify appropriate investment opportunities; the Company's ability to limit employee misconduct; the Company's ability to meet the guidelines set by its clients; the Company's exposure to potential litigation (including administrative or tax proceedings) or regulatory actions; the Company's ability to implement effective information and cyber security policies, procedures and capabilities; the Company's substantial indebtedness; the potential impairment of the Company's goodwill and intangible assets; disruption to the operations of third parties whose functions are integral to the Company's ETF platform; the Company's determination that Victory Capital is not required to register as an "investment company" under the 1940 Act; the fluctuation of the Company's expenses; the Company's ability to respond to recent trends in the investment management industry; the level of regulation on investment management firms and the Company's ability to respond to regulatory developments; the competitiveness of the investment management industry; the dual class structure of the Company's common stock; the level of control over the Company retained by Crestview GP; the Company's status as an emerging growth company and a controlled company; and other risks and factors listed under "Risk Factors" and elsewhere in the Company's filings with the SEC.

Such forward-looking statements are based on numerous assumptions regarding Victory Capital's present and future business strategies and the environment in which it will operate in the future. Any forward-looking statement made in this press release speaks only as of the date hereof. Except as required by law, Victory Capital assumes 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.

About Victory Capital

Victory Capital is a diversified global asset management firm with \$132.7 billion in assets under management as of September 30, 2020. The Company operates a next-generation business model combining boutique investment qualities with the benefits of a fully integrated, centralized operating and distribution platform.

Victory Capital provides specialized investment strategies to institutions, intermediaries, retirement platforms and individual investors. With nine autonomous Investment Franchises and a Solutions Platform, Victory Capital offers a wide array of investment styles and investment vehicles including, actively managed mutual funds, separately managed accounts, active ETFs, multi-asset class strategies, custom-designed solutions and a 529 College Savings Plan.

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