



## Equity Program

An Employee Resource Guide

Confidential

## Table of Contents

### Table of Contents

<b>Table of Contents</b> .....	<b>2</b>
<i>At A Glance: VCTR</i> .....	7
<b>VCTR Stock</b> .....	7
<i>At A Glance: Victory Equity Program</i> .....	7
<b>Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan (“ESPP”)</b> .....	7
<b>Restricted Stock Awards (“RSA’s”)</b> .....	7
<b>Non-Qualified Stock Options (“Options”)</b> .....	7
<i>A Welcome Guide: Understanding your ESPP Transfer</i> .....	9
<b>Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan</b> .....	9
<b>Introducing the Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan</b> .....	9
<b>How the ESPP Works</b> .....	10
<b>Eligibility</b> .....	10
<b>Offering Periods and Enrollment Periods</b> .....	10
<b>Purchasing Stock – An Example</b> .....	10
<b>You have participated in the ESPP since January 1</b> .....	11
<b>Your Contributions to the ESPP</b> .....	11
<b>Enrolling in the ESPP or Changing Your Election</b> .....	11
<b>You must enroll for every Offering Period. There is no automatic enrollment.</b> .....	11
<b>Decreasing your Contribution to Zero</b> .....	12
<b>Your Purchased Stock</b> .....	12

<i>Selling Your Shares</i> .....	12
<i>Your Rights and Risks as a Shareholder</i> .....	13
<i>Dividends</i> .....	13
<i>Paying Taxes on Your ESPP Shares</i> .....	13
<i>Required Tax Forms</i> .....	14
<i>Keeping Track of Your Shares</i> .....	14
<i>Events That Affect Your Participation</i> .....	14
<i>Definitions: Terms You Should Know</i> .....	15
<i>FAQ: Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan</i> .....	17
<i>What is the Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan (the “ESPP”)?</i> .....	17
<i>How do I participate in the ESPP?</i> .....	17
<i>How Does the ESPP Work?</i> .....	17
<i>How is Fair Market Value Calculated on the Purchase Date?</i> .....	17
<i>What Happens to the Stock that I Purchase?</i> .....	17
<i>Who is Eligible to Participate in ESPP?</i> .....	17
<i>Are there any Conditions/Limitations on Contributions to the ESPP?</i> .....	17
<i>Do I have to Re-Enroll in the ESPP Each Offering Period?</i> .....	17
<i>Can I withdraw my Participation or Change My Contribution Once I have Enrolled and What Happens to my Accumulated Contributions?</i> .....	17
<i>What Happens to my Accumulated Contributions if my Employment Terminates?</i> .....	18
<i>How Do I Sell My Shares?</i> .....	18

<i>Will I have to Pay Taxes on my ESPP Stock?</i> .....	18
<i>Where can I get more help?</i> .....	18
<i>FAQ: Victory Capital Holdings, Inc. 2018 Stock Incentive Plan - Restricted Stock Awards</i> .....	20
<i>What is Restricted Stock?</i> .....	20
<i>Where do I see the details of my holdings of Restricted Stock Award and other Victory Equity Holdings?</i> .....	20
<i>What documentation will I need to sign in connection with my Restricted Stock Grant?</i> .....	20
<i>Do Restricted Stock have voting rights?</i> .....	20
<i>Do I have the right to receive dividends on my Restricted Stock?</i> .....	20
<i>Will taxes be withheld from my Restricted Stock award?</i> .....	20
<i>How will I know my Restricted Stock is vesting and what are my options for paying taxes on my Restricted Stock Award?</i> .....	21
<i>What happens to my Restricted Stock when my employment or service terminates?</i> .....	21
<i>Can I sell my vested Restricted Stock?</i> .....	21
<i>How do I sell my vested Restricted Stock on the EQ system?</i> .....	21
<i>Do I need to pre-clear VCTR transactions?</i> .....	22
<i>Are there Blackout Periods for when I cannot transact in VCTR?</i> .....	23
<i>How can I pay my taxes on my Restricted Stock if I am in possession of material non-public information?</i> .....	23
<i>How do I log in to the EQ System?</i> .....	23
<i>What details will be available for my awards and holdings?</i> .....	23
<i>What can I use the EQ system for?</i> .....	23
<i>Where are reference materials for the EQ System?</i> .....	24

<i>Who do I contact if I have further questions?.....</i>	<i>24</i>
<i>FAQ: Victory Capital Holdings, Inc. 2018 Stock Incentive Plan - Option Awards .....</i>	<i>26</i>
<i>What are Options?.....</i>	<i>26</i>
<i>What documentation will I need to sign in connection with my Option Grant?.....</i>	<i>26</i>
<i>What is the term of my Option? .....</i>	<i>26</i>
<i>Do Options have voting rights? .....</i>	<i>26</i>
<i>How will I know my Options are vesting?.....</i>	<i>26</i>
<i>Do I have the right to receive dividends on my Options?.....</i>	<i>26</i>
<i>What happens to my Options when my employment or service terminates?.....</i>	<i>26</i>
<i>What is the exercise price for Shares subject to an Option?.....</i>	<i>27</i>
<i>When can I exercise my Options? .....</i>	<i>27</i>
<i>Where do I see the details of my holdings of Options and other Victory Equity Holdings?.....</i>	<i>27</i>
<i>How can I exercise my Options? .....</i>	<i>27</i>
<i>How do I pay for the Shares when I exercise the Option? .....</i>	<i>27</i>
<i>Can I sell the Shares Acquired through the Exercise of Options?.....</i>	<i>28</i>
<i>How do I sell my Shares Acquired through the Exercise of Options on the EQ system?.....</i>	<i>28</i>
<i>Tax Consequences.....</i>	<i>28</i>
<i>Do I need to pre-clear VCTR transactions? .....</i>	<i>29</i>
<i>Are there Blackout Periods for when I cannot transact in VCTR?.....</i>	<i>30</i>
<i>How do I log in to the EQ System?.....</i>	<i>30</i>
<i>What details will be available for my awards and holdings?.....</i>	<i>30</i>

*What can I use the EQ system for? ..... 30*

*Where are reference materials for the EQ System?..... 31*

*Who do I contact if I have further questions?..... 31*

## At A Glance: VCTR

### **VCTR Stock**

## At A Glance: Victory Equity Program

### **Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan (“ESPP”)**

Certain Victory employees are allowed to participate in the ESPP. The ESPP allows employees to purchase VCTR shares at a 5% discount on a specified date.

### **Restricted Stock Awards (“RSA’s”)**

RSA’s are VCTR Shares awarded to certain employees. RSA’s are restricted because they are subject to certain vesting restrictions (the employee does not own the shares until the vesting event occurs) and the risk of forfeiture upon termination of employment.

### **Non-Qualified Stock Options (“Options”)**

Employees who are issued Options have the ability to acquire VCTR shares at a designated strike price upon a vesting event.

## A Welcome Guide: Understanding your ESPP



## A Welcome Guide: Understanding your ESPP

### **Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan**

Victory Capital Holdings, Inc. (“Victory”) is committed to providing you with valuable employee equity benefits programs and to supporting these programs with high-quality service and administration.

Therefore, Equiniti Trust Company, LLC (“EQ”) formally known as AST financial Plan Solutions (AST) has been selected to provide plan administration services for the Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan (the “ESPP Plan”). EQ is recognized for providing extensive participant services. A highlight of their participant services is its participant Internet site which has many useful features for ESPP participants, as well as an Interactive Voice Response System and Customer Call Center.

Through the Internet site you will be able to:

- Enroll in the ESPP
- Place a real-time market or limit order
- View account history
- Receive proceeds through direct deposit or wire to bank accounts, or by check (US residents)
- W-8/W-9 certification
- Model purchases based on amount of participant contributions
- View ESPP plan documents and prospectus

You benefit by participating in the ESPP rather than buying stock through a broker because you:

- Purchase Victory Stock at a 5% discount,
- Eliminate paying broker’s fees on Stock purchases
- Purchase Stock through convenient payroll deductions.

### **Introducing the Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan**

The ESPP is an excellent opportunity for employees of Victory and its eligible subsidiaries to buy VCTR stock (“Stock”) at a discount.

Through the ESPP, you can:

- Become a part owner of Victory.
- Receive an automatic 5% discount on the purchase price of Victory Stock
- Contribute a minimum of \$250.00 for an Offering Period up to 5% of your base pay to the ESPP.
- Contributions are subject to an annual cap of \$25,000.

#### **WHAT IS STOCK?**

**Stock represents ownership in a company.  
That means when you buy stock, you own a piece of the company.**

## **How the ESPP Works**

When you enroll in the ESPP, you decide what percentage of your pay you want to contribute to the ESPP. Your contributions are then deducted from your pay on an after-tax basis and directed to a special, non-interest-bearing account held at Victory for a period known as (the “Offering Period”). Your accumulated contributions are used to purchase Victory Common Stock at a discounted purchase price. Your purchased Stock is credited to a book entry account in your name at EQ. Once the Stock is in your account, you own the stock and can hold them for potential growth or sell the stock following a thirty-day holding period.<sup>1</sup>

## **Eligibility**

You may participate in the ESPP if you are a full-time employee of Victory Capital Management, Inc. Employees employed by Victory’s foreign subsidiaries and Section 16 officers are not eligible to participate in the ESPP.

In addition, if you own more than 5% or more of Victory Stock, you are not eligible to participate in the ESPP.

## **Offering Periods and Enrollment Periods**

There are two six month Offering Periods per year, beginning every January 1 (the “First Offering Period”), and July 1 (the “Second Offering Period”) for each calendar year.

The open enrollment period, such period (the “Open Enrollment Period”) will begin prior to each Offering Period

For the First Offering Period the Open Enrollment Period will begin on or around November 15th the prior year and end on or around December 15th. For the Second Offering Period the Open Enrollment Period will begin on or around May 15 and end on or around June 15th. Enrollment dates will be communicated at the appropriate time prior to the commencement of the Open Enrollment Period.

Victory Stock is purchased at each three-month interval commencing on the first date of each Offering Period, known as the “Purchase Date”.

The Purchase Dates for First Offering Period are March 31, and June 30.

The Purchase Dates for the Second Offering Period are September 30 and December 31.

## **Purchasing Stock – An Example**

Your contributions to the ESPP are deducted from your paycheck, accumulated at the Company in a noninterest bearing account and are then used to purchase Victory Stock on the Purchase Date. The dollar amount of your contributions is divided by the purchase price of the Stock on your Purchase Date to determine the number of shares that will be purchased for you.

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<sup>1</sup> Holding period under the ESPP is shorter than buying VCTR directly from the market and other equity securities under the Victory Code of Ethics.

Here's an example of how the purchase works:

**You have participated in the ESSP since January 1.**

**The Offering Period is 6 months, and the Purchase Dates are March 31 and June 30**

**Fair Market Value of the Stock ("FMV") on March 30 at the market close is \$20**

**Applying a 5% discount your purchase price is \$19**

On March 30 with \$1,000 in your contribution account, you divide your purchase price of \$19 per share into \$1,000. The result is 52 shares of Victory Stock. Since you can only purchase full shares and not fractional shares, the remaining funds (\$12) will be refunded in the first payroll available. Balances are not carried forward.

On June 30 you have another \$1,000 in your contribution account. If the FMV is \$22 on June 30 at the market close, applying a 5% discount the purchase price is \$20.90. You divide your purchase price of \$20.90 per share into \$1,000. The result is 47 shares of Victory Stock. Since you can only purchase full shares, the remaining funds (\$17.70) will be refunded in the first payroll available. Balances are not carried forward.

Upon the completion of your purchase, you can review your account status online or wait for your quarterly statement from EQ.

#### **WHAT IS THE FAIR MARKET VALUE AS DEFINED BY THE VICTORY ESPP?**

FMV is the closing price reported on the NASDAQ on the date of determination or, if the closing price is not reported on such date of determination, the closing price reported on the most recent date.

#### **Your Contributions to the ESPP**

You must contribute a minimum of \$250.00 and may contribute up to 5% of your annual base pay to the ESPP during each Offering Period. Your contributions are deducted from your pay and set aside in a non-interest-bearing account held at the Company until the Purchase Date, at which time they will be used to purchase Victory Stock.

Employees cannot purchase more than \$25,000 worth of stock each calendar year, \$12,500 per Offering Period. This limit—which applies to all participants—is mandated by US tax law and is based on the FMV of Victory Stock on the Purchase Date. Should you reach this limit, your deductions will automatically cease, and EQ will notify you that you have reached your limit. No further contributions will be taken from your pay if the \$25,000 limit is reached.

#### **Enrolling in the ESPP or Changing Your Election**

If you are eligible to join the ESPP, you may enroll during the Open Enrollment Periods, online through EQ's portal. There you will elect how much of your pay to contribute up to 5% of your pay.

**You must enroll for every Offering Period. There is no automatic enrollment.**

Note: Once you have enrolled and the Enrollment Period has closed you may increase or decrease the percentage of your payroll deductions during a certain specified period (the "Specified Change Period") within an Offering Period.

The Specified Change Periods will be communicated to you at the relevant time.

### **Decreasing your Contribution to Zero**

You may decrease your contribution in the ESPP during a Specified Change Period. If you decrease your contributions to zero during a Specified Change Period, no further contributions will be made during the Offering Period and your accumulated contributions will be used to purchase Stock on the next Purchase Date.

### **Your Purchased Stock**

When you purchase Stock through the ESPP, EQ will allocate your Stock to your account approximately three days after the Purchase Date or as soon as administratively feasible.

### **Selling Your Shares**

Once your Stock has been allocated to your account, you may sell your shares after a holding period of 60 days. There are no vesting requirements for these shares, although there are different tax implications depending on how long you hold your shares. You are responsible for paying any taxes, trading commissions or fees associated with the sale of your shares.

You may choose to sell all your shares or a portion of your shares. If you sell a portion of your shares, your shares will be sold on a First-In-First-Out (FIFO) basis unless you specify which lot of shares you wish to sell.

Because Victory Stock trades are real-time, your sale price is the market price of the Victory Stock at the time of the sale. When you sell shares, EQ will give you the estimated sales price. You will need to access EQ's system again to find the actual sales price. If you place a sales order after transaction hours, EQ will sell your shares the next trading day.

You may place limit orders in which you specify a price that the market price must reach before you sell. If the market price reaches the price you specified, EQ will arrange to sell your shares; if it does not, EQ will cancel your order. You can place a limit order good for one day, which tracks the market price until the end of the Trading Day

EQ will issue proceeds of the sale, less any fees and brokerage commissions, on the settlement date of the trade. Settlement is three business days following the trade date. You can receive your proceeds through direct deposit or wire to bank accounts, or by check.

To sell your shares, contact EQ Shareholder Services via the IVR system at (866) 665-2258 (toll free) or (718) 921-8364 (outside the United States) or online by accessing [equiniti.com/us/ast-access.com](http://equiniti.com/us/ast-access.com).

#### **SALE RESTRICTIONS**

At certain times, you may be prohibited from selling stock. Shares of stock purchased through the ESPP are governed by Victory's Insider Trading Policy and U.S. federal securities laws.

## Your Rights and Risks as a Shareholder

Once Victory Stock has been allocated to your account, you have all the same rights and risks as any shareholder.

### RISK OF STOCK OWNERSHIP

As with any investment, there are risks associated with the ownership of Stock. No one can predict the future, and past performance does not necessarily guarantee future results. The value of your Stock may go up or down from the price at which it was purchased. Therefore, your shares of Stock at any given time may be worth more or less. There also can be a risk in holding too large a portion of your assets in any one particular Stock or investment. For more information, please contact your personal financial advisor.

## Dividends

If the Company's Board of Directors declares a dividend, you will receive them based on the Stock that you have purchased through the ESPP.

Dividends (less any taxes required to be withheld) will automatically be issued as a check in U.S. dollars and mailed to your home from EQ, or as an ACH, if you have entered bank account information on EQ's website, direct to your allocated bank account.

You will receive appropriate tax reporting at the end of the tax year from EQ on the cash value of the dividend payment. Please consult your personal tax advisor for the treatment of dividend income in calculating any tax liability.

## Paying Taxes on Your ESPP Shares

Generally, you will not be taxed until you sell your shares. At that time, you will be taxed on the difference between the price you paid for the shares and the price at which you sell them.

Payment of any tax is primarily your responsibility. Victory may be required in certain circumstances to collect taxes from you at the time the shares are purchased. You also are responsible for paying any transaction fees through EQ, such as commissions on the sale of your Stock.

Since laws regarding Stock are complicated, we recommend you consult with your tax advisor regarding your personal situation as well as any state and local income tax consequences associated with participation in the ESPP.

## Required Tax Forms

US federal law requires all ESPP participants to certify to the paying agent (EPS) either their U.S. Taxpayer Identification Number (using IRS Form W-9) or their Certification of Foreign Residence (IRS Form W-8BEN).

**EQ Financial EPS strongly recommends that you complete this form when you enroll in the plan. If you do not complete this form before selling shares or receiving dividends, you may be subject to backup withholding taxes because of underreporting on your tax returns. To claim the withheld money, it may be necessary to file appropriate forms with the U.S. IRS. EPS will not refund withheld taxes to the participant.**

For your convenience, you may complete these forms online via [equiniti.com/us/ast-access.com](http://equiniti.com/us/ast-access.com) or through EQ's IVR system at (866) 709-7704 (toll free).

## Keeping Track of Your Shares

EQ also will provide you with the information you will need to complete your tax return for the previous year. Please keep these statements for your tax records.

Periodically, EQ will send you a statement listing:

- The amounts of your accumulated contributions during the purchase periods
- The purchase price for each purchase period
- The number of full and fractional shares purchased each purchase period (if any)
- The total number of shares in your account
- The value of your Stock at the end of each purchase period
- All other account activity that took place during the applicable period

Alternately, you can access all this information via [equiniti.com/us/ast-access.com](http://equiniti.com/us/ast-access.com) or through EQ's IVR system at 866-709-7704 (toll free). You also can view or request a copy of your cumulative transactions since you joined the ESPP.

## Events That Affect Your Participation

Because the ESPP is available only to active employees, there are certain events that affect your participation in the ESPP.

### *Retirement, Death, Voluntary Termination or Involuntary Termination*

If your employment ends for any reason, your participation in the ESPP plan will end automatically. In addition, no deductions will be taken from any final paychecks that might be due. The cash balance in your account will then be paid to you or, in the event of your death, to your estate.

If you withdraw your participation from the ESPP Plan, it will be considered a voluntary withdrawal. For details on a voluntary withdrawal, see the section titled "Withdrawing Your Participation from the ESPP."

## **Definitions: Terms You Should Know**

### *Dividend Payment Date*

The day the Company pays a dividend on shares of Stock. If you have any Stock in your account, any dividends (less any taxes required to be withheld) automatically will be issued as a check in U.S. dollars and mailed to your home or reinvested to purchase shares (depending on the option you have chosen). These shares will be based on the average price of shares reported on the NASDAQ on the dividend payment date.

### *Dividend Record Date*

The day you must own Stock to receive declared Company dividends.

### *Open Enrollment Period*

The period during which employees can enroll in the ESPP.

### *Fair Market Value (FMV)*

Fair Market Value is the closing price reported on the principal national securities exchange on which such Stock is listed and traded on the date of determination or, if the closing price is not reported on such date of determination, the closing price reported on the most recent date prior to the date of determination.

### *Offering Period*

A specified six-month period during which VCTR Stock may be purchased under the Plan.

### *Purchase Date*

The date or dates VCTR Stock is purchased under the ESPP on behalf of participants with participants' contributions.

### *Purchase Price*

The price you pay for each share of stock is 95% of the fair market value on the last business day of the offering period.

### *Trading day*

Any day on which the public market for VCTR Stock is open on National Association of Securities Dealers Average Quotation (NASDAQ).

FAQ: Victory Capital Holdings, Inc. 2018  
Employee Stock Purchase Plan



## FAQ: Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan

### **What is the Victory Capital Holdings, Inc. 2018 Employee Stock Purchase Plan (the “ESPP”)?**

The ESPP is a Victory sponsored plan that allows eligible employees to buy VCTR common stock at a 5% discount on specified purchase dates through accumulated payroll deductions.

### **How do I participate in the ESPP?**

You can participate in the ESPP by enrolling online through the EQ Equity Plan Solutions (EPS) System using the log in credentials and instructions contained in the enrollment e-mail that is distributed prior to the Open Enrollment Period.

### **How Does the ESPP Work?**

You contribute a percentage of your pay on an after-tax basis to a special, non-interest-bearing account held at Victory for a six-month period known as (the “Offering Period”) and every three months your accumulated contributions are used to purchase Victory Stock at a purchase price discounted by 5% of the fair market value (such dates, the “Purchase Dates”).

### **How is Fair Market Value Calculated on the Purchase Date?**

Fair Market Value is the closing price reported on the NASDAQ on the Purchase Date or, if the closing price is not reported on such date, the closing price reported on the most recent date prior to the Purchase Date.

### **What Happens to the Stock that I Purchase?**

Your purchased Stock is credited to a book entry account in your name at EPS. Once the Stock is in your account, you own the shares and can hold them for potential growth, or you can sell/transfer the shares following a thirty-day holding period.

### **Who is Eligible to Participate in ESPP?**

All US Full-time employees (other than Section 16 Officers) of Victory Capital Management Inc. who own less than 5% of the total combined voting power of VCTR Stock.

### **Are there any Conditions/Limitations on Contributions to the ESPP?**

You must contribute a minimum of \$250 per Offering Period and may contribute up to 5% of your annual base pay to the ESPP during an Offering Period.

Employees cannot purchase more than \$25,000 worth of stock each calendar year (\$12,500 per offering period). This limit — which applies to all participants — is mandated by US tax law and is based on the fair market value of VCTR Stock on the Purchase Date. If you reach this limit, your deductions will automatically stop.

### **Do I have to Re-Enroll in the ESPP Each Offering Period?**

Yes, you must re-enroll for each offering every six months during the open enrollment period.

### **Can I withdraw my Participation or Change My Contribution Once I have Enrolled and What Happens to my Accumulated Contributions?**

You may increase/decrease your contributions during a specified change period within an Offering Period. During the specified change period you can make one change only.

If you decrease your contributions to zero during a specified change period, no further contributions will be made during the Offering Period and your accumulated contributions will be used to purchase Stock on the Purchase Date.

You may not withdraw entirely.

### **What Happens to my Accumulated Contributions if my Employment Terminates?**

If your employment ends for any reason, your participation in the ESPP plan will end automatically and the cash balance in your account will be paid to you as soon as practical through the normal payroll process.

### **How Do I Sell My Shares?**

Once your Stock has been allocated to your account, you may sell your shares after a holding period of thirty days (to comply with our compliance code of ethics). There are no vesting requirements for ESPP Stock, although there may be different tax implications depending on how long you hold your Stock. You must pre-clear any sale through Compliance prior to execution.

### **Will I have to Pay Taxes on my ESPP Shares?**

Generally, you will not be taxed until you sell your shares. At that time, you will be taxed on the difference between the price you paid for the shares and the price at which you sell them. Please consult with your tax advisor regarding tax implications of any stock transaction.

### **Where can I get more help?**

You can get more help at [equiniti.com/us/ast-access.com](http://equiniti.com/us/ast-access.com) or through EQ EPS IVR system at 866-709-7704 (toll free) or you can contact Victory Human Resources.

FAQ: Victory Capital Holdings, Inc. 2018  
Stock Incentive Plan - Restricted Stock Awards

## FAQ: Victory Capital Holdings, Inc. 2018 Stock Incentive Plan - Restricted Stock Awards

### **What is Restricted Stock?**

Restricted Stock are shares of the Company that are subject to certain restrictions and to a risk of forfeiture if your service with the Company terminates before a specified date.

The vesting schedule established on your Restricted Stock Grant notates the increment of the shares vesting and being issuable. To become vested at any anniversary of the grant date, you must be employed by the Company on the vesting date.

### **Where do I see the details of my holdings of Restricted Stock Award and other Victory Equity Holdings?**

EQ is our third-party administrator of our equity and employee stock purchase plans. Information on any of your equity holdings may be accessed at [equiniti.com/us/ast-access](http://equiniti.com/us/ast-access).

- Information relating to all Option Awards and unvested Restricted Stock Awards can be viewed in the Equity Plan Solutions Portal – “Employee Central Login”.
- Shares purchased through the Victory Employee Stock Purchase Plan can be viewed on in the Equity Plan Solutions Portal – “Employee Central Login”.
- For owned equity, which includes Purchased Shares, Vested Restricted Stock, and any Stock owned through the exercise of Options, detailed information on your positions can be viewed in the Transfer Agent Portal – “Shareholder Central Login”.

Further details on the system are provided below.

### **What documentation will I need to sign in connection with my Restricted Stock Grant?**

You will be required to sign a Restricted Stock Grant Agreement reflecting the grant and its terms. In addition, if you are a new Company Shareholder, i.e. have not previously held Company equity or options, you will be required to sign an Employee Shareholders’ Agreement granting a voting proxy over your shares to a Shareholder Committee (the “Committee”).

### **Do Restricted Stock have voting rights?**

As a holder of Restricted Stock (vested or unvested) you will generally have the rights and privileges of a stockholder, including voting rights. However, voting rights will be assigned to the Committee as described in the prior question.

### **Do I have the right to receive dividends on my Restricted Stock?**

Shares of Restricted Stock are entitled to receive cash and stock dividends if any are declared. Dividends, if any, on unvested Restricted Stock will be held by the Company for your account until they vest and will be subject to forfeiture to the same degree as the shares of Restricted Stock. No interest will accrue or be paid on the amount of any cash dividends held on your behalf.

### **Will taxes be withheld from my Restricted Stock award?**

You will be subject to ordinary income tax when your shares of Restricted Stock vest in an amount equal to the Fair Market Value of the Restricted Stock, less any purchase price paid by you (generally zero). Taxes will be collected by EQ and wired to Victory for processing through Victory payroll.

This tax summary assumes that you are either a citizen or tax resident of the United States. You are strongly encouraged to consult with your own personal tax advisor for more detailed information about the specific rules that apply to your particular situation.

### **How will I know my Restricted Stock is vesting and what are my options for paying taxes on my Restricted Stock Award?**

Victory Human Resources will provide communications related to any upcoming vesting of performance based Restricted Stock awards via e-mail. Additionally, you will receive notifications via US mail from EQ for awards that have a tax obligation 30 day prior to vesting.

To pay your taxes you must log on to the EQ Portal and follow the instructions under the tab “Managed Shares”.

Subject to the Company’s Insider Trading Policy, you will have the following options available to pay your tax obligations when your shares of Restricted Stock vest:

- Cash – Check / wire provided to EQ to cover taxes due and these vested shares will be viewable in the Transfer Agent Portal.
- Withhold to Cover – Shares are withheld and put back to the Company to cover taxes due and you are left with the balance of VCTY Stock viewable in the Transfer Agent Portal

Should you elect “Cash”, your payment must be received by EQ within 10 days of the vesting date. Failure to do so will result in an automatic “Withhold to Cover” and the balance of VCTR Stock will be credited to your account with the Transfer Agent.

### **What happens to my Restricted Stock when my employment or service terminates?**

In the event that your employment or service with the Company or its subsidiaries terminates for any reason prior to the time that your Restricted Stock has vested, all vesting with respect to your Restricted Stock will cease and your unvested shares of Restricted Stock will be forfeited to the Company. Employees can choose to sell their vested VCTR Stock as and when they want.

### **Can I sell my vested Restricted Stock?**

Once your Restricted Stock vests you may resell your shares without any further restrictions on the transfer of such shares unless you are a Section 16 Officer. Employees will however have to comply with the Company’s Code of Ethics and Insider Trading Policy and/or open trading window policy. All employees are subject to applicable federal and state laws and Company policies restricting trading on material non-public or “inside” information. These laws may limit your ability to sell shares from time to time especially if you have previously been designated a “Covered Person” under the Company’s Insider Trading Policy.

### **How do I sell my vested Restricted Stock on the EQ system?**

After getting any required pre-clearance from Victory Compliance through the My Compliance Office (“MCO”), log on to the EQ Transfer Agent Portal for Owned Equity and follow the instructions under the “Managed Shares Tab”. Shares sold through EQ system (Cowen is the broker) will be subject to certain fees.

There is no charge for the following transactions on EQ:

- Withhold to Cover
- Cash
- Transfer to a 3<sup>rd</sup> party broker from EQ, however your broker may charge fees

Charges for selling shares within EQ are:

- \$15.00 Transaction fee
- \$0.06 per share

These fees are subject to change by EQ. Total transaction fees will be disclosed prior to you confirming the trade.

**Do I need to pre-clear VCTR transactions?**

Each of us are subject to the Victory Code of Ethics Policy and you should review your obligations regarding personal trading. All required pre-clearance trades should be done through the MCO process. Should you have any questions on a particular transaction or requirements under the Victory Code of Ethics, please contact the Victory Compliance Department at [coe\\_compliance@vcm.com](mailto:coe_compliance@vcm.com).

With respect to your holdings / awards, **any** transaction that requires shares to be traded in the open market requires pre-clearance and can only be carried out when you are not in possession of material nonpublic information.

Below is a chart that provides a high-level summary of preclearance status on a number of common transaction types relating to your Restricted Stock that can be processed through the EQ System:

Transaction Type	Pre-Clearance Required (Yes / No)	Transact during a Trading Black-out
Sale of Owned Equity	<i>Yes</i>	<i>No</i>
Tax Payment for Vesting Restricted Stocks through:		
• Cash Payment	<i>No</i>	<i>Yes</i>
• Withhold to Cover (Net Settlement of Shares)	<i>No</i>	<i>Yes</i>
Transfer of VCTR Stock to personal approved broker	<i>No</i>	<i>No</i>

### **Are there Blackout Periods for when I cannot transact in VCTR?**

Under our Code of Ethics, all employees in possession of Material Non-Public Information are restricted from trading in the Company stock (VCTR) in the open market.

In addition, if you have been designated as a Covered Person (which you have received separate communication of your status as a Covered Person from Victory Compliance), you have trading restrictions around the timing of public disclosures and are subject to blackout dates when you cannot trade VCTR in the open market.

If you are not a Covered Person and are not in possession of Material Non-Public information you generally do not have restrictions on trading VCTR unless the Company imposes a Companywide blackout. However, you must still pre-clear all transactions requiring preclearance through the MCO process.

### **How can I pay my taxes on my Restricted Stock if I am in possession of material non-public information?**

You can cover the taxes on any Restricted Stock that vests in cash or you can do a “withhold to cover” where shares are withheld to cover taxes owed leaving the balance of VCTR Stock in EQ. A withhold to cover transaction is not conducted in the open market and as a result you can transact with the Company even during a blackout period.

### **How do I log in to the EQ System?**

The EQ main log in page can be found at [equiniti.com/us/ast-access](http://equiniti.com/us/ast-access)

At the main page you will be able to select:

- **Shareholder Central Login** for the Transfer Agent Portal
- **Employee Central Login** for the EPS Portal

You will need to log in to each portal separately to view your holdings / awards. All shareholders must complete a one-time registration process the first time you log into each portal. As a new employee you will receive a letter from EQ with instructions on how to register on their website.

### **What details will be available for my awards and holdings?**

For owned equity through the Transfer Agent Portal, you will see the number of shares, market value, and details of any transactions relating to your holdings.

For stock option and Restricted Stock awards through the EPS Portal, you will see all pertinent information relating to these awards, including:

- Details of the awards, including grant date, grant price, vesting criteria and award expiration date
- Status of vesting, including details of shares that have vested and criteria for those that are unvested

### **What can I use the EQ system for?**

The system provides an interactive solution to you to manage your VCTR equity holdings. The EQ System provides you with the ability to view, analyze and transact on your various equity holdings / awards.

### **Where are reference materials for the EQ System?**

Helpful videos as well as FAQ responses can found on the [equiniti.com/us/ast-access](http://equiniti.com/us/ast-access) website in the section called Knowledge Center (top right side of the site). You can also find these materials by logging into both the Shareholder Central and Employee Central described earlier.

You may also find reference materials on Under the Wing, HR tab.

### **Who do I contact if I have further questions?**

There are different EQ contacts available to us:

**For the TA Portal (Shareholder Central):** [help@equiniti.com](mailto:help@equiniti.com)

800.937.5449 or 718.921.8124

**For the EPS Portal (Employee Central):**

866.665.2258

In addition, Victory Human Resources Department may be able to assist.



FAQ: Victory Capital Holdings, Inc. 2018  
Stock Incentive Plan - Option Awards

## FAQ: Victory Capital Holdings, Inc. 2018 Stock Incentive Plan - Option Awards

### **What are Options?**

An Option is a conditional right to purchase a specific number of Shares under set terms and at a set price. The actual purchase of Shares pursuant to an Option is called the “exercise” of the Option. To date, all Options granted by Victory have been non-qualified Options.

Your unvested Options will vest and become exercisable in the manner, on such date or dates, or upon the achievement of performance or other conditions, as set forth in your individual Option agreement. To become vested in any Option grant, you must be employed by the Company on the vesting date.

### **What documentation will I need to sign in connection with my Option Grant?**

You will be required to sign an Option Grant Agreement reflecting the grant and its terms. In addition, if you are a new Company Shareholder, i.e. have not previously held VCTR equity or options, you will be required to sign an employee shareholders’ agreement granting a voting proxy over your shares to a Shareholder Committee (the “Committee”).

### **What is the term of my Option?**

The term of each Option will not exceed 10 years from the date of grant and your Options will expire on the expiration of the term, or sooner if your employment or service with the Company or its Subsidiaries terminates before the expiration of the term.

### **Do Options have voting rights?**

Options do not carry any voting rights. Options must be exercised before the rights and privileges of a shareholder, including voting rights attach.

### **How will I know my Options are vesting?**

Victory Human Resources will provide communications related to performance vesting of Option awards via email. Additionally, you will receive notifications via US mail from EQ 30 day prior to vesting of time vested options only.

### **Do I have the right to receive dividends on my Options?**

Holders of Options are not entitled to receive dividends declared after the IPO. If you held Options that were unvested at the time the December 2017 dividend was declared, you will be paid a cash bonus equivalent of the December 2017 dividend through payroll as ordinary compensation as and when these Options vest.

### **What happens to my Options when my employment or service terminates?**

In the event that your employment or service with the Company or its subsidiaries terminates for any reason other than for “Cause”, all unvested Options outstanding shall terminate and be forfeited. You may exercise the vested options until the earliest of (i) 90 days after your termination date, or (ii) the tenth anniversary of the Grant Date. Employees can choose to sell their VCTR Stock as and when they want.

### **What is the exercise price for Shares subject to an Option?**

The exercise price applicable to your Option is the Fair Market Value per share of Victory common stock on the grant date. For Options issued after the IPO, the Fair Market Value is the closing price of VCTR common stock on the grant date.

### **When can I exercise my Options?**

Options will vest and become exercisable in the manner, on such date or dates, or upon the achievement of performance or other conditions, set forth in your Option agreement. Options may not be exercised after the expiration of their term.

### **Where do I see the details of my holdings of Options and other Victory Equity Holdings?**

EQ is our third-party administrator of our equity and employee stock purchase plans. Information on any of your equity holdings may be accessed at [equiniti.com/us/ast-access](http://equiniti.com/us/ast-access).

- Information relating to all Option Awards and unvested Restricted Stock Awards can be viewed in the Equity Plan Solutions Portal – “Employee Central Login”.
- Shares purchased through the Victory Employee Stock Purchase Plan can be viewed on in the Equity Plan Solutions Portal – “Employee Central Login”.
- For owned equity, which includes Purchased Shares, Vested Restricted Stock, and any VCTR Stock owned through the exercise of Options, detailed information on your positions can be viewed in the Transfer Agent Portal – “Shareholder Central Login”.

Further details on the system are provided below.

### **How can I exercise my Options?**

You may exercise your vested Options (in whole or in part) through EQ Employee Central by locating the Options you wish to exercise and following prompts for selection and exercise method.

### **How do I pay for the Shares when I exercise the Option?**

At the time you exercise an Option, you must provide payment in full of the exercise price of the Shares that you are purchasing plus any taxes.

You may pay such exercise price in:

- Cash – Check / Wire provided to EQ to cover exercise price and taxes
- Withhold to Cover – Shares are withheld and put back to the Company to cover the exercise price and taxes

## **Can I sell the Shares Acquired through the Exercise of Options?**

Once your Options vest you may exercise and resell your shares without any further restrictions on the transfer of such shares. Employees will however have to comply with the Company's Code of Ethics and Insider Trading Policy and/or open trading window policy. All employees are subject to applicable federal and state laws and Company policies restricting trading on material non-public or "inside" information. These laws may limit your ability to sell shares from time to time especially if you are designated a Covered Person by the Company. You will be notified if you are a designated a Covered Person.

## **How do I sell my Shares Acquired through the Exercise of Options on the EQ system?**

After getting any required pre-clearance from Victory Compliance through My Compliance Office ("MCO"), log on to the Transfer Agent Portal for Owned Equity and follow the instructions under the "Managed Shares Tab". Shares sold through the EQ system (Cowen is the broker) will be subject to certain fees.

There is no charge for the following transactions on EQ:

- Withhold to Cover
- Cash
- Transfer to a 3rd party broker from EQ, however your broker may charge fees

Charges for selling shares within EQ are:

- \$15.00 Transaction fee
- \$0.06 per share

These fees are subject to change by EQ. Total transaction fees will be disclosed prior to you confirming the trade.

## **Tax Consequences**

You will be subject to ordinary income tax upon the exercise of an Option based upon the excess of the Fair Market Value of the Shares at exercise over the exercise price. The exercise will be processed through Victory's payroll and reported on your W-2.

With respect to Stock acquired by you in connection with the exercise of an Option you may incur an additional tax liability on the disposal of such Shares if such Shares are sold at a gain but your employer will not obtain any additional deduction. You will be responsible for paying any tax due and ensuring that any sale of Shares by you is reported to the tax authorities as required by applicable law. When you sell or otherwise dispose of your Shares acquired through exercise, an amount equal to the difference between the sale or other disposition price of such Shares and the cost basis of such Shares will, generally, be treated as a capital gain or loss. The cost basis information reported to you on Form 1099-B will not reflect any amounts included in income upon exercise of the Option and you will need to increase your basis by amounts you included in income upon exercise of the Option. Please consult with your tax advisor on the appropriate tax treatment.

If the Shares that you sold at a gain have been held for less than one year, a short-term capital gain will be recognized, which gain is subject to taxation at ordinary income tax rates. If the Shares that you sold at a gain have been held for one year or longer, a long-term capital gain will be recognized, which gain is subject to taxation at preferential long-term capital gain rates. If you sell Shares at a loss because the cost basis of the Shares exceeds the disposition price of the Shares, the loss will be a capital loss, the use of which is limited on your individual federal income tax return.

**Do I need to pre-clear VCTR transactions?**

Each of us are subject to the Victory Code of Ethics Policy and you should review your obligations regarding personal trading. All required pre-clearance trades should be done through the MCO process. Should you have any questions on a particular transaction or requirements under the Victory Code of Ethics, please contact the Victory Compliance Department at [coe\\_compliance@vcm.com](mailto:coe_compliance@vcm.com).

With respect to your holdings / awards, **any** transaction that requires shares to be traded in the open market requires pre-clearance and can only be carried out when you are not in possession of material nonpublic information.

Below is a chart that provides a high-level summary of preclearance status on a number of common transaction types relating to your Options that can be processed through the EQ System:

Transaction Type	Pre-Clearance Required (Yes / No)	Transact during a Trading Black-out
Sale of Owned Equity	<i>Yes</i>	<i>No</i>
Exercise of Options	<i>No</i>	<i>Yes</i>
Tax Payment upon Exercise:		
<ul style="list-style-type: none"> <li>Cash Payment</li> </ul>	<i>No</i>	<i>Yes</i>
<ul style="list-style-type: none"> <li>Withhold to Cover (Net Settlement of Shares)</li> </ul>	<i>No</i>	<i>Yes</i>
Transfer of VCTR Stock to personal approved broker	<i>No</i>	<i>No</i>

## **Are there Blackout Periods for when I cannot transact in VCTR?**

Under our Code of Ethics, all employees in possession of Material Non-Public Information are restricted from trading in the Company stock (VCTR) in the open market.

In addition, if you have been designated as a Covered Person (which you have received separate communication of your status as a Covered Person from Victory Compliance), you have trading restrictions around the timing of public disclosures and are subject to blackout dates when you cannot trade VCTR in the open market.

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## **How do I log in to the EQ System?**

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At the main page you will be able to select:

- **Employee Central Login** for the EPS Portal
- **Shareholder Central Login** for the Transfer Agent Portal

You will need to log in to each portal separately to view your holdings / awards. Each portal will require a different login and password. All shareholders must complete a one-time registration process the first time you log into each portal. As a new employee you will receive a letter from EQ with instructions on how to register on their website. You will not be able to register with Shareholder Central until such a time as you own shares.

## **What details will be available for my awards and holdings?**

- **Employee Central**
  - Stock Options and Restricted Stock Awards
  - Details of the awards, including grant date, grant price, vesting criteria and award expiration date
  - Status of vesting, including details of shares that have vested and criteria for those that are unvested
- **Shareholder Central**
  - Owned Equity
  - Detail of the owned equity including number of shares, market value, and details of any transactions relating to your holdings

## **What can I use the EQ system for?**

The system provides an interactive solution to you to manage your VCTR equity holdings. The EQ System provides you with the ability to view, analyze and transact on your various equity holdings / awards.

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