



Fourth Quarter 2019
Earnings Presentation
February 13, 2020

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

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

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

Topics

Business Overview

Investment Performance

USAA Asset Management Company Update

Fourth Quarter and Full Year 2019 Financial Results

Appendix

Business Overview

AUM & FLOWS

- Total AUM increased to \$151.8Bn at December 31, 2019
 - > Up 4% in 4Q
 - > Up 188% during 2019
-

4Q FINANCIAL HIGHLIGHTS

- \$0.99 Adjusted Net Income with tax benefit per diluted share
 - 46.8% Adjusted EBITDA Margin for the quarter; expanded 200 basis points from 3Q, and 890 basis point from 4Q 2018
 - Ended year with \$952MM of debt, down from \$1.1Bn on July 1; subsequently reduced to \$929MM
 - Declared regular quarterly \$0.05 per share cash dividend
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USAA INTEGRATION UPDATE

- Total run-rate synergies remain on track
- Completed move into new San Antonio headquarters space in November

Investment Performance



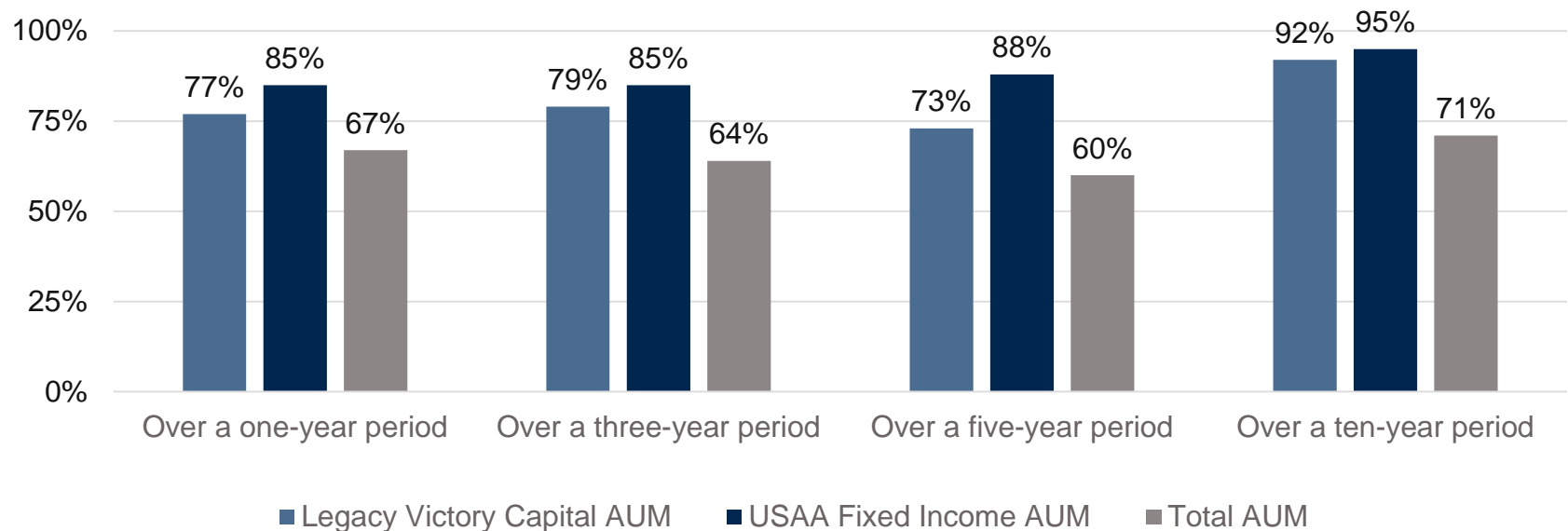
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Total Mutual Funds and ETFs with 4- or 5-Star overall ratings

68%

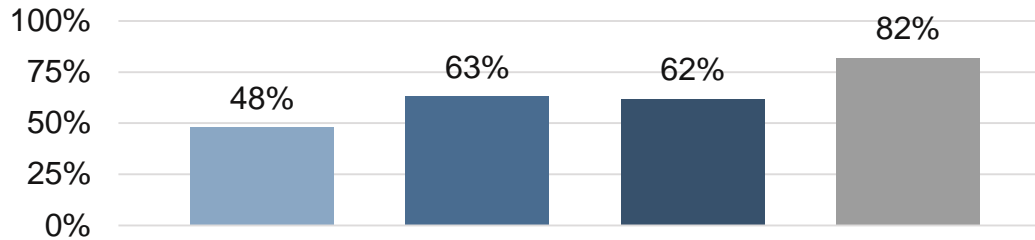
Total Mutual Funds and ETFs AUM with 4- or 5-Star overall ratings

Percentage of AUM that has outperformed its benchmark

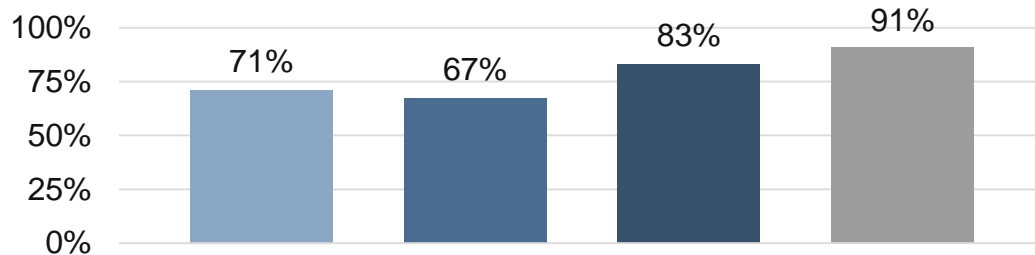


Percentage of Strategies Outperforming Benchmarks

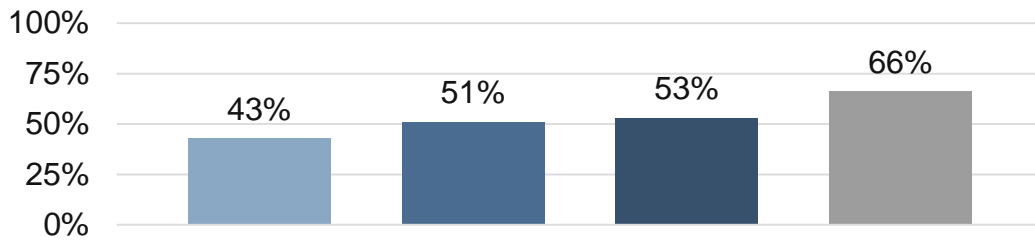
Legacy Victory Capital



USAA Fixed Income



Total



■ 1-Year ■ 3-Year ■ 5-Year ■ 10-Year

USAA Asset Management Company Update

Integration is on schedule

- Moved into new San Antonio headquarters office in November 2019
- Mutual fund and 529 referral agreement in place and effective with USAA
- Marketing to existing member accounts and new member prospects
- Developing a number of new products for direct channel
- Significantly upgrading technology and digital platforms launching 2Q 2020

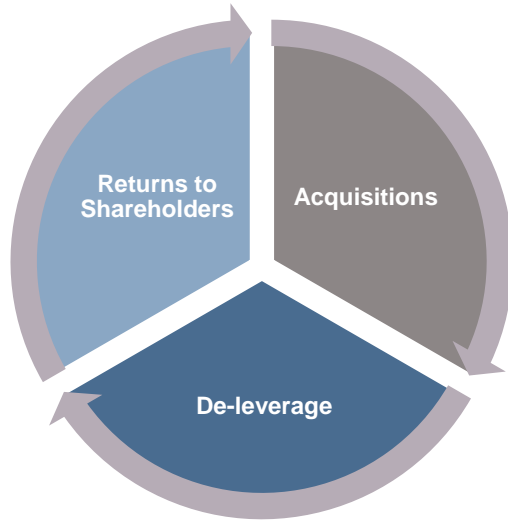
New distribution opportunity in existing channels

- Distribution and marketing teams are actively marketing highly rated USAA fixed income funds, ETFs, and other products
- Gaining platform access and shelf space at:
 - > Retail Intermediaries
 - > Retirement Platforms

The Victory Capital Investor Call Center

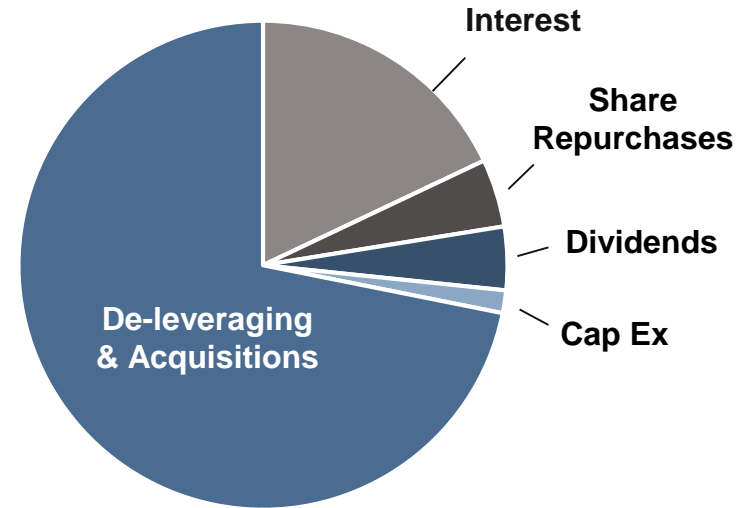
- 120 sales and service professionals focused on assisting USAA Members' investment needs
- FINRA Series 7 & 63 licensed professionals
 - > Available for personal portfolio reviews, college planning assistance, and investment guidance for USAA members
 - > 300,000 calls taken since July 1
- Launched chat channel functionality to better serve members' individual communication preferences





Enhancing Shareholder Value by:

- Improving platform with every strategic acquisition
- Growing earnings in face of industry headwinds
- Gaining efficiency from integrated platform
- Expanding margins by increasing scale and efficiency
- Evaluating numerous acquisition opportunities
- Being acquirer of choice for many asset managers



Maintaining Balance Sheet Flexibility with:

- Strategic capital allocation policy
- Strong free cash flow generation
- Capacity to quickly de-leverage to do additional deals
- Ancillary cash dividend
- Minor share repurchases
- Minimal cap ex, due to outsourcing model

Fourth Quarter and Full Year 2019 Financial Results

RECORD QUARTERLY FINANCIAL RESULTS

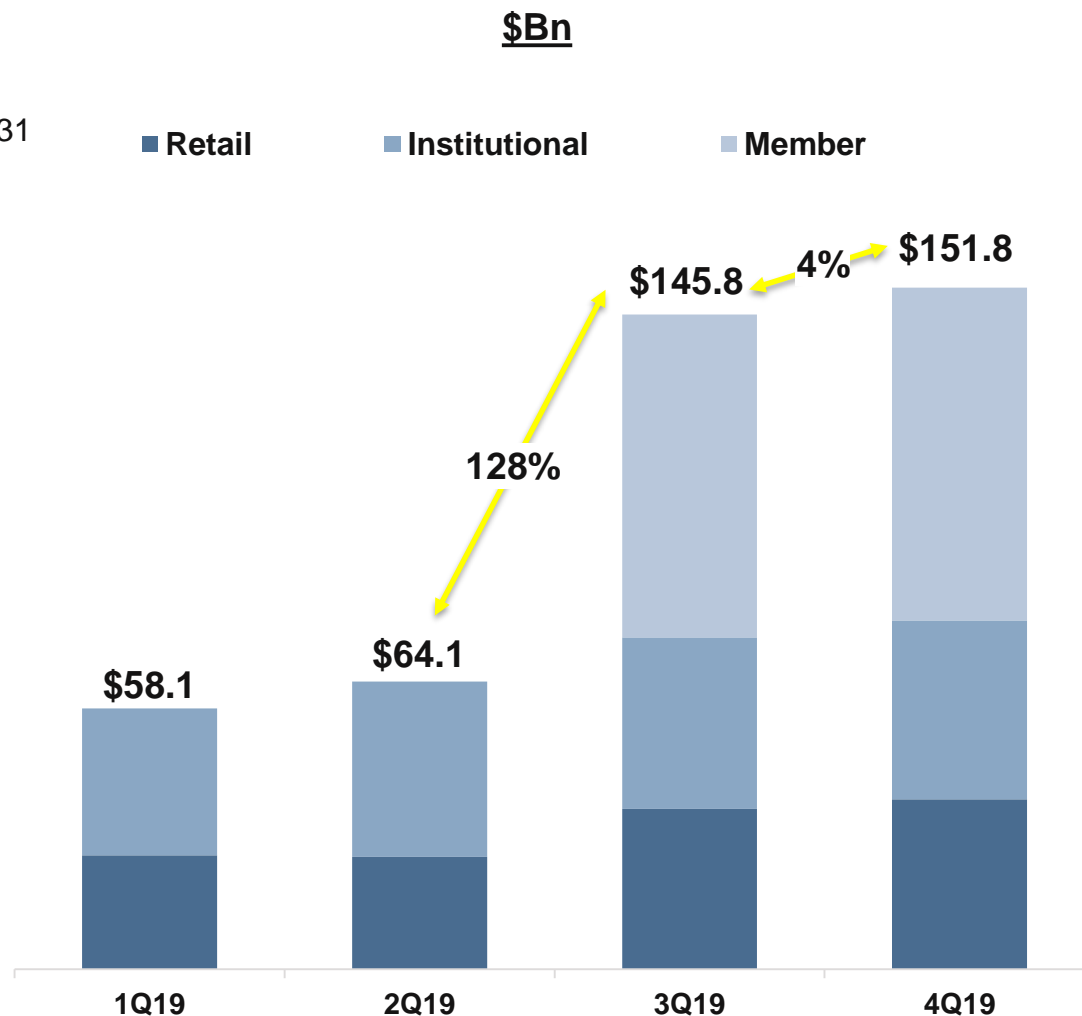
- \$219MM revenue
 - > Up 2% from 3Q
 - > Up 128% from 4Q 2018
- \$0.51 GAAP Earnings per diluted share
 - > Up 46% from 3Q
 - > Up 168% from 4Q 2018
- \$0.99 Adjusted Net Income with tax benefit per diluted share
 - > Up 9% from 3Q
 - > Up 161% from 4Q 2018
- 29.4% GAAP Operating Margin
- 46.8% Adjusted EBITDA Margin

CAPITAL MANAGEMENT

- Reduced debt by another \$85MM in the 4Q, increasing 2H'19 total debt reduction to \$148MM
- Reduced debt an additional \$23MM, subsequent to year end
 - > Net Debt/Run-Rate EBITDA down to 2.3x
 - > 7-year term loan repriced in January 2020 at L+250, a 75 basis point reduction
 - Annualized interest savings of \$7MM
- Returned \$9.6MM to shareholders in 4Q, and \$23.0MM in 2019

Assets Under Management (End of Period)

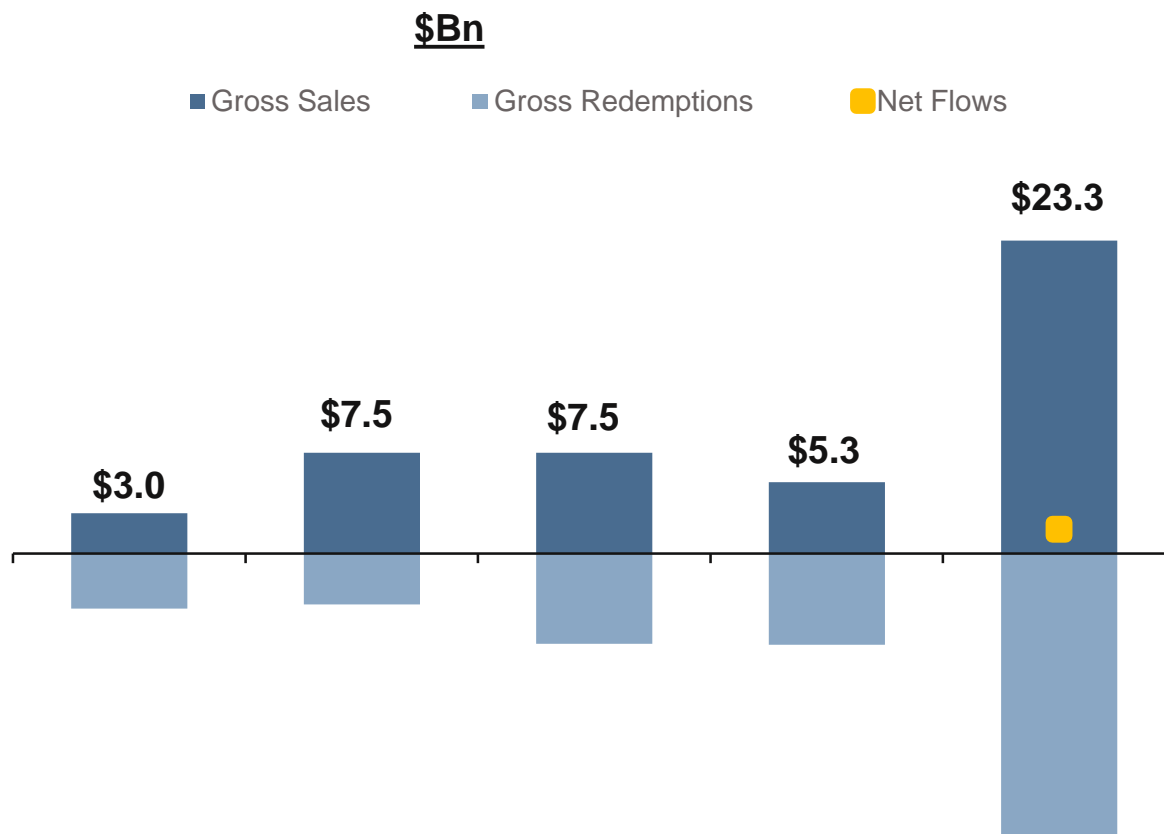
- Total AUM of \$151.8Bn, at December 31
 - Up 4% from 3Q
 - Up 188% from prior year
- Diversified distribution channels
 - Retail
 - Institutional
 - Member



Long-Term Asset Flows

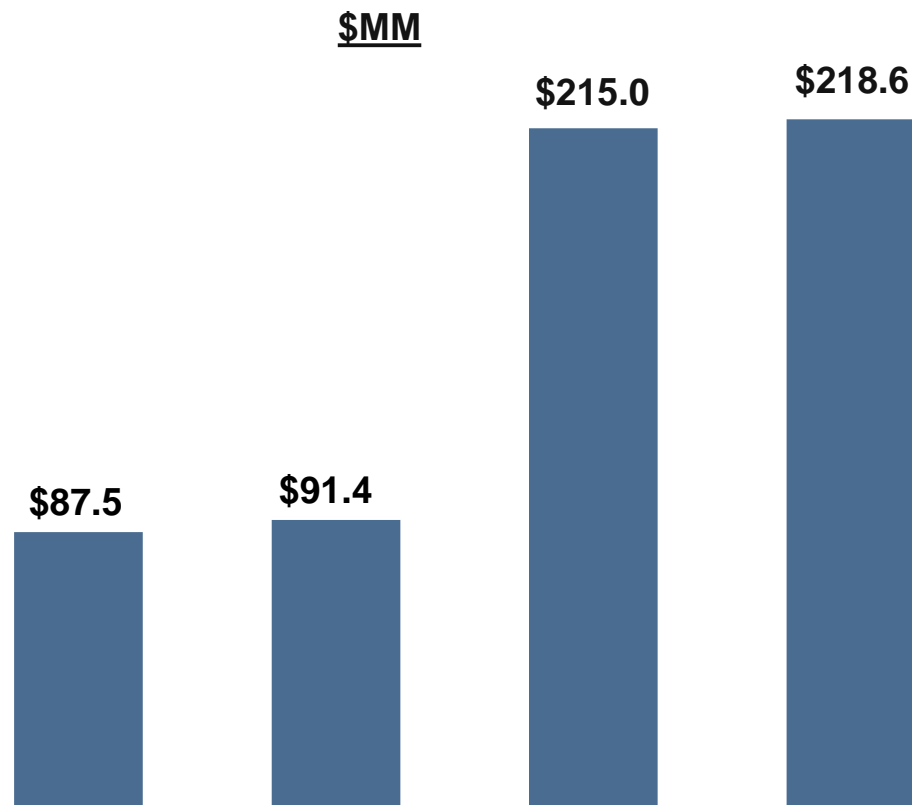
For full-year 2019

- Gross LT sales of \$23.3Bn, net LT inflows totaled +\$1.8Bn
- 4 franchises and Solutions Platform generated long-term net inflows



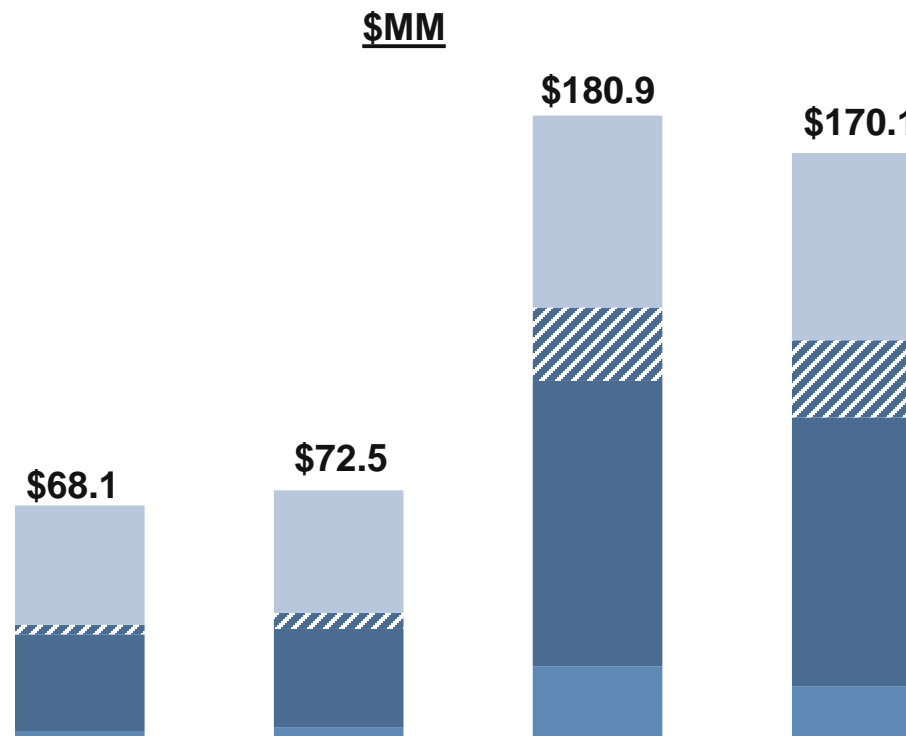
Operating Metrics	1Q19	2Q19	3Q19	4Q19	FY 2019
Gross long-term sales (% of starting AUM)	5.7%	12.9%	11.6%	3.9%	44.1%
Net long-term flows (\$MM)	-\$1,105	+\$3,694	+\$726	-\$1,474	+\$1,840
Net long-term flows (% of starting AUM)	-2.1%	+6.4%	+1.1%	-1.1%	+3.5%

- Record quarterly and full-year revenue
 - > 4Q Revenue up 2%, vs 3Q
 - > 4Q Revenue up 128% vs 4Q18
 - > FY 2019 Revenue up 48% vs FY 2018
- Fee rate flat vs 3Q19
 - > In place is a temporary waiver of fulcrum fees on acquired assets that expires July 1, 2020



Operating Metrics	1Q19	2Q19	3Q19	4Q19
Average AUM (\$Bn)	\$57.0	\$60.1	\$145.9	\$147.9
Average Fee Rate (bps), as reported	62.2	61.0	58.5	58.7

- Total 4Q expenses declined 6% from 3Q
 - > 27% reduction in non-operating expenses due to:
 - Higher financing cost in 3Q from debt issuance
 - Lower interest expense due to debt reduction
 - > 17% reduction in general and administrative expenses

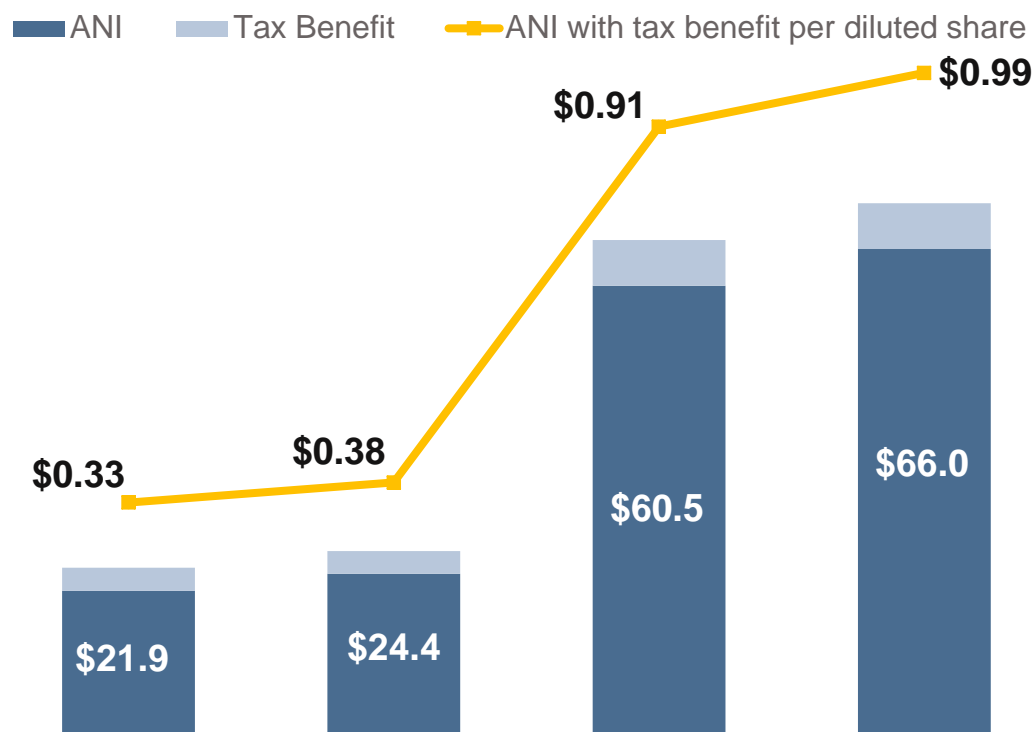


Operating Metrics (\$MM)		1Q19	2Q19	3Q19	4Q19
Personnel		\$34.5	\$35.5	\$55.6	\$54.2
Acquisition-related, restructuring & integration		2.8	4.6	21.2	22.3*
Operating		28.0	28.5	82.7	77.8
Non-Operating		2.8	3.9	21.5	15.8

*In the fourth quarter of 2019, acquisition-related expenses included \$19.9 million adjustment to increase valuation of potential acquisition contingent payments.

- 4Q19 Adjusted Net Income (ANI) with tax benefit of \$0.99 per diluted share
 - > Up 9% from 3Q
 - > Up 161% from 4Q18
- 4Q ANI with tax benefit of \$72.8MM
 - > \$66.0MM ANI
 - Up 9% from 3Q
 - Up 180% from 4Q18
 - > \$6.8MM tax benefit
 - Unchanged from 3Q
 - Up 106% from 4Q18
- Adjusted EBITDA Margin of 46.8%
 - > Up 200 bps vs 3Q'19
 - > Up 680 bps vs 2Q'19
 - > Up 840 bps vs 1Q'19
 - > Up 890 bps vs 4Q'18

\$MM except per share data

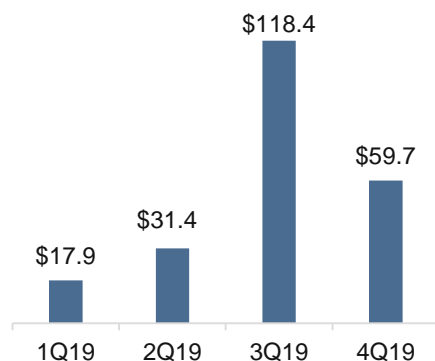


Operating Metrics	1Q19	2Q19	3Q19	4Q19
Adjusted EBITDA (\$MM)	\$33.6	\$36.6	\$96.3	\$102.3
Adjusted EBITDA Margin	38.4%	40.0%	44.8%	46.8%

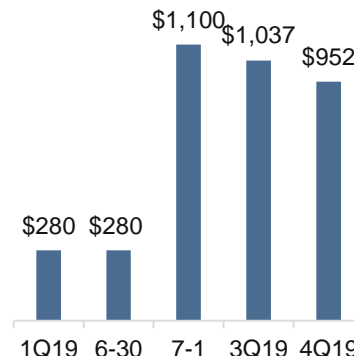
- Returned \$9.6MM to shareholders in 4Q, and \$23.0MM during 2019
 - > Repurchased 293K shares in 4Q19
 - > Declared regular quarterly cash dividend of \$0.05 per share, payable on March 25
- Term Loan Repriced in January, lowering interest rate by 75bps. No changes to covenants or maturity.

Selected Balance Sheet Items (\$MM)	12/31/19
Cash / Cash Equivalents	\$37.1
Debt (<i>through Feb. 13, further reduced to \$929</i>)	\$952
Stockholders' Equity	\$538
Diluted Shares Outstanding (MM)	73.9
Net Debt / Run-Rate EBITDA ¹ (<i>at Dec 31, 2019</i>)	2.3x

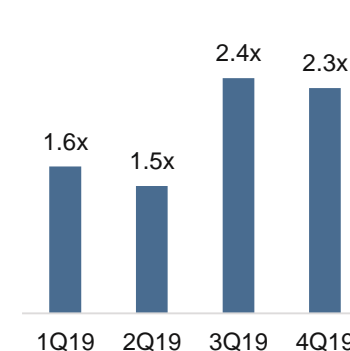
GAAP Operating Cash Flow (\$MM)



Debt (\$MM)



Leverage Ratio¹



¹ Net Debt/Run-Rate EBITDA ratio was 2.3x at 12.31.19, based on post-synergy run-rate Adjusted EBITDA of approximately \$400MM, and net debt of \$915MM from \$952MM in debt, less \$37MM in cash.

Appendix

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 cost expense;
- Adding back pre-IPO governance expenses paid to the Company's private equity partners that terminated as of the completion of the IPO; 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 and the IPO, including restructuring costs;
- Adding back debt issuance cost expense;
- Adding back pre-IPO governance expenses paid to the Company's private equity partners that terminated as of the completion of the IPO; 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,				
	<i>(in thousands)</i>				
	<u>12/18/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
GAAP Net income	\$ 13,915	\$ 14,527	\$ 14,383	\$ 25,992	\$ 37,589
GAAP Income tax expense	(4,777)	(4,807)	(4,478)	(8,058)	(10,854)
GAAP income before taxes	18,692	19,334	18,861	34,050	48,443
Interest expense	3,797	3,853	3,613	18,388	14,852
Depreciation	709	571	612	682	1,130
Other business taxes	337	555	424	146	359
GAAP amortization of acquisition-related intangibles	4,651	4,651	4,651	7,086	4,490
Stock-based compensation	3,943	1,478	3,321	4,326	5,724
Acquisition, restructuring and exit costs	3,664	2,777	4,575	24,452	24,947
Debt issuance costs	371	364	366	10,002	2,387
Earnings/losses from equity method investments	224	4	150	(2,837)	-
Adjusted EBITDA	\$ 36,388	\$ 33,587	\$ 36,573	\$ 96,295	\$ 102,332
Revenue (in thousands)	\$ 95,967	\$ 87,479	\$ 91,360	\$ 214,980	\$ 218,554
Adjusted EBITDA Margin	37.9%	38.4%	40.0%	44.8%	46.8%

Consolidated Reconciliations of Adjusted Net Income



	For the three months ended,				
	<i>(in thousands, except per-share data)</i>				
	<u>12/18/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>
GAAP Net Income	\$ 13,915	\$ 14,527	\$ 14,383	\$ 25,992	\$ 37,589
Other business taxes	337	555	424	146	359
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Acquisition, restructuring and exit costs	3,664	2,777	4,575	24,452	24,947
Debt issuance costs	371	364	366	10,002	2,387
Tax effect of above adjustments	<u>(3,241)</u>	<u>(2,456)</u>	<u>(3,334)</u>	<u>(11,503)</u>	<u>(9,477)</u>
Adjusted Net Income	23,640	21,896	24,386	60,501	66,019
Tax benefit of goodwill and acquired intangibles	<u>3,320</u>	<u>3,361</u>	<u>3,361</u>	<u>6,802</u>	<u>6,801</u>
Adjusted Net Income with Tax Benefit	\$ 26,960	\$ 25,257	\$ 27,747	\$ 67,303	\$ 72,820
Weighted average shares outstanding – diluted	71,558	72,282	73,521	73,671	73,856
Adjusted Net income with Tax Benefit Per Diluted Share	\$ 0.38	\$ 0.35	\$ 0.38	\$ 0.91	\$ 0.99

Detailed Reconciliation of 4Q19 Adjusted Net Income

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

Detailed Reconciliation of 3Q19 Adjusted Net Income

Three months ended September 30, 2019

(in thousands, except per-share amounts)

	Adjustments							Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles
	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		
Revenue									
Investment management fees	\$ 155,406						\$ -	\$ 155,406	
Fund administration and distribution fees	59,574						-	59,574	
Total revenue	214,980	-	-	-	-	-	-	214,980	
Expenses									
Personnel compensation and benefits (1)	55,556			(4,326)	(1,205)		(5,531)	50,025	
Distribution and other asset-based expenses (2)	57,202						-	57,202	
General and administrative (2)	17,654	(146)			(2,020)	(4,340)	(6,506)	11,148	
Depreciation and amortization (2)	7,768		(7,086)				(7,086)	682	
Change in value of consideration payable for acquisition of business (2)	-						-	-	
Acquisition-related costs (2)	16,386				(16,386)		(16,386)	-	
Restructuring and integration costs (2)	4,841				(4,841)		(4,841)	-	
Total operating expenses	159,407	(146)	(7,086)	(4,326)	(24,452)	(4,340)	(40,350)	119,057	
Income/(loss) from operations	55,573	146	7,086	4,326	24,452	4,340	40,350	95,923	
Other income (expense)									
Interest income and other income/(expense) (3)	2,742						-	2,742	
Interest expense and other financing costs (3)	(16,856)					920	920	(15,936)	
Loss on debt extinguishment (3)	(7,409)					4,742	4,742	(2,667)	
Total other income (expense), net	(21,523)	-	-	-	-	5,662	5,662	(15,861)	
Income/(loss) before income taxes	34,050	146	7,086	4,326	24,452	10,002	46,012	80,062	
Income tax (expense)/benefit	(8,058)	(37)	(1,772)	(1,082)	(6,113)	(2,501)	(11,503)	(19,561)	6,802
Net income/(loss)	\$ 25,992	\$ 110	\$ 5,315	\$ 3,245	\$ 18,339	\$ 7,502	\$ 34,509	\$ 60,501	+ \$ 6,802 = \$ 67,303
Earnings per share—basic	\$ 0.38							\$ 0.89	\$ 0.10
Earnings per share—diluted	\$ 0.35							\$ 0.82	+ \$ 0.09 = \$ 0.91
Weighted average shares outstanding—basic	67,724							67,724	67,724
Weighted average shares outstanding—diluted	73,671							73,671	73,671
Memo: Expenses									
Personnel (1)	55,556							50,025	
Operating (2)	103,851							69,032	
Non-Operating (3)	21,523							15,861	

Detailed Reconciliation of 4Q18 Adjusted Net Income



Three months Ended December 31, 2018
(in thousands except 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	Pre-IPO Governance Costs	Non-GAAP Basis		
Revenue										
Investment management fees	\$ 82,030							\$ 82,030		
Fund administration and distribution fees	13,937						13,937			
Total revenue	95,967	-	-	-	-	-	-	95,967	-	
Expenses										
Personnel compensation and benefits (1)	33,910			(3,943)	-			29,967		
Distribution and other asset-based expenses (2)	21,123						21,123			
General and administrative (2)	6,910	(337)			(36)		6,537			
Depreciation and amortization (2)	5,360		(4,651)				709			
Change in value of consideration payable for acquisition of business (2)	(33)						(33)			
Acquisition-related costs (2)	2,900				(2,900)		-			
Restructuring and integration costs (2)	40				(40)		-			
Total operating expenses	70,210	(337)	(4,651)	(3,943)	(2,976)	-	-	58,303		
Income from operations	25,757	337	4,651	3,943	2,976	-	-	37,664		
Other income (expense)										
Interest income and other income/(expense) (3)	(2,627)				688			(1,939)		
Interest expense and other financing costs (3)	(4,438)					371		(4,067)		
Loss on debt extinguishment (3)	-							-		
Total other income (expense), net	(7,065)	-	-	-	688	371	-	(6,006)		
Income/(loss) before income taxes	18,692	337	4,651	3,943	3,664	371	-	31,658		
Income tax (expense)/benefit	(4,777)	(84)	(1,163)	(986)	(916)	(92)	-	(8,018)	3,320	
Net income/(loss)	\$ 13,915	\$ 253	\$ 3,488	\$ 2,957	\$ 2,748	\$ 279	\$ -	\$ 23,640	\$ 3,320	= 26,960
Earnings per share of common stock										
Basic	\$ 0.21							\$ 0.35	\$ 0.05	
Diluted	\$ 0.19							\$ 0.33	\$ 0.05	= \$0.38
Weighted average number of shares outstanding										
Basic	67,715,681							67,715,681	67,715,681	
Diluted	71,557,705							71,557,705	71,557,705	
Memo: Expenses										
Personnel (1)	33,910							29,967		
Operating (2)	36,300							28,336		
Non-Operating (3)	7,065							6,006		

Detailed Reconciliation of 2019 Adjusted Net Income

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

Detailed Reconciliation of 2018 Adjusted Net Income



For the Year Ended December 31, 2018

(in thousands except share amounts)

	Adjustments								Non-GAAP Basis	Tax Benefit of Goodwill and Acquired Intangibles
	U.S. GAAP Basis	Other Business Taxes	GAAP Amortization of Acquisition-Related Intangibles	Stock-Based Compensation	Acquisition, Restructuring and Exit Costs	Debt Issuance Costs	Pre-IPO Governance Costs			
Revenue										
Investment management fees	\$ 352,683							\$ 352,683		
Fund administration and distribution fees	60,729							60,729		
Total revenue	413,412							413,412		
Expenses										
Personnel compensation and benefits (1)	145,880			(15,238)	-			130,642		
Distribution and other asset-based expenses (2)	94,680							94,680		
General and administrative (2)	30,005	(1,505)			(303)		(138)	28,059		
Depreciation and amortization (2)	23,277		(20,321)					2,956		
Change in value of consideration payable for acquisition of business (2)	(37)							(37)		
Acquisition-related costs (2)	4,346				(4,346)			-		
Restructuring and integration costs (2)	742				(742)			-		
Total operating expenses	298,893	(1,505)	(20,321)	(15,238)	(5,391)		(138)	256,300		
Income from operations	114,519	1,505	20,321	15,238	5,391		138	157,112		
Other income (expense)										
Interest income and other income/(expense) (3)	(2,856)				998			(1,858)		
Interest expense and other financing costs (3)	(20,694)					7,807		(12,887)		
Loss on debt extinguishment (3)	(6,058)							(6,058)		
Total other income (expense), net	(29,608)				998	7,807		(20,803)		
Income/(loss) before income taxes	84,911	1,505	20,321	15,238	6,389	7,807	138	136,309		
Income tax (expense)/benefit	(21,207)	(376)	(5,080)	(3,810)	(1,597)	(1,951)	(35)	(34,056)	13,278	
Net income/(loss)	\$ 63,704	\$ 1,129	\$ 15,241	\$ 11,428	\$ 4,792	\$ 5,856	\$ 103	\$ 102,253	\$ 13,278	= 115,531
Earnings per share of common stock										
Basic	\$ 0.96							\$ 1.54	\$ 0.20	
Diluted	\$ 0.90							\$ 1.45	\$ 0.19	= \$1.64
Weighted average number of shares outstanding										
Basic	66,295,240							66,295,240	66,295,240	
Diluted	70,510,536							70,510,536	70,510,536	
Memo: Expenses										
Personnel (1)	145,880							130,642		
Operating (2)	153,013							125,658		
Non-Operating (3)	29,608							20,803		

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Past performance does not guarantee future results. A fund’s most recent performance can be found at vcm.com. 55 mutual funds and ETFs did not have 4- or 5- star overall ratings. 32% of AUM in mutual funds and ETFs did not receive overall rating of 4 or 5 stars.

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