



CORPORATE SOCIAL RESPONSIBILITY

2020

TABLE OF CONTENTS

- A letter from our Chairman and Chief Executive Officer1
- Introduction..... 2
- Corporate social responsibility 3
- Protecting the environment 5
- Social capital – Serving a network of connections 6
 - Serving clients and shareholders..... 6
 - Supporting our military..... 8
 - Helping nonprofit organizations..... 9
 - Engaging with suppliers..... 9
 - Ensuring data security and business continuity planning..... 11
 - Selling practices 11
- Human capital.....12
 - Employee benefits.....14
 - A culture of diversity and inclusion16
- Business model and innovation19
 - Leadership and governance – ESG practices in our business21
 - Responsible investing 23
 - Proxy voting summary 27
- Conclusion..... 29
- Looking forward 30
- Appendices.....31
 - CSR 2020 scorecard.....31
 - SASB index 33

Victory Capital's view of Environmental, Social, and Governance considerations is seen through two lenses: Corporate Social Responsibility and Responsible Investing.



David C. Brown
Chairman and
Chief Executive Officer

A letter from our Chairman and Chief Executive Officer

To our many stakeholders,

I am pleased to share Victory Capital's 2020 Corporate Social Responsibility (CSR) Report, which underscores our ongoing commitment to integrating Environmental, Social and Governance (ESG) principles into our business.

CSR is not a new initiative for us. Rather, it is engrained in everything we do as an organization. It is part of the fabric of our culture. Our role as an asset manager uniquely positions us to positively impact the well-being of our clients, our employees, our shareholders, and our communities in many ways. We strive to live up to that responsibility in our daily decisions and actions.

This report is designed to highlight some of the tangible actions that we are taking to ensure that we are sustainably growing our business while continually evolving and improving how we meet the changing needs of our stakeholders. This includes how our Investment Franchises are integrating ESG considerations into their investment decision-making processes.

As we look back on 2020, we realize that the economic and societal disruptions from COVID-19 may have lasting effects. The civil unrest we witnessed serves as a reminder that humanity is still maturing and has significant room for improvement. We are honored to be included in the growing community of businesses becoming a positive force for change.

Our recently announced (April 2021) alliance with Xavier University of Louisiana (XULA) to provide gap scholarships and funds to launch the school's first student-advised investment club is one example of the work that we are doing. By exposing more students of color to the asset management industry, we endeavor to increase the number of diverse candidates entering the field.

Integrating Responsible Investing (RI) principles into our asset management processes is also fundamental to our strategic vision and an important component of our duty as an active manager. The addition of our newest Investment Franchise, THB Asset Management, which has systematically and consistently incorporated ESG principles into its research process for more than 25 years, is reflective of this.

We hope you enjoy learning about the ways in which we demonstrated our commitment to CSR and RI in 2020 on the pages that follow.

Sincerely,

A handwritten signature in blue ink that reads "David Brown". The signature is fluid and cursive.

David Brown
Chairman and Chief Executive Officer



Victory Capital corporate headquarters in San Antonio, TX

Victory Capital Stakeholders

- > Clients and shareholders
- > Employees and business partners
- > Suppliers and vendors
- > Communities in which we live and work
- > Nonprofit organizations
- > Our environment

Introduction

Victory Capital's view of Environmental, Social, and Governance (ESG) principles is seen through two lenses: Corporate Social Responsibility (CSR) and Responsible Investing (RI).

CSR reflects how well we address our own ESG concerns, including our impact on the environment and our approach to diversity, equity, inclusion and corporate governance. RI predominantly focuses on how well the companies we invest in are managing their own ESG risks and opportunities.

This report highlights our commitment to CSR and our approach to RI. We conclude with a preview of goals for the coming year.

SASB Materiality Map: Asset Managers

- > Social capital
- > Human capital
- > Business model and innovation
- > Leadership and governance



Corporate social responsibility



Throughout 2020, we demonstrated our commitment to CSR in a number of meaningful ways.

We filled a newly created position of Director of Responsible Investing to oversee our CSR and RI initiatives and to manage the integration and reporting of ESG metrics throughout our company.

Victory Capital is now using the Sustainability Accounting Standards Board (SASB) framework to report on the material ESG issues related to our company.

In the midst of the COVID-19 pandemic, we seamlessly shifted many of our employees to a work-from-home environment and continued our tradition of corporate philanthropy and service to the community.

We also made important moves to strengthen our established policies for building a diverse workforce.

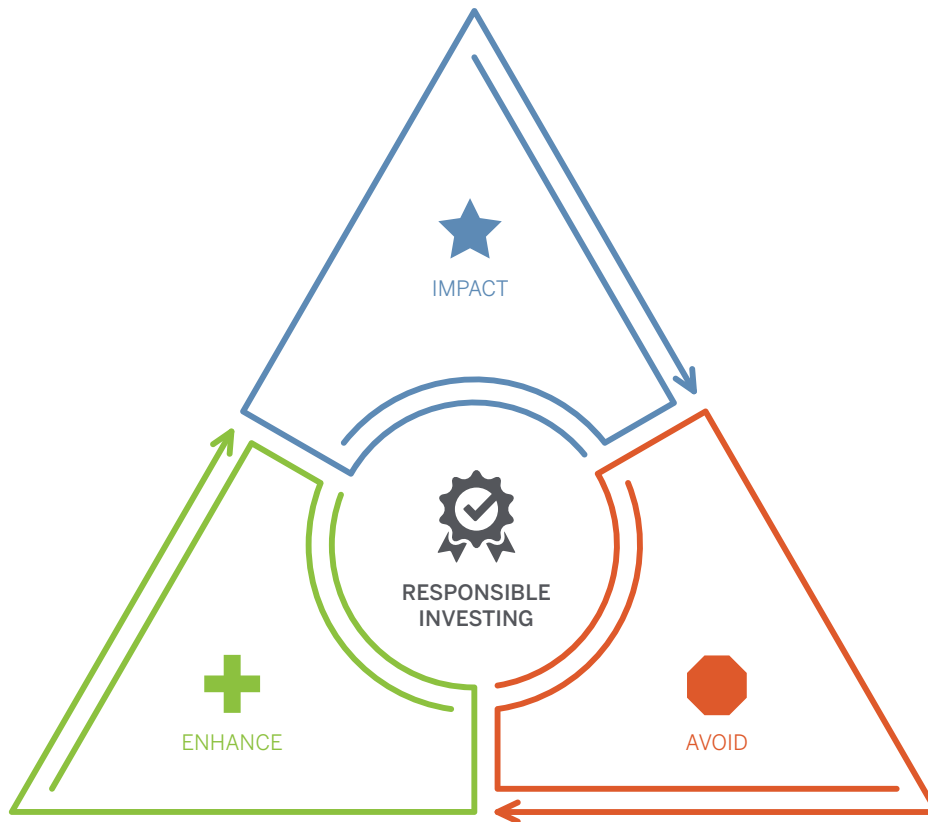
Since our inception, environmental concerns, ethical behavior and social responsibility have been essential to our operations. They are the basis of our sustainability strategy.

Responsible investing goals

- > Do good or make a difference
- > Mitigate risk or generate alpha
- > Do no harm via exclusionary screenings

Approaches to responsible investing

Impact • Enhance • Avoid



IMPACT	ENHANCE	AVOID
<p>Goal: Do good or make a difference</p> <p>Approaches:</p> <ul style="list-style-type: none"> > Positive/best-in-class screening > Sustainability-themed investing > Impact investing > Community investing > Green/social and certain municipal bonds, etc. 	<p>Goal: Mitigate risk or generate alpha</p> <p>Approaches:</p> <ul style="list-style-type: none"> > ESG Incorporation – ESG criteria usually binding and prominent focus of security selection or portfolio construction > ESG Integration – usually nonbinding but a substantial focus > ESG Awareness – typically focuses on governance issues or major ESG controversies 	<p>Goal: Do no harm via exclusionary screenings</p> <p>Approaches:</p> <ul style="list-style-type: none"> > Socially Responsible Investing (SRI) > Negative screenings > Norms-based screenings > Faith-based screenings > Other restrictions

NOTE: Investment stewardship (i.e., proxy voting, company engagement, etc.) could complement certain RI approaches.

Serving clients and the environment

Approximately 84% of our employees work in buildings that are LEED-Certified.¹ Among the benefits of LEED-Certified buildings is that they have centralized recycling areas so our employees can help reduce solid waste.

- > Certified: Silver - Our headquarters in San Antonio, TX
- > Certified: Platinum - Our second largest office in Cleveland, OH along with other buildings we occupy
- > Certified: Gold - Other buildings we occupy

Protecting the environment



We are keenly aware of what our impact, both positive and negative, can be on the environment. While investment managers generally have a smaller carbon footprint than other businesses, we commit ourselves to reducing the effect we have on climate change and the global environment.

Part of our commitment includes evaluating ways to minimize our carbon footprint and reduce waste that might end up in landfills. We consciously occupy "green" buildings that are environmentally responsible and resource efficient.

We take additional steps to reduce our impact on the environment. We do not issue mobile phones, and the computers we provide are typically location-agnostic. Most employees receive one device that they can use anywhere. This reduces redundancy as well as resource consumption and minimizes the amount of electronic equipment that may end up in landfills. It also enhances productivity. This was particularly true in 2020 as we seamlessly shifted much of our organization to a work-from-home environment.

We have also long encouraged employees to use public transportation and offer Flexible Spending Accounts to defray the costs of commuting. While our employees' use of public transportation may have decreased during the COVID-19 pandemic, this benefit has remained available to them.



¹ Certified by the U.S. Green Building Council for Leadership in Energy and Environmental Design (LEED).



Social capital

- > Serving clients and shareholders
- > Supporting our military
- > Helping nonprofit organizations
- > Engaging with suppliers
- > Ensuring data security and business continuity planning
- > Selling practices

Social capital Serving a network of connections



Our social capital is the product of the interconnections we have with those around us, and we want and expect that our actions will result in meaningful relationships. We intentionally direct our efforts to benefit specific stakeholders, including:

- > Our clients and shareholders
- > The U.S. military community
- > Nonprofit organizations
- > Business partners and suppliers

Serving clients and shareholders

Victory Capital serves a wide range of clients, including institutions, intermediaries, retirement plans, financial advisors, 529 college savings plan account holders, and individual investors.

Our product offering provides clients a diverse array of independent investment approaches and innovative vehicles designed to produce the outcomes necessary for our clients to achieve their objectives.

The mix includes equity, fixed income, and solutions-oriented strategies. It includes a diverse spectrum of market capitalization segments, investment styles, and approaches. Our Solutions Platform provides asset allocation funds, multi-manager funds, and rules- and factor-based and thematic ETFs.

We deliberately designed our next-generation business model to specifically address ongoing trends.

Client assets are managed by our Investment Franchises and Solutions Platform. Each has the autonomy to make independent portfolio decisions without being encumbered by routine administrative, operational and distribution functions.

This puts our investment professionals in a position to focus on managing their portfolios and servicing clients, which we believe can help lead to desired long-term investment returns.



The table below demonstrates the proportion of our total assets under management (AUM) that have outperformed their respective benchmarks.

1 YEAR	3-YEAR	5-YEAR	10-YEAR
64%	69%	72%	75%

Past performance is no guarantee of future results. As of March 31, 2021. Internal analysis by Victory Capital. The returns of each asset class composite are weighted by account size (assets under management or AUM) and compared to their respective primary benchmarks. 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 performance information.

Delivering investment performance is the objective of an unwavering “client-first” focus. Putting the client first also delivers results for our shareholders.

For example, our capital structure supports our growth strategy and enables us to make investments critical to our long-term success (e.g., technology, operations, client service) while returning capital to shareholders.

We are dedicated to creating lasting and sustainable value for shareholders.

FINANCIAL RESULTS

	2020	2019	2018	CAGR
Revenue (in millions of dollars)	\$775.4	\$612.4	\$413.4	37.0%
Adjusted EBITDA (in millions of dollars)	\$377.3	\$268.8	\$160.2	53.5%
Adjusted EBITDA margin	48.7%	43.9%	38.7%	12.2%
GAAP EPS	\$2.88	\$1.26	\$0.90	78.9%
Cash dividends declared per share	\$0.23	\$0.10	\$0.00	N/A

As of December 31, 2020.

We have profitably grown revenue every year since our initial public offering. Since then, our revenue has improved at a compound annual growth rate of approximately 37%. In 2019, we initiated a quarterly cash dividend. In 2020, the quarterly dividend was increased twice.

Supporting our military

Our Military Financial Readiness Program delivers tailored content designed to educate service members. Topics include the importance of financial management and investing for the future. The program also includes a one-of-a-kind video case study series, “Road to Victory,” which showcases the powerful stories of different veterans’ financial journeys.

Victory Capital is committed to giving back to current and former service members and their families. We provide financial support to nonprofits that benefit military families, including a 2020 grant to the Military Child Education Coalition.

Additionally, the USAA® 529 Distinguished Valor Matching Grant Program helps military families in Nevada achieve their education savings goals. Victory Capital contributes up to \$1,500 to the education savings funds of eligible beneficiaries of service members currently on active duty and those killed or injured in action.

Recognition

- > Upgraded MSCI ESG rating from BB to BBB (July 31, 2020)
- > “Sector Leading” in equity ownership program
- > Among top three fund companies in supporting key climate resolutions via proxy votes

Serving our communities

- > Military Financial Readiness Program
- > San Antonio Food Bank
- > Military Child Education Coalition
- > Children's Hospital of San Antonio
- > Breakthrough Schools of Cleveland

Helping nonprofit organizations

Serving nonprofits in locations in which we have a business presence is an important aspect of our social capital. Our employees are located throughout the United States and around the world. So, by their serving locally we can have a global impact.

During the 2019 and 2020 school years, we partnered with Breakthrough Schools of Cleveland, a nationally recognized network of tuition-free, public charter schools in Ohio. The mission of Breakthrough Schools is to help students achieve success in school, in their careers and ultimately in life. Our support included a financial commitment and service opportunities for our employees.

We sponsor opportunities in many of the cities in which we live and work to encourage our employees to perform community service, and we provide paid time off for those who do. For example, in 2020, employees volunteered at the San Antonio Food Bank to provide support during the COVID-19 pandemic.

Another example of our community service is Victory Capital's partnership with The Children's Hospital of San Antonio, where we helped children with serious medical conditions (and their families). In 2019 and early 2020, this included:

- > Providing emotional support for young patients by creating a fun and memorable experience at the San Antonio Spurs home games
- > Delivering "care packages" to families with infants in the hospital's Neonatal Intensive Care Unit (NICU)

We also match employees' gifts to qualifying nonprofits. In some cases, our \$250 annual match can double an employee's charitable contributions.

And we make several contributions each year to sponsor charitable events in which our sales teams and Investment Franchises participate directly.

Engaging with suppliers

We aim to work with service providers whose commitment to sustainability is compatible with our own. To vet this, our due diligence questionnaires ask consequential vendors (i.e., significant across investment management, operational or business activities) about ESG compliance and how they address important diversity issues.

Where appropriate and beneficial to our clients, we strive to engage business partners and vendors owned by historically marginalized groups. For example, five Minority-, Woman-, and Service-Disabled Veteran-Owned Businesses have been approved as trading counterparties to execute client transactions. Each of these firms is allocated trades for execution, subject to our fiduciary obligation to obtain best execution.

The Children's Hospital of San Antonio (2019–2020)

During the 2019–2020 season for the San Antonio Spurs, Victory Capital partnered with The Children's Hospital of San Antonio to provide emotional care for children with serious medical conditions by creating joyous and memorable experiences at Spurs home games. Each participant received two courtside seats to a home game along with club access to amenities, parking and a Spurs backpack. The program was paused prior to the end of the season due to the COVID-19 pandemic and related game cancellations, but we are grateful to have helped the children who participated.

Creating charitable opportunities

Jim Love is a Senior Attorney in Victory Capital's Legal Department. Outside of work, he has volunteered for Texas Modern Pentathlon and the South Texas Division of USA Fencing, where he also was an officer. Giving comes naturally to Jim. Here is his account of how that fits into his work life.

My wife and I have always been in tune with the needs of others. We give back whenever we can. It's just part of who we are. My wife walks the walk in her career, having worked at Teach for America, as a counselor at a domestic abuse shelter, and currently as a counselor at a Title I elementary school. We also donate time and money to various charities. That's why I make full use of our Matching Gift Program. Victory has been great. Its matching program encourages employees to give.

And I don't have to worry too much about taking time away from the office to do charitable work because I can just use time-shifting to knock my work projects out after "regular" business hours. I think that's great. I've never felt more balanced in my life since working at Victory. And the people around me certainly appreciate and encourage me whenever I do volunteer work.

I also have competed in numerous athletic fundraisers for the National Multiple Sclerosis Society and the Cystic Fibrosis Foundation. I did the local MS bike ride a couple of times and the Cystic Fibrosis tower climb several times. I try to be involved with and contribute to causes where there is a personal connection to someone I know.

Still, I always wanted to do something with the San Antonio Food Bank, and it was great that Victory created an opportunity to get involved.

I thought it was a fantastic event—especially during the COVID-19 pandemic—to just get out and help so many people who are suffering. I got a chance to talk to people, help them out, and wish them well. I thought it was so beneficial for both the community and my own well-being. It gave my spirit a boost.

So, I went and signed up to do it again, this time not in conjunction with Victory. I found my second experience to be just as rewarding and am going to try to do it once a month going forward. The firm inspired me to do this.

At Victory, the people really care. And they are completely transparent about it. You can see it through our social posts. It's not just lip service. Management genuinely cares about issues and truly wants people to be involved. Victory wants to be part of the community.



Jim Love
Senior Attorney
San Antonio, TX



Protecting data

We are dedicated to the following principles for protecting information:

- > Protecting the confidentiality of data
- > Preserving the integrity of data
- > Promoting the availability of data for authorized use

Ensuring data security and business continuity planning

We have a long-standing corporate continuity policy that mitigates risk and protects our clients' data.

We minimize any impact of significant incidents through coordinated continuity planning and resource management. These plans provide guidelines for ensuring that necessary personnel and resources are available to respond to incidents and ensure the timely restoration of services. For example:

- > Data centers are geographically diverse and independent of office locations
- > Incidents are contained to a specific location
- > Other locations support critical operations as the incident is addressed
- > Vital employees have laptops and virtual private network (VPN) capability
- > When a laptop is unavailable, we maintain a scalable pool of virtual machines preloaded with business-critical applications that can be securely accessed from any computer

Because our operations are essential, we perform annual business continuity plan testing. We also contract with outside vendors to test our information security infrastructure by conducting penetration exercises. Routine security assessments protect us from evolving and increasingly sophisticated threats.

We have never needed to invoke our Disaster Recovery or Business Continuity Plans. Nevertheless, during mandatory COVID-19 lockdowns, the majority of our employees rapidly transitioned to a remote work environment without any loss of productivity or interruption to client service. Prior technology investments and advance preparation ensured this smooth transition.

Selling practices

We comply with all advertising rules promulgated under the Investment Advisers Act (IAA) and issued by the Financial Industry Regulatory Authority (FINRA). Our internal policies articulate guidelines and review processes to ensure that all communications are clear, accurate, and fair and balanced, in compliance with applicable standards.

In addition to conforming to the regulations defined by the IAA and FINRA, all materials are reviewed and approved in advance of publication. These include the following:

- > Any written communication addressed to more than one person
- > Any published or broadcast notice
- > Any analysis or report concerning securities distributed to more than one person
- > Any graph, chart, formula or other device used to solicit the purchase or sale of a security or that offers any other investment advisory service related to securities

Our product distribution teams are staffed with people who are licensed through FINRA and undergo extensive background checks. We endeavor to ensure that our sales force is educated, competent and ethical. Each is held to our Code of Business Conduct and Ethics Policy.

Victory Capital has policies and procedures in place regarding the Investing and Retention of Qualifying Employer Securities, and Transactions Involving Parties in Interest. It is the policy of Victory Capital to monitor transactions in employee benefit accounts defined in Section 3(2)(A) of ERISA to ensure we properly invest on behalf of benefit plan investors.

We encourage a culture of ownership.

Human capital



Investment managers are inextricably in the human capital business. Our greatest assets ride the elevator every day. And we are especially dedicated to the exceptional people who work for our company. They make it possible for us to deliver on all our other obligations.

An important cultural aspect of our company is that our people are owners, not just employees. We believe ownership aligns the interests of our employees with those of our clients. It provides an additional opportunity for them to enjoy the fruits of their labor. Their work contributes to our clients' success. Through equity ownership, our employees participate in the long-term growth of our organization.

Many of our team members participate in our employee stock purchase plan. The comprehensive nature of this plan is rated by MSCI as "sector leading." MSCI's report also rated our Performance Appraisals and Feedback Processes and our Job-Specific Development Training Programs as sector leading.²

Ownership opportunities include a restricted stock grant program, which serves as a form of long-term incentive compensation. Importantly, restricted stock awards are not limited to executives and managers.

At the end of 2020, 79% of Victory Capital's 429 employees beneficially owned 21% of the company's shares.

Beyond equity ownership, our employees have also elected to personally invest some \$190 million of their own funds in our investment products.³

This culture of ownership provides employees a share in our collective success and has produced positive outcomes for both our clients and shareholders. Our people work hard to achieve ambitious corporate goals, and we take pride in the deep expertise each brings to the table. This places an important responsibility on the company.

We know that we must provide a challenging and intellectually stimulating environment for our people to accomplish desired results. We must also create an appealing workplace in which they can thrive. This is why we have created a culture that focuses on their health and well-being. Our employee benefits plan helps to deliver on this commitment.

Membership and involvement

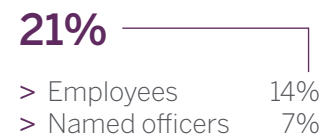
- > CEO Action for Diversity and Inclusion™
- > United Nations–Supported Principles for Responsible Investment (UNPRI)
- > UNPRI Working Group: Human Rights Coalition
- > Sustainability Accounting Standards Board (SASB Alliance)

EMPLOYEE OWNERSHIP

Employee stock owners



Percent of company owned



As of December 31, 2020.

²Preeti Jadhav, MSCI ESG Research, "Victory Capital Holdings, Inc. (VCTR) – Asset Management & Custody Banks | US, Responsible investing practices drive upgrade," page 34, February 19, 2021.

³Calculated annually. Latest figures as of December 31, 2020.



Sean Burke
Portfolio Manager
Rocky River, OH



Benefiting personally and professionally

Sean Burke is a portfolio manager focusing on Integrity's Micro-Cap Value Equity strategy. He has more than 14 years of investment industry experience and has been on the value equity management team since 2011. In 2020, Sean attended the McKinsey & Company Black Leadership Academy. Here are some of his thoughts on the experience.

The program was created to help accelerate the progression of Black leaders in their organizations. I was invited to attend, not knowing exactly what to expect. The best way to describe the Academy is that it is akin to an online Executive MBA course.

There are three curricula: business strategy, problem-solving and business fundamentals. The fundamentals course teaches traditional business school disciplines, including finance, marketing, organizational behavior, and management.

The material is presented in modules as working case studies that the participants use to solve a specific issue. The material is laid out so that each module introduces specific tools to navigate the issue or problem. These tools help you to better see it, assess it, and resolve it. The tools set up the review process to check back and confirm that the issue was resolved according to your expectations.

Interestingly, the Academy teaches an approach that you might initially react to by thinking, sure that makes sense. But upon reflection you realize that you almost wouldn't have thought of it organically. The whole program was a series of those kind of lightbulb moments.

The most important thing for me is that it provided a lot of tools that I'd never heard of and that have a direct impact on my work. I research companies every day, and there were a lot of things in the Academy that I would not have thought of without it. So, it has really helped me do my job better.

My academic background is in biology and chemistry. I assumed I was headed to medical school. But my long-time fascination with stocks led me to the asset management business.

The Academy has helped me in my work. I have better insight into the type of things to ask company management about. I also have a new set of skills that I can use to further my career that I didn't have before. So, I am benefiting both personally and professionally from the Academy.

Employee benefits

We offer a wide array of benefits to attract, retain and support the most qualified workforce possible. The perquisites we offer to all employees are intended to promote and maintain their well-being holistically. The benefits we offer are broadly characterized as:

- > Medical
- > Professional
- > Personal
- > Recreational
- > Financial

Medical

Our healthcare benefits package includes both curative and preventative components. They are intended to help cover the cost of treatment for our employees who get hurt or sick and help them reduce or avoid conditions that might lead them to get hurt or sick.

We provide an extensive package of medical, dental and vision insurance plans, Health Savings Accounts and Flexible Spending Accounts. Our plan also includes accident and critical illness coverage.

Under normal (pre-pandemic) circumstances, we sponsor an annual health fair where free flu shots and biometric screenings are available. We offer an incentive program for routine medical exams and health education courses. We reimburse a portion of our employees' external gym memberships and health programs. Some of our office locations have treadmill workstations, and our San Antonio headquarters has a complete fitness facility that is available at no cost to our employees.

Professional

Our supportive workplace provides in-house training and career development. Opportunities within the organization are available to any qualified candidate from across functional areas of the firm. We also reimburse employees for certain work-related education expenses to support them in broadening or honing their talents.

Personal

We want our team members to reach the right balance between their personal lives and professional obligations. This includes unlimited paid vacation for salaried employees, additional flexible paid time off and paid parental leave.

Victory Capital's established Paid Military Leave Policy helps those who serve in the Guard and Reserves meet their service obligations. They are eligible for paid time off in the event they are called to active or temporary military duty.

We support our employees who enlist in the U.S. Armed Forces after they are hired by providing them paid leave for up to a year. Then, when they return to work, their jobs are still available because we follow the Department of Labor's Uniformed Services Employment and Reemployment Rights Act's (USERRA) "escalator principle." When our employees return from Paid Military Leave, they are eligible to be reinstated to the position they would have attained if their employment had been uninterrupted.

A healthy workplace

We sponsor an annual employee health fair featuring wellness vendors, free flu shots, and biometric screenings. Our employee rewards program incentivizes team members to maintain current health screenings and complete health education courses. We offer a wellness reimbursement program for gym memberships and other health programs. Some of our offices have treadmill workstations and our San Antonio headquarters has its own fitness facility.

Our employees' well-being is a component of our company's financial health.

Recreational

Our team members enjoy discounts on products and services from brand-name vendors with which we have partnered.

Financial

Benefits include a variety of life and disability insurance options as well as a legal services referral program.

Our 401(k) plan offers generous matching, vesting and loan provisions, and we have contracted with an administrator that offers financial wellness education and planning tools to help our people better prepare for retirement. And we augment our employees' retirement savings when possible.

For example, we implemented a special profit-sharing award to compensate our employees for exceptional execution in 2020. During a difficult year, our employees' efforts helped us end 2020 with record results. Thus, we rewarded our team members with a special, one-time 401(k) profit-sharing contribution.⁴

To encourage wide participation and utilization of our comprehensive benefits package, all new employees are welcomed into Victory Capital through a focused onboarding process. Onboarding helps us explain benefits, maximize their value to employees, and simplify enrollment.

We use onboarding to educate employees about the firm's policies and procedures. They use our Security Education Platform to understand their role in data security, which is reinforced regularly through mandatory continuing education. Onboarding helps introduce employees to our company culture and values.

EMPLOYEE BENEFITS

- | | |
|---|--|
| 401(k) plan | Flexible spending account |
| Accident and critical illness | Health savings account |
| Automated health benefits platform app | Hospital indemnity and transport |
| Childcare expense reimbursement | Identify theft protection |
| Commuting allowance | Legal shield & cancer guardian |
| Corporate entertainment benefits | Life and disability insurance |
| Dental and vision insurance | Medical insurance |
| Discounts and promotions from leading national brands | Mothers' lactation rooms |
| Discounts on pet, home, and auto insurance | Paid maternity/paternity/adoption benefits |
| Education expense reimbursement | Paid military leave |
| Employee assistance program | Standard paid time off |
| Flex paid time off | Term life and whole life |
| | Unlimited paid vacation |

⁴ Eligibility requirements applied and 87% of employees received the bonus.

A culture of diversity and inclusion

From our beginning, we have aspired to be the firm of choice for talented, ambitious people and to provide an environment where they can prosper. Our workplace is focused on creating opportunity and is grounded in a culture of trust, respect and honesty.

Research shows that better decisions are made with input from diverse perspectives.⁵ People bring their best performance when they feel included in the workplace. This is why enhancing diversity and inclusion have long been strategic priorities and essential components of our corporate culture.

We appreciate that people's perspectives are influenced by their social, economic and cultural background and experiences. We celebrate this by ensuring diversity in our workforce across multiple dimensions of social, cultural and cognitive identity.

Practicing inclusivity enhances our collective success, and we want all employees to feel valued and empowered to do their best work.

Some of our important achievements in this effort include:

- > Diversity, Inclusion, Cohesion and Engagement (DICE) Committee
- > Collaborative groups for
 - Diversity, Equity and Inclusion
 - Corporate Social Responsibility

The DICE Committee includes a cross section of employees from all business functions within the firm. It is charged with integrating a diversity strategy, establishing goals and driving best practices.

The committee monitors results and reports on progress toward specific strategic objectives, including:

- > Fostering a diverse and inclusive work environment
- > Attracting and recruiting the best talent
- > Encouraging innovation and excellence
- > Valuing diversity of life experiences and perspectives
- > Coordinating unconscious bias and inclusive culture training
- > Holding a half-day inclusive leadership training session

Our effort to firmly root these concepts in to our workplace was spearheaded by 60 Victory Capital executives and managers who underwent intensive training on Diversity, Equity and Inclusion (DEI) management practices.

Workplace diversity and inclusion

- > McKinsey & Company Black Leadership Academy
- > Inclusive leadership training
- > Inclusive culture eLearning
- > McKinsey & Company Women in Finance Academy
- > Recruiting for inclusion and diversity
- > Supplier due-diligence questionnaire

⁵ Source: David Rock and Heidi Grant, *Harvard Business Review*, "Why Diverse Teams Are Smarter," November 4, 2016.

Diversity encourages innovation and excellence.

These initiatives are driven from the top. Our Chairman and CEO, David Brown, has committed himself and our company to advancing diversity and inclusion in our workplace. In 2020, he signed the CEO Action for Diversity & Inclusion™ coalition's pledge.

The pledge signals our enduring commitment to:

- > Encouraging complex conversations about diversity and inclusion
- > Implementing and expanding unconscious bias education
- > Sharing best – and unsuccessful – practices
- > Creating and sharing strategic inclusion and diversity plans with our Board of Directors

To drive workplace best practices, our DICE Committee continues to integrate diversity strategy into our business. It was instrumental in connecting several of our employees to different programs offered by McKinsey & Company.

Beginning in 2020, we had employees enrolled in both McKinsey's Black Leadership Academy and Women in Finance Academy.

These training opportunities are part of our desire to help our employees advance their careers. They also help prepare them to further advocate the kind of transformation necessary to make our diversity and inclusion goals sustainable.

Each of our employees' unique experiences and viewpoints add value. Having a diverse workforce creates two benefits. It fuels our ability to create the best possible environment for our workers. Importantly, it also helps us deliver optimal outcomes for our stakeholders.

We believe these are components of what makes us innovative. New ideas are a large part of what makes us sustainable.



Victory Capital employees volunteer at the San Antonio Food Bank.

Building a great farm team

Melissa Chadwick-Dunn is a portfolio manager at RS Investments. She joined RS as an equity analyst in 2001 and has been a co-portfolio manager of the Victory RS Growth Funds since 2007.⁶ Melissa is also a member of Victory Capital's DICE Committee. She views diversity as part of being a good corporate citizen.

An important aspect of corporate social responsibility is to mentor and create opportunities for the next generation. I believe promoting diversity is an important aspect of that. A good example of this is my participation in the Alpha Challenge, a stock pitch competition for MBA students held annually at the University of North Carolina at Chapel Hill, which Victory Capital co-sponsored in 2020.

I was originally invited to be a judge for the stock competition about five years ago. At that time, I suggested to the organizer that there should be a women's event to nurture and support women early in their investment management career. That kicked things off. The first event was a cocktail mixer that I co-hosted. Since then it has gained a lot of steam and grown into a luncheon, which has taken place annually (pre-COVID) ever since.

There is a significant gender gap in investment management. Currently, fewer than 11% of all portfolio managers are women.⁷ That number hasn't grown much in two decades. So, to get to parity, it would take almost 200 years. The proportion of other diversity groups in the portfolio manager position is also low.

Victory's sponsorship of the Alpha Challenge, our participation as stock competition judges, and supporting the women's event gives us the opportunity to create a diverse network of super talented students from a mix of schools who will be the next generation of portfolio managers.

Diversity at the portfolio management level will result from hiring, training and mentoring. That's how things will change. Our participation in the Alpha Challenge helps to build a great farm team. It creates a network with people who can stay in touch and cultivate relationships to help a broader group of people advance their careers.

My priority is to help increase diversity, both at Victory and within the industry. My goal is to create a much broader net. We're helping the next generation of talent by helping to broaden the talent pool.



Melissa Chadwick-Dunn
Portfolio Manager
San Francisco, CA



⁶ Formerly RS Growth Funds. RS Investments was acquired by Victory Capital in July 2016.

⁷ Citywire Alpha Female Report 2020.

Business model and innovation

- > Leadership and governance
- > Responsible investing
- > Proxy voting summary



Business model and innovation



The bottom line is not the only measure of organizational value.

Victory Capital is a diversified global investment management firm with more than \$160.9 billion in AUM.⁸ We operate a next-generation business model that combines boutique-like investment qualities with the benefits of a fully integrated, centralized operating and distribution platform.

The asset management business is evolving rapidly and dramatically. There is an epic shift of assets from active management platforms to passive schemes that mostly remove human decision-making from the process. At the same time, average fee rates of active managers are declining. Victory Capital is well positioned to navigate these changes.

We deliberately designed our next-generation business model to specifically address these types of ongoing trends. Victory Capital is a growth company in a sector where most firms are struggling to maintain the status quo.

We pursue organic growth by leveraging the specialized capabilities of our Investment Franchises and Solutions Platform. We grow inorganically by acquiring investment management firms that fit our corporate culture, align with our core values and help make us better by:

- > Offering specialized product capabilities to solve problems in client portfolios
- > Opening or expanding distribution opportunities that bring our products to a broader group of clients
- > Adding more high-quality investment teams that enhance our growth and financial profile
- > Improving our diversification by asset class or investment strategy
- > Optimizing our operating platform

⁸ As of May 31, 2021.

Dos and don'ts: Leadership and corporate governance

We have internalized our ESG goals into our operational objectives.

WHAT WE DO	
✓	We appropriately balance short- and long-term incentives
✓	The majority of executive pay is performance based and variable
✓	We link incentive-based compensation programs to performance
✓	We pay out long-term incentives in equity, as our long-term incentive plan is designed to incentivize increasing shareholder value
✓	Our Independent Compensation Committee conducts an annual executive compensation review that includes a review of the compensation peer group
✓	We conduct competitive benchmarking to ensure executive-office compensation is aligned with market rates
✓	We align the interests of our employees with shareholders by using restricted stock awards that vest over time
✓	We maintain an independent Compensation Committee

WHAT WE DON'T DO	
✗	We do not provide executive officers with guaranteed annual base salary increases
✗	We do not provide excessive perquisites
✗	We do not offer defined benefit retirement plans
✗	We do not permit employees or Directors to hedge, short, or pledge our equity securities
✗	Apart from our CEO, we do not have any employment contracts
✗	We have no poison pill or similar shareholder rights plan in place to inhibit being acquired

Leadership and governance

- > ESG practices in our business
- > ESG ratings
- > Dos and don'ts

Our approach creates value for independent investment managers because they immediately benefit from our enhanced economies of scale.

We provide each Investment Franchise a state-of-the-art technology platform and a fully-integrated operations and distribution system. Centralizing these components enables our investment professionals to concentrate on what they do best – managing assets and servicing clients.

Our innovative business model allows us to increase scale, efficiency and flexibility and to respond quickly to changing business and market conditions. We are built to benefit from current industry trends and poised to quickly adapt to future developments.

Leadership and governance – ESG practices in our business

Great relationships are built on trust. Trust and integrity are core to our DNA and are important attributes of our corporate culture. We earn trust every day by being reliable, disciplined and transparent.

Our culture is one of mutual respect with our business partners and our clients. So, minimizing conflicts of interest is part of our foundation.

We achieve this in several ways:

- > Limiting gifts
- > Avoiding excess travel and entertainment expenses
- > Pre-clearing political contributions
- > Monitoring employees' outside business activities
- > Monitoring employees' personal trading
- > Subjecting all employees to our Code of Ethics
- > Prohibiting short selling

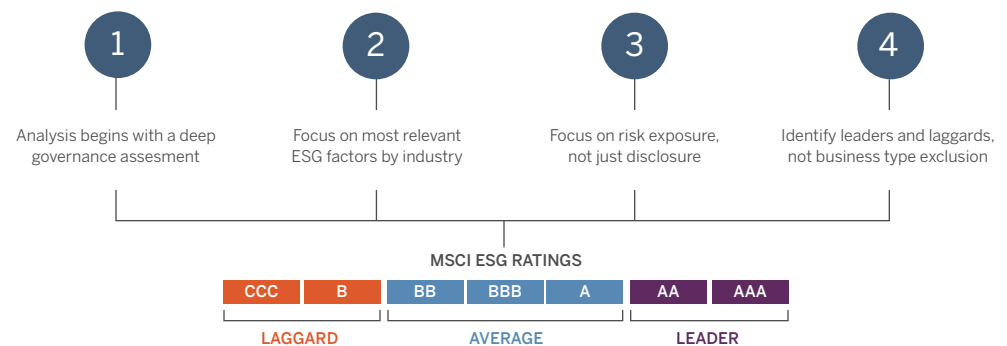
All our employees are held to the highest ethical standards and must comply with all applicable laws, rules and regulations affecting our business – both domestically and internationally.

We believe that adherence to our Code of Ethics helps ensure our continued success and maintain the confidence of our clients and shareholders.

In 2020, Institutional Shareholder Services (ISS) issued its inaugural ESG Corporate Rating Report on our company. We are pleased that initial rating is on par with some of the largest competitors in our industry.⁹

An important component of our commitment to be a socially responsible company is our approach to RI.

During 2020, MSCI upgraded Victory Capital's ESG Rating from BB to BBB.



Source: MSCI.

⁹ 2020 Institutional Shareholder Services (ISS) ESG Corporate Rating Report.

A high level of career development

Lisa Seballos is Victory Capital's Director of Finance. She joined the firm in 2008 and is responsible for leading a wide variety of financial reporting and analysis functions. She attended the McKinsey & Company "Women in Finance Academy" in 2020 and discusses some of her key takeaways from the online training program.

The title of the program might lead one to think that it was focused on just the asset management or financial services businesses. It wasn't. The participants were from a wide spectrum of industries. The program was designed for accounting and finance professionals.

I got a lot out of the Academy. There was very helpful technical content related to budgeting and forecasting and performance management. There was also information about how the COVID-19 pandemic might have an effect on budget variances. So, it was very applicable to my job.

There were some high-level female accounting professionals running the sessions. The breakout and discussion workshops gave us all a chance to share best practices. It was very helpful.

The curriculum was mostly technical in nature but there was also a focus on career development. There were discussions on various organizational management issues as they relate to women in the workplace. It was a nice combination of both. Interestingly, the sections about diversity paralleled the training we all receive at Victory.

The Academy is really professional career development in traditional McKinsey style. It is tailored to help women advance in their careers. While I got relevant and useful work-related concepts out of it, there also were great exercises on team building, negotiating and persuasion.

My most constructive takeaways were around how to approach my finance job and how to improve my performance from a leadership perspective. These are important because continuously improving in both of these aspects is important to me personally and fundamental to making Victory a better company and a better place to work.

At Victory, you have the ability to control and define your career path. The Academy provided me with some insights from a job perspective that I can take and apply. It also gave me some personal leadership takeaways that I can use to become a better leader. I would definitely do it again.



Lisa Seballos, CMA
Director of Finance
Brooklyn, OH



Responsible investing

- > Each Investment Franchise has its own approach
- > Analyzing, monitoring, evaluating and executing
- > Promoting UNPRI Principles

Responsible investing

Our RI focus generally centers on how well the companies our investment teams invest in are managing their own CSR and ESG risks and opportunities.

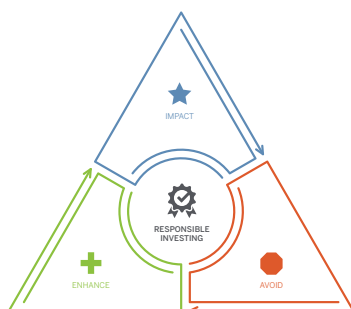
Our Investment Franchises are at various stages of ESG integration. Each has an independent approach to their investment processes. Victory Capital provides them the tools and resources they need to achieve this.

Their accomplishments are noteworthy and include but are not limited to the following:

- > Quantitative approaches employing multilayered risk management processes including responsible and sustainable investing
- > Proprietary ESG rating scales to inform investment decisions
- > Scoring the universe of investable candidates on key return drivers, including a strong or positively trending ESG profile
- > Analyzing material ESG considerations of investable candidates
- > Monitoring and analyzing ESG considerations as part of the comprehensive investment process and seeking to own investments with responsible leadership teams
- > Evaluating and monitoring ESG considerations and ESG scores on an ongoing basis
- > Explicitly addressing ESG risks/opportunities within an investment thesis

Our aim is that ESG will be an increasingly important consideration in each Investment Franchise's processes.

From an overall firm perspective, Victory Capital views RI in terms of specific ESG objectives, or intentions. We separate these intentions into the following three distinct, but potentially complementary, categories.



IMPACT

Seek to own companies with the specific intent of creating a measurable beneficial social or environmental impact in addition to a financial return.



ENHANCE

Look for systematic and explicit ESG factors as a way to supplement, or enhance, our traditional financial analysis. Here, we may be looking to mitigate risk or generate incremental alpha.



AVOID

Avoid companies, sectors or countries that violate ESG standards, norms, or values. This can be achieved by using widely accepted tools such as Socially Responsible Investing (SRI) screening, norms-based screening, or faith-based investment screening.

Victory Capital may implement one of more of these RI intentions via various approaches.

SASB Alliance

At the end of 2020 Victory Capital joined the SASB Alliance, which supports members with numerous educational and community resources. Most importantly, members get access to licensing rights and implementation resources to integrate SASB concepts into the investment decision-making process, which helps our investment teams better understand the materiality of ESG data at companies considered for investment.

We promote the United Nations Supported Principles for Responsible Investment:

- > Incorporate ESG issues into investment analysis and decision-making processes
- > As active owners we incorporate ESG issues into our ownership policies and practices
- > Seek appropriate disclosure on ESG issues by the entities in which we invest
- > Promote acceptance and implementation of the Principles within the investment industry
- > Work together to enhance our effectiveness in implementing the Principles
- > Report on our activities and progress toward implementing the Principles

Victory Capital currently approaches RI in a hybrid model. Our Director of Responsible Investing provides centralized support and works closely with a designated ESG/RI Champion or analyst at each of our Investment Franchises.

While each Investment Franchise may have a unique approach to integrating ESG factors into their investment processes, our overall goal is continuous improvement. Our iterative process of integrating ESG factors is accomplished by:

1. Assessing the effectiveness and efficiency of their current ESG/RI procedures
2. Continually being aware of current research, new developments, and best practices
3. Identifying changes needed to close gaps between current and target future states
4. Evaluating implications for investment decision-making processes and ensuring any requisite training needs are accomplished
5. Implementing desired changes, monitor progress, and assess whether risks are being mitigated or returns enhanced

In our Solutions Business, we are increasingly integrating ESG factors into portfolio analysis and are purposefully including certain ESG intentions into the stated objectives of various investment strategies.

We are proud of the progress we made in 2020 toward our goal of expanding the integration of ESG principles into our investment products. In October, we introduced the USAA Sustainable World Fund, the first of our mutual funds to be labeled “sustainable” by prospectus. The fund is managed by investment teams from Victory Capital's Investment Franchises and Solutions Business, each of which has a dedicated approach to integrating ESG principles into their respective investment processes.

In November, we announced plans to acquire THB Asset Management. THB was founded in 1982 and was an early adopter of socially responsible investment practices. It has a 25-year history of managing socially responsible investment portfolios. So, full ESG integration is a natural extension of the team's approach. The acquisition was completed in March 2021 and THB is now our tenth Investment Franchise.



Robert Mullen, CFA®, CAIA
Portfolio Strategist

Boston, MA



Capitalizing on ESG opportunities

Robert “Bobby” Mullen is a portfolio strategist at Trivalent Investments. The Trivalent team began working together in the 1990s, specializing in international and emerging markets, and Bobby joined them in 2014. He supports Trivalent’s equity strategies and is responsible for quantitative research. He explains how the team uses ESG considerations in its research process.

Our seasoned team at Trivalent Investments specializes in bottom-up stock selection within international equity markets. We use a blended quantitative and fundamental approach to select high-quality companies with sustainable business models and improving business momentum that have yet to reach their full potential. We aim to maximize risk-adjusted returns through building best-in-class portfolios with prudent diversification to mitigate uncompensated macroeconomic risk.

As market data sources broaden, we are committed to an evolutionary path in the refinement of our investment process and we continue to evaluate factors that could potentially improve the efficacy of our proprietary model. With regard to ESG enhancements, we have fully integrated ESG considerations into our investment process. From a qualitative standpoint, ESG has always been a component of the quality and risk assessment of a business. We believe evaluating companies through an ESG lens provides a better understanding of material risks and opportunities. From a quantitative perspective, ESG data availability had historically been a challenge, particularly within the small-cap space. However, over time the coverage and dataset have significantly improved across our investable universes. After extensive research, we added ESG within our quantitative framework to improve our systematic exposure to ESG principles, favoring companies with a strong or positively trending ESG profile. As we evaluate model enhancements, we thoroughly analyze factor correlations through different market environments and our research confirmed our proprietary ESG factor was uncorrelated with our multi-factor. We found that incorporating ESG increased our multi-factor information coefficient, thus improving the overall predictive power of the model.

We feel it is important to embrace both quantitative and fundamental research with respect to ESG investing as ratings comprise of several components that are difficult to quantify in a single score. Our Trivalent ESG factor serves as a reference point and allows us to focus our research on issues we deem are material ESG considerations. Overall, we believe capitalizing on ESG opportunities has the potential to increase risk-adjusted returns and lead to better outcomes for our clients.

Also in 2020, we became an enterprise-wide signatory to the UNPRI, and we joined the UNPRI Working Group: Human Rights Coalition.¹⁰ These are among many efforts that helped Victory Capital's MSCI ESG Rating improve from BB to BBB in 2020.

To broaden our impact as a responsible investor, we also endeavor to influence the actions being taken at the companies in which we invest.

Sustainable Investing is an active approach to investment decision-making that takes relevant ESG issues into account.

Sophus Capital is a Victory Capital Investment Franchise. The Sophus team believes that ESG issues are inevitably embedded in any firm's business model and are therefore no different than the many other issues taken into consideration in fundamental investment research.

The case studies below illustrate that philosophy.

Victory Capital provides the tools and resources each Investment Franchise needs to incorporate responsible investing into their processes.

BUY CASE STUDY: Including a stock in portfolio

ESG Evaluation: Subject company is a back-end testing and assembly manufacturer. Together with attractive earnings growth drivers and valuations, the company has an extensive ESG strategy.

- > The company has a long history of promoting business sustainability through environmental sustainability, social participation and corporate governance. It is committed to energy efficiency and reducing raw materials/waste.
- > It has passed the ISO 14064 standard (Greenhouse Gas validation) and won a specific environmental competition award.
- > On corporate governance, it formulated "ethical corporate management best practice principles" and a "Code of Ethics and Conduct," led by a designated corporate governance officer.

SELL CASE STUDY: Excluding a stock from portfolio

ESG Evaluation: Subject company is a high-volume real estate developer. From time to time, it ranks well in ESG ratings. But Sophus has concerns. The company is an aggressive builder with ambitious expansion plans.

- > On the social front, the company sometimes takes advantage of its scale, delaying payments to construction workers and suppliers. It often misses delivery targets to customers who pay in advance for dwellings. Customer feedback reveals that building quality is mixed.
- > On the environmental front, the company lags behind its peers in its use of green/sustainable building materials and construction methods. It has a history of land use disputes with local communities.
- > On the governance front, the company is generally weak. It aggressively uses debt and risky high yield borrowing. It has little concern for minority shareholders' rights and regularly raises money through private placements and restructurings.

¹⁰ Made up of institutional investors encouraged to act responsibly and to respect human rights (as defined by international standards) in their investments.

Proxy voting

- > Victory Capital's Proxy Voting and Engagement Committee
- > Voting results

Proxy voting summary

Our proxy voting has always been conducted at the enterprise level using custom guidelines established in conjunction with a proxy advisor. Victory Capital's Proxy Voting and Engagement Committee is responsible for managing enterprise-wide shareholder voting policies and procedures. Any of our Investment Franchises or Solutions Team may override our custom proxy guidelines but only after getting approval from the enterprise-level proxy committee.

In 2020, the committee began evaluating tools to improve coordination of activities for investment teams across the Investment Franchises. These will allow them to better engage with companies on material ESG-related issues. We believe this will improve our effectiveness as a responsible investor.

Late in 2020, research firm Morningstar recognized our proxy voting record and ranked us in the top three fund companies for our overall votes on climate transparency and climate governance issues.¹¹

Overall, Victory Capital voted on more than 58,000 proposals in calendar year 2020. In nearly 6,500 of those cases, we voted against management recommendations. In other words, approximately 11% of our votes were cast in opposition to management.

VOTING RESULTS

Proposed by	Number of votes	Voted against management	%
Management			
Overall	58,192	6,474	11.1%
Uncontested Director elections	28,768	3,283	11.4%
Appoint auditor	3,853	14	0.4%
Unspecified/undisclosed "other business" submitted at meeting	144	138	95.8%
Shareholder			
Independent Board Chairman	48	29	60.4%
Report on climate change	24	15	62.5%
Disclose political contributions	29	27	93.1%
Disclose political lobbying activity	30	26	86.7%

Most voting relates to electing Directors. We cast approximately 28,768 such votes in 2020. In 3,283 instances (approximately 11%), we voted against management-recommended Board slates.

¹¹ Morningstar, Inc., "Which Fund Companies Supported Climate Via Proxy Votes?," Dec 2, 2020.

Our “no” votes typically were triggered because a given Board:

- > Lacked independence
- > Did not end (or plan to end) problematic governance practices

At the individual Director level, we typically voted against overboarded Directors (on more than four Boards). We also opposed absentee Directors (missed more than 25% of a Board’s meetings).

We typically opposed proposals for unspecified “other business” submitted at a meeting. Where the details of such proposals are not known ahead of the meeting, our policy is to oppose them.

A management-proposed agenda item that we frequently supported was the appointment of external auditors. We voted in favor of ratifying auditors more than 96% of the time. These votes reflect our stance on accountability and transparency.

We endeavor to vote as a responsible investor following our core values. This is a tangible expression of our commitment to making a difference and delivering positive outcomes for our stakeholders. We embody corporate social responsibility and invest with environmental, social and governance implications in mind.

Great relationships are built on trust. Trust and integrity are core to our DNA.



During the Grand Opening of our San Antonio headquarters, CEO David Brown challenges San Antonio Mayor Ron Nirenberg to do 50 push-ups in recognition of the city’s 1 Million Push-Ups Challenge.

Conclusion

Our dedication to improving the lives of our clients, shareholders, employees, business partners and suppliers is important to us. We want to have a positive influence in the communities we serve around the world and to ensure that our actions reflect our core values.

The principles that guide how our company is managed and inform our investment processes are steadfast. Our burgeoning responsible investing integration is accelerating to meet client demands.

We are proud of the accomplishments we made in 2020. But they are just the start. We're working to improve both our CSR and RI capabilities and metrics.

We will do this in pursuit of our main goal of serving each of our stakeholders.

On April 26, 2021, we announced the Victory Capital Scholars Program, a strategic alliance with Xavier University of Louisiana, America's only historically black Roman Catholic university.

The goal of the partnership is to promote diversity in the asset management industry and to prepare Xavier students for careers in the business.

Some of the goals for this partnership include:

- > Creating a clear college-to-career pipeline
- > Seeding an investment club so students gain real-life experience managing a securities portfolio
- > Matching dollar-for-dollar the gifts of other donors to the program
- > Making our investment professionals available for education, guidance and mentoring programs
- > Creating a pathway to potential internships and employment opportunities

This partnership provides our employees opportunities to volunteer in a meaningful way and offers Xavier students a rich learning experience. Our desire is to deepen the relationship by providing Xavier additional support beyond scholarships and the Investment Club.

Looking forward

The following are some of our stated goals for the year ahead.

Environmental initiatives

- > Join the Ceres Investor Network on Climate Risk and Sustainability
- > Publicly indicate support for TCFD Recommendations (climate disclosures)
- > Join Ceres Climate Action 100+ Working Group

Social initiatives

- > Launch Employee Resource Groups for black, women, and military employees
- > Continue DEI education initiatives
- > Partner with HBCU (e.g., scholarships, mentorships, advisory, paid internships, etc.)

Governance initiatives

- > Join U.N. Global Compact
- > Establish VCTR Board-Level Sustainability Committee

Responsible Investing initiatives

- > Further enhance our proxy policies, procedures, public disclosures, and engagement framework to accommodate regulatory changes and new PRI status
- > Add sustainability proxy policies and research a new application for improved coordination of activities and enhanced tools for investment teams to better engage with companies on material ESG-related issues
- > Promote ongoing RI training for investment teams
- > Complete PRI Assessment Reporting
- > Establish Vote Disclosure System for all our proxy votes
- > Further integrate THB Asset Management to create additional product opportunities

Victory Capital means Victory Capital Management Inc., the investment adviser of the USAA Mutual Funds and the USAA 529 College Savings Plan (Plan). The USAA Mutual Funds are distributed by Victory Capital Services, Inc., member FINRA, an affiliate of Victory Capital. The Plan is underwritten and distributed by Victory Capital Services, Inc. Victory Capital and its affiliates are not affiliated with United Services Automobile Association or its affiliates. USAA and the USAA logos are registered trademarks and the USAA Mutual Funds logo and the Plan logo are trademarks of United Services Automobile Association and are being used by Victory Capital and its affiliates under license.

Interests in the USAA 529 College Savings Plan (Plan) are municipal fund securities issued by the Nevada College Savings Trust Fund (Trust). The value of an investment in the Plan will vary with market conditions. The Plan is administered by the Nevada State Treasurer, Zach Conine. Victory Capital Management Inc. (Victory Capital) provides investment management services, and Victory Capital Services, Inc. markets and distributes the Plan. Ascensus Broker Dealer Services, Inc. serves as the Program Manager as well as effects account owner transactions in the Plan. Interests in the Plan are not guaranteed by the Trust, the Plan, the state of Nevada, the Board or any other governmental entities, or any USAA, Victory Capital or Ascensus entities and you could lose money.

Appendix: CSR 2020 scorecard

		2018	2019	2020
(E) Environmental	% of Employees Working in LEED-Certified Buildings	NA	83%	84%
(S) Benefits	Flexible Work Options	Yes	Yes	Yes
	Health/Medical/Dental/Vision	Yes	Yes	Yes
	Paid Parental Leave	Yes	Yes	Yes
	Counseling	Yes	Yes	Yes
	Wellness Programs	Yes	Yes	Yes
	Retirement Programs	Yes	Yes	Yes
	Stock Purchase Plan Options	Yes	Yes	Yes
	Tuition Reimbursement	Case-by-Case	Case-by-Case	Case-by-Case
	Other Programs/Plans	Yes	Yes	Yes
	Life Insurance	Yes	Yes	Yes
(S) Diversity & Inclusion	Diversity and Discrimination Policy	Yes	Yes	Yes
	Diversity and Discrimination Policy – Women	Yes	Yes	Yes
	Diversity and Discrimination Policy – Veterans	Yes	Yes	Yes
	Diversity and Discrimination Policy – PoC	Yes	Yes	Yes
	Diversity and Discrimination Policy – LGBTQ	Yes	Yes	Yes
	Diversity and Discrimination Policy – Disability	Yes	Yes	Yes
(S) Employee Training	Compliance Training	Yes	Yes	Yes
	Leadership Training	Yes	Yes	Yes
	Personal Development	Yes	Yes	Yes
	Business Ethics Training	Yes	Yes	Yes
(S) Operational Performance	Privacy Policy	Yes	Yes	Yes
(S) EEOC Data	Global Employees	263	361	429
	% Male (Firm)	71%	71%	72%
	% Female (Firm)	29%	29%	28%
	White (Firm)	88%	83%	75%
	Black (Firm)	2%	2%	3%
	Hispanic (Firm)	2%	9%	15%
	Asian (Firm)	6%	5%	5%
	American Indian (Firm)	1%	1%	0%
	2 or more (Firm)	1%	1%	1%
(G) Board Members / Profile	Count	9	9	9
	Age (Youngest)	36	37	38
	Age (Average)	61	62	63
	Age (Oldest)	76	77	78

Appendix: CSR 2020 scorecard

		2018	2019	2020
G) Board Members / Profile	Executive on Board (Excluding CEO)	No	No	No
	Percentage of Independent Board Members	89%	89%	89%
	Staggered Board	Yes	Yes	Yes
(G) Business Ethics	Whistleblower Protection – External Indicator	Yes	Yes	Yes
	Whistleblower Protection – Internal Indicator	Yes	Yes	Yes
	Bribery & Corruption Policy	Yes	Yes	Yes
	Anti-Money Laundering Policy	Yes	Yes	Yes
	Compliance Officer Indicator	Yes	Yes	Yes
	Audit Committee – Percentage Independent	100%	100%	100%
	Executive on Audit Committee	No	No	No
	Auditor Election Frequency	Yearly	Yearly	Yearly
	Auditor Name	E&Y	E&Y	E&Y
	Auditor Election Year	2018	2019	2020
(G) Compensation	Executive on Pay Committee	No	No	No
	Pay Committee – Percentage Independent	100%	100%	100%
	Compensation Disclosure for Executives	Yes	Yes	Yes
(G) Ownership & Control	Multiple Share Classes	Yes	Yes	Yes
	Proxy Access	Yes	Yes	Yes
	Confidential Voting	Yes	Yes	Yes
	Written Consent Permitted	No	No	No
	Golden Parachute	No	No	No
	Double Trigger	No	No	No
	Poison Pill	No	No	No
(G) Signatory	UN PRI Signatory	Partial	Partial	Yes
(G) Memberships	SASB Alliance	No	No	Yes
	Ceres Investor Network on Climate Risk and Sustainability	No	No	No ⁱ
(G) ESG Corporate Ratings	MSCI ESG Research	N/A	BB	BBB
(G) ESG Incorporation	Total AUM \$ (12/31/2020)	\$52.8 B	\$151.8 B	\$147.2 B
	ESG Integration (%)	N/A	N/A	6%
	Sustainability-Themed Investing (%)	N/A	N/A	1%
	ESG Screening (%)	N/A	N/A	1%

i. Victory Capital joined the Ceres Investor Network on Climate Risk and Sustainability in February 2021.

Appendix: SASB Index

TOPIC	ACCOUNTING METRIC	CODE	DIRECT RESPONSE / REPORT LOCATION [OR JUST REPSONSE]
Customer Privacy	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1	0
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	0
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CF-230a.1	(1) 0 (2) 0% (3) 0
	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2	N/A
	Description of approach to identifying and addressing data security risks	FN-CF-230a.3	Victory Capital's information systems and data are managed consistent with Victory Capital's risk strategy to protect the confidentiality, integrity, and availability of information. Victory Capital protects clients' information and both the clients' and firm's assets from threats – internal or external, deliberate or accidental – through effective defense-in-depth layered security practices and robust controls.
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	(1) 0 (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	FN-AC-270a.2	\$0
	Description of approach to informing customers about products and services	FN-AC-270a.3	It is Victory Capital's policy to act primarily for the benefit of its client in matters related to providing investment advisory services. This duty is recognized in common law, in state statutes, and in federal statutes. Among other things, Victory Capital's policies require adherence to the investment objectives and specific investment policies and restrictions applicable to each account it advises. These guidelines are established in clearly written offering documents (in the case of pooled vehicles) and investment guidelines developed in conjunction with each investment client and their investment consultants (in the case of separate accounts). These guidelines are reviewed periodically for accuracy and updated for completeness. Victory Capital regularly reports on its investment operations through reporting required by law or client-specific reporting, depending on the type of client. Additional information about Victory's strategies and risks can be found on Victory Capital's website and in its Form ADV, which is available upon request or on iapd.com. For U.S. registered products (mutual funds and ETFs), this information can be found in the funds' prospectuses and Statements of Additional Information on vcm.com or on the SEC's Edgar database along with other required reports that include details about investment performance and financial reporting. Victory Capital also maintains policies and procedures designed to comply with the rules, regulations and guidelines established by the SEC under the federal securities laws, FINRA, etc requiring, among other things, advertising and marketing materials to be objective, fair and balanced and the mitigation of conflicts of interests. Similarly, Victory Capital engages in sales practices that comply with applicable rules and regulations and regularly monitors for adherence by its personnel.
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) Executive Management, (2) Non-Executive Management, (3) Professionals, and (4) All other employees	FN-AC-330a.1	(1) Executive Management (4 people) Gender: 75% Male; 25% Female. Racial/Ethnic Group: 75% White; 25% Asian/Pacific Islander. (2) Non-Executive Management (57 people) Gender: 70% Male; 30% Female. Racial/Ethnic Group: 79% White; 2% Black; 4% Hispanic; 14% Asian/Pacific Islander; 2% American Indian or Alaskan Native. (3) Professionals (341 people) Gender: 74% Male; 26% Female. Racial/Ethnic Group: 75.4% White; 3.2% Black; 16.7% Hispanic; 3.2% Asian/Pacific Islander; 0% American Indian or Alaskan Native; 1.5% Two or More Races. (4) All other employees (14 people) Gender: 52% Male; 48% Female. Racial/Ethnic Group: 55.6% White; 3.7% Black; 25.9% Hispanic; 11.1% Asian/Pacific Islander; 0% American Indian or Alaskan Native; 3.7% Two or More Races.

Appendix: SASB Index

TOPIC	ACCOUNTING METRIC	CODE	DIRECT RESPONSE / REPORT LOCATION [OR JUST REPSONSE]
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability-themed investing, and (3) screening	FN-AC-410a.1	(1) integration of environmental, social, and governance (ESG) issues (AUM): \$8.9 billion [Equities] (2) sustainability-themed investing (AUM): \$1.4 billion [Equities] (3) screening (AUM): \$1.3 billion [Equities]; \$0.01 billion [Fixed Income]
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	<p>As a global asset management firm operating a next-generation business model that combines boutique investment qualities with the benefits of a fully integrated, centralized operating and distribution platform, Victory Capital strongly advocates independent decision-making and investment processes.</p> <p>We are committed to incorporating specific ESG factors in portfolios we manage to accommodate objectives sought by our clients. We partner with clients to develop products that meet our fiduciary duty while delivering investment strategies aligned to the client's potential desire for responsible investing with investment success.</p> <p>We appreciate the importance of ESG issues in the investment, risk management, and due diligence processes and, when appropriately directed by clients, we promote the following Principles for Responsible Investment (PRI):</p> <ul style="list-style-type: none"> • We will incorporate ESG issues into investment analysis and decision-making processes. • We will be active owners and incorporate ESG issues into our ownership policies and practices. • We will seek appropriate disclosure on ESG issues by the entities in which we invest. • We will promote acceptance and implementation of the Principles within the investment industry. • We will work together to enhance our effectiveness in implementing the Principles. • We will each report on our activities and progress toward implementing the Principles. <p>These Principles for Responsible Investment were developed by an international group of institutional investors, reflecting the increasing relevance of ESG issues to investment practices. The process was convened by the United Nations Secretary-General. We trace our signatory status back to 2016, when Sophus became a signatory. In 2020, we became a signatory on an enterprise-wide basis. Additional information about PRI can be found at www.unpri.org.</p> <p>Our goal is continuous improvement. Victory Capital encourages each of its Investment Franchises to perform the following iterative activities regarding responsible investing on a regular basis:</p> <ul style="list-style-type: none"> • Assess the effectiveness and efficiency of their current procedures. • Remain aware of current research, new developments, and best practices. • Identify changes needed to close gaps between current and target future states. • Evaluate implications for investment decision-making processes and ensure all training needs are met. • Implement desired changes, monitor progress, and assess attributable risk mitigation and/or alpha generation. <p>Victory Capital believes investing in sustainable companies (i.e., those able to properly manage their relevant ESG risks and opportunities) may improve risk-adjusted performance over the long term. Each of our Investment Franchises and Solutions Platform follow an approach to integrating ESG considerations or implementing responsible investing approaches that best suits its autonomous investment processes or the objectives of its clients.</p> <p>We provide our investment professionals with enhanced tools and resources to access the ESG attributes of portfolio companies and prospective portfolio companies. These resources include access to research and training on best practices to use at their discretion in a manner consistent with our fiduciary responsibilities and client-specific objectives.</p>
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	<p>We review our Proxy Voting Policy at least annually and have increasingly integrated ESG concerns into our policy based on consultation provided by Institutional Shareholder Services (ISS). For the 2021 proxy season, we revised our proxy voting guidelines to align more rigorously with material ESG factors.</p> <p>Each of our Investment Franchises engages with companies on ESG issues in a manner that is consistent with and complements their investment decision-making processes.</p>

Appendix: SASB Index

TOPIC	ACCOUNTING METRIC	CODE	DIRECT RESPONSE / REPORT LOCATION [OR JUST REPSONSE]
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	0
	Description of whistleblower policies and procedures	FN-AC-510a.2	Victory Capital encourages any officer, employee, contractor, subcontractor, or agent of Victory Capital (a "Reporting Person") who has a concern regarding what he or she views as a possible Reporting Matter to bring these concerns to the attention of Victory Capital's Chief Compliance Officer ("CCO"), who also shall serve as Victory Capital's corporate ombudsman. Concerns may relate to any Reporting Matter, including, but not limited to, fraud or deliberate error in the preparation, evaluation, review, or audit of any financial statement of any client account; fraud or deliberate error in the recording and maintaining of financial records of a client account; deficiencies in or noncompliance with any internal accounting controls affecting a client account; any misrepresentation or false statement regarding a matter contained in the financial records, financial reports, or audit reports of a client account; or any deviation from full and fair reporting of a client's financial condition.
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	FN-AC-550a.1	In 2018, the SEC voted to adopt "Investment Company Liquidity Disclosure," a final rule amending Rule 22e-4 ("Investment Company Liquidity Risk Management Program Rules"). In accordance with the Investment Company Liquidity Disclosure rule, the SEC rescinded the requirement that open-end mutual funds registered under the Investment Company Act of 1940 publicly disclose aggregate liquidity classification information at the fund level. The SEC explained that "the subjectivity of the Rule 22e-4 classification process when applied to this public disclosure concerns [the SEC] for several specific reasons." The reasons given by the SEC included, among others, that the data "may pose a significant risk of confusing and misleading investors." Further, as a fiduciary asset manager, liquidity is managed at the fund level and the assets of one open-end fund cannot be used to meet the redemptions of other funds, as each fund is a separate legal entity. Aggregate liquidity classifications across funds would not provide meaningful insight as to how liquidity is managed at the fund level. Accordingly, we are omitting a response to this item.
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	FN-AC-550a.2	The Liquidity Risk Management Program administrator assesses, manages, and periodically reviews each fund's liquidity risk, which includes various factors detailed in the Board-approved Liquidity Risk Management Program. Following this assessment, the Administrator may work with a Portfolio Management team to address any areas of redemption risk management.
	Total exposure to securities financing transactions	FN-AC-550a.3	0
	Net exposure to written credit derivatives	FN-AC-550a.4	0
Activity Metrics	(1) Total registered ⁱⁱ and (2) total unregistered assets under management (AUM) ⁱⁱⁱ	FN-AC-000.A	(1) \$117.2 billion (2) \$30.0 billion
	Total assets under management	FN-AC-000.B	\$147.2 billion

ii. Total unregistered AUM equals total AUM minus total registered AUM.

iii. We have renamed this metric to "total assets under management" from "total assets under custody and supervision," because assets under management is a more relevant activity metric for asset managers and Victory Capital is an asset manager, not a custodian.



15935 La Cantera Parkway
San Antonio, TX 78256
www.vcm.com

Core Values



BUILD TRUST

We go to great lengths to fulfill our commitments, and we work hard to do the right thing for our clients.



RESPECT AUTONOMY

We value independent decision-making and respect the autonomy of each of our Investment Franchises and Solutions Platform.



INVEST PERSONALLY

We are invested in our clients' success. We demonstrate that commitment by investing our time, energy, and our own assets in our strategies.



CREATE ALIGNMENT

We work together toward a common objective—helping our clients to achieve their goals. We have approximately \$190 million invested in our own products.