Risk Factors Comparison 2024-02-29 to 2023-03-06 Form: 10-K

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The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case the trading price of our common stock could decline. This report also contains forward - looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward - looking statements as a result of specific factors, including the risks and uncertainties described below. Risk Factors Summary The following is a summary of risks and uncertainties that affect our business, financial condition or results of operations. We are providing the following summary of risk factors to enhance readability of our risk factor disclosure. Material risks that may adversely affect our business, financial condition or results of operations include, but are not limited to, the following: Market and Investment Performance Risks • We earn substantially all of our revenues based on AUM, and any reduction in AUM would reduce our revenues and profitability. • The ongoing ~~conflict~~ **conflicts** in Ukraine ~~has~~ **and Israel have**, and will likely continue to, negatively impact the global economy. • If our strategies perform poorly, clients could redeem their assets and we could suffer a decline in our AUM, which would reduce our earnings. • The historical returns of our strategies may not be indicative of their future results or of the strategies we may develop in the future. • We may support our money market funds to maintain their stable net asset values, or other products we manage, which could affect our revenues or operating results. • The performance of our strategies or the growth of our AUM may be constrained by unavailability of appropriate investment opportunities. Business Risks • ~~The COVID- 19 and other pandemics~~ **Pandemics** have, and will likely continue to have, a negative impact on the global economy and interrupt normal business activity. • The loss of key investment professionals or members of our senior management team could have a material adverse effect on our business. • We derive substantially all of our revenues from contracts and relationships that may be terminated upon short or no notice. • Investors in certain funds that we advise can redeem their assets from those funds at any time without prior notice. • Investment recommendations provided to our direct investor channel may not be suitable or fulfill regulatory requirements; representatives may not disclose or address conflicts of interest, conduct inadequate due diligence, provide inadequate disclosure; transactions may be subject to human error or fraud. • The significant growth we have experienced over the past few years may be difficult to sustain and our growth strategy is dependent in part upon our ability to make and successfully integrate new strategic acquisitions. • Our expenses are subject to fluctuations that could materially impact our results of operations. • A significant proportion of our existing AUM is managed in long - only investments. • Our efforts to establish and develop new teams and strategies may be unsuccessful and could negatively impact our results of operations and could negatively impact our reputation and culture. • An assignment could result in termination of our investment advisory agreements to manage SEC - registered funds and could trigger consent requirements in our other investment advisory agreements. • Our failure to comply with investment guidelines set by our clients, including the boards of registered funds, and limitations imposed by applicable law, could result in damage awards against us and a loss of AUM, either of which could adversely affect our results of operations or financial condition. • We provide a broad range of services to the Victory Funds, ~~USAA Funds,~~ VictoryShares and sub - advised mutual funds which may expose us to liability. • Potential impairment of goodwill and intangible assets could result in not realizing the value of these assets. • If we were deemed an investment company required to register under the ~~the~~ Investment Company Act of 1940 (the " Investment Company Act "), we would become subject to burdensome regulatory requirements and our business activities could be restricted. Merger and Acquisition Risks • We may not realize the benefits we expect from mergers and acquisitions because of integration difficulties and other challenges. • Certain liabilities resulting from acquisitions are estimated and could lead to a material impact on earnings **. • Draft Merger Guidelines which is the framework that the Department of Justice and Federal Trade Commission utilize when reviewing mergers and acquisitions may impact our ability to execute on our corporate strategy**. Indebtedness Risks • Our substantial indebtedness may expose us to material risks. Capital Structure and Public Company Risks • ~~A~~ **If a** relatively large percentage of our common stock is concentrated with a small number of shareholders, ~~which~~ **it** could increase the volatility in our stock trading and affect our share price. • The market price of our common stock is likely to be volatile and could decline. • Future sales of shares by shareholders could cause our stock price to decline. • If securities or industry analysts publish misleading or unfavorable research about our business, our stock price and trading volume could decline. • ~~We are an " emerging growth company, " and any decision on our part to comply with certain reduced disclosure requirements applicable to emerging growth companies could make our Common Stock less attractive to investors. •~~ The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business ~~, particularly after we are no longer an " emerging growth company~~ . ~~"~~ • Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and stock price **.** • Our ability to pay regular dividends is subject to our Board' s discretion and Delaware law. • Future offerings of debt or equity securities may rank senior to our common stock. • Provisions in our charter documents could discourage a takeover that shareholders may consider favorable. • Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Legal and Regulatory Risks • As an investment management firm and brokerage firm, we are subject to extensive regulation. • The regulatory environment in which we operate is subject to continual change and regulatory developments designed to increase oversight and may materially adversely affect our business. Industry Risks • Recent trends in the investment management industry could reduce our AUM, revenues and net income. • The investment management industry is intensely competitive. Third Party Risks • We depend primarily on third parties to market Victory Funds ~~, USAA Funds~~ and VictoryShares. • We rely on third parties to provide products or services for the operation of our business, and a failure or inability by such parties to provide these products or services could materially adversely affect our business. Operational and Cybersecurity Risks • Operational risks may disrupt our business, result in losses or limit our growth. • Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt operations and cause financial losses. • Disruption to the operations of third parties whose functions are integral to our ETF platform may adversely affect the prices at which VictoryShares trade, particularly during periods of market volatility. General Risks • Reputational harm could result in a loss of AUM and revenues. • If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses. • Certain of our strategies invest principally in the securities of non - U. S. companies, which involve foreign currency exchange, tax, political, social and economic uncertainties and risks. • The expansion of our business outside of the United States raises tax and regulatory risks, may adversely affect our profit margins and places additional demands on our resources and employees. • Failure to properly address conflicts of interest could harm our reputation, business and results of operations. • **Our contractual obligations may subject us to indemnification obligations to third parties. •** Insurance may not be available on a cost- effective basis to protect us from liability **. • Failure to protect our intellectual property may negatively impact our business. • Climate change may adversely affect our office locations** . We earn substantially all of our revenues based on AUM, and any reduction in AUM would reduce our revenues and profitability. AUM fluctuates based on many factors, including investment performance, client withdrawals and difficult market conditions. We earn substantially all of our revenues from asset - based fees from investment management products and services to individuals and institutions. Therefore, if our AUM declines, our fee revenue will decline, which will reduce our profitability as certain of our expenses are fixed. There are several reasons that AUM could decline: • The performance of our investment strategies is critical to our business, and any real or perceived negative absolute or relative performance could negatively impact the maintenance and growth of AUM. Net flows related to our strategies can be affected by investment performance relative to other competing strategies or to established benchmarks. Our investment strategies are rated, ranked, recommended or assessed by independent third parties, distribution partners, and industry periodicals and services. These assessments may influence the investment decisions of our clients. If the performance or assessment of our strategies is seen as underperforming relative to peers, it could result in an increase in the withdrawal of assets by existing clients and the inability to attract additional commitments from existing and new clients. In addition, certain of our strategies have or may have capacity constraints, as there is a limit to the number of securities available for the strategy to operate effectively. In those instances, we may choose to limit access to those strategies to new or existing investors, such as we have done for two mutual funds managed by the Sycamore Capital Franchise which had an aggregate of $ ~~23~~ **25** . 1 billion in AUM as of December 31, ~~2022~~ **2023** . • General domestic and global economic and political conditions can influence AUM. Changes in interest rates, the availability and cost of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances **such as the increased tension between the U. S. and China** (including wars (such as the military conflict between Russia and Ukraine **and the conflict in Israel**), pandemics ~~(such as COVID- 19)~~ , terrorist acts and security operations) and other conditions may impact the equity and credit markets, which may influence our AUM. If the security markets decline or experience volatility, our AUM and our revenues could be negatively impacted. In addition, diminishing investor confidence in the markets and / or adverse market conditions could result in a decrease in investor risk tolerance. Such a decrease could prompt investors to reduce their rate of commitment or to fully withdraw from markets, which could lower our overall AUM. • Capital and credit markets can experience substantial volatility. The significant volatility in the markets in the recent past has highlighted the interconnection of the global markets and demonstrated how the deteriorating financial condition of one institution may materially adversely impact the performance of other institutions. In the event of extreme circumstances, including economic, political or business crises, such as a widespread systemic failure in the global financial system or failures of firms that have significant obligations as counterparties, we may suffer significant declines in AUM and severe liquidity or valuation issues. • Changes in interest rates can have adverse effects on our AUM. Increases in interest rates may adversely affect the net asset values of our AUM. Furthermore, increases in interest rates may result in reduced prices in equity markets. Conversely, decreases in interest rates could lead to outflows in fixed income assets that we manage as investors seek higher yields. Any of these factors could reduce our AUM and revenues and, if our revenues decline without a commensurate reduction in our expenses, would lead to a reduction in our net income. ~~The military~~ **Continued geopolitical uncertainty such as the ongoing** ~~conflict~~ **conflicts** in Ukraine and **Israel and tension between the U. S. and China has, and will likely continue to, negatively impact the global economy. Continued geopolitical uncertainty such as** the ongoing ~~geopolitical~~ **conflicts in Ukraine and Israel and** ~~tensions~~ **tension** ~~have~~ **between the U. S. and China has** created significant volatility, uncertainty and economic disruption ~~. The United States, European Union and other countries announced economic sanctions against Russia~~ . While it has not had a material adverse effect on our business, operations and financial results, the extent to which the **geopolitical uncertainty and** ~~conflict~~ **conflicts** ~~impacts~~ **impact** our business, operations and financial results going forward will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the **uncertainty and** ~~conflict~~ **conflicts** ; governmental and business actions that have been and continue to be taken in response ~~to the conflict~~ , **and** the impact ~~of the conflict~~ on economic activity ~~and any retaliatory actions taken by Russia~~ . The performance of our strategies is critical in retaining existing client assets as well as attracting new client assets. If our strategies perform poorly for any reason, our earnings could decline because: • our existing clients may redeem their assets from our strategies or terminate their relationships with us; • the Morningstar and Lipper ratings and rankings of mutual funds and ETFs we manage may decline, which may adversely affect the ability of those funds to attract new or retain existing assets; and • third - party financial intermediaries, advisors or consultants may remove our investment products from recommended lists due to poor performance or for other reasons, which may lead our existing clients to redeem their assets from our strategies or reduce asset inflows from these third parties or their clients. Our strategies can perform poorly for a number of reasons, including: general market conditions; investor sentiment about market and economic conditions; investment styles and philosophies; investment decisions; global events; the performance of the companies in which our strategies invest and the currencies in which those investment are made; the fees we charge; the liquidity of securities or instruments in which our strategies invest; and our inability to identify sufficient appropriate investment opportunities for existing and new client assets on a timely basis. In addition, while we seek to deliver long - term value to our clients, volatility may lead to under - performance in the short term, which could adversely affect our results of operations. In addition, when our strategies experience strong results relative to the market, clients' allocations to our strategies typically increase relative to their other investments and we sometimes experience withdrawals as our clients rebalance their investments to fit their asset allocation preferences despite our strong results. While clients do not have legal recourse against us solely on the basis of poor investment results, if our strategies perform poorly, we are more likely to become subject to litigation brought by dissatisfied clients. In addition, to the extent clients are successful in claiming that their losses resulted from fraud, negligence, willful misconduct, breach of contract or other similar misconduct, these clients may have remedies against us, the mutual funds and other pooled investment vehicles we advise and / or our investment professionals under various U. S. and non - U. S. laws. The historical returns of our strategies and the ratings and rankings we or the mutual funds, ETFs and other pooled investment vehicles that we advise have received in the past should not be considered indicative of the future results of these strategies or of any other strategies that we may develop in the future. The investment performance we achieve for our clients varies over time and the variance can be wide. The ratings and rankings we or the mutual funds, ETFs and other pooled investment vehicles that we advise have received are typically revised monthly. Our strategies' returns have benefited during some periods from investment opportunities and positive economic and market conditions. In other periods, general economic and market conditions have negatively affected investment opportunities and our strategies' returns. These negative conditions may occur again, and in the future, we may not be able to identify and invest in profitable investment opportunities within our current or future strategies. New strategies that we launch or acquire in the future may present new and different investment, regulatory, operational, distribution and other risks than those presented by our current strategies. New strategies may invest in instruments with which we have no or limited experience, create portfolios that present new or different risks or have higher performance expectations that are more difficult to meet. Any real or perceived problems with future strategies or vehicles could cause a disproportionate negative impact on our business and reputation. Approximately 2 % of our AUM as of December 31, ~~2022~~ **2023** , consisted of assets in money market funds. Money market funds seek to preserve a stable net asset value. Market conditions could lead to severe liquidity or security pricing issues, which could impact the NAV of money market funds. If the NAV of a money market fund managed by our asset managers were to fall below its stable net asset value, we would likely experience significant redemptions in AUM and reputational harm, which could have a material adverse effect on our revenues or net income. If a money market fund' s stable NAV comes under pressure, we may elect, to provide credit, liquidity, or other support to the fund. We may also elect to provide similar or other support, including by providing liquidity to a fund, to other products we manage for any number of reasons. If we elect to provide support, we could incur losses from the support we provide and incur additional costs, including financing costs, in connection with the support. These losses and additional costs could be material and could adversely affect our earnings. In addition, certain proposed regulatory reforms could adversely impact the operating results of our money market funds. The ability of our investment teams to deliver strong investment performance depends in large part on their ability to identify appropriate investment opportunities in which to invest client assets. If the investment team for any of our strategies is unable to identify sufficient appropriate investment opportunities for existing and new client assets on a timely basis, the investment performance of the strategy could be adversely affected. In addition, if we determine that sufficient investment opportunities are not available for a strategy, we may choose to limit the growth of the strategy by limiting the rate at which we accept additional client assets for management under the strategy, closing the strategy to all or substantially all new investors or otherwise taking action to limit the flow of assets into the strategy. If we misjudge the point at which it would be optimal to limit access to or close a strategy, the investment performance of the strategy could be negatively impacted. The risk that sufficient appropriate investment opportunities may be unavailable is influenced by a number of factors, including general market conditions, but is particularly acute with respect to our strategies that focus on small - and mid - cap equities, and is likely to increase as our AUM increases, particularly if these increases occur very rapidly. By limiting the growth of strategies, we may be managing the business in a manner that reduces the total amount of our AUM and our investment management fees over the short term. ~~On March 11, 2020, the World Health Organization declared the outbreak of COVID- 19 a pandemic.~~ The ~~global spread of COVID- 19 created significant volatility, uncertainty and economic disruption. While COVID- 19 did not have a material adverse effect on our business, operations and financial results as of December 31, 2022, the~~ extent to which ~~the pandemic and other~~ pandemics impact our business, operations and financial results will depend on numerous factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions taken in response to the pandemic; the impact of the pandemic on economic activity and actions taken in response; and the effect on our ability to sell and provide our services. We depend on the skills and expertise of our portfolio managers and other investment professionals and our success depends on our ability to retain the key members of our investment teams, who possess substantial experience in investing and have been primarily responsible for the historical investment performance we have achieved. Because of the tenure and stability of our portfolio managers, our clients may attribute the investment performance we have achieved to these individuals. The departure of a portfolio manager could cause clients to withdraw assets from the strategy, which would reduce our AUM, investment management fees and our net income. The departure of a portfolio manager also could cause consultants and intermediaries to stop recommending a strategy, clients to refrain from allocating additional assets to the strategy or delay such additional assets until a sufficient new track record has been established and could also cause the departure of other portfolio managers or investment professionals. We have instituted succession planning at our Franchises in an attempt to minimize the disruption resulting from these potential changes, but we cannot predict whether such efforts will be successful. We also rely upon the contributions of our senior management team to establish and implement our business strategy and to manage the future growth of our business. The loss of any of the senior management team could limit our ability to successfully execute our business strategy or adversely affect our ability to retain existing and attract new client assets and related revenues. Any of our investment or management professionals may resign at any time, join our competitors or form a competing company. Although many of our portfolio managers and each of our named executive officers are subject to post - employment non - compete obligations, these non - competition provisions may not be enforceable or may not be enforceable to their full extent. In addition, we may agree to waive non - competition provisions or other restrictive covenants applicable to former investment or management professionals in light of the circumstances surrounding their relationship with us **. Although we may pursue legal actions for alleged breaches of non-compete or other restrictive covenants, such legal actions may not be effective in preventing such breaches. In addition, the Federal Trade Commission (FTC) has proposed a rule that would prevent employers from entering into non-competes with employees and require employers to rescind existing non- competes. Furthermore, certain states like Minnesota, North Dakota and Oklahoma have implemented comparable or more stringent regulations, while California has broadened the scope of its longstanding restrictions on non- competes. If this rule goes into effect, more states adopt similar rules** . We do not generally carry " key man " insurance that would provide us with proceeds in the event of the death or disability of any of the key members of our investment or management teams. Competition for qualified investment and management professionals is intense and we may fail to successfully attract and retain qualified personnel in the future. Our ability to attract and retain these personnel will depend heavily on the amount and structure of compensation and opportunities for equity ownership we offer. Any cost - reduction initiative or adjustments or reductions to compensation or changes to our equity ownership culture could cause instability within our existing investment teams and negatively impact our ability to retain key personnel. In addition, changes to our management structure, corporate culture and corporate governance arrangements could negatively impact our ability to retain key personnel. We derive substantially all of our revenues from investment advisory and sub - advisory agreements as well as fund administration and accounting, agreements with the Victory Funds ~~, USAA Funds~~ and VictoryShares and transfer agency agreements with the ~~USAA~~ **Victory Portfolios III (the " Victory** Funds **III ")** , all of which are terminable by clients or our funds' boards upon short notice or no notice. Our investment advisory agreements with registered funds, which are funds registered under the Investment Company Act of 1940, as amended, or the 1940 Act, including mutual funds and ETFs, are generally terminable by the funds' boards or a vote of a majority of the funds' outstanding voting securities on not more than 60 days' written notice, as required by law. After an initial term (not to exceed two years), each registered fund' s investment advisory agreement must be approved and renewed annually by that fund' s board, including by its independent members. We maintain a long history of renewing these agreements. In addition, all of our separate account clients and certain of the mutual funds that we sub - advise have the ability to re - allocate all or any portion of the assets that we manage away from us at any time with little or no notice. When a sub - adviser terminates its sub - advisory agreement to manage a fund that we advise there is a risk that investors in the fund could redeem their assets in the fund, which would cause our AUM to decrease. Similarly, our fund administration, accounting, and transfer agency agreements are subject to annual fund board approval. These investment advisory and other agreements and client relationships may be terminated or not renewed for any number of reasons. The decrease in revenues that could result from the termination of a material client relationship or group of client relationships could have a material adverse effect on our business. Investors in the mutual funds and certain other pooled investment vehicles that we advise or sub - advise may redeem their assets from those funds at any time on fairly limited or no prior notice, thereby reducing our AUM. These investors may redeem for any number of reasons, including general financial market conditions, global events, the absolute or relative investment performance we have achieved, or their own financial conditions and requirements. In a declining stock market, the pace of redemptions could accelerate. Poor investment performance relative to other funds tends to result in decreased client commitments and increased redemptions. For the year ended December 31, ~~2022~~ **2023** , we generated approximately ~~85~~ **84** % of our total revenues from mutual funds and other pooled investment vehicles that we advise (including our proprietary mutual funds, or the Victory ~~Funds, USAA~~ Funds, VictoryShares, and other entities for which we are adviser or sub - adviser). The redemption of assets from those funds could adversely affect our revenues and have a material adverse effect on our earnings. Investment recommendations provided to our direct investor channel may not be suitable or fulfill regulatory requirements; representatives may not disclose or address conflicts of interest, conduct inadequate due diligence, provide inadequate disclosure; transactions subject to human error or fraud. The direct channel serves existing or potential individual investors who invest in our proprietary ~~Mutual~~ **mutual** ~~Funds~~ **funds** , ETFs and the USAA 529 Education Savings Plan. ~~As of April 24, 2023,~~ Investors ~~will~~ **also** have the ability to invest in third party mutual funds, third party ETFs and individual equity securities listed on major U. S. exchanges on a self- directed basis. Our broker-dealer subsidiary has a dedicated retail investor- facing sales team who discuss the merits of investing in our proprietary products. The sales team provides recommendations based on the investor' s needs to aid them in their decision making. Our sales team' s recommendations may not fulfill regulatory requirements as a result of their failing to collect sufficient information about an investor or failing to understand the investor' s needs or risk tolerances. Risks associated with providing recommendations also include those arising from how we disclose and address actual or potential conflicts of interest, inadequate due diligence, inadequate disclosure, human error and fraud. In addition, Regulation Best Interest imposes heightened conduct standards, suitability analysis and disclosure requirements when we provide recommendations to retail investors. To the extent that we fail to satisfy regulatory requirements, fail to know our investors, improperly advise these investors, or risks associated with providing investment recommendations otherwise materialize, we could be found liable for losses suffered by such investors, or could be subject to regulatory fines, and penalties, any of which could harm our reputation and business. We may be subject to claims of unsuitable investments. If individual investors suffer losses on their investment they may seek compensation from us on the basis of allegations that their investments were not suitable or that the fund prospectuses or other marketing materials contained material errors or were misleading. Despite the controls relating to disclosure in fund prospectuses and marketing materials, it is possible that such action may be successful, which in turn could adversely affect the business, financial condition and results of operations. Our AUM has increased from $ 17. 9 billion following our 2013 management - led buyout with Crestview GP from KeyCorp to $ ~~153~~ **166** . ~~0~~ **6** billion as of December 31, ~~2022~~ **2023** , primarily as a result of acquisitions. The absolute measure of our AUM represents a significant rate of growth that may be difficult to sustain. The continued long - term growth of our business will depend on, among other things, successfully making new acquisitions, retaining key investment professionals, maintaining existing strategies and selectively developing new, value - added strategies. There is no certainty that we will be able to identify suitable candidates for acquisition at prices and terms we consider attractive, consummate any such acquisition on acceptable terms, have sufficient resources to complete an identified acquisition or that our strategy for pursuing acquisitions will be effective. In addition, any acquisition can involve a number of risks, including the existence of known, unknown or contingent liabilities. An acquisition may impose additional demands on our staff that could strain our operational resources and require expenditure of substantial legal, investment banking and accounting fees. We may be required to issue additional shares of common stock or spend significant cash to consummate an acquisition, resulting in dilution of ownership or additional debt leverage, or spend additional time and money on facilitating the acquisition that otherwise would be spent on the development and expansion of our existing business. We may not be able to successfully manage the process of integrating an acquired company' s people and other applicable assets to extract the value and synergies projected to be realized in connection with the acquisition. The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel and AUM. The diversion of management' s attention and any delays or difficulties encountered in connection with acquisitions and the integration of an acquired company' s operations could have an adverse effect on our business. Our business growth will also depend on our success in achieving superior investment performance from our strategies, as well as our ability to maintain and extend our distribution capabilities, to deal with changing market and industry conditions, to maintain adequate financial and business controls and to comply with new legal and regulatory requirements arising in response to both the increased sophistication of the investment management industry and the significant market and economic events of the last decade. We may not be able to manage our growing business effectively or be able to sustain the level of growth we have achieved historically. Our results of operations are dependent upon the level of our expenses, which can vary from period to period. We have certain fixed expenses that we incur as a going concern, and some of those expenses are not subject to adjustment. If our revenues decrease, without a corresponding decrease in expenses, our results of operations would be negatively impacted. While a majority of our expenses are variable, and we attempt to project expense levels in advance, there is no guarantee that an unforeseen expense will not arise or that we will be able to adjust our variable expenses quickly enough to match a declining revenue base. Consequently, either event could have either a temporary or permanent negative impact on our results of operations. As of December 31, ~~2022~~ **2023** , approximately ~~78~~ **81** % of our AUM was invested in U. S. and international equity. Under market conditions in which there is a general decline in the value of equity securities, the AUM in each of our equity strategies is likely to decline. Unlike some of our competitors, we do not currently offer strategies that invest in privately held companies or take short positions in equity securities, which could offset some of the poor performance of our long - only equity strategies under such market conditions. Even if our investment performance remains strong during such market conditions relative to other long - only equity strategies, investors may choose to withdraw assets from our management or allocate a larger portion of their assets to non - long - only or non - equity strategies. In addition, the prices of equity securities may fluctuate more widely than the prices of other types of securities, making the level of our AUM and related revenues more volatile. As of December 31, ~~2022~~ **2023** , of the ~~78~~ **81** % of our AUM invested in U. S. and international equity approximately 28 % of the AUM was concentrated in **U. S.** small - and mid - cap equities. As a result, a substantial portion of our operating results depends upon the performance of those investments, and our ability to retain client assets in those investments. If a significant portion of the investors in such investments decided to withdraw their assets or terminate their investment advisory agreements for any reason, including poor investment performance or adverse market conditions, our revenues from those investments would decline, which would have a material adverse effect on our earnings and financial condition. As of December 31, ~~2022~~ **2023** , approximately ~~19~~ **17** % of our total AUM was invested in U. S. taxable and tax- exempt fixed- income and money market securities. While fixed- income is typically considered less volatile than the equity markets, it does exhibit different types of risks such as interest rate risk, credit risk, and over- the- counter liquidity risk. Also, retention of fixed income AUM depends upon the performance of those investments, and our ability to retain client assets in those investments. If a significant portion of the investors in such investments decided to withdraw their assets or terminate their investment advisory agreements for any reason, including poor investment performance or adverse market conditions, our revenues from those investments would decline, which would have a material adverse effect on our earnings and financial condition. Money market securities are about 2 % of total AUM and are considered a low risk asset category. In addition, we have historically derived substantially all of our revenue from clients in the United States. If economic conditions weaken or slow, particularly in the United States, this could have a substantial adverse impact on our results of operations. New lines of business or new products and services may subject us to additional risk. From time to time, we may implement new lines of business or offer new products and services within existing lines of business ~~. For example, during the early part of the second quarter of 2023, the Direct Investor Business will be expanded to include brokerage capabilities through VCS, our broker dealer entity~~ . There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and / or new products and services, we may invest significant time and resources and price and profitability targets may not prove feasible. External factors, such as competitive alternatives and shifting market preferences, may also impact the successful implementation of a new line of business and / or a new product or service. Furthermore, strategic planning remains important as we adopt innovative products, services, and processes in response to the evolving demands for financial services and the entrance of new competitors. Any new line of business and / or new product or service could have a significant impact on the effectiveness of our system of internal controls, so we must responsibly innovate in a manner that is consistent with sound risk management and is aligned with the overall business strategies. Failure to successfully manage these risks in the development and implementation of new lines of business and / or new products or services could have a material adverse effect on our business, results of operations and financial condition. We seek to add new investment teams that invest in a way that is consistent with our philosophy of offering high value - added strategies. We also look to offer new strategies managed by our existing teams. We expect the costs associated with establishing a new team and / or strategy initially to exceed the revenues generated, which will likely negatively impact our results of operations. If new strategies, whether managed by a new team or by an existing team, invest in instruments, or present operational issues and risks, with which we have little or no experience, it could strain our resources and increase the likelihood of an error or failure. In addition, the historical returns of our existing strategies may not be indicative of the investment performance of any new strategy, and the poor performance of any new strategy could negatively impact the reputation of our other strategies. We may support the development of new strategies by making one or more seed investments using capital that would otherwise be available for our general corporate purposes and acquisitions. Making such a seed investment could expose us to potential capital losses. An assignment could result in termination of our investment advisory agreements and could trigger consent requirements in our other investment advisory agreements. Under the 1940 Act, each of the investment advisory agreements between registered funds and our subsidiary, VCM, and investment sub - advisory agreements between the investment adviser to a registered fund and VCM, will terminate automatically in the event of its assignment, as defined in the 1940 Act. Assignment, as generally defined under the 1940 Act and the Investment Advisers Act of 1940, as amended, or the Advisers Act, includes direct assignments as well as assignments that may be deemed to occur, under certain circumstances, upon the direct or indirect transfer of a " controlling block " of our outstanding voting securities. A transaction is not an assignment under the 1940 Act or the Advisers Act if it does not result in a change of actual control or management of VCM. Upon the occurrence of such an assignment, VCM could continue to act as adviser or sub - adviser to any such registered fund only if that fund' s board and shareholders approved a new investment advisory agreement, except in the case of certain of the registered funds that we sub - advise for which only board approval would be necessary pursuant to a manager - of - managers SEC exemptive order. In addition, as required by the Advisers Act, each of the investment advisory agreements for the separate accounts and pooled investment vehicles we manage provides that it may not be assigned, as defined in the Advisers Act, without the consent of the client. In addition, the investment advisory agreements for certain pooled investment vehicles we manage outside the U. S. contain provisions requiring board approval and or client consent before they can be assigned. If an assignment were to occur, we cannot be certain that we would be able to obtain the necessary approvals from the boards and shareholders of the registered funds we advise or the necessary consents from our separate account or pooled investment vehicle clients. If an assignment of an investment advisory agreement is deemed to occur, and our clients do not consent to the assignment or enter into a new agreement, our results of operations could be materially and adversely affected. When clients retain us to manage assets on their behalf, they generally specify certain guidelines regarding investment allocation and strategy that we are required to follow in managing their assets. The boards of registered funds we manage generally establish similar guidelines regarding the investment of assets in those funds. We are also required to invest the registered funds' assets in accordance with limitations under the 1940 Act and applicable provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Other clients, such as plans subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, or non - U. S. funds and pooled investment vehicles, require us to invest their assets in accordance with applicable law. Our failure to comply with any of these guidelines and other limitations could result in losses to clients or investors in a fund which, depending on the circumstances, could result in our obligation to make clients or fund investors whole for such losses. If we believed that the circumstances did not justify a reimbursement, or clients and investors believed the reimbursement we offered was insufficient, they could seek to recover damages from us or could withdraw assets from our management or terminate their investment advisory agreement with us. Any of these events could harm our reputation and materially adversely affect our business. We provide a broad range of administrative services to the Victory Funds ~~, the USAA Funds~~ and VictoryShares, including providing personnel to the Victory Funds ~~, the USAA Funds~~ and VictoryShares to serve as directors and officers, the preparation or supervision of the preparation of the Victory Funds **'** ~~', USAA Funds'~~ and VictoryShares' regulatory filings, maintenance of board calendars and preparation or supervision of the preparation of board meeting materials, management of compliance and regulatory matters, provision of shareholder services and communications, accounting services, including the supervision of the activities of the Victory ~~Funds', USAA~~ Funds' and VictoryShares' accounting services provider in the calculation of the funds' net asset values, supervision of the preparation of the Victory Funds' ~~, USAA Funds'~~ and VictoryShares' financial statements and coordination of the audits of those financial statements, tax services, including calculation of dividend and distribution amounts and supervision of tax return preparation, supervision of the work of the ~~USAA Funds',~~ Victory Funds' and VictoryShares' other service providers, VCTA acting as transfer agent to the ~~USAA~~ **Victory** Funds **III** and VCS acting as a distributor for the Victory Funds ~~and USAA Funds~~. If we make a mistake in the provision of those services, the Victory ~~Funds, USAA~~ Funds or VictoryShares could incur costs for which we might be liable. In addition, if it were determined that the Victory Funds ~~, USAA Funds~~ or VictoryShares failed to comply with applicable regulatory requirements as a result of action or failure to act by our employees, we could be responsible for losses suffered or penalties imposed. In addition, we could have penalties imposed on us, be required to pay fines or be subject to private litigation, any of which could decrease our future income or negatively affect our current business or our future growth prospects. Although less extensive than the range of services we provide to the Victory Funds ~~, USAA Funds'~~ and VictoryShares, we also provide a limited range of services, in addition to investment management services, to sub - advised mutual funds. In addition, we from time to time provide information to the funds for which we act as sub - adviser (or to a person or entity providing administrative services to such a fund), and to the UCITS, for which we act as investment manager (or to the ~~promotor~~ **promoter** of the UCITS or a person or entity providing administrative services to such a UCITS), which is used by those funds or UCITS in their efforts to comply with various regulatory requirements. If we make a mistake in the provision of those services, the sub - advised fund or UCITS could incur costs for which we might be liable. In addition, if it were determined that the sub - advised fund or UCITS failed to comply with applicable regulatory requirements as a result of action or failure to act by our employees, we could be responsible for losses suffered or penalties imposed. In addition, we could have penalties imposed on us, be required to pay fines or be subject to private litigation, any of which could decrease our future income or negatively affect our current business or our future growth prospects. As of December 31, ~~2022~~ **2023** , our goodwill and intangible assets totaled $ 2. 3 billion. The value of these assets may not be realized for a variety of reasons, including, but not limited to, significant redemptions, loss of clients, damage to brand name and unfavorable economic conditions. In accordance with the guidance under Financial Accounting Standards Board, or FASB, ASC 350 - 20, Intangibles — Goodwill and Other, we review the carrying value of goodwill and intangible assets not subject to amortization on an annual basis, or more frequently if indications exist suggesting that the fair value of our intangible assets may be below their carrying value. Determining goodwill and intangible assets, and evaluating them for impairment, requires significant management estimates and judgment, including estimating value and assessing useful life in connection with the allocation of purchase price in the acquisition creating them. We evaluate the value of intangible assets subject to amortization on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such reviews indicate impairment, a reduction of the carrying value of the intangible asset could occur. If we were deemed an investment company required to register under the 1940 Act, we would become subject to burdensome regulatory requirements and our business activities could be restricted. Generally, a company is an “ investment company ” required to register under the 1940 Act if, absent an applicable exception or exemption, it (i) is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or (ii) engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire “ investment securities ” having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We hold ourselves out as an investment management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. We believe we are engaged primarily in the business of providing investment management services and not in the business of investing, reinvesting or trading in securities. We also believe our primary source of income is properly characterized as income earned in exchange for the provision of services. We believe less than 40 % of our total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis comprise assets that could be considered investment securities. We intend to conduct our operations so that we will not be deemed an investment company required to register under the 1940 Act. However, if we were to be deemed an investment company required to register under the 1940 Act, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with our affiliates, could make it impractical for us to continue our business as currently conducted and could have a material adverse effect on our financial performance and operations. We regularly review, and from time to time have discussions on and engage in, potential transactions, including potential acquisitions of other asset managers or their assets, consolidations, equity method investments or similar transactions, some of which may be material. The success of these transactions will depend in large part on the success of integrating the personnel, operations, strategies, technologies and other components of the businesses following the completion of the transaction. The Company may fail to realize some or all of the anticipated benefits if the integration process takes longer than expected or is more costly than expected. The failure of the Company to meet the challenges involved in successfully integrating the operations or to otherwise realize any of the anticipated benefits could impair the operations of the Company. Potential difficulties that we may encounter in the integration process include the following: • the integration of personnel, operations, strategies, technologies and support services; • the disruption of ongoing businesses and distraction of their respective personnel from ongoing business concerns; • the retention of the existing clients; • the retention of key intermediary distribution relationships; • the integration of corporate cultures and maintenance of employee morale; • the retention of key employees; • the creation of uniform standards, controls, procedures, policies and information systems; • the reduction of the costs associated with combining operations; • the consolidation and rationalization of information technology platforms and administrative infrastructures; and • potential unknown liabilities; The anticipated benefits and synergies include the elimination of duplicative personnel, realization of efficiencies in consolidating duplicative corporate, business support functions and amortization of purchased intangibles for tax purposes. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved. Through our acquisition activities, we may record liabilities for future contingent earnout payments that are to be settled in cash. The fair value of these liabilities is assessed on a quarterly basis and changes in assumptions used to determine the amount of the liability could lead to an adjustment that may have a material impact, favorable or unfavorable, on our results of operations. **Draft Merger Guidelines may impact our Ability to Execute on our Corporate Strategy On July 19, 2023, the Department of Justice (“ DoJ ”) and the Federal Trade Commission (“ FTC ”) jointly released the 2023 Draft Merger Guidelines which describe factors and frameworks the agencies utilize when reviewing mergers and acquisitions. The Draft Merger Guidelines provide that, under a variety of circumstances, the DoJ and FTC may challenge transactions that may not have been challenged under the current guidelines and this could have a material impact on our ability to execute on our corporate strategy.** As of December 31, ~~2022~~ **2023** , we had approximately $ 1, 002 million of outstanding debt that consisted of (i) an existing term loan balance of $ 631 million and (ii) incremental term loans in an aggregate principal amount of $ 371 million. In addition, we maintain a $ 100 ~~-~~

~~0~~ million revolving credit facility, though no amounts were outstanding as of December 31, ~~2022~~ **2023** . Our substantial indebtedness may make it more difficult for us to withstand or respond to adverse or changing business, regulatory and economic conditions or to take advantage of new business opportunities or make necessary capital expenditures. In addition, the 2019 Credit Agreement contains financial and operating covenants that may limit our ability to conduct our business. While we are currently in compliance in all material respects with the financial and operating covenants under the 2019 Credit Agreement, we cannot assure that at all times in the future we will satisfy all such financial and operating covenants (or any such covenants applicable at the time) or obtain any required waiver or amendment, in which event all outstanding indebtedness could become immediately due and payable. This could result in a substantial reduction in our liquidity and could challenge our ability to meet future cash needs of the business. To the extent we service our debt from our cash flow, such cash will not be available for our operations or other purposes. Because of our significant debt service obligations, the portion of our cash flow used to service those obligations could be substantial if our revenues decline, whether because of market declines or for other reasons. Any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations. Our ability to repay the principal amount of any outstanding loans under the 2019 Credit Agreement, to refinance our debt or to obtain additional financing through debt or the sale of additional equity securities will depend on our performance, as well as financial, business and other general economic factors affecting the credit and equity markets generally or our business in particular, many of which are beyond our control. Any such alternatives may not be available to us on satisfactory terms or at all ~~. 2020 Debt Refinancing On January 17, 2020, we entered into the First Amendment (the " First Amendment ") to the 2019 Credit Agreement with the other loan parties thereto, Barclays Bank PLC, as administrative agent, and the Royal Bank of Canada as fronting bank. Pursuant to the First Amendment, the Company refinanced the existing term loans (the " 2019 Term Loans ") with replacement term loans in an aggregate principal amount of $ 952. 0 million (the " 2020 Term Loans "). The 2020 Term Loans provided for substantially the same terms as the 2019 Term Loans, including the same maturity date of July 1, 2026, except that the 2020 Term Loans provide for a reduced applicable margin on LIBOR of 75 basis points. The applicable margin on LIBOR under the 2020 Term Loans was 2. 50 %, compared to 3. 25 % under the 2019 Term Loans~~ . 2021 Debt Refinancing On February 18, 2021, we entered into the Second Amendment (the " Second Amendment ") to the 2019 Credit Agreement (as amended by the First Amendment to the Credit Agreement dated as of January 17, 2020, the " 2020 Term Loans ") with the other loan parties thereto, Barclays Bank PLC, as administrative agent and collateral agent, the Royal Bank of Canada as fronting bank, and the lenders party thereto from time to time. Pursuant to the Second Amendment, the Company refinanced the 2020 Term Loans with replacement term loans in an aggregate principal amount of $ 755. 7 million (the " Repriced Term Loans "). The Repriced Term Loans provide for substantially the same terms as the Existing Term Loans, including the same maturity date of July 1, 2026, except that the Repriced Term Loans provide for a reduced applicable margin on LIBOR of 25 basis points. The applicable margin on LIBOR under the Repriced Term Loans is 2. 25 %, compared to 2. 50 % under the Existing Term Loans. 2021 Incremental Term Loans On December 31, 2021, we entered into the Third Amendment (the " Third Amendment ") to the 2019 Credit Agreement with the guarantors party thereto, Barclays Bank PLC, as administrative agent, and the lenders party thereto from time to time. Pursuant to the Third Amendment, the Company obtained incremental term loans (the " 2021 Incremental Term Loans ") in an aggregate principal amount of $ 505. 0 million and used the proceeds to fund the acquisition of 100 % of the equity interest of WestEnd Advisors, LLC and to pay fees and expenses incurred in connection therewith. The 2021 Incremental Term Loans will mature in December 2028 and will bear interest at an annual rate equal to, at the option of the Company, either LIBOR (adjusted for reserves and subject to a 50 basis point floor) plus a margin of 2. 25 % or an alternate base rate plus a margin of 1. 25 %. 2022 LIBOR to Term SOFR Rate Transition On September 23, 2022, the Company entered into the Fourth Amendment (the " Fourth Amendment ") to the 2019 Credit Agreement to change the interest rate on its debt from LIBOR to a rate based on the secured overnight financing rate (" SOFR ") plus a ten- basis point credit spread adjustment. There was no change to the applicable margin on the referenced rate as a result of the Fourth Amendment. The LIBOR rate loans outstanding as of the Fourth Amendment' s effective date continued as LIBOR rate loans until the end of their current interest periods. The 2021 Incremental Term Loans converted into Term SOFR loans on September 30, 2022, while the Repriced Term Loans converted into Term SOFR loans on October 6, 2022. Also on October 6, 2022, the interest periods for the Repriced Term Loans and 2021 Incremental Term Loans were aligned and the three- month Term SOFR rate was elected for all the Company' s term loans. ~~A~~ **If a** relatively large percentage of our Common Stock ~~is~~ **was** concentrated with a small number of shareholders, ~~which~~ **it** could increase the volatility in our stock trading and affect our share price. ~~A~~ **If a** large percentage of our common stock ~~is~~ **was** held by a limited number of shareholders **,** ~~. If~~ our larger shareholders **could** decide to liquidate their positions, ~~it~~ **which** could cause significant fluctuation in the share price of our common stock. Public companies with a relatively concentrated level of institutional shareholders ~~, such as we have~~ , often have difficulty generating trading volume in their stock, which may increase the volatility in the price of ~~our~~ **the** common stock. Crestview GP ~~beneficially~~ owns a significant amount of our common stock and its interests may conflict with ours or other shareholders' in the future. Crestview GP does not hold any of our common stock, but beneficially owns ~~36~~ **18** . 0 % of our common stock as of December 31, ~~2022~~ **2023** . As a result, Crestview GP has the ability to elect ~~several~~ members of our board of directors and thereby significantly influence our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws, and the entering into of extraordinary transactions. Crestview GP may also be able to significantly influence all matters requiring shareholder approval including without limitation a change in control of us or a change in the composition of our board of directors and or precluding any acquisition of us. This significant voting control could deprive other shareholders of an opportunity to receive a premium for shares of their common stock as part of a sale of us and ultimately might affect the market price of our common stock. Further, the interests of Crestview GP may not in all cases be aligned with other shareholders' interests. In addition, Crestview GP may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to other shareholders. For example, Crestview GP could influence us to make acquisitions that increase our indebtedness or sell revenue - generating assets. Crestview GP is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our amended and restated certificate of incorporation provides that none of Crestview GP or ~~Reverence Capital or~~ any of their respective affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Crestview GP ~~or Reverence Capital also~~ may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us, which could have an adverse effect on our growth prospects. The market price of our Common Stock is likely to be volatile and could decline. The stock market in general has been highly volatile. As a result, the market price and trading volume for our Common Stock may also be highly volatile, and investors our Common Stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Factors that could cause the market price of our Common Stock to fluctuate significantly include: • our operating and financial performance and prospects and the performance of other similar companies; • our quarterly or annual earnings or those of other companies in our industry; • conditions that impact demand for our products and services; • the public' s reaction to our press releases, financial guidance and other public announcements, and filings with the SEC; • changes in earnings estimates or recommendations by securities or research analysts who track our Common Stock; • market and industry perception of our level of success in pursuing our growth strategy; • strategic actions by us or our competitors, such as acquisitions or restructurings; • changes in government and other regulations; changes in accounting standards, policies, guidance, interpretations or principles; • departure of key personnel; • the number of shares publicly traded; • sales of our Common Stock by us, our investors or members of our management team; and • changes in general market, economic and political conditions in the U. S. and global economies or financial markets, including those resulting from natural disasters, telecommunications failures, cyber - attacks, civil unrest in various parts of the world, acts of war, terrorist attacks or other catastrophic events. Any of these factors may result in large and sudden changes in the trading volume and market price of our Common Stock. Following periods of volatility in the market price of a company' s securities, shareholders often file securities class - action lawsuits against such company. Our involvement in a class - action lawsuit could divert our senior management' s attention and, if adversely determined, could have a material and adverse effect on our business, financial condition and results of operations. Sales of substantial amounts of our Common Stock in the public market, or the perception that these sales could occur, could cause the market price of our Common Stock to decline. As of February ~~28~~ **20** , ~~2023~~ **2024** , ~~67~~ **64** , ~~578~~ **316** , ~~282~~ **865** shares of our Common Stock are outstanding. Shares of our Common Stock are freely tradable without restriction under the Securities Act, unless purchased by our " affiliates, " as that term is defined in Rule 144 under the Securities Act. In the future, we may issue additional shares of common stock or other equity or debt securities convertible into common stock in connection with a financing, acquisition or employee arrangement, or in certain other circumstances. Any of these issuances could result in substantial dilution to our existing shareholders and could cause the trading price of our Common Stock to decline. The trading market for our Common Stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of these analysts downgrades our shares or publishes misleading or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares could decrease, which could cause our stock price or trading volume to decline. ~~We are an " emerging growth company, " as defined in the Jumpstart Our Business Start- ups Act, or the JOBS Act, enacted in April 2012, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies, including, but not limited to, reduced disclosure obligations regarding executive compensation (including Chief Executive Officer pay ratio disclosure) in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. We may take advantage of these exemptions until such time that we are no longer an emerging growth company. We will lose our emerging growth company status upon the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of our IPO, (b) in which we have annual gross revenues of at least $ 1. 07 billion or (c) in which we are deemed to be a large accelerated filer, which requires the market value of our common stock held by non- affiliates to equal or exceed $ 700 million as of the prior June 30th, and (2) the date on which we have issued more than $ 1. 0 billion in non- convertible debt securities during the preceding three- year period. We expect to lose emerging growth company status and becomesubject to the SEC' s internal control over financial reporting management and auditor attestation requirements and all reporting requirements applicable to other public companies beginning with our Annual Report on Form 10- K for the year ending December 31, 2023. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, investors could lose confidence in the reliability of our financial statements. Any decision on our part to comply with certain reduced disclosure requirements applicable to emerging growth companies for the period we remain an emerging growth company could make our Common Stock less attractive to investors. We cannot predict whether investors will find our Common Stock less attractive if we choose to rely on one or more of the exemptions described above. If investors find our Common Stock less attractive as a result of any decisions to reduce future disclosure, there may be a less active trading market~~

~~for our Common Stock and our stock price may be more volatile.~~ Prior to February 2018, we operated as a private company and had not been subject to the same financial and other reporting and corporate governance requirements of a public company. As a public company, we are ~~now~~ required to file annual, quarterly and other reports with the SEC. We need to prepare and timely file financial statements that comply with SEC reporting requirements. We also are subject to other reporting and corporate governance requirements under the listing standards of NASDAQ and the Sarbanes - Oxley Act, which impose significant compliance costs and obligations upon us. Being a public company requires a significant commitment of additional resources and management oversight, which add to operating costs. These changes place significant additional demands on our **compliance,** finance and accounting staff, which may not have prior public company experience or experience working for a ~~newly~~ public company, and on our financial accounting and information systems, and we may need to, in the future, hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increases in auditing, accounting **, compliance** and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. As a public company, we are required, among other things, to: • prepare and file periodic reports, and distribute other shareholder communications, in compliance with the federal securities laws and the NASDAQ rules; • define and expand the roles and the duties of our board of directors and its committees; • institute more comprehensive compliance, investor relations and internal audit functions; and • evaluate and maintain our system of internal control over financial reporting, and report on management' s assessment thereof, in compliance with rules and regulations of the SEC. In particular, the Sarbanes - Oxley Act requires us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework, and to report on our conclusions as to the effectiveness of our internal controls. ~~Currently we choose to utilize the exemption pursuant to Section 404 (b) of the Sarbanes- Oxley Act for " emerging growth companies " whereby our independent registered public accounting firm is not required to provide an attestation report on the effectiveness of our internal control over financial reporting. As described in the previous risk factor, we could potentially qualify as an emerging growth company until December 31, 2023.~~ In addition, we are required under the Exchange Act to maintain disclosure controls and procedures and internal control over financial reporting. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our Common Stock. Failure to comply with the Sarbanes - Oxley Act could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. ~~Failure~~ **In addition, the SEC recently adopted certain rules and is engaged in considering other rules that will increase our public reporting and disclosure requirements, key initiatives and rules likely** to ~~maintain~~ **impact our business. Executive Compensation Clawback Rules In October 2023, the Company adopted an executive compensation clawback policy in order to comply with new Section 10D and Rule 10D- 1 of the Exchange Act, and the listing standards of NASDAQ, providing for the repayment or forfeiture of certain excess compensation following an applicable accounting restatement from persons who served as an executive officer of VCH at any time during the performance period for such incentive- based compensation and who received such compensation during the three fiscal years preceding the date on which VCH is required to prepare an accounting restatement. A copy of the policy is filed as an exhibit to this 10- k. Issuer Share Repurchase Plan Disclosure In May 2023, the SEC adopted final rules requiring additional disclosure of issuer share repurchases, requiring expanded quarterly reporting in tabular format of detailed information regarding share repurchases made by or on behalf of an issuer during the quarter as well as narrative disclosure regarding issuer share repurchase programs and policies. The rules also require new quarterly disclosure of whether a U. S. issuer has adopted or terminated a Rule 10b5- 1 trading plan during the quarter, similar to the required disclosure of the adoption and termination of such plans by an issuer' s directors and officers. We are now subject to the new issuer disclosure requirements in our quarterly reports. Cybersecurity Disclosure In July 2023, the SEC adopted amendments to its rules to require disclosure which became** effective ~~internal control over~~ **in December 2023 regarding cybersecurity risk management, strategy, governance and incident reporting by public companies. The SEC' s adopted amendments require public companies to (i) disclose, on a current basis, any cybersecurity incident it deems to be material within four business days on a Form 8- K; (ii) describe, on a periodic basis, the company' s processes, if any, for the assessment, identification and management of material risks from cybersecurity threats, as well as whether any risks from cybersecurity threats have materially affected or are reasonably likely to materially affect their business strategy, results of operations or** financial ~~reporting could~~ **condition; and (iii) describe, on a periodic basis, the board' s oversight of risks from cybersecurity threats and management' s role in assessing and managing those risks. We** have **complied with our disclosure requirements, however the amendments will require ongoing evaluation and analysis of possible changes in our applicable processes and procedures, including regarding cyber incident response plans and procedures, disclosure analysis framework, risk management processes, and board oversight structure. Sustainable Investing and ESG, and Climate- Related Disclosure Sustainable investing and ESG continue to be the focus of increased regulatory scrutiny across jurisdictions. In addition, to combat the cause of global warming domestically, President Biden identified climate change as one of his administration' s top priorities and pledged to seek measures that would pave the path for the U. S. to eliminate net greenhouse gas (" GHG ") pollution by 2050. In April 2021, President Biden announced the administration' s plan to reduce U. S. GHG emissions by at least 50 % by 2030. In March 2022, the SEC released** a ~~material adverse~~ **proposed standard that would require quantitative disclosures of certain climate- related metrics and GHG emissions, including within the footnotes to our consolidated financial statements. As of the date of this report, the standard has not been finalized, and our assessment of the potential** effect **of this standard, if adopted as proposed,** on our

~~business~~ **consolidated financial statements is ongoing. In addition** , ~~operating~~ **we expect state laws and regulations regarding these topics to continue to evolve and impose new and additional requirements increasing our compliance burden. For example, the State of California enacted legislation requiring certain companies to disclose GHG emissions and climate- related financial risk information. The Company may face increased risk related to local implementation** ~~results~~ **resulting in complex** and ~~stock price~~ **potentially conflicting compliance obligations along with legal and regulatory uncertainty** . Section 404 of the Sarbanes- Oxley Act and related SEC rules require that we perform an annual management assessment of the design and effectiveness of our internal control over financial reporting. Our assessment concluded that our internal control over financial reporting was effective as of December 31, ~~2021~~ **2023** ; however, there can be no assurance that we will be able to maintain the adequacy of our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time in future periods. Accordingly, we cannot assure that we will be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act. Moreover, effective internal control is necessary for us to produce reliable financial reports and is important to help prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our Common Stock could drop significantly. We intend to pay dividends to holders of our Common Stock as described in “ Dividend Policy. ” Our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In making decisions regarding our quarterly dividends, we consider general economic and business conditions, our strategic plans and prospects, our businesses and investment opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions (including under the terms of our Fourth Amendment to the 2019 Credit Agreement) and legal, tax, regulatory and such other factors as we may deem relevant. Future offerings of debt or equity securities may rank senior to our Common Stock. If we decide to issue debt securities in the future, which would rank senior to shares of our common stock, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We and, indirectly, our shareholders will bear the cost of issuing and servicing such securities. We may also issue preferred equity, which will have superior rights relative to our common stock, including with respect to voting and liquidation. Furthermore, if our future access to public markets is limited or our performance decreases, we may need to carry out a private placement or public offering of our Common Stock at a lower price than the price at which investors purchased their shares. Because our decision to issue debt, preferred or other equity or equity - linked securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our Common Stock will bear the risk of our future offerings reducing the market price of our Common Stock and diluting the value of their shareholdings in us. Certain provisions in our governing documents could make a merger, tender offer or proxy contest involving us difficult, even if such events would be beneficial to the interests of our shareholders. Among other things, these provisions: • permit our board of directors to establish the number of directors and fill any vacancies and newly created directorships; • authorize the issuance of “ blank check ” preferred stock that our board of directors could use to implement a shareholder rights plan; • provide that our board of directors is expressly authorized to amend or repeal any provision of our bylaws; • restrict the forum for certain litigation against us to Delaware; • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by shareholders at annual shareholder meetings; • establish a classified board of directors with three classes of directors and the removal of directors only for cause; • require that actions to be taken by our shareholders be taken only at an annual or special meeting of our shareholders, and not by written consent; • establish certain limitations on convening special shareholder meetings; and • restrict business combinations with interested shareholders. These provisions may delay or prevent attempts by our shareholders to replace members of our management by making it more difficult for shareholders to replace members of our board of directors, which is responsible for appointing the members of our management. Anti - takeover provisions could depress the price of our common stock by acting to delay or prevent a change in control of us. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a shareholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. As an investment management and brokerage firm, we are subject to extensive regulation. Investment management firms are subject to extensive regulation in the United States, primarily at the federal level, including regulation by the SEC under the 1940 Act and the Advisers Act, by the U. S. Department of Labor, or the DOL, under ERISA, by the Commodity Futures Trading Commission, or the CFTC, by the National Futures Association, or NFA, under the Commodity Exchange Act, and by the Financial Industry Regulatory Authority, Inc., or FINRA. The U. S. mutual funds and ETFs we manage are registered with and regulated by the SEC as investment companies under the 1940 Act. The Advisers Act imposes numerous obligations on investment advisers, including recordkeeping, advertising, compliance and operating requirements, disclosure obligations and prohibitions on fraudulent activities. The 1940 Act imposes similar obligations, as well as additional detailed operational requirements, on registered funds, which must be adhered to by their investment advisers. Investment advisers also are subject to certain state securities laws and regulations. Non- compliance with the Advisers Act, the 1940 Act or other federal and state securities laws and regulations could result in investigations, sanctions, disgorgement, fines and reputational damage. Trading and investment activities conducted by the investment adviser for its client accounts are regulated under the Exchange Act, as well as the rules of various securities exchanges and self- regulatory organizations, including laws governing trading on inside information, market manipulation and a broad number of technical requirements (e. g., short sale limits, volume limitations and reporting obligations) and market regulation policies. Violation of any of these laws and regulations could result in fines or sanctions, as well as restrictions on the investment management firm' s activities and damage to its reputation. Certain client accounts subject the investment adviser to the Employee Retirement Income Security Act of 1974, as amended (" ERISA "), and to regulations promulgated thereunder by the DOL, since we act as a " fiduciary " under ERISA with respect to benefit plan clients that are subject to ERISA. ERISA and applicable provisions of the Internal Revenue Code impose certain duties on persons who are fiduciaries under ERISA, require the investment adviser to carry bonds insuring against losses caused by fraud or dishonesty, prohibit certain transactions involving ERISA plan clients and impose excise taxes for violations of these prohibitions, and mandate certain required periodic reporting and disclosures. ERISA also imposes additional compliance, reporting and operational requirements on investment advisers that otherwise are not applicable to clients that are not subject to ERISA. With the expansion of the Direct Investor Business to include brokerage capabilities through our broker- dealer entity VCS. Investors will be able to leverage our open architecture brokerage option and establish brokerage accounts to invest in mutual funds and ETFs from our platform along with individual stocks and products managed by third- party providers including cash management capabilities, these brokerage activities are likely to result in increased focus from FINRA as we will have to comply with extensive regulations imposed by FINRA. We have also expanded our distribution effort into non - U. S. markets through partnered distribution efforts and product offerings, including Australia, Europe, Japan, **and** Singapore ~~and Hong Kong~~. In the future, we may further expand our business outside of the United States in such a way or to such an extent that we may be required to register with additional foreign regulatory agencies or otherwise comply with additional non - U. S. laws and regulations that do not currently apply to us and with respect to which we do not have compliance experience. Our lack of experience in complying with any such non - U. S. laws and regulations may increase our risk of being subject to regulatory actions and becoming party to litigation in such non - U. S. jurisdictions, which could be more expensive. Moreover, being subject to regulation in multiple jurisdictions may increase the cost, complexity and time required for engaging in transactions that require regulatory approval. Accordingly, we face the risk of significant intervention by regulatory authorities, including extended investigation and surveillance activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined, lose our licenses or be prohibited or limited from engaging in some of our business activities or corporate transactions. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect clients and other third parties who deal with us and are not designed to protect our shareholders. Consequently, these regulations often serve to limit our activities, including through net capital, client protection and market conduct requirements. The regulatory environment in which we operate is subject to continual change and regulatory developments designed to increase oversight may materially adversely affect our business. We operate in a legislative and regulatory environment that is subject to continual change, the nature of which we cannot predict. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U. S. or non - U. S. governmental regulatory authorities or self - regulatory organizations that supervise the financial markets **or the investment products that we offer**. The SEC and its staff are currently engaged in various initiatives and reviews that seek to improve and modernize the regulatory structure governing the asset management industry, and registered investment companies in particular. In addition, more recently the SEC has also adopted rules, many of which are currently in an implementation period, **and is contemplating and drafting others** which will increase our public reporting and disclosure requirements, which could be costly and may impede the Company' s growth. Key initiatives and rules that the SEC is contemplating that are likely to impact our business include: ~~Consumer Privacy Protection Laws In November~~ **Modernization of Beneficial Ownership Reporting On October 10,** ~~2020~~ **2023**, ~~California voters approved the CPRA, which amends the existing California Consumer Privacy Act (" CCPA ") and provides new and additional rights and obligations to the existing law. Money Market Reforms In December 2021~~, the SEC ~~proposed~~ **adopted** amendments to ~~certain~~ **modernize the** rules ~~that govern~~ **governing beneficial ownership** ~~money market funds under the Investment Company Act of 1940. The proposed amendments would improve the resilience and transparency of money market funds. SEC Proposed Rules on Private Fund Advisers In February 2022, the SEC proposed new rules and amendments to enhance regulation of private fund advisors. The changes would mandate certain client~~ reporting ~~and event driven disclosure, enact audit requirements, and prohibit certain activities that the SEC deems contrary to the public interest or has a material negative effect on other investors~~. The amendments ~~also would~~ **: • Shorten the deadlines for initial and amended Schedule 13D and 13G filings; •** ~~require~~ **Require that Schedule 13D** ~~all advisors to document their annual compliance review in writing. Cybersecurity Risk Governance – Public Operating Companies In February 2022, the SEC proposed new cybersecurity risk management rules~~ and **13G filings be made using a structured, machine** ~~amendments to enhance cybersecurity preparedness and improve the resilience of investment advisers and investment companies against cybersecurity threats and attacks. The Enhancement and Standardization of Climate~~ - ~~Related~~ **readable data language; and • Clarify the Schedule 13D** ~~Disclosures~~ - **disclosure requirements with respect to derivative securities. This** ~~for Investors In March 2022, the SEC proposed a~~ rule **, as adopted, will increase** ~~that would require registrants to provide certain climate- related information in their~~ -- **the frequency of the Company** ~~registration statements and annual reports. The proposed rules would require information about a registrant~~ ' s **reporting obligations** ~~climate- related risks that are reasonably likely to have a material impact on its business~~, ~~results of operations, or financial condition~~ **and may require the Company to obtain additional data and resources while increasing costs**. Investment Company Names Rule ~~In May~~ **On September 20,** ~~2022~~ **2023**, the SEC ~~proposed~~ **adopted** amendments to Rule 35d- 1 under the Investment Company Act of 1940, the fund " Names Rule. " The ~~proposed~~ **final** amendments **among** ~~would further serve the~~ **other things** ~~SEC' s mission of investor protection by~~ : • ~~Improving~~ **Improve** and ~~expanding~~ --- **expand** the current requirement for certain **registered** funds to adopt a policy toinvest at least 80 percent of their assets in accordance with the investment focus thefund' s name suggests; • Providing new enhanced disclosure and reporting requirements; and • ~~Updating~~ **Define a time for funds that deviate from their 80 % Investment Policy to come back into compliance. This rule, as**

passed, will significantly increase registered funds disclosures and compliance obligations, and create additional operational complexities for the Victory Funds. Private Fund Rule On August 23, 2023, the SEC adopted new rules and amendments to enhance regulation of private fund advisors. The changes mandate certain client reporting and event driven disclosure, enact audit requirements, and prohibit certain activities that the SEC deems contrary to the public interest or has a material negative effect on other investors. The amendments also require all advisors to document their annual compliance review in writing. These rules and amendments may increase the Company' s reporting, disclosure and compliance obligations and create additional operational complexity for certain products offered by the Company. Money Market Reforms On July 12, 2023, the SEC adopted amendments to certain rules that govern money market funds under the Investment Company Act of 1940. The amendments help to improve the resilience and transparency of money market funds. This rule, which includes changes to required liquidity levels and certain operational aspects could significantly and adversely impact the money market funds managed by the Company. Amendments to Form PF On May 3, 2023, the SEC adopted amendments to Form PF to require enhanced reporting by large private equity fund advisers to improve the ability of the Financial Stability Oversight Council (FSOC) to monitor systemic risk and improve the ability of both FSOC and the SEC to identify and assess changes in market trends at reporting funds. This rule and amendment will increase the Company' s reporting, disclosure, and compliance obligations. Addressing Cybersecurity Risks to the U. S. Securities Markets On March 15, 2023, the SEC proposed a new rule, form, and related amendments to require entities that perform critical services to support the fair, orderly, and efficient operations of the U. S. securities markets to address their cybersecurity risks. Failure to properly implement effective cybersecurity policies and procedures could disrupt operations and lead to financial losses and reputational harm. SEC Proposed Enhancements to Custody Rule In February 2023, the SEC proposed amendments to and a redesignation of the current custody rule, currently designated as Rule 206 (4)- 2. The proposal redesignates the custody rule as rule 223- 1 and would enhance the rule' s **protections** ~~current notice requirements~~ and **subject a broader array of client assets** ~~establishing recordkeepingrequirements. ESG Disclosures for Investment Advisers~~ and ~~Investment Companies In May 2022, the SEC proposed amendments to rules and disclosure forms to promote consistent, comparable, and reliable information for investors concerning funds' and advisers~~ **advisory activities to** ~~' incorporation of ESG factors. Proxy Solicitation Rule Amendments In July 2022,~~ the ~~SEC adopted~~ **enhanced protections. If such proposal is passed, this** rule ~~amendments that will impose~~ **could introduce operational complexity and** additional ~~disclosure~~ **costs to Victory Capital** and **its** ~~procedural requirements on proxy advisors~~ **advisory clients** like ISS as conditions from being able...... best execution standard for brokers- dealers . Shortening the Securities Transaction Settlement Cycle ~~In~~ **On** February **15,** 2023, the SEC adopted rules to shorten the settlement cycle for most securities transactions from two business days after trade date (T 2) to one (T 1). ~~The compliance date~~ **This rule, as adopted, may present additional operational burdens and settlement risk** for ~~these~~ - **the Company. SEC Regulation Best Execution In December 2022, the SEC proposed a new** ~~rules~~ - **rule** ~~are set~~ **, Regulation Best Execution, which would establish a best execution standard** for **brokers- dealers** ~~Tuesday May, 28, 2024~~ . ~~SEC~~ **If passed as** ~~Proposed~~ **proposed this** ~~Enhancements to Custody Rule~~ **rule could potentially increase Victory Capital' s reporting obligations and increase costs with third- party vendors. Open- End Fund Liquidity Risk Management and Swing Pricing** In ~~February~~ **November** ~~2023~~ **2022** , the SEC proposed amendments to **better prepare open- end management investment companies for stressed conditions** and ~~a redesignation~~ **mitigate dilution** of ~~the current custody~~ **shareholders' interests. Certain aspects of this** rule ~~, currently designated as Rule 206 (4)- 2. The proposal redesignates the custody rule as rule 223- 1 and would~~ **could** ~~enhance the rule~~ **create additional operational complexities and increase Victory Capital** ' s ~~protections~~ **administrative burden** and ~~subject~~ **costs. Outsourcing by Investment Advisers On October 26, 2022, the SEC proposed** a ~~broader array~~ **new rule under the Investment Advisers Act** of ~~client being able~~ **1940 designed** to ~~continue relying on exemptions~~ **prohibit registered investment advisers** from ~~the information and filing~~ **outsourcing certain services or functions without first meeting minimum** requirements ~~of the federal proxy rules~~ . The **proposed rule would require advisers** ~~SEC also concurrently published supplemental guidance~~ to **conduct due diligence prior to engaging a service provider to perform certain services** ~~assist investment advisers in fulfilling their proxy voting responsibilities when relying on proxy advisors for~~ - **or functions** ~~their advice~~ and ~~or voting execution platforms~~ **could potentially require the Company to incur additional compliance expenses and slow down the vendor approval process** . Tailored Shareholder Reports for Mutual Funds and Exchange- Traded Funds ~~In~~ **On** October **26,** 2022,the SEC adopted rules and amendments that will require open- end investment companies to transmit concise and visually engaging annual and semi- annual reports to shareholders that highlight key information that is particularly important for retail investors to ~~assess and monitor their fund investments.Outsourcing by Investment Advisers In assets~~ - **assess** and **monitor** ~~advisory activities to the~~ **their** ~~enhanced~~ **fund investments. Implementation of this rule may increase costs related to the** ~~protections~~ - **production of shareholder reports and increase operational and administrative burdens on the Company and its third- party vendors** . Certain passive products and asset classes, such as index and certain types of ETFs, are becoming increasingly popular with investors, including institutional investors. In recent years, across the investment management industry, passive products have experienced inflows and traditional actively managed products have experienced outflows, in each case, in the aggregate. In order to maintain appropriate fee levels in a competitive environment, we must be able to continue to provide clients with investment products and services that are viewed as appropriate in relation to the fees charged, which may require us to demonstrate that our strategies can outperform such passive products. If our clients, including our funds' boards, were to view our fees as being high relative to the market or the returns provided by our investment products, we may choose to reduce our fee levels or existing clients may withdraw their assets in order to invest in passive products, and we may be unable to attract additional commitments from existing and new clients, which would lead to a decline in our AUM and market share. To the extent we offer such passive products, we may not be able to compete with other firms offering similar products. Our revenues and net income are dependent on our ability to maintain current fee levels for the products and services we offer. The competitive nature of the investment management industry has led to a trend toward lower fees in certain segments of the investment management market. Our ability to sustain fee levels depends on future growth in specific asset classes and distribution channels. These factors, as well as regulatory changes, could further inhibit our ability to sustain fees for certain products. A reduction in the fees charged by us could reduce our revenues and net income. Our fees vary by asset class and produce different revenues per dollar of AUM based on factors such as the type of assets being managed, the applicable strategy, the type of client and the client fee schedule. Institutional clients may have significant negotiating leverage in establishing the terms of an advisory relationship, particularly with respect to the level of fees paid, and the competitive pressure to attract and retain institutional clients may impact the level of fee income earned by us. We may decline to manage assets from potential clients who demand lower fees even though such assets would increase our revenue and AUM in the short term. The investment management industry is intensely competitive, with competition based on a variety of factors, including investment performance, fees, continuity of investment professionals and client relationships, the quality of services provided to clients, corporate positioning and business reputation, continuity of selling arrangements with intermediaries and differentiated products. A number of factors, including the following, serve to increase our competitive risks: • a number of our competitors have greater financial, technical, marketing and other resources, more comprehensive name recognition and more personnel than we do; • potential competitors have a relatively low cost of entering the investment management industry; • certain investors may prefer to invest with an investment manager that is not publicly traded based on the perception that a publicly traded asset manager may focus on the manager’ s own growth to the detriment of investment performance for clients; • other industry participants, hedge funds and alternative asset managers may seek to recruit our investment professionals; and • certain competitors charge lower fees for their investment management services than we do. Additionally, intermediaries through which we distribute our funds may also sell their own proprietary funds and investment products, which could limit the distribution of our strategies. If we are unable to compete effectively, our earnings could be reduced and our business could be materially adversely affected. We depend primarily on third parties to market and sell our products. Our ability to attract additional assets to manage is highly dependent on our access to third - party intermediaries. We gain access to investors in the Victory Funds ~~, USAA Funds~~ and VictoryShares primarily through consultants, 401 (k) platforms, broker - dealers, financial advisors and mutual fund platforms through which shares of the funds are sold. We have relationships with certain third - party intermediaries through which we access clients in multiple distribution channels. We compensate most of the intermediaries through which we gain access to investors in the Victory Funds and VictoryShares by paying fees, most of which are a percentage of assets invested in the Victory Funds and VictoryShares through that intermediary and with respect to which that intermediary provides shareholder and administrative services. The allocation of such fees between us and the Victory Funds and VictoryShares is determined by the board of the Victory Funds and VictoryShares ~~and the board of the USAA Funds~~ , based on information and a recommendation from us, with the intent of allocating to us all costs attributable to marketing and distribution of (i) shares of the Victory Funds ~~and USAA Funds not~~ otherwise covered by distribution fees paid pursuant to a distribution and service plan adopted in accordance with Rule 12b - 1 under the 1940 Act and (ii) VictoryShares. In the future, our expenses in connection with those intermediary relationships could increase if the portion of those fees determined to be in connection with marketing and distribution, or otherwise allocated to us, increased. Clients of these intermediaries may not continue to be accessible to us on terms we consider commercially reasonable, or at all. The absence of such access could have a material adverse effect on our results of operations. We access institutional clients primarily through consultants. Our institutional business is dependent upon referrals from consultants. Many of these consultants review and evaluate our products and our firm from time to time. Poor reviews or evaluations of either a particular strategy or us as an investment management firm may result in client withdrawals or may impair our ability to attract new assets through these consultants. We have determined, based on an evaluation of various factors, that it is more efficient to use third parties for certain functions and services. As a result, we have contracted with a limited number of third parties to provide critical operational support, such as middle - and back - office functions, information technology services and various fund administration and accounting roles, and the funds contract with third parties in custody, transfer agent and sub transfer agent roles. The third parties with which we do business may also be sources of cybersecurity or other technological risks. While we engage in certain actions to reduce the exposure, such as collaborating to develop secure transmission capabilities, performing security control assessments and limiting third party access to the least privileged level necessary to perform job functions, our business would be disrupted if key service providers become unable to continue to perform the services upon which we depend or fail to protect against or respond to cyber- attacks, data breaches or other incidents. Moreover, to the extent our third - party providers increase their pricing, our financial performance will be negatively impacted. In addition, upon termination of a third - party contract, we may encounter difficulties in replacing the third - party on favorable terms, transitioning services to another vendor, or in assuming those responsibilities ourselves, which may have a material adverse effect on our business. We are heavily dependent on the capacity and reliability of the communications, information and technology systems supporting our operations, whether developed, owned and operated by us or by third parties. We also rely on manual workflows and a variety of manual user controls. Operational risks such as trading or other operational errors or interruption of our financial, accounting, trading, compliance and other data processing systems, whether caused by human error, fire, other natural disaster or pandemic, power or telecommunications failure, cyber - attack or viruses, act of terrorism or war or otherwise, could result in a disruption of our business, liability to clients, regulatory intervention or reputational damage, and thus materially adversely affect our business. The potential for some types of operational risks, including, for example, trading errors, may be increased in periods of increased volatility, which can magnify the cost of an error. Insurance and other safeguards might not be available or might only partially reimburse us for our losses. Although we have backup systems in place, our backup procedures and capabilities in the event of a failure or interruption may not be adequate. As our client base, number and complexity of strategies and client relationships increase, developing and maintaining our operational systems and infrastructure may become increasingly challenging. We may also suffer losses due to employee negligence, fraud or misconduct. Non - compliance with policies, employee misconduct, negligence or fraud could result in legal liability, regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of " rogue traders " or other employees. It is not always possible to deter or detect employee misconduct and the precautions we take to prevent and detect this activity may not always be effective. Employee misconduct could have a material adverse effect on our business. We electronically receive, process, store and transmit sensitive information of our clients including personal data, such as, without limitation, names and addresses, social security numbers, driver' s license numbers, such information is necessary to support our clients' investment transactions. The uninterrupted operation of our information systems, as well as the confidentiality of the customer information that resides on such systems, is critical to our successful operation. Bad actors may attempt to harm us by gaining access to confidential or proprietary client information, often with the intent of stealing from or defrauding us or our clients. In some cases, they seek to disrupt our ability to conduct our business, including by destroying information maintained by us. For that reason, cybersecurity is one of the principal operational risks we face as a provider of financial services and our operations rely on the effectiveness of our information and cyber security policies, procedures and capabilities to provide secure processing, storage and transmission of confidential and other information in our computer systems, software, networks and mobile devices and on the computer systems, software, networks and mobile devices of third parties on which we rely. Although we maintain a system of internal controls designed to provide reasonable assurance that fraudulent activity is either prevented or detected on a timely basis and we take other protective measures and endeavor to modify them as circumstances warrant, our computer systems, software, networks and mobile devices may be vulnerable to cyber - attacks, sabotage, unauthorized access, computer viruses, worms or other malicious code, and other events that have a security impact. In addition, our interconnectivity with service providers and other third parties may be adversely affected if any of them are subject to a successful cyber- attack or other information security event. While we collaborate with service providers and other third parties to develop secure transmission capabilities and other measures to protect against cyber- attacks, we cannot ensure that we or any third party has all appropriate controls in place to protect the confidentiality of such information. An externally caused information security incident, such as a ~~cyber~~ **cyberattack, which could include computer viruses, malware, malicious or destructive code, social engineering, phishing, denial- of- service** ~~attack~~ **attacks** , ~~virus~~ **ransomware,** or ~~worm~~ **identity theft** , or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of ~~clients~~ - **client** contracts, reputational harm or legal liability. If one or more such events occur, it could potentially jeopardize our or our clients', employees' or counterparties' confidential and other information processed and stored in, and transmitted through, our or third - party computer systems, software, networks and mobile devices, or otherwise cause interruptions or malfunctions in our, our clients', our counterparties' or third parties' operations. As a result, we could experience material financial loss, loss of competitive position, regulatory fines and / or sanctions, breach of client contracts, reputational harm or legal liability, which, in turn, could have an adverse effect on our financial condition and results of operations. As a provider of financial services, we are bound by the disclosure limitations and if we fail to comply with these regulations and industry security requirements, we could be exposed to damages from legal actions from clients, governmental proceedings, governmental notice requirements, and the imposition of fines or prohibitions on the services we provide. Additionally, some of our client contracts require us to indemnify clients in the event of a cyber breach if our systems do not meet minimum security standards. We may be required to spend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against fully or not fully covered through any insurance that we maintain. **Further, in the event of a security breach to a service provider, we may not receive timely notice of or sufficient information about the breach to be able to exert any meaningful control or influence over how and when the breach is addressed.** Increasing government and regulatory scrutiny of the measures taken by companies to protect against **cyberattacks** ~~cyber- attacks~~ and data privacy breaches, and have resulted in heightened security requirements, including additional regulatory expectations for oversight of vendors and service providers. If more restrictive privacy laws, rules or industry security requirements are adopted in the future on the Federal or State level, or by a specific industry body, they could have an adverse impact on us through increased costs or business restrictions. Any inability to prevent security or privacy breaches, or the perception that such breaches may occur, could cause our existing clients to lose confidence in our systems and terminate their agreements with us, inhibit our ability to attract new clients, result in increasing regulation, or bring about other adverse consequences from the government agencies that regulate our business **. We may use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. We may incorporate artificial intelligence (" AI ") solutions into our platform, offerings, services and features, and these applications may become important in our operations over time. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our business, financial condition, and results of operations may be adversely affected. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of end users of such applications. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact** . Shares of

ETFs, such as VictoryShares, trade on stock exchanges at prices at, above or below the ETF' s most recent net asset value. While ETFs utilize a creation / redemption feature and arbitrage mechanism designed to make it more likely that the ETF' s shares normally will trade at prices close to the ETF' s net asset value, exchange prices may deviate significantly from the ETF' s net asset value. ETF market prices are subject to numerous potential risks, including trading halts invoked by a stock exchange, inability or unwillingness of market makers, authorized participants, settlement systems or other market participants to perform functions necessary for an ETF' s arbitrage mechanism to function effectively, or significant market volatility. If market events lead to incidences where ETFs trade at prices that deviate significantly from an ETF' s net asset value, or trading halts are invoked by the relevant stock exchange or market, investors may lose confidence in ETF products and redeem their holdings, which may cause our AUM, revenue and earnings to decline. The integrity of our brands and reputation is critical to our ability to attract and retain clients, business partners and employees and maintain relationships with consultants. We operate within the highly regulated financial services industry and various potential scenarios could result in harm to our reputation. They include internal operational failures, failure to follow investment or legal guidelines in the management of accounts, intentional or unintentional misrepresentation of our products and services in offering or advertising materials, public relations information, litigation (whether substantiated or not), social media or other external communications, employee misconduct or investments in businesses or industries that are controversial to certain special interest groups. Any real or perceived conflict between our and our shareholders' interests and our clients' interests, as well as any fraudulent activity or other exposure of client assets or information, may harm our reputation. The negative publicity associated with any of these factors could harm our reputation and adversely impact relationships with existing and potential clients, third - party distributors, consultants and other business partners and subject us to regulatory sanctions or litigation. Damage to our brands or reputation could negatively impact our standing in the industry and result in loss of business in both the short term and the long term. Additionally, while we have ultimate control over the business activities of our Franchises, they generally have the autonomy to manage their day - to - day operations, and if we fail to intervene in potentially serious matters that may arise, our reputation could be damaged and our results of operations could be materially adversely affected. In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and mitigate our exposure to operational, legal and reputational risks, including from the investment autonomy of our Franchises. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or operating results. Additionally, we could be subject to litigation, particularly from our clients or investors, and sanctions or fines from regulators. Our techniques for managing operational, legal and reputational risks in client portfolios may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate. Because our clients invest in our strategies in order to gain exposure to the portfolio securities of the respective strategies, we have not adopted corporate - level risk management policies to manage market, interest rate or exchange rate risks that could affect the value of our overall AUM. As of December 31, ~~2022~~ **2023** , approximately ~~9~~ **10** % of our total AUM was invested in strategies that primarily invest in securities of non - U. S. companies and securities denominated in currencies other than the U. S. dollar. Fluctuations in foreign currency exchange rates could negatively affect the returns of our clients who are invested in these securities. In addition, an increase in the value of the U. S. dollar relative to non - U. S. currencies is likely to result in a decrease in the U. S. dollar value of our AUM, which, in turn, would likely result in lower revenue and profits. Investments in non - U. S. issuers may also be affected by tax positions taken in countries or regions in which we are invested as well as political, social and economic uncertainty. Declining tax revenues may cause governments to assert their ability to tax the local gains and / or income of foreign investors (including our clients), which could adversely affect client interests in investing outside their home markets. Many financial markets are not as developed, or as efficient, as the U. S. financial markets, and, as a result, those markets may have limited liquidity and higher price volatility and may lack established regulations. Liquidity may also be adversely affected by political or economic events, government policies, and social or civil unrest within a particular country, and our ability to dispose of an investment may also be adversely affected if we increase the size of our investments in smaller non - U. S. issuers. Non - U. S. legal and regulatory environments, including financial accounting standards and practices, may also be different, and there may be less publicly available information about such companies. These risks could adversely affect the performance of our strategies that are invested in securities of non - U. S. issuers and may be particularly acute in the emerging or less developed markets in which we invest. In addition to our Trivalent and Sophus Franchises, certain of our other Franchises and Solutions Platform invest in emerging or less developed markets. We have expanded and intend to continue to expand our distribution efforts into non - U. S. markets through partnered distribution efforts and product offerings, including Europe, Japan, Singapore, ~~Hong Kong~~ and Australia. For example, we organized and serve as investment manager of Irish - domiciled UCIT fund. Clients outside the United States may be adversely affected by political, social and economic uncertainty in their respective home countries and regions, which could result in a decrease in the net client cash flows that come from such clients. This expansion has required and will continue to require us to incur a number of up - front expenses, including those associated with obtaining and maintaining regulatory approvals and office space, as well as additional ongoing expenses, including those associated with leases, the employment of additional support staff and regulatory compliance. Non - U. S. clients may be less accepting of the U. S. practice of payment for certain research products and services through soft dollars (" soft dollars " are a means of paying brokerage firms for their services through commission revenue, rather than through direct payments) or such practices may not be permissible in certain jurisdictions, which could have the effect of increasing our expenses. In addition, the European Commission adopted several acts under the revised Markets in Financial Instruments Directive (known as " MiFID II ") that prevent the " bundling " of the cost of research together with trading commissions. As a result, clients subject to MiFID II may be unable to use soft dollars to pay for research services in the United Kingdom and in Europe. Our U. S. - based employees routinely travel outside the United

States as a part of our investment research process or to market our services and may spend extended periods of time in one or more non - U. S. jurisdictions. Their activities outside the United States on our behalf may raise both tax and regulatory issues. If and to the extent we are incorrect in our analysis of the applicability or impact of non - U. S. tax or regulatory requirements, we could incur costs or penalties or be the subject of an enforcement or other action. Operating our business in non - U. S. markets is generally more expensive than in the United States. In addition, costs related to our distribution and marketing efforts in non - U. S. markets generally have been more expensive than comparable costs in the United States. To the extent that our revenues do not increase to the same degree as our expenses increase in connection with our continuing expansion outside the United States, our profitability could be adversely affected. Expanding our business into non - U. S. markets may also place significant demands on our existing infrastructure and employees. We are also subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act (the " FCPA "), as well as trade sanctions administered by the Office of Foreign Assets Control, or OFAC, the U. S. Department of Commerce and the U. S. Department of State. Similar laws in non - U. S. jurisdictions may also impose stricter or more onerous requirements and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. Any determination that we have violated the FCPA or other applicable anti - corruption laws or sanctions could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial condition, or results of operations. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and other anti - corruption laws or sanctions in jurisdictions in which we operate, such policies and procedures may not be effective in all instances to prevent violations. ~~On June 23, 2016, the United Kingdom (" UK ") held a referendum in which voters approved an exit from the EU, commonly referred to as" Brexit". The UK' s withdrawal from the EU occurred on January 31, 2020, and the UK remained in the EU' s customs union and single market until December 31, 2020 (the " Transition Period "). The UK and the EU agreed a Trade and Cooperation Agreement on December 24, 2020 (the " TCA "), which is intended to be operative from the end of the Transition Period. The TCA was ratified by the UK on December 30, 2020 and is expected to come into full force in February 2021 once relevant EU institutions have also ratified the TCA. Until then, the TCA governs the UK' s relationship with the EU on an interim basis. While the TCA regulates a number of important areas, significant parts of the UK economy are not addressed in detail by the TCA, including in particular the services sector, which represents the largest component of the UK' s economy. A number of issues, particularly in relation to the financial services sector, remain to be resolved through further bilateral negotiations, which are currently expected to begin in the early part of 2021. Although we do not currently expect Brexit to have a major impact on our business, the new relationship between the UK and the EU could in the short- term, and possibly for longer, cause disruptions to and create uncertainty in the UK and European economies and any negative impact to overall investor confidence or instability in the global macroeconomic environment could have an adverse economic impact on our results of operations.~~ As we have expanded the scope of our businesses and our client base, we must continue to address conflicts between our interests and those of our clients. In addition, the SEC and other regulators have increased their scrutiny of potential conflicts of interest. We have procedures and controls that are reasonably designed to address these issues. However, appropriately dealing with conflicts of interest is complex and difficult and if we fail, or appear to fail, to deal appropriately with conflicts of interest, we could face reputational damage, litigation or regulatory proceedings or penalties, any of which may adversely affect our revenues or net income **. In the ordinary course of business, we enter into contracts with third parties, including, without limitation, clients, vendors, and other service providers, that contain a variety of representations and warranties and that provide for indemnifications by us in certain circumstances. Pursuant to such contractual arrangements, we may be subject to indemnification costs and liability to third parties if, for example, we breach any material obligations under the agreements or agreed standards of care, or in the event such third parties have certain legal claims asserted against them. The terms of these indemnities vary from contract to contract, and future indemnification claims against us could negatively impact our financial condition** . We face the inherent risk of liability related to litigation from clients, third- party vendors or others and actions taken by regulatory agencies. To help protect against these potential liabilities, we purchase insurance in amounts, and against risks, that we consider appropriate, where such insurance is available at prices, we deem acceptable. There can be no assurance, however, that a claim or claims will be covered by insurance or, if covered, will not exceed the limits of available insurance coverage, that any insurer will remain solvent and will meet its obligations to provide us with coverage or that insurance coverage will continue to be available with sufficient limits at a reasonable cost. Insurance costs are impacted by market conditions and the risk profile of the insured and may increase significantly over relatively short periods. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. Renewals of insurance policies may expose us to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. **Although we take steps to safeguard and protect our intellectual property, including but not limited to our trademarks, patents, copyrights and trade secrets, there can be no assurance that we will be able to effectively protect our rights. If our intellectual property rights were violated, we could be subject to economic and reputational harm that could negatively impact our business and competitiveness in the marketplace. Conversely, while we take efforts to avoid infringement of the intellectual property of third parties, if we are deemed to infringe on a third party' s intellectual property rights it could expose us to litigation risks, license fees, liability and reputational harm. We face possible risks and costs associated with the effects of climate change and severe weather. We cannot predict the rate at which climate change will progress. However, the physical effects of climate change could have a material adverse effect on our operations, and business. To the extent that climate change impacts changes in weather patterns, our offices could experience severe weather, including hurricanes, severe winter storms, and coastal flooding due to increases in**

storm intensity and rising sea levels. Certain of our offices may be vulnerable to coastal hazards, such as sea level rise, severe weather patterns and storm surges, land erosion, and groundwater intrusion. Over time, these conditions could result in our inability to operate in these office locations at all times. Climate change and severe weather may also have indirect effects on our business by increasing the cost of, or decreasing the availability of, property insurance on terms we find acceptable, by increasing the costs of energy, maintenance, repair of water and / or wind damage, and snow removal at our properties.