

Victory Capital Management Inc.

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Investment Adviser Brochure Form ADV Part 2A

March 30, 2015

This brochure provides information about the qualifications and business practices of **Victory Capital Management Inc.** If you have any questions about the contents of this brochure, please contact us at (216) 898-2400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Victory Capital Management Inc. is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Victory Capital Management Inc. is available at the SEC's website at: www.adviserinfo.sec.gov.



ITEM 2: MATERIAL CHANGES

This Brochure dated March 30, 2015 reflects the following changes from our most recent update on November 10, 2014:

- We updated and revised certain information to help clients better understand our firm and the investment products we offer, the business issues we face, the risks associated with investing and with our investment process and our efforts to ensure clients are treated fairly. The changes primarily apply to *Item 4 – Advisory Business*, *Item 5 - Fees and Compensation*, *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss*, *Item 10 – Other Financial Industry Activities and Affiliations* and *Item 12 - Brokerage Practices*.
- Victory registered as a commodity pool operator in anticipation of advising commodity pools in the future.
- Assets under management (“AUM”) were updated as of December 31, 2014.

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ITEM 4: ADVISORY BUSINESS

A. General

Victory Capital Management Inc. (“Victory Capital”) is an investment advisory firm registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”). Victory Capital provides investment advice to primarily institutions and some individuals. Victory, through its predecessors, has been providing investment advice since 1912. Victory Capital expanded its multi-boutique investment model through the acquisition of Munder Capital Management (“Munder”) and its wholly owned subsidiary, Integrity Asset Management LLC (“Integrity”) on October 31, 2014. Victory Capital’s investment teams (referred to as “franchises”) manage various investment strategies in the equity, fixed income and mixed asset classes. Victory Capital differentiates its equity investment strategies by market capitalization, style and geographic location. Please refer to *Item 5 – Fees and Compensation* for a list of our products.

As of December 31, 2014, Victory Capital managed or advised approximately \$33.7 billion on a discretionary basis and \$2.2 billion on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser’s “regulatory assets under management.” Regulatory assets under management include in the value of a portfolio any outstanding indebtedness or other accrued but unpaid liabilities of the portfolio. Victory Capital reports its regulatory assets under management in *Item 5* of Part 1 of Form ADV, which can be found at www.adviserinfo.sec.gov.

B. Ownership and Locations

Victory Capital is an indirect, wholly owned subsidiary of Victory Capital Holdings, Inc. (“VCH”). A majority of the interest in VCH is owned by Crestview Partners II, L.P. and its affiliated funds (together, “Crestview”) with the remaining portion owned by Victory Capital employees in the aggregate and a limited number of outside investors. Headquartered in Cleveland, OH, Victory Capital also has offices in Birmingham, MI, New York, NY, Denver, CO, Rocky River, OH, Cincinnati, OH, and Boston, MA.

C. Types of Advisory Services

Victory Capital provides continuous investment management services, as an investment adviser or sub-adviser, to the following types of clients: individuals, foundations, endowments, healthcare organizations, financial institutions (such as banks and insurance companies), registered investment companies (such as mutual funds) and other pooled vehicles, pension and retirement related accounts, trusts, estates, public funds, sovereign wealth funds, other investment advisers, corporations and other business entities, and other clients. Victory Capital serves as the investment adviser to the Victory Funds, a family of mutual funds registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Victory Capital’s investment strategies are offered through a variety of investment vehicles including separately managed accounts, mutual funds, wrap fee programs, common trust funds, collective trusts, charitable trusts, and private funds.

Victory Capital is a multi-boutique asset manager comprised of multiple investment teams, referred to as investment franchises. Victory Capital’s investment franchises are: Diversified Equity Management, Expedition Investment Partners, INCORE Capital Management, Integrity

Asset Management, Munder Capital Management, NewBridge Asset Management, Sycamore Capital, Trivalent Investments and Victory Capital. Each investment franchise utilizes an independent approach to investing and offers one or more investment strategies that specializes in a specific asset class. Each strategy is intended to be one of several components of a client account's overall asset allocation and is not, on its own, a complete investment program. For details, please see *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss*. Victory Capital does not offer financial planning services.

Separately Managed Accounts

Clients of Victory Capital choose the investment strategy in which they would like their account to be managed. For separately managed accounts, investments for client accounts are managed in accordance with each client's stated investment objectives, strategies, restrictions and guidelines, as communicated to Victory Capital by the client or the client's representative. Investment management agreements include provisions related to each client's management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. See the fee schedules in *Item 5: Fees and Compensation*, for a complete list of Victory Capital's investment strategies. Victory Capital's strategies have different fee structures based upon the size and type of account. Additional strategies may be added from time to time.

For certain clients, the investment advisory services provided by Victory Capital vary due to, among other things, the powers granted to the trustee or trustees of a trust or plan involved, by relevant state or federal law, or by investment restrictions imposed by the client. For details, please see *Item 16: Investment Discretion*.

Investments for a pooled vehicle (i.e., collective investment trust, private fund and mutual fund) are managed in accordance with the vehicle's investment objective, strategies and restrictions, as set forth in the vehicle's governing documents and offering documents and are not tailored to the individualized needs of a particular investor.

Sub-Advised Accounts – In certain circumstances, Victory Capital may arrange for unaffiliated investment managers to provide sub-advisory services to a Victory Capital client. In such arrangements, the client enters into an advisory agreement directly with Victory, pursuant to which Victory Capital provides continuous investment advice and client servicing to the client with respect to the investment of funds on the basis of the individual needs of the client. The sub-adviser, in turn, provides investment sub-advisory services with respect to some or all of the securities held by such account pursuant to a sub-advisory agreement entered into between Victory Capital and the relevant sub-adviser. Victory Capital pays the sub-adviser a negotiated rate out of its own investment advisory fee received from such client to the sub-adviser.

Separately Managed Accounts Obtained through Certain Third Parties – Victory Capital also provides portfolio management services for clients of banks and other third-party entities who provide those clients with a variety of services, such as investment advice, custody and accounting services, for a specified fee or fees, which may be negotiable. The third-party generally compensates Victory Capital for providing its advisory services to such clients pursuant to an investment advisory agreement between the third party and Victory. Such fees vary based upon the type of assets managed. In addition the third party typically may terminate the sub-advisory agreement with Victory Capital at any time if it determines that termination would be prudent in connection with the discharge of its fiduciary responsibilities.

Mutual Funds

Victory Capital furnishes portfolio management services to mutual funds registered under the 1940 Act, including the Victory Funds. Such services are subject to the oversight, direction and control of the board of directors/trustees of those funds. With respect to mutual funds managed by unaffiliated entities, Victory Capital is typically engaged as the sub-adviser pursuant to a sub-advisory agreement with the fund's adviser. With respect to the Victory Funds, subject to board approval, Victory Capital may from time to time engage an unaffiliated sub-adviser to provide subadvisory services to one or more Victory Funds pursuant to a sub-advisory agreement.

Advisory fees charged to mutual fund clients are set by the respective boards of directors/trustees and shareholders of the funds and are subject to review and approval as provided by the 1940 Act. Advisory fees vary by investment discipline, type of account, assets under management, and other competitive factors and may be waived by Victory. Fees may be greater or less than those of other funds with similar investment objectives, strategies and restrictions.

Discretionary Sub-Advisory Services

Victory Capital also serves as a sub-adviser to various domestic and foreign entities, as well as to separately managed accounts through arrangements Victory Capital has entered into with other industry professionals. Victory Capital acts as a sub-adviser for several U.S. registered investment companies as disclosed in its Form ADV Part 1.

Non-Discretionary Advisory and Sub-Advisory Services

Victory Capital provides non-discretionary investment advisory and sub-advisory services to certain clients, including to other investment advisers, account managers and fiduciaries. Such non-discretionary advice may include investment recommendations made by Victory Capital to clients who have engaged Victory Capital to provide non-discretionary advisory services to them (and who have a one-to-one relationship with Victory) or may take the form of providing a so-called model portfolio ("Model Portfolio") to a client or financial intermediary, including through unified managed account ("UMA") programs sponsored by other investment advisers.

Generally, under UMA programs, the UMA sponsor offers its clients discretionary management of all or a portion of their accounts through the UMA program based on one or more investment objectives, styles or strategies offered by affiliated and unaffiliated investment advisers, which the UMA sponsor determines, from time to time, to be suitable for its clients in the program.

In the case of Model Portfolios, Victory Capital will generally be asked to create a portfolio of its securities recommendations that are reasonably designed to meet a stated investment objective, style or strategy, subject to stated investment limitations and/or restrictions. In creating each Model Portfolio, it is not Victory Capital's expectation that such Model Portfolios will be relied upon by the end user without further consideration of their specific investment needs. Moreover, such Model Portfolios are not intended to be a complete investment program.

Under Victory Capital's contractual arrangements for each UMA program in which Victory Capital participates, Victory Capital provides the UMA sponsor with a Model Portfolio for a particular strategy that reflects Victory Capital's research and portfolio recommendation regarding that strategy. The UMA sponsor retains full discretion to accept, modify or reject Victory Capital's recommendations as reflected in the Model Portfolio and, except as may be agreed to the contrary, the UMA sponsor will place all orders for the execution of all purchase and sale transactions for its UMA program client accounts. Under each UMA program, program

clients are clients of the UMA sponsor and are not clients of any affiliated or unaffiliated investment advisers in the program (including Victory), and the UMA sponsor (not Victory Capital or any other investment adviser in the program) is responsible for determining whether a particular investment continues to be appropriate for a program client.

Discretionary Wrap Fee Programs

Victory Capital provides discretionary investment advisory services in a number of programs in which a client enters into an separately managed account (“SMA”) agreement with a registered investment adviser or broker-dealer (sometimes referred to as the wrap sponsor). These particular types of SMAs may be called “wrap fee” or “dual contract” accounts, depending on their structure. The client generally is charged a single, all-inclusive wrap fee by the wrap sponsor based upon a percentage of the market value of the client’s account. This fee generally covers services provided by the wrap sponsor and investment adviser, or sub-adviser, including Victory. Generally, wrap sponsors are responsible for providing wrap fee clients with both: (1) the sponsor’s own wrap fee brochure or Schedule H of the sponsor’s Form ADV (“Wrap Brochure”) and (2) the brochure for each discretionary investment adviser or sub-adviser used by the wrap fee client.

In most wrap fee programs, the wrap sponsor is responsible for establishing the financial circumstances, investment objectives and investment restrictions of each wrap fee client through a client profile questionnaire and/or investment policy statement as well as consultations with the wrap sponsor’s personnel. Each client typically completes a profile and enters into a wrap fee agreement with the wrap sponsor that establishes the specific services to be provided to the client by or on behalf of the wrap sponsor. Depending on the wrap fee program, these services include: (1) assistance in the analysis and selection of one or more investment advisers or sub-advisers from a group of investment advisers available under the program based on the client’s profile; (2) investment management of the client’s portfolio on a fully discretionary basis; (3) execution of portfolio transactions, through the wrap sponsor or a designated broker-dealer, often without brokerage commissions and, in some instances, without dealer mark-ups or mark-downs by the designated broker; (4) custody of the assets in the client’s portfolio, which also includes providing the client with trade confirmations and periodic statements; (5) periodic evaluation and comparison of account performance, and (6) continuing consultation on the client’s investment objectives and restrictions. In connection with such programs, Victory Capital is responsible for providing only the portfolio management described in (2) above and at times the execution of portfolio transactions described in (3) above, depending on the sponsor agreement.

Discretionary wrap fee clients should review the wrap sponsor’s Wrap Brochure for further details about the relevant wrap fee program. Wrap fee clients should consider that, depending upon the rate of the wrap fee charged, the amount of account activity, the value of custodial and other services provided and other factors, the wrap fee may exceed the aggregate costs of the services provided if they were to be obtained separately and, with respect to brokerage, subject to transaction-based commissions. As a general matter, Victory Capital is not responsible for, and does not attempt to determine whether, in the first instance, a particular wrap fee program is suitable or advisable for any particular client. Rather, Victory Capital will only determine whether each wrap fee account referred to Victory Capital is reasonably appropriate for discretionary management by Victory Capital based on the client’s profile, to the extent provided by the wrap sponsor. In a number of wrap fee programs, the sponsor is responsible for determining whether the investment discipline managed by Victory Capital is suitable for the

client. Victory Capital may accept or reject a wrap client for any reason, including, but not limited to, the wrap fee client's geographic location, investment goals and restrictions.

For more information around trading these accounts, please see *Item 12: Brokerage Practices*.

Private Funds

From time to time, Victory Capital may act as the manager to private funds.

ITEM 5: FEES AND COMPENSATION

In most cases, clients pay an investment advisory fee to Victory Capital based on a percentage of assets under management. Separately managed account fees are generally charged quarterly in arrears, based on month-end account values, although the periods over which fees are calculated and the method of payment may be varied based upon the requirements of individual clients. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. In the event of termination, any fees paid in advance are refunded on a pro-rata basis, and any outstanding fees are charged on a pro-rata basis, according to the terms of the investment advisory agreement.

If authorized by a client, fees may be billed directly to the client's account and paid from that account by the client's "qualified custodian" as defined in Rule 206(4)-2 under the Advisers Act. In those circumstances, the qualified custodian will send quarterly statements showing all transactions in the account, including fees paid to Victory, directly to such clients in accordance with Rule 206(4)-2.

The fee schedules shown below are Victory Capital's current fee schedules for new, non-pooled fund accounts. Victory Capital may impose minimum mandate sizes and minimum annual fees. Victory Capital reserves the right to waive fees and/or reduce minimums under certain circumstances at its discretion. Mutual fund advisory fees are set forth in the respective mutual fund's prospectus. Victory Capital also reserves the right to close a strategy to new or existing investors.

As described in *Item 4* above, Victory Capital is also an adviser or sub-adviser to separately managed accounts of clients who participate in programs, or collective accounts such as bank common or collective investment trusts, established by other industry professionals such as investment advisers, banks and/or broker-dealers. In these cases, where these professionals enter into, or recommend that their clients enter into, arrangements with Victory Capital for Victory Capital to advise their clients' accounts, advisory fees will be negotiated and charged directly or indirectly to those client accounts and may differ from the schedules of fees shown.

Since the inception of Victory Capital's business, it has had a number of other fee schedules in effect, which may have provided for fee rates and minimum annual fees that are lower or higher, as the case may be, than those shown below. Fees may be negotiable in limited circumstances based on the nature of the client's portfolio and investment objectives. On occasion, Victory Capital may agree to fixed (or flat) fee arrangements. Therefore, some clients of Victory Capital pay different fees from those shown below. Assets of accounts that have a family or business relationship to each other may be aggregated for purposes of determining the percentage fee applicable to each account as a result of fee breakpoints based on combined assets.

Discretionary separately managed accounts, non-discretionary management services and private offering fees are negotiable in limited circumstances. When negotiating fees, Victory Capital takes into account the strategy and size of the account and overall relationship. The following table represents Victory Capital's standard investment advisory fees as of the date hereof this brochure and subject to change:

A. Domestic Equity

Diversified Equity Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Diversified Equity	Large Cap Core	\$10M / \$60K	0.60% on the first \$25M 0.50% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M
Select Equity	Large Cap Core	\$10M / \$60K	0.60% on the first \$25M 0.50% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M

NewBridge Asset Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Large Cap Growth	Large Cap Growth	\$10M / \$65K	0.65% on the first \$25M 0.55% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M
Global Equity	Global Equity	\$10M / \$80K	0.80% on the first \$25M 0.70% on the next \$25M 0.60% on the next \$50M 0.40% on assets exceeding \$100M

Sycamore Capital Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Mid Cap Value	Mid Cap Value	\$10M / \$75K	0.75% on the first \$25M 0.70% on the next \$25M 0.65% on the next \$50M 0.60% on assets exceeding \$100M
Small Cap Value	Small Cap Value	\$10M / \$100K	1.00% on the first \$10M 0.85% on the next \$15M 0.80% on the next \$25M 0.75% of the next \$50M 0.70% on assets exceeding \$100M

Munder Capital Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Large Cap Growth	Large Cap Growth	\$10M / \$60K	0.60% on the first \$25M 0.50% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M
Multi Cap Growth	Multi Cap Growth	\$10M / \$60K	0.60% on the first \$25M 0.50% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M
Core Growth	Large Cap Core Growth	\$10M / \$65K	0.65% on the first \$25M 0.60% on the next \$25M 0.50% on the next \$50M 0.45% on assets exceeding \$100M
Mid Cap Core Growth	Mid Cap Core Growth	\$10M / \$75K	0.75% on the first \$25M 0.60% on the next \$25M 0.55% on the next \$50M 0.50% on assets exceeding \$100M
Mid Cap Growth	Mid Cap Growth	\$10M / \$75K	0.75% on the first \$25M 0.60% on the next \$25M 0.55% on the next \$50M 0.50% on assets exceeding \$100M
Focused Mid Cap Growth	Mid Cap Growth	\$10M / \$85K	0.85% on the first \$25M 0.70% on the next \$25M 0.65% on the next \$50M 0.55% on assets exceeding \$100M
Small Cap/Mid Cap Blend	Small/Mid Cap Core	\$10M / \$85K	0.85% on the first \$10M 0.75% on the next \$15M 0.70% on the next \$25M 0.60% on the next \$50M 0.50% on assets exceeding \$100M

Integrity Asset Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Mid Cap Value	Mid Cap Value	\$5M / \$42.5K	0.85% on the first \$15M 0.75% on the next \$35M 0.65% on the next \$50M 0.60% on assets exceeding \$100M
Small/Mid Cap Value	Small/Mid Cap Value	\$5M / \$50K	1.00% on the first \$15M 0.85% on the next \$35M 0.80% on the next \$50M 0.75% on assets exceeding \$100M

Small Cap Value	Small Cap Value	\$10M / \$100K	1.00% on the first \$15M 0.90% on the next \$35M 0.80% on the next \$50M 0.75% on assets exceeding \$100M
Micro Cap	Micro Cap Core	\$5M / \$50K	1.00% on the first \$15M 0.90% on the next \$35M 0.80% on the next \$50M 0.75% on assets exceeding \$100M

B. International Equity:

Expedition Investment Partners Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
International Small Cap Equity	International Small Cap	\$10M / \$100K	1.00% on the first \$25M 0.90% on the next \$75M 0.85% on assets exceeding \$100M
International SMID Cap Equity	International SMID Cap	\$10M / \$95K	0.95% on the first \$25M 0.85% on the next \$75M 0.80% on assets exceeding \$100M
International Micro Cap Equity	International Micro Cap	\$10M / \$150K	1.50% on all assets
ACWI ex US Small Cap Equity	ACWI ex US Small Cap Equity	\$10M / \$100K	1.00% on the first \$25M 0.90% on the next \$75M 0.85% on assets exceeding \$100M
Emerging Markets Small Cap Equity	Emerging Markets Small Cap Equity	\$25M / \$300K	1.20% on the first \$50M 1.10% on the next \$50M 1.00% on assets exceeding \$100M

Trivalent Investments Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
International Core Equity	International Large Cap	\$10M / \$80K	0.80% on the first \$25M 0.70% on the next \$25M 0.60% on the next \$50M 0.40% on assets exceeding \$100M
International ACWI	International Large Cap	\$10M / \$80K	0.80% on the first \$25M 0.70% on the next \$25M 0.60% on the next \$50M 0.40% on assets exceeding \$100M
International Large Cap Select Equity	International Large Cap	\$10M / \$80K	0.80% on the first \$25M 0.70% on the next \$25M 0.60% on the next \$50M 0.40% on assets exceeding \$100M

International Small-Cap Equity	International Small Cap	\$10M / \$95K	0.95% on the first \$25M 0.85% on assets exceeding \$25M
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C. Fixed Income:

INCORE Capital Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Taxable and Tax-Exempt	Enhanced Core Fixed Income	\$10M / \$25K	0.25% on the first \$25M 0.20% on the next \$25M 0.15% on the next \$50M 0.10% on assets exceeding \$100M
Mortgage Opportunities	Mortgage-Backed Securities	\$10M / \$40K	0.40% on the first \$25M 0.35% on the next \$25M 0.30% on the next \$50M 0.25% on assets exceeding \$100M
Short Govt. / Mortgage-Backed Securities	Short Govt. / Mortgage-Backed Securities	\$20M / \$70K	0.35% on the first \$50M 0.30% on the next \$50M 0.25% on assets exceeding \$100M

D. Hybrid/Other:

INCORE Capital Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Investment Grade Convertible Securities	Investment Grade Convertible Securities	\$10M / \$55K	0.55% on the first \$25M 0.50% on the next \$25M 0.45% on the next \$50M 0.40% on assets exceeding \$100M

Munder Capital Management Strategy Name	Style	Minimum Account Size / Annual Fee	Standard Institutional Separate Account Fee Schedule
Balanced Accounts	Varies	N/A	This strategy is closed to new clients
Private Wealth Management Accounts	Varies	N/A	This strategy is closed to new clients

Victory Capital may send invoices and receive payment of its advisory fees in a number of different ways. While the method used depends on the type of product and, in some cases, client preference, the following is a general discussion of the methods available:

- Separately Managed Accounts: Depending upon the arrangement selected by the client, a client may receive and pay invoices directly or they may choose to receive invoices and authorize its custodian to submit payment to Victory Capital based upon the client's written

instructions to the custodian. Victory Capital does not have actual custody of client assets and, therefore, cannot deduct fees directly from client accounts. For details on custody, see *Item 15: Custody*.

- Private funds: Fees are paid as provided in the private offering documents.
- Mutual funds: Fees are deducted daily through a reduction in the fund's Net Asset Value (NAV).
- Collective trust funds: Depending upon the arrangement selected by the client, advisory fees can be paid directly from the assets of the fund or may be invoiced directly to the client as with a Separately Managed Account.
- SMA and UMA wrap programs: Fees vary and are paid to Victory Capital through the wrap sponsor firm. Fees may be charged either in advance or arrears depending on the agreement between Victory Capital and the sponsor firm or the dual contract agreement between Victory Capital and the client.

In addition to the advisory fee paid to Victory, clients may directly and indirectly pay other fees to third parties associated with their accounts and investments. Such fees may include the following:

- Custody Fees: Separately managed account clients select their custodian and must negotiate custody and transaction fees directly with the chosen custodian.
- Brokerage Fees: Clients that invest in equity products will incur brokerage fees. These fees are included in the price at which trades are executed. For an explanation of brokerage, please see *Item 12: Brokerage Practices*.
- Other Fees: Clients may incur additional fees or charges in connection with their accounts or certain securities transactions including other execution or service charges, dealer mark-ups and mark-downs, odd-lot differentials, exchange fees, transfer taxes, electronic fund transfer fees, trust custodial fees and any charges mandated by law.

Investors in mutual funds, private funds and other pooled investment vehicles incur sales charges and/or fees to cover operating, distribution and other types of expenses, as disclosed in the offering documents associated with such investments.

In some cases it may be appropriate for Victory Capital to invest a portion of a client's separate account assets into one or more "no-load" classes of the Victory Funds mutual funds. This may be appropriate, for example, where a Victory Fund provides a more efficient and cost-effective way to diversify an account into fixed income investments or a specialized asset class. Assets of separate accounts invested in a Victory Fund are not subject to the advisory fee otherwise applicable to the client's separate account but are subject to the fees and charges applicable to all shareholders in the Victory Fund, as set forth in the applicable Victory Fund's prospectus. Depending on which Victory Fund the account is invested in, the Victory Fund fees, a portion of which are paid to Victory Capital, may be more or less than the separate account advisory fee otherwise applicable to the account. Victory Capital may have a conflict of interest to the extent that (a) the investment advisory and administration fees it receives from the applicable Victory Fund are greater than the separate account advisory fee applicable to an account and (b) it recommends investments in the Victory Funds rather than in unaffiliated mutual funds because Victory Capital receives investment advisory and administration fees from Victory Funds but not from unaffiliated mutual funds. Victory Capital, in turn, receives some or all of its normal sub-advisory fee based on the total account assets and rebates to the primary adviser the amount of

the advisory fee it receives from the Victory Funds with respect to those account assets invested in the Victory Funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Under certain circumstances, Victory Capital may also enter into performance-based fee arrangements through written agreements with clients. Performance-based fee arrangements may be in lieu of the asset-based fee Victory Capital typically charges clients. In addition, Victory Capital may manage accounts that are considered proprietary. Proprietary accounts are defined as accounts in which Victory Capital and its employees, collectively own 25% or more of the account. At times, Victory Capital and/or its employees may provide the initial seed capital to fund new products or funds.

Investment management personnel managing asset-based fee accounts alongside performance-based fee accounts and/or proprietary accounts may raise potential conflicts of interest. Performance-based fees increase as performance increases, creating an incentive to favor these accounts in trade execution, allocations of investment opportunities, and/or take excessive risk. The investment management team could focus its time and efforts primarily on higher-fee accounts or performance fee accounts due to a personal stake in compensation. The same incentives could exist when employees hold a personal interest in certain products or funds.

Victory Capital attempts to address these potential conflicts through adherence to its trade aggregation and allocation policies and procedures, as addressed in *Item 12: Brokerage Practices*. Victory Capital also addresses these conflicts by utilizing a model portfolio for these strategies which is used as the basis of portfolio construction for all separately managed accounts in that strategy. Additionally, performance-based fee and proprietary accounts are included in the same composite as asset-based fee and non-proprietary accounts. Trade aggregation and allocation, as well as side-by-side trading, is subject to overall monitoring by compliance personnel in order to monitor whether particular accounts (including proprietary accounts, higher-fee accounts or performance fee accounts) are being favored over time. Equity trading is effected through Victory Capital's trading desks and standard trade aggregation policies and procedures must be followed (i.e., no special treatment is permitted for performance fee accounts, proprietary accounts or higher-fee accounts based on account fee structure). Similarly, all fixed income trades must be effected in accordance with procedures designed to ensure fair and equitable treatment of all client accounts. Similarly, each Victory Capital employee certifies to the Code of Ethics annually, which prohibits engaging in any manipulative practice with respect to any client.

ITEM 7: TYPES OF CLIENTS

Victory Capital provides continuous investment management services, as an investment adviser or sub-adviser, to the following types of clients: individuals, foundations, endowments, healthcare organizations, financial institutions (such as banks and insurance companies), registered investment companies (such as mutual funds) and other pooled vehicles, pension and retirement related accounts, trusts, estates, public funds, mutual funds, sovereign wealth funds, other investment advisers, corporations and other business entities, and other clients.

Victory Capital also provides sub-advisory services to banks and to other investment advisers, including wrap programs. For additional details, please see *Item 4: Advisory Business*.

In accordance with its anti-money laundering procedures, Victory Capital may seek to obtain, verify, and record information that identifies each client who retains the firm to manage its account. Furthermore, Victory Capital may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that client or investor. For some clients or investors, such as investors in the Victory Funds, Victory Capital relies on the client's or investor's broker-dealer, an administrator, transfer agent, custodian or other third party to obtain, verify and record the required information to adhere to their anti-money laundering policies and procedures.

Victory Capital has established minimum account sizes which vary by investment strategy and type of investment vehicle. Additionally, Victory Capital's separately managed account clients are subject to a minimum annual fee, disclosed in the table in *Item 5: Fees and Compensation*.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Victory Capital uses a disciplined process, over a longer-term investment horizon, when evaluating companies for investment. Both broad economic factors and company specific factors are reviewed to judge investment opportunities. Broad economic factors considered may include changes related to the economy's health, such as GDP, unemployment, interest rates, inflation and manufacturing activity, among others. Generally, securities are identified for equity accounts through a variety of company-specific fundamental factors such as earnings growth, capital efficiency and valuations. More subjective factors are often considered, such as the quality of the business model, competitive profile and quality of management. Technical factors are also often utilized, such as a company's relative valuation, momentum and market sentiment. Portfolio construction is also typically monitored and managed through risk controls such as overall tracking error relative to the portfolio's benchmark and maintaining discipline on targeted sector exposure, position size and capitalization.

Fixed income strategies begin with a view of the economic fundamentals, which may be influenced by the Federal Reserve Bank's policy intentions, inflation intentions and growth expectations and then key risks are identified, such as regulatory risks, merger and acquisition risks, and sovereign or contagion risks. These views lead to decisions on how to position a portfolio on the yield curve, opportunistic sector allocations to take advantage of any price discrepancies and, ultimately, security selection. Investments are generally selected by identifying securities with a low probability of a negative credit event, using a proprietary financial ratio model to identify purchase and sale candidates, and searching the market for individual pricing inefficiencies.

Each investment strategy is managed independently by the portfolio management team, or investment franchise, with research methodology varying from team to team, dependent on the investment strategy. The team's research analysts evaluate individual companies for potential investment opportunity using a number of tools. These may include, meetings with company management teams, attending industry conferences, performing financial statement analysis and other due diligence. Research analysts then provide their recommendations to their

portfolio management teams. The portfolio management teams evaluate these investment ideas in light of the current and expected broad economic factors. These teams also consider a combination of opportunity for price appreciation, risk level and economic forecasts.

Victory Capital's portfolio management teams have dedicated functions to monitor investment risk and/or work with Victory Capital's investment risk management team to monitor investment risk on a daily basis. The risk management team produces a variety of risk control reports that identify sources of risk at the overall portfolio and industry levels. The risk management team also applies hypothetical risk scenarios to simulate the impact of multiple risk events on portfolio return. This "stress testing" provides portfolio managers with an understanding of the potential for loss if adverse economic events occur. Portfolio management teams review portfolio risk versus their broad economic forecasts, and may alter portfolio composition based on changing risk levels.

The strategies offered by Victory Capital's investment franchises specialize in investing in specific asset classes. These strategies are generally invested in domestic equities, international equities, fixed income or hybrid securities. Each strategy is intended to be one of several components of a client account's overall asset allocation and is not, on its own, a complete investment program. While portfolio management teams seek to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients and other investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients and other investors should read carefully all applicable informational materials and offering/governing documents, including investment agreements and prospectuses prior to retaining Victory Capital to manage an account or investing in any Victory Capital investment product.

Investment Risks

The following are descriptions of various primary risks related to the investment strategies used by Victory Capital. The risks involved for different client accounts will vary based on each client's investment strategy and the type of securities or other investments held in the client's account or the fund, which may vary over time. In addition, not all possible risks are described below. Investors in the Victory Funds and other pooled vehicles advised by Victory Capital may find additional information about risks in the Funds' prospectuses or offering documents.

Below Investment Grade Securities – Investments in below investment grade securities and comparable unrated securities generally involve greater volatility of price and risk of loss of income and principal, including the possibility of default by or bankruptcy of the issuers of such securities. Below investment grade securities and comparable unrated securities may be considered speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation.

While the market values of below investment grade securities and comparable unrated securities tend to react more to fluctuations in interest rate levels than the market values of higher-rated securities, the market values of certain below investment grade securities and comparable unrated securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher rated securities. In addition, below investment grade securities and comparable unrated securities generally present a higher

degree of credit risk. Issuers of below investment grade securities and comparable unrated securities often are highly leveraged and may not have more traditional methods of financing available to them so that their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. The risk of loss due to default by such issuers is significantly greater because below investment grade securities and comparable unrated securities generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. An account holding these securities may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on their portfolio holdings. The existence of limited markets for below investment grade securities and comparable unrated securities may diminish an account's ability to obtain accurate market quotations for purposes of valuing such securities and sell the securities at fair value either to meet redemption requests or to respond to changes in the economy or in financial markets.

Below investment grade securities and comparable unrated securities may have call or buy-back features that permit their issuers to call or repurchase the securities from their holders. If an issuer exercises these rights during periods of declining interest rates, the account may have to replace the security with a lower yielding security, thus resulting in a decreased return to the account.

Convertible Debt Securities Risk – The risk that the values of convertible debt in which the account may invest may be affected by market interest rates, reduction in credit quality or credit ratings, issuer default on interest and principal payments, and declines in the value of the underlying common stock. Additionally, an issuer may retain the right to buy back its convertible securities at a time and price unfavorable to the client.

Credit (or Default) Risk – An account may lose money if an issuer of a bond is unable or unwilling to make timely or principal and/or interest payments or to otherwise honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations may decline and/or experience greater volatility. A change in financial condition or credit rating of a fixed income security can also affect its liquidity and make it more difficult for an account to sell.

Derivatives Risk – The use of derivative instruments, such as futures contracts and credit default swaps, exposes the account to additional risks and transaction costs. Risks of derivative instruments include: (1) the risk that interest rates, securities prices, asset values, and currency markets will not move in the direction that a portfolio manager anticipates; (2) imperfect correlation between the price of derivative instruments and movements in the prices of the securities, assets, interest rates or currencies being hedged; (3) the fact that skills needed to use these strategies are different than those needed to select portfolio securities; (4) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired; (5) the risk that adverse price movements in an instrument can result in a loss substantially greater than the account's initial investment in that instrument (in some cases, the potential loss is unlimited); (6) particularly in the case of privately-negotiated instruments, the risk that the counterparty will not perform its obligations, which could leave the account worse off than if it had not entered into the position; and (7) the inability to close out certain hedged positions to avoid adverse tax consequences. Furthermore, there can be no assurance that an account will use derivatives to hedge any particular position or risk, nor can there be any assurance that a derivative hedge, if employed, will be successful.

Dollar Roll Transaction Risk – A dollar roll involves potential risks of loss that are different from those related to securities underlying the transactions. An account may be required to purchase securities at a higher price than may otherwise be available on the open market. Since the counterparty in the transaction is required to deliver a similar, but not identical, security to the account, the security that the account is required to buy under the dollar roll may be worth less than an identical security. There is no assurance that an account's use of cash that it receives from a dollar roll will provide a return that exceeds borrowing costs.

ETF Risk – ETFs are investment companies that are bought and sold on a securities exchange. The risks of owning an ETF are generally comparable to the risks of owning the underlying securities held by the ETF. However, when an account invests in an ETF, it will bear additional expenses based on its pro-rata share of the ETF's operating expenses. In addition, because of these expenses, compared to owning the underlying securities directly, it may be more costly to own an ETF. Lack of liquidity in an ETF could result in an ETF being more volatile than the underlying portfolio of securities.

Emerging Markets Investing Risk – There are greater risks involved in investing in emerging market countries than those associated with investment in developed foreign markets. Generally, structures in emerging market countries are less diverse and mature than those of developed countries and their political systems are less stable; therefore, the risks of investing in foreign securities in general tend to be amplified for investment in emerging markets. Further, due to the small securities markets and low trading volumes in emerging market countries, investments may be more illiquid and volatile than investments in developed countries and therefore subject to abrupt and severe price declines. In addition, investment in emerging market countries may require an account to establish special custody or other arrangements before investing. Because the securities settlement procedures tend to be less sophisticated in emerging market countries, an account may be required to deliver securities before receiving payment and may also be unable to complete transactions during market disruptions.

Foreign Securities Risk – Foreign securities, particularly those from frontier or emerging market countries, tend to be more volatile and less liquid than U.S. securities. Further, foreign securities may be subject to additional risks not associated with investment in U.S. securities due to differences in the economic and political environment, the amount of available public information, the degree of market regulation, and financial reporting, accounting and auditing standards, and, in the case of foreign currency-denominated securities, fluctuations in currency exchange rates. In addition, during periods of social, political or economic instability in a country or region, the value of a foreign security could be affected by, among other things, increasing price volatility, illiquidity or the closure of the primary market on which the security is traded. In addition to foreign securities, an account may be exposed to foreign markets as a result of the account's investments in U.S. companies that have international exposure.

Geographic Focus Risk – An account may invest a substantial portion of its assets within one or more countries, states, local governments, municipalities or geographic regions. When an account focuses its investments in a specific region, it is particularly susceptible to the impact of market, economic, political, legislative, regulatory, and other factors affecting that region. Additionally, an account's performance may be more volatile when the account's investments are focused in a specific region.

Growth Investing Risk – The prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. The prices of growth stocks also may fall or fail to appreciate as anticipated by the advisor, regardless of movements in the securities markets.

Index-Related Risk – Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy (“index portfolio”) will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio’s ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on a portfolio managed to the index. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the Index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index may increase the costs and market exposure risk of a portfolio.

Interest Rate Risk – The value of a bond will likely change due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve or any other interest rate relationship. When interest rates go up, the value of a debt security typically goes down. When interest rates go down, the value of a debt security typically goes up. Longer-term bonds are generally more sensitive to interest rate changes than shorter-term bonds. Generally, the longer the average maturity of the bonds held by an account, the more the account’s value will fluctuate in response to interest rate changes.

Investment Style Risk – In addition to, or in spite of, the impact of movements in the overall stock market, the value of an account’s investments may decline if the particular companies in which the account invests do not perform well in the market. Victory Capital’s investment strategies seek to control risk by adhering to portfolio constraints relative to the style’s benchmark. Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Portfolios may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

Municipal Securities Risk – The yields of municipal securities may move differently and adversely compared to yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate current federal income tax exemption on municipal securities and otherwise adversely affect the current federal or state tax status of municipal securities. Such changes also may adversely impact the value of municipal securities owned by an account and, as a result, the value of the account.

Participation Note Risk – To gain exposure in certain foreign securities, such as India-based securities, Victory Capital may buy participation notes from a bank or broker-dealer (“issuer”) that entitles an account to a return measured by the change in value of an identified underlying security or basket of securities (collectively, the “underlying security”). Participation notes are typically used when a direct investment in the underlying security is restricted due to country-specific regulations. Investing in participation notes involves the same risks associated with a direct investment in the shares of the companies the notes seek to replicate. However, the performance results of participation notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses.

In addition, participation notes are subject to counterparty risks associated with the bank or broker-dealer issuing the note. Participation notes may be considered illiquid.

Prepayment Risk – An account may experience losses when an issuer exercises its right to pay principal on an obligation held by the account earlier than expected. This may happen during a period of declining interest rates. Under these circumstances, the account may be unable to recoup all of its initial investment and will suffer from having to reinvest in lower yielding securities. The loss of higher yielding securities and the reinvestment at lower interest rates can reduce an account's income, total return and share price. Rates of prepayment, faster or slower than expected, could reduce an account's overall yield, increase the volatility of the account and/or cause a decline in value.

Sector/Industry Concentration Risk – An account may invest a substantial portion of its assets within one or more economic sectors. To the extent an account is concentrated in one or more sectors, market or economic factors impacting those sectors could have a significant effect on the value of the account's investments. Additionally, an account's performance may be more volatile when the account's investments are less diversified across sectors. Since benchmark sector weights influence an account's sector exposure, an account may tend to be more heavily weighted in health care, information technology or financial companies for example. Health care stocks can be heavily influenced by the impact of cost containment measures. Technology stocks, especially those of less-seasoned companies, tend to be more volatile than the overall market. The values of companies in the financial sector are particularly vulnerable to economic downturns and changes in government regulation and interest rates. In addition, accounts more heavily weighted in financial companies, particularly those within the real estate investment trust (REIT) industry, involves many of the risks of investing directly in real estate such as declining real estate values, changing economic conditions and increasing interest rates. Investments in securities of REITs entails additional risks because REITs depend on specialized management skills, may invest in a limited number of properties and may concentrate in a particular region or property type.

Short-Term Trading Risk – An account may buy and sell the same security within a short period of time. The frequency of trading within an account impacts portfolio turnover rates. A high rate of portfolio turnover could produce higher trading costs and taxable distributions, which would detract from an account's performance.

Smaller Company Stock Risk – Smaller or medium-sized companies often have more limited managerial and financial resources than larger, more established companies, and therefore may be more susceptible to market downturns or changing economic conditions. Prices of smaller companies tend to be more volatile than those of larger companies and issuers may be subject to greater degrees of changes in their earnings and prospects. Since smaller company stocks typically have narrower markets and are traded in lower volumes, they are often more difficult to sell.

Stock Market Risk – The value of the equity securities in which the account invests may decline in response to developments affecting individual companies and/or general economic conditions. Price changes may be temporary or last for extended periods. For example, stock prices have historically fluctuated in periodic cycles.

Synthetic Convertible Securities Risk – A synthetic convertible combines a bond and a warrant or right, which are issued separately, to create the same effect as a convertible bond. The risk

that the value of a synthetic convertible security will respond differently to market fluctuations than a convertible security because a synthetic convertible security is composed of two or more separate securities, each with its own market value. Additionally, if the value of the underlying common stock or the level of the index involved in the convertible security falls below the exercise price of the warrant or right, the warrant or right may lose all value. Synthetic convertible securities are also subject to counterparty risk.

Value Investing Risk – Value investing attempts to identify strong companies selling at a discount from their perceived true worth. Advisors using this approach generally select stocks at prices that, in their view, are temporarily low relative to the company's earnings, assets, cash flow and dividends. Value investing is subject to the risk that a stock's intrinsic value may never be fully recognized or realized by the market, or its price may go down. In addition, there is the risk that a stock judged to be undervalued may actually be appropriately priced.

When-Issued Securities, To-Be-Announced, Delayed Delivery and Forward Commitment Risk – A purchase of "when-issued" securities refers to a transaction made conditionally because the securities, although authorized, have not yet been issued. In a to-be-announced ("TBA") transaction, a seller agrees to deliver a security at a future date; however, the seller does not specify the particular securities to be delivered. Instead, the purchaser agrees to accept any security that meets specified terms. A delayed delivery or forward commitment transaction involves a contract to purchase or sell securities for a fixed price at a future date beyond the customary settlement period. Purchasing or selling securities on a when issued, TBA, delayed delivery or forward commitment basis involves the risk that the value of the securities may change by the time they are actually issued or delivered. Purchasing securities in a TBA transaction also involves the risk that the security that the account is required to buy in the transaction may be worth less than an identical security. Each of these transactions also involves the risk that the counterparty may fail to deliver the security or cash on the settlement date. In some cases, an account may sell a security on a delayed delivery basis that it does not own, which may subject an account to additional risks generally associated with short sales. Among other things, the market price of the security may increase after the account enters into the delayed delivery transaction, and the account will suffer a loss when it purchases the security at a higher price in order to make delivery. In addition, an account may not always be able to purchase the security it is obligated to deliver at a particular time or at an acceptable price.

ITEM 9: DISCIPLINARY INFORMATION

Victory Capital has not been subject to any legal or disciplinary events that are material to its business or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain management persons of Victory Capital are registered representatives of Victory Capital Advisers, Inc. ("VCA"), a registered broker dealer and an affiliate of Victory. VCA acts as the distributor for (1) The Victory Portfolios, (2) The Victory Institutional Funds, (3) The Victory Variable Insurance Fund and (4) Victory Capital Series, LLC.

Victory Capital is registered as a commodity pool operator in anticipation of advising commodity pools in the future. Victory Capital is not currently registered or in the process of registering as a

commodity trading adviser or any other regulatory designation under the Commodity Exchange Act of 1936, as amended.

As stated in *Item 4*, Victory Capital serves as the investment adviser to the Victory Funds and certain private offerings. Victory Capital does not believe that its relationship with the Victory Funds creates any material conflicts of interest; however, it recognizes the potential for such conflict. Consequently, Victory Capital monitors all such potential conflicts proactively in accordance with policies and procedures designed to identify and prevent such conflicts. Victory Capital's Legal, Compliance and Risk Department reviews the firm's activities to monitor compliance with those policies and procedures. For details, please see *Item 12: Brokerage Practices*.

Victory Capital has hired KPB Investment Advisors, LLC to sub-advise the Victory Ohio Municipal Bond Fund and the Victory National Municipal Bond Fund, separate investment series of the Victory Funds. Victory Capital has also hired World Asset Management, Inc. to sub-advise the Munder Index 500 Fund.

ITEM 11: CODE OF ETHICS

Victory Capital has adopted a Code of Ethics ("Code") that applies to Victory Capital employees and others that may be deemed an access person by the Chief Compliance Officer ("Access Persons") designed to comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act. Victory Capital will provide a copy of its Code of Ethics to any client or prospective client upon request. To request a copy, clients should contact their relationship manager or send an email to compliance@vcm.com or visit Victory Capital's website at www.vcm.com. The Code is based upon the principle that the officers and employees of Victory Capital have a fiduciary duty to place the interests of clients ahead of their own. Victory Capital's Code includes provisions relating to the prohibition of insider trading and personal securities trading procedures, among other things. All employees of Victory Capital are considered Access Persons and must acknowledge the terms of Victory Capital's Code, as amended, annually.

Within 10 days after becoming subject to the Code, Victory Capital's Access Persons must report their personal holdings of reportable securities and any broker, dealer or bank account that holds such securities in which an individual has a beneficial ownership interest. In addition, such individuals must annually certify that they have complied with requirements of the applicable Code and verify our records of their holdings are correct. Victory Capital employees must pre-clear personal transactions for all reportable securities. Moreover, the Code requires Access Persons to report quarterly all personal transactions involving a reportable security that occurred during the quarter. In order to facilitate this quarterly reporting requirement, the Access Person must arrange for Victory Capital's Legal, Compliance and Risk Department to receive duplicate confirmations and periodic statements directly from any broker, dealer or bank account that holds securities in which such individual has a beneficial ownership interest. Compliance personnel review all Access Person accounts and securities transactions and compare all confirmations received with all pre-cleared trades for compliance with the Code of Ethics.

Subject to satisfying Victory Capital's Code and applicable laws, Victory Capital employees may trade for their own accounts in securities that may be purchased for Victory Capital clients. The Code is designed to assure that the personal securities transactions and activities of Access

Persons do not interfere with Victory Capital's obligation to make and implement investment decisions in the best interests of its clients.

Certain types of transactions and securities are exempt from the pre-clearance requirement, including (1) direct obligations of the U.S. Government; (2) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments (including repurchase agreements); (3) shares of registered open-end investment companies, other than ETFs; (4) shares of registered open-end investment companies advised or sub-advised by Victory, other than certain material or proprietary account exceptions; (5) qualified Section 529 Plans that are not managed by Victory Capital or a control affiliate of Victory Capital; and (6) automatic payroll deduction plans or programs such as 401(k) plans. In addition, Victory Capital's Chief Compliance Officer ("CCO") may grant exceptions to the requirements of the Code on a case-by-case basis if the CCO finds that the proposed conduct involves negligible opportunity for abuse.

Victory Capital's gifts and entertainment policies and procedures permit employees to give or receive gifts of nominal value (other than cash or cash equivalents) from present or prospective customers, suppliers or vendors with whom an employee maintains an actual or potential business relationship. Employees are required to disclose all gifts and entertainment in excess of \$50 per occurrence and are prohibited from accepting any lavish gifts and entertainment, as defined in Victory Capital's Code.

To the extent not prohibited by Victory Capital's Code, Victory Capital employees may have, acquire, increase, decrease, or dispose of securities for their own accounts at or about the same time that Victory Capital is purchasing or selling securities for a client account, which in some circumstances could be deemed to be inconsistent with the actions taken for the client account. The described procedures and restrictions are found in Victory Capital's Code. See *Item 10: Other Financial Industry Activities and Affiliations* for a discussion of conflicts of interest related to Victory Capital also acting as an investment advisor to the Victory Funds.

ITEM 12: BROKERAGE PRACTICES

When opening an account in which Victory Capital has discretionary authority, the client authorizes Victory Capital to take all actions necessary to select execution brokers and to give instructions to broker-dealers to effect transactions for the account and to bind and obligate the client to carry out such transactions.

A. Overview

It is Victory Capital's policy to seek quality execution at the most favorable prices, through responsible broker-dealers and, in the case of agency transactions and principal transactions eligible for soft dollar credits, at competitive commission rates. In selecting broker-dealers to execute portfolio transactions, Victory Capital does not in any way take into consideration a broker-dealer's promotion or sales of shares of the Victory Funds or any other registered investment company, nor does it consider the receipt of client referrals from a broker-dealer or third-party.

Decisions regarding the purchase and sale of portfolio securities on behalf of clients are made by the individual portfolio managers responsible for managing the respective client portfolios.

Victory Capital's trading and portfolio management personnel will be responsible for implementing these decisions, including the selection of brokers through which to execute client trades and the negotiation of associated broker commissions. The term "commissions" includes a markup, markdown, commission equivalent or other fee charged by a broker-dealer for executing transactions, including commissions received from riskless principal transactions eligible for soft dollar credits under Section 28(e) of the Securities Exchange Act of 1934, as amended ("1934 Act").

Victory Capital will periodically review the commission charges applicable to its clients' accounts in order to assure itself that the commission costs are competitive. The lowest possible commission cost alone, however, does not determine brokerage selection. In selecting broker-dealers to execute portfolio transactions and when assessing the quality of execution, Victory Capital considers a variety of factors, including, but not limited to:

- Best available execution price of the security
- Commission rate
- Size and difficulty of the order
- Access to sources of supply or market
- Ability of commit capital
- Financial condition
- Integrity and reputation
- Execution and operational capabilities including electronic trading (e.g. FIX)
- Knowledge of the market
- Acceptable record keeping
- Good and timely delivery and payment on trades
- Ability to handle block trades
- Quality of brokerage services and research materials

Victory Capital may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect certain trades such as over-the-counter trades when, in Victory Capital's judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions. Victory Capital will pay a commission to an ECN or ATS that, when added to the price, is lower than the overall execution price that might have been attained trading with a traditional broker-dealer.

Victory Capital may effect principal transactions on behalf of clients with a broker-dealer that furnishes brokerage and/or research services, or designate any such broker-dealer, in connection with the acquisition of securities in underwritings. Typically on a quarterly basis, Victory Capital assesses the contribution of the brokerage and research services provided by broker-dealers and attempt to allocate a portion of the brokerage business of its clients for the subsequent quarter on the basis of these assessments. In addition, broker-dealers sometimes suggest a level of business they would like to receive in return for the various brokerage and research services they provide. The actual brokerage business received by any broker may be less than suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. In no instance is a broker-dealer excluded from receiving business because it has not been identified as providing research service.

Victory Capital may engage in “step-out” brokerage transactions subject to best execution. In a “step-out” trade, an investment adviser directs trades to a broker-dealer who executes the transaction, while a second broker-dealer clears and settles the transaction. The executing broker-dealer then shares part of its commission with the clearing broker-dealer, who actively participates in the transaction. Victory Capital engages in step-out transactions primarily to satisfy client-directed brokerage arrangements of certain client accounts.

B. Soft Dollar and Research/Execution Policy

In allocating brokerage, Victory Capital may take into account the value of brokerage and research services provided by a broker-dealer as long as such consideration does not jeopardize the objective of seeking to obtain best execution for client transactions and is consistent with Victory Capital’s policies and procedures. Broker-dealers typically provide a bundle of services, including research and execution of transactions. When appropriate under its discretionary authority and consistent with its duty to seek to obtain best execution, Victory Capital may direct brokerage transactions for client accounts to broker-dealers who provide Victory Capital with useful research and brokerage products and services and in return for such benefits cause client accounts to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers. The brokerage commissions used to acquire research and brokerage products or services in these arrangements are known as “soft dollars.” The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third-party but provided by a broker-dealer). Victory Capital may use soft dollars to acquire either type of research. In some cases, broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

Generally, research services provided by brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, research software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

As noted above, Section 28(e) of the 1934 Act provides a safe harbor that allows an investment adviser to pay for research and brokerage services with the commission dollars generated by client account transactions. Under SEC interpretations, client commissions may be used for, among other things, certain research and brokerage-related products and services that assist Victory Capital in meeting its clients’ objectives. The receipt of these services, in exchange for soft dollars, benefits Victory Capital by, among other things, allowing Victory Capital to (1) supplement its own research and analysis activities, (2) receive the views and information of individuals and research staffs of other securities firms, and (3) gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors without having to produce or pay for such research, products or services. As a result, the use of soft dollars may create an incentive for Victory Capital to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client’s interest in receiving most favorable execution.

The products and services Victory Capital obtains with soft dollars must be consistent with the safe harbor provided by Section 28(e) of the 1934 Act. As such, in determining whether to pay up for a particular execution, Victory Capital evaluates whether the product or service provided by the broker-dealer:

- (1) consists of advice, analyses or reports containing substantive content with respect to appropriate subject matter(s) or (2) is sufficiently related to the effectuation, clearance or settlement of a transaction and is provided and/or used during the time period commencing when Victory Capital communicates with the relevant broker-dealer for the purpose of transmitting an order for execution and concluding when the funds or securities are delivered or credited to the advised account or the account holder's agent;
- provides lawful and appropriate assistance to Victory Capital in carrying out its relevant responsibilities to client accounts; and
- is acquired for an amount of client commissions that is reasonable in relation to the value of the product or service.

These determinations are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. Such opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Victory Capital may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the quality of executions or on the brokerage and research services Victory Capital receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Victory Capital may be paid commissions for effecting transactions for client accounts in excess of amounts other broker-dealers may have charged for effecting similar transactions if Victory Capital determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Victory Capital's overall duty to its discretionary accounts.

Research obtained with soft dollars is often not utilized by Victory Capital for the specific client account that generated the soft dollar commissions. It should be noted that the value of research cannot be measured precisely and commissions paid for research services are not allocated to clients in direct proportion to the value of the services to each client. Although it is inevitable that commissions paid in one account will, in effect, subsidize services that benefited another account, Victory Capital does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists Victory Capital in fulfilling its overall duty to its clients.

In those instances in which clients direct Victory Capital to use a particular broker to execute securities transactions for their accounts, such clients will derive certain benefits from the direction. These clients also benefit from research services obtained from the brokerage activities of clients who make no such direction since research services furnished by brokers may be used to service any or all of Victory Capital's clients, consistent with Section 28(e) of the 1934 Act. For example, commissions generated by mutual fund clients may, on occasion, result in services that are of benefit only to non-mutual fund clients, and conversely, commissions

generated by non-mutual fund clients may, on occasion, result in services that are of benefit only to mutual fund clients.

In determining the reasonableness of any particular commission, Victory Capital will only take into account any benefits that may be provided to its discretionary client accounts as a result of any research received. As described above in response to *Item 4* hereof, Victory Capital advises certain non-discretionary client accounts, including accounts that do not delegate to Victory Capital the execution of trades for their accounts and, therefore, do not generate any soft dollar commissions that are used to pay for research obtained by Victory Capital.

Where Victory Capital itself receives both administrative benefits and research and brokerage services from the services provided by brokers, it will make a good faith allocation between the administrative benefits and the research and brokerage services, and Victory Capital will pay for any administrative benefits received from its own resources. This is sometimes referred to as a “mixed-use” determination. In making good faith allocations between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Victory Capital’s allocation of the costs of such benefits and services between those that primarily benefit Victory Capital and those that primarily benefit its clients. Victory Capital retains records of such allocations and payments.

From time to time, Victory Capital may purchase new issues of securities for an account in a fixed price offering. In these situations, the seller may be a member of the selling group that will, in addition to selling the securities to clients, provide Victory Capital with research. The Financial Industry Regulation Authority (“FINRA”) has adopted rules expressly permitting these types of arrangements under certain circumstances. Generally, the seller will provide research “credits” in these situations at a rate that is higher than that which is available for typical secondary market transactions.

Any purchase of a security in a fixed price offering for a client account may be subject to rules and restrictions imposed by the account’s custodian. For example, some broker-dealer custodians do not allow accounts to receive new offerings in which the broker-dealer is not a member of the underwriting group, which could adversely impact the overall performance of such account.

Victory Capital’s Trading Oversight Committee oversees the use of client commissions to obtain third party research and/or brokerage services. Victory Capital periodically compares the transaction costs charged in client accounts to industry averages in order to assure that the commission rates are competitive.

C. Aggregation of Orders

In the case of discretionary accounts, clients typically prefer that Victory Capital determine the broker or dealer through which securities transactions for their accounts are executed. In such cases, Victory Capital seeks, but is not obligated, to aggregate or “block” orders for the purchase or sale of the same security for client accounts where Victory Capital deems this to be appropriate, in the best interests of the client accounts and consistent with applicable regulatory requirements.

There are, however, circumstances specific to individual clients that may limit Victory Capital’s ability to aggregate trades. For example, there may be times when price sensitivity or urgency

to complete a trade differs, or there may be times when there is a limited supply or demand for a particular security. In some cases, trade aggregation may adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account. Many of Victory Capital's portfolio managers manage client assets using more than one investment approach. The approaches differ based on several factors. These factors include, but are not limited to:

- Issuer concentration levels
- Average market capitalization ranges
- Sector or subsector concentrations
- Geographic concentrations
- Cash flows and liquidity needs
- Client restrictions
- Benchmarks
- Risk profiles
- Turnover limitations

Even within the same investment strategy, client accounts are managed independently to meet individual client needs and restrictions. At times, certain accounts or investment strategies may place trades that are directly opposite of trades placed for other accounts or strategies. This may occur, for example, when different portfolio management teams are rebalancing the same security, or when one account needs to raise cash while a new account is funding.

When similar trades for different accounts are presented to Victory Capital's trading desk simultaneously, the trading desk generally uses a trade rotation based on rotating alphabetical order. Victory Capital first trades non-directed separately managed account trade block(s). Upon completion of the first group, Victory Capital then trades directed separately managed accounts, SMA wrap accounts and the communication of trades in UMA model accounts in a second group.

In instances where Victory Capital has discretionary authority over accounts under a UMA model program, or when providing Victory Capital's Convertible UMA model, submission of the model to the UMA model program will be incorporated into the second group's random trade rotation. UMA trades are executed by the sponsoring UMA manager(s) with those broker-dealers which they select based on their judgment. In certain circumstances, Victory Capital may proceed with a random rotation if Victory Capital concludes, in its sole and reasonable discretion, that a UMA sponsor is unable to execute trades to implement the model in a reasonable time, considering relevant securities and markets.

When a blocked order is filled in its entirety, each participating client account receives the average share price for the blocked order on the same business day, and transaction costs will be shared pro-rata based on each client's participation in the blocked order (unless a portion of the order is "stepped out", as described below, to brokers for whom clients have directed their brokerage, in which case those trades are subject to commission costs that may be separately determined by such clients). When a combined order is executed in a series of transactions at different prices during a single trading day, each account participating in the order will be allocated an average price obtained from the executing broker. Any portion of a trade that remains unfilled at the end of a day is re-submitted on the following day as a new transaction, and, therefore, will likely obtain a different average price. If an aggregated order is not filled in

its entirety, shares are allocated proportionately in standard lot sizes when practical in order to avoid de minimis share allocations.

D. Directed Brokerage, Non-Discretionary Accounts and Trade-Away Fees

While Victory Capital does select broker-dealers for specific transactions, clients may direct Victory Capital to use a specific broker/dealer. Some clients may direct Victory Capital to use specific brokers as part of a commission recapture program that the client has entered into with one or more brokers. Clients who, in whole or in part, direct Victory Capital to use a particular broker to execute transactions for their accounts should be aware that the use of a directed broker may result in (1) less favorable execution of some portfolio transactions, higher net prices for certain securities purchased for their account, or both; (2) the inability to participate in allocations of new issues or other investment opportunities purchased from discretionary brokers; and (3) the inability to receive the benefit of reduced commissions or more favorable prices available in transactions blocked with other Victory Capital clients.

When effecting blocked orders on behalf of its clients and when circumstances are appropriate, Victory Capital attempts to include the transactions of clients who have directed the use of a particular broker in the blocked order. This is typically done through a step-out trade. If Victory Capital is unable to execute the directed trade as part of a blocked order, Victory Capital will place the order for the directed trade through the specified broker, and the execution cost of the transaction may be greater.

Executions of orders for accounts of clients that have directed the use of a specific broker (including commission recapture brokers) will be delayed until discretionary broker orders in the same security have been executed (or, if the execution of discretionary broker trades cannot be fully completed in a single day, for a reasonable time after the placement of such trades with the discretionary broker). If multiple clients have directed the use of a specific broker with respect to trades in the same security, Victory Capital will prioritize the sequence of which directed broker client trades are placed next with a goal of seeking fair and equitable treatment of such clients over time and best execution under the circumstances. Victory Capital may choose to place the directed broker trades first or concurrently with discretionary broker trades in the same security if Victory Capital reasonably believes that the directed broker trade will not adversely impact the execution of discretionary broker trades.

As discussed above, clients that have non-discretionary accounts with Victory Capital will be notified of a recommended purchase or sale of a security after the transaction has been completed for all discretionary accounts managed by Victory Capital. This delay may have an adverse impact on the price at which such non-discretionary account is subsequently able to purchase or sell the security.

Clients whose accounts are custodied at a broker may have a “trade away” fee imposed by that broker on any trade that Victory Capital places on behalf of the account with a broker/dealer other than the custodial broker. While Victory Capital may have full discretion over selecting a broker-dealer for transactions for the account, a trade-away fee may adversely affect Victory Capital’s ability to obtain best price and execution, especially with small-volume trades, because the trade-away fee may outweigh the benefit, for example, of the volume discounts that can be obtained by blocking orders or of executing over-the-counter stock and bond transactions with the market-makers for such securities.

E. Allocation of Offerings

Victory Capital provides investment advisory services for various clients and may give advice, and take action, with respect to any client that may differ from the advice given, or the timing or nature of action taken, with respect to another client, provided that over a period of time, to the extent practical, Victory Capital seeks to allocate investment opportunities to each client account in a manner that it reasonably believes is fair and equitable relative to other similarly-situated client accounts.

When allocating trades, portfolio managers may use other allocation methods in place of a pro-rata allocation. The relevant factors considered include, but are not limited to:

- Size of account
- Current industry or issuer weighting
- Account objectives, restrictions and guidelines
- Meeting target allocations
- Regulatory restrictions
- Risk tolerances
- Cash availability and liquidity needs
- Limitations to supply or demand for a particular security
- Account funding requirements
- Priority to certain accounts with specialized investment objectives and policies

From time to time Victory Capital may have the opportunity to acquire securities for its clients as part of an initial public offering (“IPO”) or a secondary offering (collectively referred to as an “offering”). Victory Capital has adopted deal allocation procedures, summarized below. In placing orders for offerings, Victory Capital will first determine the investment style or styles, as well as the eligible clients within a style, for which the offering is most applicable. This is done by considering all relevant factors including, but not limited to: (1) the nature, size and expected allocation of a deal; (2) the aggregate size of the investment styles and/or the individual size of client accounts; (3) the investment objectives and restrictions of the account and individual clients; (4) the client’s eligibility to purchase deal securities under applicable FINRA rules; (5) the risk tolerance of the client; and (6) the client’s tolerance for possibly higher portfolio turnover. The portfolio management teams for those styles will submit indications of interest on behalf of their client accounts to Compliance for pre-approval. Upon approval, Victory Capital’s trading desk will aggregate those indications for submission to the offering dealer. In order for a client account to be eligible to participate in an IPO, Victory Capital may require clients to complete an eligibility questionnaire or other documentation. Some clients may be limited or restricted in their ability to participate in certain offerings pursuant to FINRA rules. In addition, wrap fee program clients are excluded from the IPO allocation process. This may result in client accounts not being able to fully participate, or to participate at all, in such opportunities.

In the event that Victory Capital receives fewer securities in an IPO than the number for which the order was placed, allocations generally will be made on a pro-rata basis consistent with each account’s “indication of interest”. If such allocations are deemed insignificant or too small from which to build a further position in the after-market, the portfolio manager(s) for such account may “back out” of the allocation, in which case those shares will be reallocated to the remaining participating clients. Share amounts may be rounded to the nearest round lot. Victory Capital regularly reviews the allocation of securities received in IPOs. Such review may result in

clients receiving reduced or no allocations of these securities for a period of time. During the period that a client has a small asset base, participation in IPOs may significantly increase the client's total returns. As the client's assets grow, any impact of offerings on the client's total return may decline.

F. Foreign Exchange (FX) Transactions

For equity transactions in foreign securities, Victory Capital, or a designated third-party specialist, generally executes a spot FX transaction on behalf of the participating accounts in order to purchase the foreign security using the currency of the applicable country. In instances where a client elects to execute its own FX transactions or direct the execution of its FX transactions to a specific market, the client's account may experience performance dispersion, either negative or positive, from other accounts managed by Victory Capital in the same style and for which Victory Capital has full discretion to select the counterparty for FX transactions.

G. Derivatives

Victory Capital may enter into over-the-counter derivatives transactions to implement a variety of its clients' investment objectives, and may enter into derivative transactions (e.g., index futures contracts) generally to gain short-term exposure to a particular market. Counterparties to these derivatives transactions are selected based on a number of factors, including credit rating, execution prices, execution capability with respect to complex derivative structures and other criteria relevant to a particular transaction.

ITEM 13: REVIEW OF ACCOUNTS

Victory Capital's portfolio managers continuously monitor client accounts. Client inquiries, changes in general market outlooks and changes in opinion on specific securities may prompt particular account reviews. Victory Capital's portfolio managers and client relationship managers regularly review accounts so that each client's objectives and restrictions, as well as Victory Capital's current investment policies, are reflected in the management of each investment advisory account. Typically, Victory Capital reviews accounts with clients quarterly, but no less frequently than annually or as otherwise specified by a client's Investment Policy Statement ("IPS") to review portfolio performance and to identify any changes in the client's investment objectives, risk tolerances and liquidity needs for the upcoming year. A member of the portfolio management team, along with the client relationship manager, usually participates in the annual meeting.

As a general policy, Victory Capital provides to clients whose accounts are managed on a separate account basis (this excludes individuals who have invested in mutual funds or commingled funds advised by Victory Capital) a written appraisal of their assets at least quarterly. The appraisal describes each security held in the client's investment advisory account and provides cost and current market value, estimated annual income and other information concerning the account. In addition, Victory Capital provides such clients a quarterly report of the financial results of their account. Gain and loss, purchase and sale, and transaction summary reports are available to clients whose accounts are managed on a separate account basis upon request.

Where Victory Capital serves as an unaffiliated investment adviser or portfolio manager through a program established by other financial professionals, such as investment advisers and/or broker-dealers, that present to certain clients the ability to have their accounts managed by one or more participating investment advisers, Victory Capital generally relies on the sponsor of the program to provide participating clients the periodic account statements that generally detail the same type of information Victory Capital would otherwise give to clients.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Victory Capital has not entered into any solicitation agreements with third party marketers.

As described above in response to *Item 12*, Victory Capital may cause its clients to pay a broker-dealer who furnishes brokerage and/or research services a commission that is in excess of the commission another broker-dealer would have received for executing the transaction if Victory Capital determines that such commission is reasonable in relation to the value of the brokerage and/or research services which have been provided to Victory Capital as a whole.

Where Victory Capital itself receives both administrative benefits and research and brokerage services from the services provided by brokers, it will make a good faith allocation between the administrative benefits and the research and brokerage services, and will pay for any administrative benefits it receives from its own resources. This is sometimes referred to as a “mixed-use” determination. In making good faith allocations between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Victory Capital’s allocation of the costs of such benefits and services between those that primarily benefit Victory Capital and those that primarily benefit its clients. Despite these allocation activities, Victory Capital may nonetheless receive an economic benefit from these brokerage arrangements since the information it receives through the research services could also be used in ways that also benefit Victory Capital.

ITEM 15: CUSTODY

Except as noted below with respect to Private Funds, Victory Capital does not act as a custodian of any client accounts. Rather, the client appoints a “qualified custodian” for possession of the assets of the client’s account, to settle transactions for the client’s account, send monetary wires, perform other miscellaneous administrative services and to accept instructions from Victory Capital regarding the assets in the client’s account. In addition, the custodian notifies Victory Capital of additions to or withdrawals from the account. The client is responsible for the acts of their qualified custodian and all direct expenses of the account, such as custodial fees and brokerage expenses. In the event Victory Capital inadvertently receives client securities or funds from a third party, Victory Capital will forward such securities or funds to the client or the client’s custodian promptly following receipt of the client assets or funds.

If authorized by a client, advisory fees may be billed directly to the client’s account and paid from that account by the client’s qualified custodian as defined in Rule 206(4)-2 under the Advisers Act. The custodian will send clients, no less than quarterly, an account statement which details the transaction activity, including fees paid to Victory Capital, and holdings in the client’s account. Victory Capital also sends clients periodic account statements. Clients may

also receive other account statements from other service providers related to their account. Clients should compare all statements related to their account, specifically reviewing transaction details and security holdings. This comparative review is necessary to prevent inaccurate information from being recorded by any service provider related to the client account.

Victory Capital may be deemed to have custody of a Private Fund advised by it for which it serves as a managing member or general partner. Investors in such Private Fund will receive the Fund's audited financial statements annually.

From time to time, Victory Capital receives official notification of class action lawsuits involving securities held or previously held by clients in Victory Capital managed portfolios. Victory Capital will take reasonable steps to forward such notifications and related correspondence to affected clients or the clients' custodians. Upon a client's request, Victory Capital will provide reasonable assistance to the client or its custodian with requests for information in Victory Capital's possession that are related to legal actions associated with a security held or previously held by the client. Victory Capital does not provide legal advice concerning the commencement, participation in or prosecution of any such claims.

ITEM 16: INVESTMENT DISCRETION

Victory Capital typically is given full investment discretion to invest and reinvest client assets through the written investment advisory agreement it enters into with each client. Where Victory Capital has discretionary authority, Victory Capital will make all investment decisions for the account and, when it deems appropriate and without prior consultation with the client, buy, sell, exchange, convert, and otherwise trade in any stocks, bonds, other securities, and other financial instruments, subject to any written IPS or investment guidelines and/or restrictions as the client may from time to time deliver to Victory Capital. In addition, such authority will allow Victory Capital to exercise whatever investment powers the client may possess with respect to any of the assets in the account, as Victory Capital deems necessary and appropriate in the management of the account. Victory Capital requests that clients inform their account's custodian that they have granted this authority to Victory Capital. Victory Capital's clients agree to respond to inquiries and confirm Victory Capital's authority to manage the account of the discretionary relationship.

Certain clients are subject to laws that may restrict investments that Victory Capital can make on their behalf, such as ERISA clients. Clients typically will provide written IPS or investment guidelines and/or restrictions that are often tailored to the specific strategy for which Victory Capital's has been retained to manage an account. Such guidelines include any other special instructions or limits the client wishes Victory Capital's to follow in managing the account.

Clients may also limit Victory Capital's investment discretion by instructing Victory Capital's to invest in a particular security. Victory Capital's also requires these instructions to be mutually agreed upon, in writing, and that the client acknowledge that the investment is not recommended by Victory Capital under its discretionary authority.

Some clients may direct Victory Capital's to execute, or seek to execute, subject to best execution, some or all of their securities trades with a specified broker or dealer. Such direction is commonly referred to as directed brokerage. In selecting a directed broker, the client has the sole responsibility for negotiating commission rates and other transaction costs with the directed

broker. See the discussion of directed brokerage found in response to *Item 12* above for an explanation of the process Victory Capital's follows to implement directed brokerage trades.

Victory Capital manages a limited portion of its business in a non-discretionary manner, predominately through UMA programs. The investment management contract with the UMA sponsor generally specifies that the sponsor retains investment discretion. Under these types of arrangements, Victory Capital provides UMA sponsors with a model portfolio from which the sponsor can choose to deviate. Please see *Item 4 – Advisory Business* above for more details.

ITEM 17: VOTING CLIENT SECURITIES

Voting proxies is one of the services Victory Capital offers to clients as part of its investment management services. Victory Capital's has adopted Proxy Voting Policies and Procedures ("Proxy Voting Policies") as a means of ensuring that Victory Capital votes any proxy or other beneficial interest in a security over which it has discretionary proxy voting authority prudently and solely in the best long-term economic interest of advisory clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

For those clients for which Victory Capital's votes proxies, Victory Capital's has engaged ISS (Institutional Shareholder Services), a third party proxy voting service, to analyze proxy proposals and make vote recommendations and to perform the administrative tasks of receiving proxies and proxy statements, and voting proxies in accordance with the Victory Capital's Proxy Policy. In no circumstances shall ISS have the authority to vote proxies except in accordance with standing or specific instructions given to it by Victory Capital.

Victory Capital will accept directions from clients to vote their proxies in a manner that may result in their proxies being voted differently than how Victory Capital might vote proxies of other clients over which Victory Capital has full discretionary authority. For example, some labor unions may instruct Victory Capital to vote proxies for their accounts in accordance with the AFL-CIO proxy voting standards. With respect to those clients desiring AFL-CIO proxy voting, Victory Capital has directed ISS to utilize its Taft-Hartley proxy voting guidelines to recommend how to vote such proxies.

In addition to utilizing ISS to analyze proxy proposals and make vote recommendations, Victory Capital's Proxy Committee determines how proxies are voted by following established guidelines, which are intended to assist in voting proxies and are not considered rigid rules. The Proxy Committee is directed to apply the guidelines as appropriate and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. On occasion, however, a contrary vote may be warranted when such action is in the best interests of the account or if it is required under the documents governing the account. In such cases, Victory Capital considers, among other things:

- The effect of the proposal on the underlying value of the securities
- The effect on marketability of the securities
- The effect of the proposal on future prospects of the issuer
- The composition and effectiveness of the issuer's board of directors
- The issuer's corporate governance practices

- The quality of communications from the issuer to its shareholders

From time to time a portfolio manager, an analyst or a member of the Proxy Committee may disagree with Victory Capital Proxy Policy guidelines on how to vote client proxies for one or more resolutions. However, because Victory Capital may have business interests that exposes it to pressure to vote a proxy in a manner that may not be in the best interest of its clients, all requests to vote differently from Victory Capital's policy guidelines with respect to a particular matter must be submitted to the Proxy Committee for independent review. The Proxy Committee may consider independent third-party, general industry guidance or other governance board review sources when making decisions. Victory Capital may additionally seek guidance from other senior internal sources with special expertise on a given topic, where it is appropriate. Following receipt of an override request, the Proxy Committee will review supporting documentation to determine whether the requested override is in the best interests of clients holding the proxy. The requested override can be approved by a majority of the available voting members of the Proxy Committee.

Victory Capital will agree to allow a client to retain their right to vote their securities. This preference is mutually agreed upon between the client and Victory Capital in the investment management agreement.

If a conflict of interest arises between Victory Capital's interests and those of a client, Victory Capital documents the nature of the conflict and votes according to its stated guidelines. However, if the conflict is not mitigated by this approach, the Proxy Committee will seek the opinion of the Chief Legal Officer or Chief Compliance Officer, or consult with an external independent adviser. In the case of a Proxy Committee member having a personal conflict of interest (e.g. a family member on the board of the issuer), the member will abstain from voting.

Victory Capital uses reasonable efforts to monitor and keep abreast of corporate actions. All proxies in which Victory Capital has discretionary voting authority will be voted prudently, provided there is sufficient time and information available. Victory Capital maintains a written record of its voting activity, including supporting documentation that determined the direction of the vote.

For a copy of Victory Capital's Proxy Policy and Procedures, please visit Victory Capital's website at www.vcm.com or send an email to compliance@vcm.com. Clients may obtain information on how Victory Capital voted specific proxies, by contacting their client manager, or by sending an email to client_service_team@vcm.com.

ITEM 18: FINANCIAL INFORMATION

This item is not applicable to Victory Capital.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not applicable to Victory Capital.

March 2, 2015

Diversified Equity Team

Diversified Equity Strategy
Dividend Growth Strategy
Special Value Strategy
Victory Select Strategy

BROCHURE SUPPLEMENT
(ADV PART 2B)

Lawrence G. Babin, CFA
Co-CIO, Diversified Equity

March 2, 2015

Victory Capital Management Inc.

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This brochure supplement provides information about Lawrence G. Babin that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Babin, born in 1948, received his Bachelor of Science from the Wharton School, University of Pennsylvania and his Master of Business Administration from the University of Michigan. He is also a Chartered Financial Analyst charterholder¹. Mr. Babin joined Victory Capital in 1982 and is currently the Co-Chief Investment Officer of Victory Capital's Diversified Equity strategy. He is also a member of the Victory Select portfolio team.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Babin is not actively engaged in any other investment-related business or occupation. Further, Mr. Babin is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Babin does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Kelly S. Cliff, President of Investment Franchises for Victory Capital Management ("Victory Capital"), supervises all investment portfolio teams and research analysts. Supervision of the portfolio management team includes a periodic review of portfolio activity, including buys and sells. Kelly Cliff can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Paul D. Danes, CFA
Co-CIO, Diversified Equity

March 2, 2015

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This brochure supplement provides information about Paul D. Danes that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Danes, born in 1961, received his Bachelor of Science from Arizona State University and a Master of Business Administration from The Ohio State University. He is also a Chartered Financial Analyst charterholder¹. Mr. Danes joined Victory Capital in 1987 as a Portfolio Manager. He is currently the Co-Chief Investment Officer of Victory Capital's Diversified Equity strategy. He is also a member of the Victory Select portfolio team.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Danes is not actively engaged in any other investment-related business or occupation. Further, Mr. Danes is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Danes does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Kelly S. Cliff, President of Investment Franchises for Victory Capital Management ("Victory Capital"), supervises all investment portfolio teams and research analysts. Supervision of the portfolio management team includes a periodic review of portfolio activity, including buys and sells. Kelly Cliff can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Carolyn M. Rains, CFA
Portfolio Manager/Analyst

March 2, 2015

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This brochure supplement provides information about Carolyn M. Rains that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Ms. Rains, born in 1969, received her Bachelor of Science in Business Administration from Bowling Green State University and a Master of Business Administration from Cleveland State University. She is also a Chartered Financial Analyst charterholder¹. Ms. Rains joined Victory Capital in 1998 as a Portfolio Manager on the Real Estate Equity team. She is currently a Portfolio Manager/Analyst with Victory Capital, and a member of the Diversified Equity and Victory Select portfolio teams. Ms. Rains is a registered representative with Victory Capital Advisers, Inc. ("VCA"), a registered broker-dealer. VCA is an affiliate of Victory Capital Management Inc.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Ms. Rains is not actively engaged in any other investment-related business or occupation. Further, Ms. Rains is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of her time.

Item 5- Additional Compensation

Ms. Rains does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also she does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Ms. Rains reports to Mr. Lawrence G. Babin, Co-CIO, Diversified Equity and Mr. Paul D. Danes, Co-CIO, Diversified Equity. Messrs. Babin and Danes can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Martin L. Shagrin
Portfolio Manager/Analyst

March 2, 2015

Victory Capital Management Inc.

4900 Tiedeman Road, 4th Floor
Brooklyn, OH 44144
(877) 660-4400
www.vcm.com

This brochure supplement provides information about Martin L. Shagrin that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Shagrin, born in 1972, received his Bachelor of Science in Business Administration from The Ohio State University, and a Master of Business Administration from Case Western Reserve University. Mr. Shagrin joined Victory Capital in 1999 as a Senior Research Analyst. Prior to joining Victory Capital, he was an equity research analyst for Kingdon Capital. He is currently a Portfolio Manager/Analyst with Victory Capital, and a member of the Diversified Equity and Victory Select portfolio teams.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Shagrin is not actively engaged in any other investment-related business or occupation. Further, Mr. Shagrin is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Shagrin does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Shagrin reports to Mr. Lawrence G. Babin, Co-CIO, Diversified Equity and Mr. Paul D. Danes, Co-CIO, Diversified Equity. Messrs. Babin and Danes can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Thomas J. Uutala, CFA
Portfolio Manager/Analyst

March 2, 2015

Victory Capital Management Inc.

4900 Tiedeman Road, 4th Floor
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(877) 660-4400
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This brochure supplement provides information about Thomas J. Uutala that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Uutala, born in 1976, received his Bachelor of Science from Marquette University and a Master of Science from the University of Wisconsin. He is also a Chartered Financial Analyst charterholder¹. Mr. Uutala joined Victory Capital in 2005 as a Research Analyst. He is currently a Portfolio Manager/Analyst with Victory Capital, and a member of the Diversified Equity and Victory Select portfolio teams.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Uutala is not actively engaged in any other investment-related business or occupation. Further, Mr. Uutala is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Uutala does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also she does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Uutala reports to Mr. Lawrence G. Babin, Co-CIO, Diversified Equity and Mr. Paul D. Danes, Co-CIO, Diversified Equity. Messrs. Babin and Danes can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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November 10, 2014

Convertible Securities Team

Investment Grade Convertible Securities Strategy

BROCHURE SUPPLEMENT
(ADV PART 2B)

Richard A. Janus, CFA
CIO, Convertible Securities

November 10, 2014

Victory Capital Management Inc.

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www.vcm.com

This brochure supplement provides information about Richard A. Janus that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Janus, born in 1947, received his Bachelor of Science in Economics from the David N. Myer College and his Master of Economics from Cleveland State University. He is also a Chartered Financial Analyst charterholder¹. Mr. Janus joined Victory Capital in 1977 and is currently the Chief Investment Officer of Victory Capital's Investment Grade Convertible Securities strategy.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Janus is not actively engaged in any other investment-related business or occupation. Further, Mr. Janus is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Janus does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Kelly S. Cliff, President of Investment Franchises for Victory Capital Management ("Victory Capital"), supervises all investment portfolio teams and research analysts. Supervision of the portfolio management team includes a periodic review of portfolio activity, including buys and sells. Kelly Cliff can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

James K. Kaesberg, CFA
Senior Portfolio Manager

November 10, 2014

Victory Capital Management Inc.

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This brochure supplement provides information about James K. Kaesberg that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Kaesberg, born in 1960, received his Bachelor of Business Administration and his Master of Business Administration from the University of Wisconsin. He is also a Chartered Financial Analyst charterholder¹. Mr. Kaesberg joined Victory Capital in 1985 as an Equity Analyst and is now a Senior Portfolio Manager with Victory. He is a member of the Investment Grade Convertible Securities portfolio team.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Kaesberg is not actively engaged in any other investment-related business or occupation. Further, Mr. Kaesberg is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Kaesberg does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Kaesberg reports to Mr. Richard A. Janus, CIO, Convertible Securities. Mr. Janus can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Amy E. Bush, CFA
Portfolio Manager

November 10, 2014

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This brochure supplement provides information about Amy E. Bush that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Ms. Bush, born in 1969, received her Bachelor of Arts from Miami University and her Master of Business Administration from Case Western Reserve University. She is also a Chartered Financial Analyst charterholder¹. Ms. Bush joined Victory Capital in 1992 as a Convertible Securities Research Analyst for Victory Capital and a Credit Analyst for former KeyBank entity, Society Bank. She is now a Portfolio Manager with Victory Capital, and a member of the Investment Grade Convertible Securities portfolio team.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Ms. Bush is not actively engaged in any other investment-related business or occupation. Further, Ms. Bush is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of her time.

Item 5- Additional Compensation

Ms. Bush does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also she does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Ms. Bush reports to Mr. Richard A. Janus, CIO, Convertible Securities. Mr. Janus can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Mark Vucenovic
Portfolio Manager/Research Analyst

November 10, 2014

Victory Capital Management Inc.

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This brochure supplement provides information about Mark Vucenovic that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

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Item 2- Educational Background and Business Experience

Mr. Vucenovic, born in 1970, received his Bachelor of Business Administration from Ohio University and his Master of Business Administration from Cleveland State University. Mr. Vucenovic joined Victory Capital in 2009 as a Credit Analyst in the fixed income area and is now a Portfolio Manager/Research Analyst with Victory Capital. Prior to joining Victory Capital, he held analyst positions with FTN Equity Capital Markets and Midwest Securities, and was a relationship manager and credit analyst with KeyCorp. He is a member of the Investment Grade Convertible Securities portfolio team. Mr. Vucenovic is a registered representative with Victory Capital Advisers, Inc. ("VCA"), a registered broker-dealer. VCA is an affiliate of Victory Capital Management Inc.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Vucenovic is not actively engaged in any other investment-related business or occupation. Further, Mr. Vucenovic is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Vucenovic does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Vucenovic reports to Mr. Richard A. Janus, CIO, Convertible Securities. Mr. Janus can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

March 2, 2015

Munder Mid-Cap Equity Team

Munder Mid-Capitalization Core Growth Strategy
Munder Mid-Capitalization Growth Strategy
Munder Growth Opportunities Strategy
Munder Focused Small-Mid Cap Strategy
Munder Small-Cap/Mid-Cap Blend Strategy
Munder Multi-Capitalization Strategy

BROCHURE SUPPLEMENT
(ADV PART 2B)

Tony Y. Dong, CFA
CIO, Munder Mid-Cap Equity

March 2, 2015

Victory Capital Management Inc.

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This brochure supplement provides information about Tony Y. Dong that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Tony Y. Dong was born in 1960, received his B.B.A. degree (with distinction) from the University of Michigan and his MBA in Finance from Wayne State University. He is a CFA® charterholder¹ and a member of the CFA Institute and the CFA Society of Detroit.

Mr. Dong is CIO and Lead Manager of the Munder Mid-Cap Equity. Mr. Dong has over 30 years of investment experience that includes leading equity strategies, a portfolio management team, and equity research. Further, he has successfully developed investment strategies that focus on adding value, controlling risk, and building wealth for clients over the long-term. Having joined Munder Capital Management ("Munder") in 1988, which was acquired by Victory Capital Management on October 31, 2014, Mr. Dong has also served both as Senior Portfolio Manager for mid-cap, large-cap, and small/mid-cap portfolios, and as Managing Director, Mid-Cap Equity.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Dong is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Dong does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Kelly S. Cliff, President of Investment Franchises for Victory Capital Management ("Victory Capital"), supervises all investment portfolio teams and research analysts. Supervision of the portfolio management team includes a periodic review of portfolio activity, including buys and sells. Kelly can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Robert E. Crosby, CFA
Senior Portfolio Manager

March 2, 2015

Victory Capital Management Inc.
4900 Tiedeman Road
Brooklyn, OH 44144
(877) 660-4400
www.vcm.com

This brochure supplement provides information about Robert E. Crosby that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Robert E. Crosby was born in 1969, received his BA degree in economics from the University of Missouri and his MS in economics and finance from Murray State University. He is a CFA® charterholder¹, a member of the CFA Institute, and a member of the CFA Society of Detroit.

Mr. Crosby is lead portfolio manager for Munder's small-cap/mid-cap blend equity strategy and an analyst for the mid-capitalization core growth, mid-cap growth and focused mid-cap growth equity strategies. His sector responsibilities include energy, financials, industrials, materials and technology. Mr. Crosby has 21 years of investment experience and joined Munder in 1993. His investment-related responsibilities have included both analytical and portfolio management roles.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Crosby is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Crosby does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Crosby reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Michael P. Gura, CFA
Senior Portfolio Manager

March 2, 2015

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Brooklyn, OH 44144
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This brochure supplement provides information about Michael P. Gura that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

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Item 2 - Educational Background and Business Experience

Michael P. Gura, who began his career in the investment industry in 1988, is a member of the team responsible for managing Munder's Large-Capitalization Growth, Multi-Capitalization and Growth Opportunities equity strategies. Munder Capital Management was acquired by Victory Capital in October 2014. Munder Capital Management is a Victory Capital investment franchise.

He joined Munder in 1995 as a senior equity research analyst in a merger with the investment management division of Comerica Bank.

Mr. Gura received a B.B.A. and an M.S. in finance with distinction from Walsh College. He is a CFA® charterholder and is a member of the CFA Institute and the CFA Society of Detroit.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Gura is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Gura does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Gura reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Brian S. Matuszak, CFA
Senior Equity Analyst

March 2, 2015

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This brochure supplement provides information about Brian S. Matuszak that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Brian S. Matuszak was born in 1973, received his BBA degree in finance and accounting (with distinction) from the University of Michigan in 1995 and an MS in applied economics from the University of Michigan in 1996. He is a CFA® charterholder¹, a member of the CFA Institute and the CFA Society of Detroit.

Mr. Matuszak, who is a Senior Equity Analyst and has 15 years of industry experience, analyzes equity securities for Munder Capital's mid-capitalization core growth, mid-cap growth, focused mid-cap growth and small-cap/mid-cap blend equity strategies. He assists with portfolio strategy, sector analysis, stock selection, and the monitoring of companies owned in the portfolio. Before becoming an equity analyst, he served two years as an internal wholesaler for Munder Capital. Prior to joining Munder Capital in 2000, he was a financial advisor for Prudential Securities. Mr. Matuszak also has experience as a micro-economics instructor at Macomb Community College.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Matuszak is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Matuszak does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Matuszak reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

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BROCHURE SUPPLEMENT
(ADV PART 2B)

Madan Gopal
Equity Analyst

March 2, 2015

Victory Capital Management Inc.

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This brochure supplement provides information about Madan Gopal that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Madan Gopal analyzes equity securities for Munder's Mid-Capitalization Core Growth, Mid-Capitalization Growth, Focused Small-Mid Cap, and Small-Cap/Mid-Cap Blend equity strategies. Mr. Gopal is responsible for conducting independent research, developing screening tools, and finding good businesses that are currently undervalued. Mr. Gopal's research focus is on the consumer discretionary and industrials sectors. Munder Capital Management was acquired by Victory Capital in October 2014. Munder Capital Management is a Victory Capital investment franchise.

Before becoming an equity analyst, Mr. Gopal served as an intern with the team generating stock ideas for the mid-capitalization core growth strategy at Munder. Prior to joining Munder in 2008, he was an analyst for Dell, Inc., where he worked on standards-based solutions.

Mr. Gopal received a B.E. in Civil & Environmental engineering from Anna University in India, an M.S. in engineering from the University of Oklahoma and an M.B.A. from the University of Chicago.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Gopal is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Gopal does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Gopal reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Gavin Hayman, CFA
Equity Analyst

March 2, 2015

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This brochure supplement provides information about Gavin Hayman that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Gavin Hayman was born in 1973 and received an Honors Degree in Law from the University of Central Lancashire, Preston, England. He is a CFA® charterholder¹ and a member of the CFA Institute.

Mr. Hayman, an Equity Analyst at Munder Capital Management, rejoined the firm in February 2010. He analyzes equity securities for the mid-capitalization core growth, mid-cap growth, focused mid-cap growth and small-cap/mid-cap blend equity strategies. He also assists with portfolio strategy, sector analysis, stock selection, and the monitoring of companies owned in the portfolio. Prior to rejoining the firm, Mr. Hayman was Director of Research from 2007 to 2010 at Telemus Capital Partners, a high-net-worth management company. Before that, he was an Institutional Sales Manager at AXA Framlington Investment Managers Group in England. Prior to that, Mr. Hayman served as International Product Manager for the Munder Framlington investment strategies from January 2001 until November 2002. Before the Munder Framlington assignment, Mr. Hayman was a regional manager for Framlington Group in England, where he promoted all of the investment vehicles offered by the firm. In total, he has 18 years of investment industry experience.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Hayman is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Hayman does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Hayman reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Sean D. Wright, CFA
Equity Analyst

March 2, 2015

Victory Capital Management Inc.
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This brochure supplement provides information about Sean D. Wright that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2 - Educational Background and Business Experience

Sean D. Wright analyzes equity securities for Munder Capital Management's mid-capitalization core growth, mid-cap growth, focused small/mid-cap growth and small-cap/mid-cap blend equity strategies. He assists with portfolio strategy, sector analysis, stock selection, and the monitoring of companies owned in the portfolio. Mr. Wright focuses on the energy sector. Munder Capital Management was acquired by Victory Capital in October 2014. Munder Capital Management is a Victory Capital investment franchise.

Before becoming an equity analyst, Mr. Wright served as an intern with Munder, performing individual stock research and portfolio analytics work for the mid-cap core growth and large-cap growth strategies, as well as analyzing trade strategies for the equity trading desk and constructing marketing materials. Prior to joining Munder in 2010, he interned for RFC Financial Planners in Ann Arbor, Michigan, where he worked on various tasks related to portfolio management, asset allocation, and client relationship management.

Mr. Wright received a B.A. in Economics from the University of Michigan. He is a CFA® charterholder¹ and a member of the CFA Institute.

Item 3 - Disciplinary Information

None.

Item 4 - Other Business Activities

Mr. Wright is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5 - Additional Compensation

Mr. Wright does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Wright reports to Mr. Tony Y. Dong, CIO, Munder Mid-Cap Equity. Mr. Dong can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

November 10, 2014

Large Cap Growth Team

Large Cap Growth Strategy

BROCHURE SUPPLEMENT
(ADV PART 2B)

Erick F. Maronak
CIO, Large Cap Growth

November 10, 2014

Victory Capital Management Inc.

45 Rockefeller Plaza
New York, NY 10111
(877) 660-4400
www.vcm.com

This brochure supplement provides information about Erick F. Maronak that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Maronak, born in 1966, received his Bachelor of Science in Economics from City University of New York and a Master of Business Administration from St. John's University. Mr. Maronak joined Victory Capital in 1999 and is currently the Chief Investment Officer of Victory Capital's Large Cap Growth strategy.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Maronak is not actively engaged in any other investment-related business or occupation. Further, Mr. Maronak is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Maronak does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Kelly S. Cliff, President of Investment Franchises for Victory Capital Management ("Victory Capital"), supervises all investment portfolio teams and research analysts. Supervision of the portfolio management team includes a periodic review of portfolio activity, including buys and sells. Kelly Cliff can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory Capital's Chief Compliance Officer and the Legal, Compliance and Risk Department.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Jason E. Dahl, CFA
Senior Portfolio Manager/Analyst

November 10, 2014

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This brochure supplement provides information about Jason E. Dahl that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Dahl, born in 1967, received his Bachelor of Science in Economics from SUNY College at New Platz and a Master of Business Administration from Pace University. He is also a Chartered Financial Analyst charterholder¹. Mr. Dahl joined Victory Capital in 1999 and is currently a Senior Portfolio Manager/Analyst with Victory. He is a member of the Large Cap Growth portfolio team. Mr. Dahl is a registered representative with Victory Capital Advisers, Inc. ("VCA"), a registered broker-dealer. VCA is an affiliate of Victory Capital Management Inc.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Dahl is not actively engaged in any other investment-related business or occupation. Further, Mr. Dahl is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Dahl does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Dahl reports to Mr. Erick F. Maronak, CIO, Large Cap Growth. Mr. Maronak can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Scott R. Kefer, CFA
Senior Portfolio Manager/Analyst

November 10, 2014

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This brochure supplement provides information about Scott R. Kefer that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Kefer, born in 1971, received his Bachelor of Science in Business Management from Skidmore College. He is also a Chartered Financial Analyst charterholder¹. Mr. Kefer joined Victory Capital in 1999 and is currently a Senior Portfolio Manager/Analyst with Victory Capital. He is a member of the Large Cap Growth portfolio team.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Kefer is not actively engaged in any other investment-related business or occupation. Further, Mr. Kefer is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Kefer does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Kefer reports to Mr. Erick F. Maronak, CIO, Large Cap Growth. Mr. Maronak can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.

¹ Chartered Financial Analyst (CFA) - Qualification as a CFA charterholder requires: A bachelor's degree from an accredited institution or equivalent education or work experience; successful completion of all three exam levels of the CFA program; four years of acceptable professional work experience in the investment decision-making process; fulfillment of local society requirements, which vary by society; entry into a Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

BROCHURE SUPPLEMENT
(ADV PART 2B)

Michael B. Koskuba
Senior Portfolio Manager/Analyst

November 10, 2014

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This brochure supplement provides information about Michael B. Koskuba that supplements the Victory Capital Management Brochure (ADV Part 2A). You should have received a copy of that Brochure. Please contact us at (877) 660-4400 if you did not receive Victory Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Victory Capital Management is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2- Educational Background and Business Experience

Mr. Koskuba, born in 1972, received his Bachelor of Arts in International Studies from Muhlenberg College and his Master of Business Administration in Finance from Fordham University. Mr. Koskuba joined Victory Capital in 1999 and is currently a Senior Portfolio Manager/Analyst with Victory Capital. He is a member of the Large Cap Growth portfolio team. Mr. Koskuba is a registered representative with Victory Capital Advisers, Inc. ("VCA"), a registered broker-dealer. VCA is an affiliate of Victory Capital Management Inc.

Item 3- Disciplinary Information

None.

Item 4- Other Business Activities

Mr. Koskuba is not actively engaged in any other investment-related business or occupation. Further, Mr. Koskuba is not actively engaged in any other type of business or occupation for compensation that provides a substantial source of income or involves a substantial amount of his time.

Item 5- Additional Compensation

Mr. Koskuba does not receive any bonus that is based, all or in part, on the number or amount of sales, client referrals, or new accounts. Also he does not receive any economic benefit from anyone who is not a client for providing advisory services. For purposes of this Item 5, economic benefits include sales awards and other prizes but do not include regular salary or other regular bonuses.

Item 6 - Supervision

Mr. Koskuba reports to Mr. Erick F. Maronak, CIO, Large Cap Growth. Mr. Maronak can be reached at (877) 660-4400. In addition, the firm has adopted policies and procedures to oversee, monitor and control the activities of its supervised persons. Activities of each supervised person are monitored by Victory's Chief Compliance Officer and the Legal, Compliance and Risk Department.



FACTS	WHAT DOES VICTORY DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect personal information. Please read this notice carefully to understand what we do.	
What?	The types of personal information we collect and share depend on the product and services you have with us. This information can include: <ul style="list-style-type: none">• Social Security number and investment experience• Account balance and transaction history• Assets and income	
How?	All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Victory chooses to share, and whether you can limit this sharing.	
Reasons we can share your personal information	Does Victory Share?	Can you limit the sharing?
For our everyday business purposes - such as to process your transactions, maintain your accounts, and respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes - information about your transactions and experiences	Yes	No
For our affiliates everyday purposes - information about your credit worthiness	No	We don't share
To our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share
Questions?	Call 1-877-660-4400 or go to www.vcm.com	

Who we are	
Who is providing this notice?	Victory Capital Management Inc. and Victory Capital Advisers, Inc., together referred to as “Victory”.
What we do	
How does Victory protect my personal information?	To protect your information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Victory collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • open an account or enter into an investment advisory contract • direct us to buy or sell securities • seek advice about your investment. <p>We also collect your personal information from other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Victory Capital Management Inc. and Victory Capital Advisers, Inc. are affiliates of one another because they are under indirect common control of Victory Capital Holdings, Inc.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Victory does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>Victory does not jointly market.</i>
Other Important Information	
You may have other privacy protections under applicable state laws.	

Proxy Voting Policy

When Victory Capital Management Inc. ("Victory") client accounts hold stock and Victory has an obligation to vote proxies for the stock, the voting authority will be exercised in accordance with:

- the direction and guidance, if any, provided by the document establishing the account relationship
- principles of fiduciary law and Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. Both require Victory to act in the best interests of the account. In voting such stock, Victory will exercise the care, skill, prudence and diligence a prudent person would use, considering the aims, objectives, and guidance provided by the documents governing the account.
- the guidelines listed in this policy, including the ISS Taft Hartley guidelines in Appendix A and the Victory public company guidelines in Appendix B.

Victory votes client securities in the best interests of the client. In general, this entails voting client proxies with the objective of increasing the long-term economic value of client assets. In determining the best interests of the account, Victory considers, among other things, the effect of the proposal on the underlying value of the securities (including the effect on marketability of the securities and the effect of the proposal on future prospects of the issuer), the composition and effectiveness of the issuer's board of directors, the issuer's corporate governance practices, and the quality of communications from the issuer to its shareholders.

Where Victory has an obligation to vote client proxies:

- reasonable efforts will be made to monitor and keep abreast of corporate actions
- all stock, whether by proxy or in person, will be voted, provided there is sufficient time and information available
- a written record of such voting will be maintained by Victory
- Non-routine proposals not covered by the guidelines or involving other special circumstances will be evaluated on a case-by-case basis with input from the appropriate Victory analyst(s) or portfolio manager(s).
- Victory's Proxy and Corporate Activities Committee (the "Proxy Committee") will supervise the voting of client securities. In all cases, the ultimate voting decision and responsibility rests with the members of the Proxy Committee.

Statement of Corporate Governance

The voting rights associated with stock ownership are as valuable as any other financial assets. As such, they must be managed in the same manner. Victory has established voting guidelines that seek to protect these rights while attempting to maximize the value of the underlying securities.

Proxy Voting Procedure

The Proxy Committee determines how proxies will be voted. Decisions are based exclusively with the best interest of the client in mind.

Voting may be executed through administrative screening per established guidelines with oversight by the Proxy Committee or upon vote by a quorum of the Proxy Committee.

Victory's portfolio managers opinions concerning the management and prospects of the issuer may be taken into account in determining whether a vote for or against a proposal is in the client's best interests. Insufficient information, onerous requests or vague, ambiguous wording may indicate that a vote against a proposal is appropriate, even when the general principal appears to be reasonable.

The Proxy Committee is comprised of Victory employees who represent vital areas within the company and can provide a range of knowledge which enhances the committees decision making capabilities. Quorum exists when at least three voting committee members are either in attendance or participate remotely via video or teleconference. Approval is based on a simple majority of votes cast.

Victory has engaged ISS (Institutional Shareholder Services) to perform the administrative tasks of receiving proxies, proxy statements, and voting proxies in accordance with the Victory Proxy Policy. In no circumstances shall ISS have the authority to vote proxies except in accordance with standing or specific instructions given to it by Victory.

Voting Guidelines

The following guidelines are intended to assist in voting proxies and are not to be considered rigid rules. The Proxy Committee is directed to apply these guidelines as appropriate. On occasion, however, a contrary vote may be warranted when such action is in the best interests of the account or if it is required under the documents governing the account.

The committee may also take into account independent third party, general industry guidance or other governance board review sources when making decisions. The committee may additionally seek guidance from other internal sources with special expertise on a given topic, where appropriate.

When the Proxy Committee decides to vote against or to withhold a vote for a proposal which is generally approved, or votes in favor of a proposal which is generally opposed, the reason for the exception will be recorded.

The following is a discussion of selected proxy proposals which are considered periodically at annual meetings. Victory's general position with regard to such proposals is also included.

Routine/Miscellaneous Proposals**Adjourn Meeting**

Generally vote AGAINST proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal.

Soliciting Votes for Merger or Transaction

Vote FOR proposals that relate specifically to soliciting votes for a merger or transaction if supporting that merger or transaction. Vote AGAINST proposals if the wording is too vague or if the proposal includes "other business."

Amend Quorum Requirements

Vote AGAINST proposals to reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal.

Amend Minor Bylaws

Vote FOR bylaw or charter changes that are of a housekeeping nature (updates or corrections).

Change Company Name

Vote FOR proposals to change the corporate name.

Change Date, Time, or Location of Annual Meeting

Vote FOR management proposals to change the date, time, and/or location of the annual meeting unless the proposed change is unreasonable. Vote AGAINST shareholder proposals to change the date, time, and/or location of the annual meeting unless the current scheduling or location is unreasonable.

Other Business

Vote AGAINST proposals to approve other business when it appears as voting item.

Audit-Related

Auditor Indemnification and Limitation of Liability

Consider the issue of auditor indemnification and limitation of liability CASE-BY-CASE. Factors to be assessed include, but are not limited to:

- The terms of the auditor agreement, the degree to which these agreements impact shareholders' rights;
- Motivation and rationale for establishing the agreements;
- Quality of disclosure; and
- Historical practices in the audit area.

WITHHOLD or vote AGAINST members of an audit committee in situations where there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Auditor Ratification

Victory expects a company to have completed its due diligence on the auditors; therefore, selection is approved. However, in cases where auditors have failed to render accurate financial statements, votes are withheld. A favorable position is given to auditors who receive more compensation from their audit engagement than other services with the company.

Vote FOR the ratification of auditors.

However, vote AGAINST in cases where auditors have failed to render accurate financial statements or where non-audit fees exceed audit fees.

Non-audit fees are excessive if:

- Non-audit ("other") fees > audit fees + audit-related fees + tax compliance/preparation fees

Tax compliance and preparation include the preparation of original and amended tax returns, refund claims and tax payment planning. All other services in the tax category, such as tax advice, planning or consulting should be added to "Other" fees. If the breakout of tax fees cannot be determined, add all tax fees to "Other" fees.

In circumstances where "Other" fees include fees related to significant one-time capital structure events: initial public offerings, bankruptcy emergence, and spin-offs; and the company makes public disclosure of the amount and nature of those fees which are an exception to the standard "non-audit fee" category, then such fees may be excluded from the non-audit fees considered in determining the ratio of non-audit to audit/audit-related fees/tax compliance and preparation for purposes of determining whether non-audit fees are excessive.

Receiving and/or Approving Financial Reports

(This is a non-US issue)

Vote FOR approval of financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed

Shareholder Proposals Limiting Non-Audit Services

Vote CASE-BY-CASE on shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit services.

Shareholder Proposals on Audit Firm Rotation

Vote CASE-BY-CASE on shareholder proposals asking for audit firm rotation, taking into account:

- The tenure of the audit firm;
- The length of rotation specified in the proposal;
- Any significant audit-related issues at the company;
- The number of Audit Committee meetings held each year;

- The number of financial experts serving on the committee; and
- Whether the company has a periodic renewal process where the auditor is evaluated for both audit quality and competitive price.

Board of Directors

Voting on Director Nominees in Uncontested Elections

Votes on director nominees should be determined CASE-BY-CASE.

Four fundamental principles apply when determining votes on director nominees:

Board Accountability: Practices that promote accountability include: transparency into a company's governance practices; annual board elections; and providing shareholders the ability to remove problematic directors and to vote on takeover defenses or other charter/bylaw amendments. These practices help reduce the opportunity for management entrenchment.

Board Responsiveness: Directors should be responsive to shareholders, particularly in regard to shareholder proposals that receive a majority vote and to tender offers where a majority of shares are tendered. Furthermore, shareholders should expect directors to devote sufficient time and resources to oversight of the company.

Director Independence: Without independence from management, the board may be unwilling or unable to effectively set company strategy and scrutinize performance or executive compensation.

Director Competence: Companies should seek directors who can add value to the board through specific skills or expertise and who can devote sufficient time and commitment to serve effectively. While directors should not be constrained by arbitrary limits such as age or term limits, directors who are unable to attend board and committee meetings and/or who are overextended (i.e. serving on too many boards) raise concern on the director's ability to effectively serve in shareholders' best interests.

Board Accountability

VOTE WITHHOLD/AGAINST¹ the entire board of directors (except new nominees², who should be considered CASE-BY-CASE), for the following:

Problematic Takeover Defenses

Classified board structure

The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election -- any or all appropriate nominees (except new) may be held accountable;

Director Performance Evaluation

The board lacks accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one- and three-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's five-year total shareholder return and operational metrics. Problematic provisions include but are not limited to:

- A classified board structure;
- A supermajority vote requirement;

¹ In general, companies with a plurality vote standard use "Withhold" as the valid contrary vote option in director elections; companies with a majority vote standard use "Against". However, it will vary by company and the proxy must be checked to determine the valid contrary vote option for the particular company.

² A "new nominee" is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If Victory cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a "new nominee" if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.

- Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections;
- The inability for shareholders to call special meetings;
- The inability for shareholders to act by written consent;
- A dual-class capital structure; and/or
- A non-shareholder approved poison pill.

Poison Pills

The company's poison pill has a "dead-hand" or "modified dead-hand" feature. Vote WITHHOLD/AGAINST every year until this feature is removed.

The board adopts a poison pill with a term of more than 12 months ("long-term pill"), or renews any existing pill, including any "short-term" pill (12 months or less), without shareholder approval. A commitment or policy that puts a newly-adopted pill to a binding shareholder vote may potentially offset an adverse vote recommendation. Review such companies with classified boards every year and such companies with annually-elected boards at least once every three years, and vote AGAINST or WITHHOLD votes from all nominees if the company still maintains a non-shareholder-approved poison pill. This policy applies to all companies adopting or renewing pills after the announcement of this policy (Nov 19, 2009).

The board makes a material adverse change to an existing poison pill without shareholder approval.

Vote CASE-BY-CASE on all nominees if:

The board adopts a poison pill with a term of 12 months or less ("short-term pill") without shareholder approval, taking into account the following factors:

- The date of the pill's adoption relative to the date of the next meeting of shareholders i.e. whether the company had time to put the pill on ballot for shareholder ratification given the circumstances;
- The issuer's rationale;
- The issuer's governance structure and practices; and
- The issuer's track record of accountability to shareholders.

Problematic Audit-Related Practices

Generally, vote AGAINST or WITHHOLD from the members of the Audit Committee if:

- The non-audit fees paid to the auditor are excessive (see discussion under "[Auditor Ratification](#)");
- The company receives an adverse opinion on the company's financial statements from its auditor; or
- There is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Vote CASE-BY-CASE on members of the Audit Committee and/or the full board if:

Poor accounting practices are identified that rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures. Examine the severity, breadth, chronological sequence and duration, as well as the company's efforts at remediation or corrective actions, in determining whether WITHHOLD/AGAINST votes are warranted.

Problematic Compensation Practices

In the absence of an Advisory Vote on Executive Compensation ballot item or in egregious situations, vote AGAINST or WITHHOLD from the members of the Compensation Committee and potentially the full board if:

- There is a significant misalignment between CEO pay and company performance (pay for performance);
- The company maintains significant problematic pay practices;
- The board exhibits a significant level of poor communication and responsiveness to shareholders;
- The company fails to submit one-time transfers of stock options to a shareholder vote; or

- The company fails to fulfill the terms of a burn rate commitment made to shareholders.

Vote CASE-BY-CASE on Compensation Committee members (or, in exceptional cases, the full board) and the Management Say-on-Pay proposal if:

The company's previous say-on-pay proposal received the support of less than 70 percent of votes cast, taking into account:

- The company's response, including:
 - Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support;
 - Specific actions taken to address the issues that contributed to the low level of support;
 - Other recent compensation actions taken by the company;
- Whether the issues raised are recurring or isolated;
- The company's ownership structure; and
- Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

Unilateral Bylaw/Charter Amendments

Generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if the board amends the company's bylaws or charter without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders, considering the following factors, as applicable:

- The board's rationale for adopting the bylaw/charter amendment without shareholder ratification;
- Disclosure by the company of any significant engagement with shareholders regarding the amendment;
- The level of impairment of shareholders' rights caused by the board's unilateral amendment to the bylaws/charter;
- The board's track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions;
- The company's ownership structure;
- The company's existing governance provisions;
- Whether the amendment was made prior to or in connection with the company's initial public offering;

Governance Failures

Under extraordinary circumstances, vote AGAINST or WITHHOLD from directors individually, committee members, or the entire board, due to:

- Material failures of governance, stewardship, or fiduciary responsibilities at the company;
- Failure to replace management as appropriate; or
- Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Board Responsiveness

Vote CASE-BY-CASE on individual directors, committee members, or the entire board of directors as appropriate if:

- The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year. Factors that will be considered are:
 - Disclosed outreach efforts by the board to shareholders in the wake of the vote;
 - Rationale provided in the proxy statement for the level of implementation;
 - The subject matter of the proposal;
 - The level of support for and opposition to the resolution in past meetings;
 - Actions taken by the board in response to the majority vote and its engagement with shareholders;
 - The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and
 - Other factors as appropriate;
- The board failed to act on takeover offers where the majority of shares are tendered;

- At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote;
- The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency; or
- The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received a plurality, but not a majority, of the votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency, taking into account:
 - The board's rationale for selecting a frequency that is different from the frequency that received a plurality;
 - The company's ownership structure and vote results;
 - ISS' analysis of whether there are compensation concerns or a history of problematic compensation practices; and
 - The previous year's support level on the company's say-on-pay proposal.

Director Independence

Vote WITHHOLD/AGAINST Inside Directors and Affiliated Outside Directors (per the Categorization of Directors) when:

- The inside or affiliated outside director serves on any of the three key committees: audit, compensation, or nominating;
- The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee;
- The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee; or
- The full board is less than majority independent.

Director Competence

Attendance at Board and Committee Meetings

Generally vote AGAINST or WITHHOLD from directors (except new nominees, who should be considered CASE-BY-CASE) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing.

Acceptable reasons for director absences are generally limited to the following:

- Medical issues/illness;
- Family emergencies; and
- Missing only one meeting (when the total of all meetings is three or fewer).

If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote AGAINST or WITHHOLD from the director(s) in question.

Overboarded Directors

Vote AGAINST or WITHHOLD from individual directors who:

- Sit on more than six public company boards; or
- Are CEOs of public companies who sit on the boards of more than two public companies besides their own-WITHHOLD their outside boards.

Categorization of Directors

Inside Director (I)

- Current employee or current officerⁱ of the company or one of its affiliatesⁱⁱ.
- Beneficial owner of more than 50 percent of the company's voting power (this may be aggregated if voting power is distributed among more than one member of a group).
- Director named in the Summary Compensation Table (excluding former interim officers).

Affiliated Outside Director (AO)

- Board attestation that an outside director is not independent.
- Former CEO of the company^{iii,iv}.
- Former CEO of an acquired company within the past five years^{iv}.
- Former interim officer if the service was longer than 18 months. If the service was between 12 and 18 months an assessment of the interim officer's employment agreement will be made^v.
- Former officerⁱ of the company, an affiliateⁱⁱ or an acquired firm within the past five years.
- Officer^j of a former parent or predecessor firm at the time the company was sold or split off from the parent/predecessor within the past five years.
- Officer^j, former officer, or general or limited partner of a joint venture or partnership with the company.
- Immediate family member^{vi} of a current or former officerⁱ of the company or its affiliatesⁱⁱ within the last five years.
- Immediate family member^{vi} of a current employee of company or its affiliatesⁱⁱ where additional factors raise concern (which may include, but are not limited to, the following: a director related to numerous employees; the company or its affiliates employ relatives of numerous board members; or a non-Section 16 officer in a key strategic role).
- Currently provides (or an immediate family member^{vi} provides) professional services^{vii} to the company, to an affiliateⁱⁱ of the company or an individual officer of the company or one of its affiliates in excess of \$10,000 per year.
- Is (or an immediate family member^{vi} is) a partner in, or a controlling shareholder or an employee of, an organization which provides professional services^{vii} to the company, to an affiliateⁱⁱ of the company, or an individual officer of the company or one of its affiliates in excess of \$10,000 per year.
- Has (or an immediate family member^{vi} has) any material transactional relationship^{viii} with the company or its affiliatesⁱⁱ (excluding investments in the company through a private placement).
- Is (or an immediate family member^{vi} is) a partner in, or a controlling shareholder or an executive officer of, an organization which has any material transactional relationship^{viii} with the company or its affiliatesⁱⁱ (excluding investments in the company through a private placement).
- Is (or an immediate family member^{vi} is) a trustee, director, or employee of a charitable or non-profit organization that receives material grants or endowments^{viii} from the company or its affiliatesⁱⁱ.
- Party to a voting agreement^{ix} to vote in line with management on proposals being brought to shareholder vote.
- Has (or an immediate family member^{vi} has) an interlocking relationship as defined by the SEC involving members of the board of directors or its Compensation Committee^x.
- Founder^{xi} of the company but not currently an employee.
- Any material^{xii} relationship with the company.

Independent Outside Director (IO)

No material^{xiii} connection to the company other than a board seat.

Footnotes:

ⁱ The definition of officer will generally follow that of a "Section 16 officer" (officers subject to Section 16 of the Securities and Exchange Act of 1934) and includes the chief executive, operating, financial, legal, technology, and accounting officers of a company (including the president, treasurer, secretary, controller, or any vice president in charge of a principal business unit, division, or policy function). Current interim officers are included in this category. For private companies, the equivalent positions are applicable. A non-employee director serving as an officer due to statutory requirements (e.g. corporate secretary) will be classified as an Affiliated Outsider under 2.18: "Any material relationship with the company." However, if the company provides explicit disclosure that the director is not receiving additional compensation in excess of \$10,000 per year for serving in that capacity, then the director will be classified as an Independent Outsider.

ⁱⁱ "Affiliate" includes a subsidiary, sibling company, or parent company. Victory uses 50 percent control ownership by the parent company as the standard for applying its affiliate designation.

ⁱⁱⁱ Includes any former CEO of the company prior to the company's initial public offering (IPO).

^{iv} When there is a former CEO of a special purpose acquisition company (SPAC) serving on the board of an acquired company, Victory will generally classify such directors as independent unless determined otherwise taking into account the following factors: the applicable listing standards determination of such director's independence; any operating ties to the firm; and the existence of any other conflicting relationships or related party transactions.

^vVictory will look at the terms of the interim officer's employment contract to determine if it contains severance pay, long-term health and pension benefits, or other such standard provisions typically contained in contracts of permanent, non-temporary CEOs. Victory will also consider if a formal search process was under way for a full-time officer at the time.

^{vi}"Immediate family member" follows the SEC's definition of such and covers spouses, parents, children, step-parents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.

^{vii} Professional services can be characterized as advisory in nature, generally involve access to sensitive company information or to strategic decision-making, and typically have a commission- or fee-based payment structure. Professional services generally include, but are not limited to the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; legal services; property management services; realtor services; lobbying services; executive search services; and IT consulting services. The following would generally be considered transactional relationships and not professional services: deposit services; IT tech support services; educational services; and construction services. The case of participation in a banking syndicate by a non-lead bank should be considered a transactional (and hence subject to the associated materiality test) rather than a professional relationship. "Of Counsel" relationships are only considered immaterial if the individual does not receive any form of compensation (in excess of \$10,000 per year) from, or is a retired partner of, the firm providing the professional service. The case of a company providing a professional service to one of its directors or to an entity with which one of its directors is affiliated, will be considered a transactional rather than a professional relationship. Insurance services and marketing services are assumed to be professional services unless the company explains why such services are not advisory.

^{viii} A material transactional relationship, including grants to non-profit organizations, exists if the company makes annual payments to, or receives annual payments from, another entity exceeding the greater of \$200,000 or 5 percent of the recipient's gross revenues, in the case of a company which follows NASDAQ listing standards; or the greater of \$1,000,000 or 2 percent of the recipient's gross revenues, in the case of a company which follows NYSE/Amex listing standards. In the case of a company which follows neither of the preceding standards, Victory will apply the NASDAQ-based materiality test. (The recipient is the party receiving the financial proceeds from the transaction).

^{ix} Dissident directors who are parties to a voting agreement pursuant to a settlement arrangement, will generally be classified as independent unless determined otherwise taking into account the following factors: the terms of the agreement; the duration of the standstill provision in the agreement; the limitations and requirements of actions that are agreed upon; if the dissident director nominee(s) is subject to the standstill; and if there are any conflicting relationships or related party transactions.

^x Interlocks include: executive officers serving as directors on each other's compensation or similar committees (or, in the absence of such a committee, on the board); or executive officers sitting on each other's boards and at least one serves on the other's compensation or similar committees (or, in the absence of such a committee, on the board).

^{xi} The operating involvement of the founder with the company will be considered. Little to no operating involvement ever may cause Victory to deem the founder as an independent outsider.

^{xii} For purposes of Victory's director independence classification, "material" will be defined as a standard of relationship (financial, personal or otherwise) that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.

Other Board-Related Proposals

Age/Term Limits

Vote AGAINST management and shareholder proposals to limit the tenure of outside directors through mandatory retirement ages.

Vote AGAINST management proposals to limit the tenure of outside directors through term limits. However, scrutinize boards where the average tenure of all directors exceeds 15 years for independence from management and for sufficient turnover to ensure that new perspectives are being added to the board.

Board Size

Vote FOR proposals seeking to fix the board size or designate a range for the board size.

Vote AGAINST proposals that give management the ability to alter the size of the board outside of a specified range without shareholder approval.

Classification/Declassification of the Board

Vote AGAINST proposals to classify (stagger) the board.

Vote FOR proposals to repeal classified boards and to elect all directors annually.

CEO Succession Planning

Generally vote FOR proposals seeking disclosure on a CEO succession planning policy, considering at a minimum, the following factors:

- The reasonableness/scope of the request; and
- The company's existing disclosure on its current CEO succession planning process.

Cumulative Voting

Generally vote FOR proposals to eliminate cumulative voting.

Generally vote AGAINST shareholder proposals to restore or provide for cumulative voting.

Director and Officer Indemnification and Liability Protection

Vote CASE-BY-CASE on proposals on director and officer indemnification and liability protection using Delaware law as the standard.

Vote AGAINST proposals that would:

- Eliminate entirely directors' and officers' liability for monetary damages for violating the duty of care.
- Expand coverage beyond just legal expenses to liability for acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness.
- Expand the scope of indemnification to provide for mandatory indemnification of company officials in connection with acts that previously the company was permitted to provide indemnification for, at the discretion of the company's board (i.e., "permissive indemnification"), but that previously the company was not required to indemnify.

Vote FOR only those proposals providing such expanded coverage in cases when a director's or officer's legal defense was unsuccessful if both of the following apply:

- If the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company; and
- If only the director's legal expenses would be covered.

Establish/Amend Nominee Qualifications

Vote CASE-BY-CASE on proposals that establish or amend director qualifications. Votes should be based on the reasonableness of the criteria and to what degree they may preclude dissident nominees from joining the board.

Vote CASE-BY-CASE on shareholder resolutions seeking a director nominee candidate who possesses a particular subject matter expertise, considering:

- The company's board committee structure, existing subject matter expertise, and board nomination provisions relative to that of its peers;
- The company's existing board and management oversight mechanisms regarding the issue for which board oversight is sought;
- The company disclosure and performance relating to the issue for which board oversight is sought and any significant related controversies; and
- The scope and structure of the proposal.

Establish other Board Committee Proposals

Generally vote AGAINST shareholder proposals to establish a new board committee.

Filling Vacancies/Removal of Directors

Vote AGAINST proposals that provide that directors may be removed only for cause.

Vote FOR proposals to restore shareholders' ability to remove directors with or without cause.

Vote AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.

Vote FOR proposals that permit shareholders to elect directors to fill board vacancies.

Independent Chair (Separate Chair/CEO)

Generally vote for shareholder proposals requiring that the chairman's position be filled by an independent director, taking into consideration the following:

- The scope of the proposal;
- The company's current board leadership structure;
- The company's governance structure and practices;
- Company performance; and
- Any other relevant factors that may be applicable.

Regarding the scope of the proposal, consider whether the proposal is precatory or binding and whether the proposal is seeking an immediate change in the chairman role or the policy can be implemented at the next CEO transition.

Under the review of the company's board leadership structure, Victory may support the proposal under the following scenarios absent a compelling rationale: the presence of an executive or non-independent chair in addition to the CEO; a recent recombination of the role of CEO and chair; and/or departure from a structure with an independent chair. ISS will also consider any recent transitions in board leadership and the effect such transitions may have on independent board leadership as well as the designation of a lead director role.

When considering the governance structure, Victory will consider the overall independence of the board, the independence of key committees, the establishment of governance guidelines, board tenure and its relationship to CEO tenure, and any other factors that may be relevant. Any concerns about a company's governance structure will weigh in favor of support for the proposal.

The review of the company's governance practices may include, but is not limited to poor compensation practices, material failures of governance and risk oversight, related-party transactions or other issues putting director independence at risk, corporate or management scandals, and actions by management or the board with potential or realized negative impact on shareholders. Any such practices may suggest a need for more independent oversight at the company thus warranting support of the proposal.

Victory's performance assessment will generally consider one-, three, and five-year total shareholder return compared to the company's peers and the market as a whole. While poor performance will weigh in favor of the adoption of an independent chair policy, strong performance over the long term will be considered a mitigating factor when determining whether the proposed leadership change warrants support.

Majority of Independent Directors/Establishment of Independent Committees

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by Victory's definition of independent outsider. (See Categorization of Directors.)

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

Majority Vote Standard for the Election of Directors

Vote AGAINST if the company already has a Resignation Policy in place, otherwise vote with stated policy;

Generally vote FOR management proposals to adopt a majority of votes cast standard for directors in uncontested elections. Vote AGAINST if no carve-out for plurality in contested elections is included.

Generally vote FOR precatory and binding shareholder resolutions requesting that the board change the company's bylaws to stipulate that directors need to be elected with an affirmative majority of votes cast, provided it does not conflict

with the state law where the company is incorporated. Binding resolutions need to allow for a carve-out for a plurality vote standard when there are more nominees than board seats.

Companies are strongly encouraged to also adopt a post-election policy (also known as a director resignation policy) that will provide guidelines so that the company will promptly address the situation of a holdover director.

Proxy Access (Open Access)

Vote CASE-BY-CASE on shareholder proposals asking for open or proxy access, taking into account:

- The ownership threshold proposed in the resolution;
- The proponent's rationale for the proposal at the targeted company in terms of board and director conduct.

Require More Nominees than Open Seats

Vote AGAINST shareholder proposals that would require a company to nominate more candidates than the number of open board seats.

Shareholder Engagement Policy (Shareholder Advisory Committee)

Generally vote FOR shareholder proposals requesting that the board establish an internal mechanism/process, which may include a committee, in order to improve communications between directors and shareholders, unless the company has the following features, as appropriate:

- Established a communication structure that goes beyond the exchange requirements to facilitate the exchange of information between shareholders and members of the board;
- Effectively disclosed information with respect to this structure to its shareholders;
- Company has not ignored majority-supported shareholder proposals or a majority withhold vote on a director nominee; and
- The company has an independent chairman or a lead director, according to Victory's definition. This individual must be made available for periodic consultation and direct communication with major shareholders.

Proxy Contests- Voting for Director Nominees in Contested Elections

Internally reviewed on a CASE-BY-CASE basis.

Vote No Campaigns

In cases where companies are targeted in connection with public "vote no" campaigns, evaluate director nominees under the existing governance policies for voting on director nominees in uncontested elections. Take into consideration the arguments submitted by shareholders and other publicly available information.

Takeover Defenses and Related Actions

Anti-takeover statutes generally increase management's potential for insulating itself and warding off hostile takeovers that may be beneficial to shareholders. While it may be true that some boards use such devices to obtain higher bids and to enhance shareholder value, it is more likely that such provisions are used to entrench management.

Advance Notice Requirements for Shareholder Proposals/Nominations

Vote CASE-BY-CASE on advance notice proposals, giving support to those proposals which allow shareholders to submit proposals/nominations as close to the meeting date as reasonably possible and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory and shareholder review.

To be reasonable, the company's deadline for shareholder notice of a proposal/ nominations must not be more than 60 days prior to the meeting, with a submittal window of at least 30 days prior to the deadline. The submittal window is the period under which a shareholder must file his proposal/nominations prior to the deadline.

In general, support additional efforts by companies to ensure full disclosure in regard to a proponent's economic and voting position in the company so long as the informational requirements are reasonable and aimed at providing shareholders with the necessary information to review such proposals.

Amend Bylaws without Shareholder Consent

Vote AGAINST proposals giving the board exclusive authority to amend the bylaws.

Vote FOR proposals giving the board the ability to amend the bylaws in addition to shareholders.

Confidential Voting

Victory Capital will evaluate shareholder proposals requesting confidential running vote tally proposals on a case-by-case basis taking into account the following factors:

- Whether the policy allows the company to monitor the number of votes cast for purposes of achieving a quorum or to conduct solicitations for other proper purposes; and
- Whether the enhanced confidential voting requirement applies to contested elections of directors or to contested proxy solicitations, which would put the company at a disadvantage relative to dissidents.

Vote FOR management proposals to adopt confidential voting.

Control Share Acquisition Provisions

Control share acquisition statutes function by denying shares their voting rights when they contribute to ownership in excess of certain thresholds. Voting rights for those shares exceeding ownership limits may only be restored by approval of either a majority or supermajority of disinterested shares. Thus, control share acquisition statutes effectively require a hostile bidder to put its offer to a shareholder vote or risk voting disenfranchisement if the bidder continues buying up a large block of shares.

Vote FOR proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareholders.

Vote AGAINST proposals to amend the charter to include control share acquisition provisions.

Vote FOR proposals to restore voting rights to the control shares.

Control Share Cash-Out Provisions

Control share cash-out statutes give dissident shareholders the right to "cash-out" of their position in a company at the expense of the shareholder who has taken a control position. In other words, when an investor crosses a preset threshold level, remaining shareholders are given the right to sell their shares to the acquirer, who must buy them at the highest acquiring price.

Vote FOR proposals to opt out of control share cash-out statutes.

Disgorgement Provisions

Disgorgement provisions require an acquirer or potential acquirer of more than a certain percentage of a company's stock to disgorge, or pay back, to the company any profits realized from the sale of that company's stock purchased 24 months before achieving control status. All sales of company stock by the acquirer occurring within a certain period of time (between 18 months and 24 months) prior to the investor's gaining control status are subject to these recapture-of-profits provisions.

Vote FOR proposals to opt out of state disgorgement provisions.

Equal Access Proposals

Vote FOR proposals seeking equal access to proxies.

Fair Price Provisions

Vote CASE-BY-CASE on proposals to adopt fair price provisions (provisions that stipulate that an acquirer must pay the same price to acquire all shares as it paid to acquire the control shares), evaluating factors such as the vote required to

approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.

Generally, vote AGAINST fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

Freeze-Out Provisions

Vote FOR proposals to opt out of state freeze-out provisions. Freeze-out provisions force an investor who surpasses a certain ownership threshold in a company to wait a specified period of time before gaining control of the company.

Greenmail

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. Since only the hostile party receives payment, usually at a substantial premium over the market value of its shares, the practice discriminates against all other shareholders.

Vote FOR proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

Vote CASE-BY-CASE on anti-greenmail proposals when they are bundled with other charter or bylaw amendments.

Litigation Rights

Bylaw provisions impacting shareholders' ability to bring suit against the company may include exclusive venue provisions, which provide that the state of incorporation shall be the sole venue for certain types of litigation, and fee-shifting provisions that require a shareholder who sues a company unsuccessfully to pay all litigation expenses of the defendant corporation.

Vote case-by-case on bylaws which impact shareholders' litigation rights, taking into account factors such as:

- The company's stated rationale for adopting such a provision;
- Disclosure of past harm from shareholder lawsuits in which plaintiffs were unsuccessful or shareholder lawsuits outside the jurisdiction of incorporation;
- The breadth of application of the bylaw, including the types of lawsuits to which it would apply and the definition of key terms; and
- Governance features such as shareholders' ability to repeal the provision at a later date (including the vote standard applied when shareholders attempt to amend the bylaws) and their ability to hold directors accountable through annual director elections and a majority vote standard in uncontested elections.

Generally vote against bylaws that mandate fee-shifting whenever plaintiffs are not completely successful on the merits (i.e., in cases where the plaintiffs are partially successful).

Net Operating Loss (NOL) Protective Amendments

Vote AGAINST proposals to adopt a protective amendment for the stated purpose of protecting a company's net operating losses ("NOLs") if the effective term of the protective amendment would exceed the shorter of three years and the exhaustion of the NOL.

Vote CASE-BY-CASE, considering the following factors, for management proposals to adopt an NOL protective amendment that would remain in effect for the shorter of three years (or less) and the exhaustion of the NOL:

- The ownership threshold (NOL protective amendments generally prohibit stock ownership transfers that would result in a new 5-percent holder or increase the stock ownership percentage of an existing 5-percent holder);
- The value of the NOLs;
- Shareholder protection mechanisms (sunset provision or commitment to cause expiration of the protective amendment upon exhaustion or expiration of the NOL);

- The company's existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
- Any other factors that may be applicable.

Poison Pills (Shareholder Rights Plans)

Shareholder Proposals to Put Pill to a Vote and/or Adopt a Pill Policy

Vote FOR shareholder proposals requesting that the company submit its poison pill to a shareholder vote or redeem it UNLESS the company has: (1) A shareholder approved poison pill in place; or (2) The company has adopted a policy concerning the adoption of a pill in the future specifying that the board will only adopt a shareholder rights plan if either:

- Shareholders have approved the adoption of the plan; or
- The board, in its exercise of its fiduciary responsibilities, determines that it is in the best interest of shareholders under the circumstances to adopt a pill without the delay in adoption that would result from seeking stockholder approval (i.e., the “fiduciary out” provision). A poison pill adopted under this fiduciary out will be put to a shareholder ratification vote within 12 months of adoption or expire. If the pill is not approved by a majority of the votes cast on this issue, the plan will immediately terminate.

If the shareholder proposal calls for a time period of less than 12 months for shareholder ratification after adoption, vote FOR the proposal, but add the caveat that a vote within 12 months would be considered sufficient implementation.

Management Proposals to Ratify a Poison Pill

Vote CASE-BY-CASE on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. Rights plans should contain the following attributes:

- No lower than a 20% trigger, flip-in or flip-over;
- A term of no more than three years;
- No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill;
- Shareholder redemption feature (qualifying offer clause); if the board refuses to redeem the pill 90 days after a qualifying offer is announced, 10 percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

In addition, the rationale for adopting the pill should be thoroughly explained by the company. In examining the request for the pill, take into consideration the company's existing governance structure, including: board independence, existing takeover defenses, and any problematic governance concerns.

Management Proposals to Ratify a Pill to Preserve Net Operating Losses (NOLs)

Vote AGAINST proposals to adopt a poison pill for the stated purpose of protecting a company's net operating losses (“NOLs”) if the term of the pill would exceed the shorter of three years and the exhaustion of the NOL.

Vote CASE-BY-CASE on management proposals for poison pill ratification, considering the following factors, if the term of the pill would be the shorter of three years (or less) and the exhaustion of the NOL:

- The ownership threshold to transfer (NOL pills generally have a trigger slightly below 5 percent);
- The value of the NOLs;
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of NOLs);
- The company's existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
- Any other factors that may be applicable.

Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE on proposals to reimburse proxy solicitation expenses. When voting in conjunction with support of a dissident slate, vote FOR the reimbursement of all appropriate proxy solicitation expenses associated with the election.

Generally vote FOR shareholder proposals calling for the reimbursement of reasonable costs incurred in connection with nominating one or more candidates in a contested election where the following apply:

- The election of fewer than 50% of the directors to be elected is contested in the election;
- One or more of the dissident's candidates is elected;
- Shareholders are not permitted to cumulate their votes for directors; and
- The election occurred, and the expenses were incurred, after the adoption of this bylaw.

Reincorporation Proposals

Management or shareholder proposals to change a company's state of incorporation should be evaluated CASE-BY-CASE, giving consideration to both financial and corporate governance concerns including the following:

- Reasons for reincorporation;
- Comparison of company's governance practices and provisions prior to and following the reincorporation; and
- Comparison of corporation laws of original state and destination state.

Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

Shareholder Ability to Act by Written Consent

Generally vote AGAINST management and shareholder proposals to restrict or prohibit shareholders' ability to act by written consent.

Generally vote FOR management and shareholder proposals that provide shareholders with the ability to act by written consent, taking into account the following factors:

- Shareholders' current right to act by written consent;
- The consent threshold;
- The inclusion of exclusionary or prohibitive language;
- Investor ownership structure; and
- Shareholder support of, and management's response to, previous shareholder proposals.

Vote CASE-BY-CASE on shareholder proposals if, in addition to the considerations above, the company has the following governance and antitakeover provisions:

- An unfettered right for shareholders to call special meetings at a 10 percent threshold;
- A majority vote standard in uncontested director elections;
- No non-shareholder-approved pill; and
- An annually elected board.

Shareholder Ability to Call Special Meetings

Vote AGAINST proposals restricting or eliminating shareholders' right to call special meetings.

Vote FOR proposals allowing shareholders to call special meetings unless the company currently provides the right to call special meetings at a threshold of 25 percent, upon which Victory votes AGAINST.

Stakeholder Provisions

Vote AGAINST proposals that ask the board to consider non-shareholder constituencies or other non-financial effects when evaluating a merger or business combination.

State Antitakeover Statutes

Vote CASE-BY-CASE on proposals to opt in or out of state takeover statutes (including fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, and anti-greenmail provisions).

Supermajority Vote Requirements

Vote AGAINST proposals seeking to adopt supermajority vote requirements higher than 66.67 percent.

Vote FOR proposals seeking to reduce or eliminate supermajority vote requirements.

CAPITAL/RESTRUCTURING

The stewardship of a corporation's capital structure involves a number of important issues, including dividend policy, taxes, types of assets, opportunities for growth, ability to finance new projects internally, and the cost of obtaining additional capital. For the most part, these decisions are best left to the board and senior management of the firm. However, while a company's value depends more on its capital investment and operations than on how it is financed, many financing decisions have a significant impact on shareholders, particularly when they involve the issuance of additional common stock, preferred stock, or the assumption of additional debt. Additional equity financing, for example, may reduce an existing shareholder's ownership interest and can dilute the value of his investment. Shareholders must also be alert to potential anti-takeover mechanisms, which are often embedded in management's chosen financing vehicles.

Capital

Adjustments to Par Value of Common Stock

Vote FOR management proposals to reduce the par value of common stock unless the action is being taken to facilitate an anti-takeover device or some other negative corporate governance action

Vote FOR management proposals to eliminate par value.

Common Stock Authorization

Vote FOR proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote AGAINST proposals at companies with more than one class of common stock to increase the number of authorized shares of the class of common stock that has superior voting rights.

Vote AGAINST proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

Vote FOR increases in authorized common stock, unless the increase is being used to thwart a takeover, upon which Victory votes AGAINST.

Vote AGAINST proposals that seek to permanently revoke or remove preemptive rights from shareholders.

Vote CASE-BY-CASE on all other proposals to increase the number of shares of common stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
 - The company's use of authorized shares during the last three years
- The Current Request:
 - Disclosure in the proxy statement of the specific purposes of the proposed increase;
 - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request; and
 - The dilutive impact of the request as determined by an allowable increase calculated by Victory (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns.

Issue Stock for Use with Rights Plan

Vote AGAINST proposals that increase authorized common stock for the explicit purpose of implementing a non-shareholder approved shareholder rights plan (poison pill).

Authority to Issue Additional Debt



(This is a non-US issue.)

Vote non-convertible debt issuance requests on a CASE-BY-CASE basis, with or without preemptive rights.

Vote FOR the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets ISS guidelines on equity issuance requests.

Vote FOR proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

Preemptive Rights

Vote CASE-BY-CASE on shareholder proposals that seek preemptive rights, taking into consideration:

- The size of the company;
- The shareholder base; and
- The liquidity of the stock.

Preferred Stock Authorization

Vote FOR proposals to increase the number of authorized preferred shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote AGAINST proposals at companies with more than one class or series of preferred stock to increase the number of authorized shares of the class or series of preferred stock that has superior voting rights.

Vote CASE-BY-CASE on all other proposals to increase the number of shares of preferred stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
 - The company's use of authorized preferred shares during the last three years;
- The Current Request:
 - Disclosure in the proxy statement of the specific purposes for the proposed increase;
 - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request;
 - In cases where the company has existing authorized preferred stock, the dilutive impact of the request as determined by an allowable increase calculated by Victory (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns; and
 - Whether the shares requested are blank check preferred shares that can be used for antitakeover purposes.

Recapitalization Plans

Vote CASE-BY-CASE on recapitalizations (reclassifications of securities), taking into account the following:

- More simplified capital structure;
- Enhanced liquidity;
- Fairness of conversion terms;
- Impact on voting power and dividends;
- Reasons for the reclassification;
- Conflicts of interest; and
- Other alternatives considered.

Reverse Stock Splits

Vote FOR management proposals to implement a reverse stock split when the number of authorized shares will be proportionately reduced.

Vote AGAINST proposals when there is not a proportionate reduction of authorized shares, unless:



- A stock exchange has provided notice to the company of a potential delisting; or
- The effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with Victory's Common Stock Authorization policy.

Share Repurchase Programs

Vote FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

Stock Distributions: Splits and Dividends

Vote FOR management proposals to increase the common share authorization for a stock split or share dividend, provided that the increase in authorized shares equal to or less than the allowable increase calculated in accordance with Victory's Common Stock Authorization policy.

Tracking Stock

Vote CASE-BY-CASE on the creation of tracking stock, weighing the strategic value of the transaction against such factors as:

- Adverse governance changes;
- Excessive increases in authorized capital stock;
- Unfair method of distribution;
- Diminution of voting rights;
- Adverse conversion features;
- Negative impact on stock option plans; and
- Alternatives such as spin-off.

Restructuring**Appraisal Rights**

Vote FOR proposals to restore or provide shareholders with rights of appraisal.

Asset Purchases

Vote CASE-BY-CASE on asset purchase proposals, considering the following factors:

- Purchase price;
- Fairness opinion;
- Financial and strategic benefits;
- How the deal was negotiated;
- Conflicts of interest;
- Other alternatives for the business;
- Non-completion risk.

Asset Sales

Vote CASE-BY-CASE on asset sales, considering the following factors:

- Impact on the balance sheet/working capital;
- Potential elimination of diseconomies;
- Anticipated financial and operating benefits;
- Anticipated use of funds;
- Value received for the asset;
- Fairness opinion;
- How the deal was negotiated;
- Conflicts of interest.

Bundled Proposals

Vote CASE-BY-CASE on bundled or “conditional” proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances when the joint effect of the conditioned items is not in shareholders’ best interests, vote AGAINST the proposals. If the combined effect is positive, support such proposals.

Conversion of Securities

Vote CASE-BY-CASE on proposals regarding conversion of securities. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.

Vote FOR the conversion if it is expected that the company will be subject to onerous penalties or will be forced to file for bankruptcy if the transaction is not approved.

Corporate Reorganization/Debt Restructuring/Prepackaged Bankruptcy Plans/Reverse Leveraged Buyouts/Wrap Plans

Vote CASE-BY- CASE on proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan, after evaluating:

- Dilution to existing shareholders' positions;
- Terms of the offer - discount/premium in purchase price to investor, including any fairness opinion; termination penalties; exit strategy;
- Financial issues - company's financial situation; degree of need for capital; use of proceeds; effect of the financing on the company's cost of capital;
- Management's efforts to pursue other alternatives;
- Control issues - change in management; change in control, guaranteed board and committee seats; standstill provisions; voting agreements; veto power over certain corporate actions; and
- Conflict of interest - arm's length transaction, managerial incentives.

Vote FOR the debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

Formation of Holding Company

Vote CASE-BY-CASE on proposals regarding the formation of a holding company, taking into consideration the following:

- The reasons for the change;
- Any financial or tax benefits;
- Regulatory benefits;
- Increases in capital structure; and
- Changes to the articles of incorporation or bylaws of the company.

Absent compelling financial reasons to recommend the transaction, vote AGAINST the formation of a holding company if the transaction would include either of the following:

- Increases in common or preferred stock in excess of the allowable maximum (see discussion under “Capital”); or
- Adverse changes in shareholder rights.

Going Private and Going Dark Transactions (LBOs and Minority Squeeze-outs)

Vote CASE-BY-CASE on going private transactions, taking into account the following:

- Offer price/premium;
- Fairness opinion;
- How the deal was negotiated;
- Conflicts of interest;
- Other alternatives/offers considered; and
- Non-completion risk.

Vote CASE-BY-CASE on going dark transactions, determining whether the transaction enhances shareholder value by taking into consideration:

- Whether the company has attained benefits from being publicly-traded (examination of trading volume, liquidity, and market research of the stock);
- Balanced interests of continuing vs. cashed-out shareholders, taking into account the following:
 - Are all shareholders able to participate in the transaction?
 - Will there be a liquid market for remaining shareholders following the transaction?
 - Does the company have strong corporate governance?
 - Will insiders reap the gains of control following the proposed transaction?
 - Does the state of incorporation have laws requiring continued reporting that may benefit shareholders?

Joint Ventures

Vote CASE-BY-CASE on proposals to form joint ventures, taking into account the following:

- Percentage of assets/business contributed;
- Percentage ownership;
- Financial and strategic benefits;
- Governance structure;
- Conflicts of interest;
- Other alternatives; and
- Non-completion risk.

Liquidations

Vote CASE-BY-CASE on liquidations, taking into account the following:

- Management's efforts to pursue other alternatives;
- Appraisal value of assets; and
- The compensation plan for executives managing the liquidation.

Vote FOR the liquidation if the company will file for bankruptcy if the proposal is not approved.

Mergers and Acquisitions

Vote CASE-BY- CASE on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction and strategic rationale.
- Market reaction - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.
- Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.
- Negotiations and process - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers' competency. The comprehensiveness of the sales process (e.g., full auction, partial auction, no auction) can also affect shareholder value.

- Conflicts of interest - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider whether these interests may have influenced these directors and officers to support or recommend the merger.
- Governance - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

Private Placements/Warrants/Convertible Debentures

Vote CASE-BY-CASE on proposals regarding private placements, warrants, and convertible debentures taking into consideration:

- Dilution to existing shareholders' position: The amount and timing of shareholder ownership dilution should be weighed against the needs and proposed shareholder benefits of the capital infusion. Although newly issued common stock, absent preemptive rights, is typically dilutive to existing shareholders, share price appreciation is often the necessary event to trigger the exercise of "out of the money" warrants and convertible debt. In these instances from a value standpoint, the negative impact of dilution is mitigated by the increase in the company's stock price that must occur to trigger the dilutive event.
- Terms of the offer (discount/premium in purchase price to investor, including any fairness opinion, conversion features, termination penalties, exit strategy):
 - The terms of the offer should be weighed against the alternatives of the company and in light of company's financial condition. Ideally, the conversion price for convertible debt and the exercise price for warrants should be at a premium to the then prevailing stock price at the time of private placement.
 - When evaluating the magnitude of a private placement discount or premium, consider factors that influence the discount or premium, such as, liquidity, due diligence costs, control and monitoring costs, capital scarcity, information asymmetry and anticipation of future performance.
- Financial issues:
 - The company's financial condition;
 - Degree of need for capital;
 - Use of proceeds;
 - Effect of the financing on the company's cost of capital;
 - Current and proposed cash burn rate;
 - Going concern viability and the state of the capital and credit markets.
- Management's efforts to pursue alternatives and whether the company engaged in a process to evaluate alternatives: A fair, unconstrained process helps to ensure the best price for shareholders. Financing alternatives can include joint ventures, partnership, merger or sale of part or all of the company.
- Control issues:
 - Change in management;
 - Change in control;
 - Guaranteed board and committee seats;
 - Standstill provisions;
 - Voting agreements;
 - Veto power over certain corporate actions; and
 - Minority versus majority ownership and corresponding minority discount or majority control premium
- Conflicts of interest:
 - Conflicts of interest should be viewed from the perspective of the company and the investor.
 - Were the terms of the transaction negotiated at arm's length? Are managerial incentives aligned with shareholder interests?

- Market reaction:
 - The market's response to the proposed deal. A negative market reaction is a cause for concern. Market reaction may be addressed by analyzing the one day impact on the unaffected stock price.

Vote FOR the private placement, or FOR the issuance of warrants and/or convertible debentures in a private placement, if it is expected that the company will file for bankruptcy if the transaction is not approved.

Reorganization/Restructuring Plan (Bankruptcy)

Vote CASE-BY-CASE on proposals to common shareholders on bankruptcy plans of reorganization, considering the following factors including, but not limited to:

- Estimated value and financial prospects of the reorganized company;
- Percentage ownership of current shareholders in the reorganized company;
- Whether shareholders are adequately represented in the reorganization process (particularly through the existence of an Official Equity Committee);
- The cause(s) of the bankruptcy filing, and the extent to which the plan of reorganization addresses the cause(s);
- Existence of a superior alternative to the plan of reorganization; and
- Governance of the reorganized company.

Special Purpose Acquisition Corporations (SPACs)

Vote CASE-BY-CASE on SPAC mergers and acquisitions taking into account the following:

- Valuation – Is the value being paid by the SPAC reasonable? SPACs generally lack an independent fairness opinion and the financials on the target may be limited. Compare the conversion price with the intrinsic value of the target company provided in the fairness opinion. Also, evaluate the proportionate value of the combined entity attributable to the SPAC IPO shareholders versus the pre-merger value of SPAC. Additionally, a private company discount may be applied to the target, if it is a private entity.
- Market reaction – How has the market responded to the proposed deal? A negative market reaction may be a cause for concern. Market reaction may be addressed by analyzing the one-day impact on the unaffected stock price.
- Deal timing – A main driver for most transactions is that the SPAC charter typically requires the deal to be complete within 18 to 24 months, or the SPAC is to be liquidated. Evaluate the valuation, market reaction, and potential conflicts of interest for deals that are announced close to the liquidation date.
- Negotiations and process – What was the process undertaken to identify potential target companies within specified industry or location specified in charter? Consider the background of the sponsors.
- Conflicts of interest – How are sponsors benefiting from the transaction compared to IPO shareholders? Potential conflicts could arise if a fairness opinion is issued by the insiders to qualify the deal rather than a third party or if management is encouraged to pay a higher price for the target because of an 80% rule (the charter requires that the fair market value of the target is at least equal to 80% of net assets of the SPAC). Also, there may be sense of urgency by the management team of the SPAC to close the deal since its charter typically requires a transaction to be completed within the 18-24 month timeframe.
- Voting agreements – Are the sponsors entering into any voting agreements/ tender offers with shareholders who are likely to vote AGAINST the proposed merger or exercise conversion rights?
- Governance – What is the impact of having the SPAC CEO or founder on key committees following the proposed merger?

Spin-offs

Vote CASE-BY-CASE on spin-offs, considering:

- Tax and regulatory advantages;

- Planned use of the sale proceeds;
- Valuation of spinoff;
- Fairness opinion;
- Benefits to the parent company;
- Conflicts of interest;
- Managerial incentives;
- Corporate governance changes;
- Changes in the capital structure.

Value Maximization Shareholder Proposals

Vote CASE-BY-CASE on shareholder proposals seeking to maximize shareholder value by:

- Hiring a financial advisor to explore strategic alternatives;
- Selling the company; or
- Liquidating the company and distributing the proceeds to shareholders.

These proposals should be evaluated based on the following factors:

- Prolonged poor performance with no turnaround in sight;
- Signs of entrenched board and management (such as the adoption of takeover defenses);
- Strategic plan in place for improving value;
- Likelihood of receiving reasonable value in a sale or dissolution; and
- The company actively exploring its strategic options, including retaining a financial advisor.

COMPENSATION

Executive Pay Evaluation

Executive pay remains a perennial hot button issue for shareholders, who want assurance that top management's compensation is primarily performance-based, fair, and reasonable. Any evaluation of executive pay must recognize two underlying forces: an executive labor market, where executive pay packages result from negotiations in a war for talent, and an agency problem, where boards and shareholders try to align pay incentives with shareholder value creation.

Underlying all evaluations are five global principles that most investors expect corporations to adhere to in designing and administering executive and director compensation programs:

1. Maintain appropriate pay-for-performance alignment, with emphasis on long-term shareholder value: This principle encompasses overall executive pay practices, which must be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. It will take into consideration, among other factors, the link between pay and performance; the mix between fixed and variable pay; performance goals; and equity-based plan costs;
2. Avoid arrangements that risk "pay for failure": This principle addresses the appropriateness of long or indefinite contracts, excessive severance packages, and guaranteed compensation;
3. Maintain an independent and effective compensation committee: This principle promotes oversight of executive pay programs by directors with appropriate skills, knowledge, experience, and a sound process for compensation decision-making (e.g., including access to independent expertise and advice when needed);
4. Provide shareholders with clear, comprehensive compensation disclosures: This principle underscores the importance of informative and timely disclosures that enable shareholders to evaluate executive pay practices fully and fairly;
5. Avoid inappropriate pay to non-executive directors: This principle recognizes the interests of shareholders in ensuring that compensation to outside directors does not compromise their independence and ability to make appropriate judgments in overseeing managers' pay and performance. At the market level, it may incorporate a variety of generally accepted best practices.

Advisory Votes on Executive Compensation- Management Proposals (Management Say-on-Pay)

Evaluate executive pay and practices, as well as certain aspects of outside director compensation CASE-BY-CASE.

Vote AGAINST management say on pay (MSOP) proposals, AGAINST/WITHHOLD on compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO), and/or

AGAINST an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance);
- The company maintains problematic pay practices;
- The board exhibits poor communication and responsiveness to shareholders.

Voting Alternatives

In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices--dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee. However, if there is no MSOP on the ballot, then the negative vote will apply to members of the compensation committee. In addition, in egregious cases, or if the board fails to respond to concerns raised by a prior MSOP proposal, then vote withhold or against compensation committee members (or, if the full board is deemed accountable, all directors). If the negative factors involve equity-based compensation, then vote AGAINST an equity-based plan proposal presented for shareholder approval.

Additional CASE-BY-CASE considerations for the management say on pay (MSOP) proposals:

- Evaluation of performance metrics in short-term and long-term plans, as discussed and explained in the Compensation Discussion & Analysis (CD&A). Consider the measures, goals, and target awards reported by the company for executives' short- and long-term incentive awards: disclosure, explanation of their alignment with the company's business strategy, and whether goals appear to be sufficiently challenging in relation to resulting payouts;
- Evaluation of peer group benchmarking used to set target pay or award opportunities. Consider the rationale stated by the company for constituents in its pay benchmarking peer group, as well as the benchmark targets it uses to set or validate executives' pay (e.g., median, 75th percentile, etc.) to ascertain whether the benchmarking process is sound or may result in pay "ratcheting" due to inappropriate peer group constituents (e.g., much larger companies) or targeting (e.g., above median); and
- Balance of performance-based versus non-performance-based pay. Consider the ratio of performance-based (not including plain vanilla stock options) vs. non-performance-based pay elements reported for the CEO's latest reported fiscal year compensation, especially in conjunction with concerns about other factors such as performance metrics/goals, benchmarking practices, and pay-for-performance disconnects.

Primary Evaluation Factors for Executive Pay

Pay for Performance

Evaluate the alignment of the CEO's pay with performance over time, focusing particularly on companies that have underperformed their peers over a sustained period. From a shareholders' perspective, performance is predominantly gauged by the company's stock performance over time. Even when financial or operational measures are utilized in incentive awards, the achievement related to these measures should ultimately translate into superior shareholder returns in the long-term.

Focus on companies with sustained underperformance relative to peers, considering the following key factors:

- Whether a company's one-year and three-year total shareholder returns ("TSR") are in the bottom half of its industry group (i.e., four-digit GICS – Global Industry Classification Group); and
- Whether the total compensation of a CEO who has served at least two consecutive fiscal years is aligned with the company's total shareholder return over time, including both recent and long-term periods.

If a company falls in the bottom half of its four-digit GICS, further analysis of the CD&A is required to better understand the various pay elements and whether they create or reinforce shareholder alignment. Also assess the CEO's pay relative to the company's TSR over a time horizon of at least five years. The most recent year-over-year increase or decrease in pay remains a key consideration, but there will be additional emphasis on the long term trend of CEO total compensation relative to shareholder return. Also consider the mix of performance-based compensation relative to total compensation. In general, standard stock options or time-vested restricted stock are not considered to be performance-based. If a company provides performance-based incentives to its executives, the company is highly encouraged to provide the complete disclosure of the performance measure and goals (hurdle rate) so that shareholders can assess the rigor of the performance program. The use of non-GAAP financial metrics also makes it very challenging for shareholders to ascertain the rigor of the program as shareholders often cannot tell the type of adjustments being made and if the adjustments were made consistently. Complete and transparent disclosure helps shareholders to better understand the company's pay for performance linkage.

Problematic Pay Practices

If the company maintains problematic pay practices, generally vote:

- AGAINST management "say on pay" (MSOP) proposals;
- AGAINST/WITHHOLD on compensation committee members (or in rare cases where the full board is deemed responsible, all directors including the CEO):
 - In egregious situations;
 - When no MSOP item is on the ballot; or
 - When the board has failed to respond to concerns raised in prior MSOP evaluations; and/or
- AGAINST an equity incentive plan proposal if excessive non-performance-based equity awards are the major contributors to a pay-for-performance misalignment.

The focus is on executive compensation practices that contravene the global pay principles, including:

- Problematic practices related to non-performance-based compensation elements;
- Incentives that may motivate excessive risk-taking; and
- Options Backdating.

Problematic Pay Practices related to Non-Performance-Based Compensation Elements

Pay elements that are not directly based on performance are generally evaluated CASE-BY-CASE considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. Please refer to ISS' Compensation FAQ document for detail on specific pay practices that have been identified as potentially problematic and may lead to negative recommendations if they are deemed to be inappropriate or unjustified relative to executive pay best practices. The list below highlights the problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

- Repricing or replacing of underwater stock options/SARS without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
- Excessive perquisites or tax gross-ups, including any gross-up related to a secular trust or restricted stock vesting;
- New or extended agreements that provide for:
 - CIC payments exceeding 3 times base salary and average/target/most recent bonus;
 - CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers);
 - CIC payments with excise tax gross-ups (including "modified" gross-ups).

Incentives that may Motivate Excessive Risk Taking

Assess company policies and disclosure related to compensation that could incentivize excessive risk-taking, for example:

- Multi-year guaranteed bonuses;
- A single performance metric used for short- and long-term plans;
- Lucrative severance packages;

- High pay opportunities relative to industry peers;
- Disproportionate supplemental pensions; or
- Mega annual equity grants that provide unlimited upside with no downside risk.

Factors that potentially mitigate the impact of risky incentives include rigorous claw-back provisions and robust stock ownership/holding guidelines.

Options Backdating

Vote CASE-BY-CASE on options backdating issues. Generally, when a company has recently practiced options backdating, WITHHOLD from or vote AGAINST the compensation committee, depending on the severity of the practices and the subsequent corrective actions on the part of the board. When deciding on votes on compensation committee members who oversaw questionable options grant practices or current compensation committee members who fail to respond to the issue proactively, consider several factors, including, but not limited to, the following:

- Reason and motive for the options backdating issue, such as inadvertent vs. deliberate grant date changes;
- Duration of options backdating;
- Size of restatement due to options backdating;
- Corrective actions taken by the board or compensation committee, such as canceling or re-pricing backdated options, the recouping of option gains on backdated grants; and
- Adoption of a grant policy that prohibits backdating, and creates a fixed grant schedule or window period for equity grants in the future.

A CASE-BY-CASE analysis approach allows distinctions to be made between companies that had “sloppy” plan administration versus those that acted deliberately and/or committed fraud, as well as those companies that subsequently took corrective action. Cases where companies have committed fraud are considered most egregious.

Board Communications and Responsiveness

Consider the following factors CASE-BY-CASE when evaluating ballot items related to executive pay:

- Poor disclosure practices, including:
 - Unclear explanation of how the CEO is involved in the pay setting process;
 - Retrospective performance targets and methodology not discussed;
 - Methodology for benchmarking practices and/or peer group not disclosed and explained.
- Board's responsiveness to investor input and engagement on compensation issues, for example:
 - Failure to respond to majority-supported shareholder proposals on executive pay topics; or
 - Failure to respond to concerns raised in connection with significant opposition to MSOP proposals.

Frequency of Advisory Vote on Executive Compensation ("Say When on Pay")

Vote FOR annual advisory votes on compensation, which provide the most consistent and clear communication channel for shareholder concerns about companies' executive pay programs.

Voting on Golden Parachutes in an Acquisition, Merger, Consolidation, or Proposed Sale

Vote CASE-BY-CASE on say on Golden Parachute proposals, including consideration of existing change-in-control arrangements maintained with named executive officers rather than focusing primarily on new or extended arrangements. Features that may result in an AGAINST recommendation include one or more of the following, depending on the number, magnitude, and/or timing of issue(s):

- Single- or modified-single-trigger cash severance;
- Single-trigger acceleration of unvested equity awards;
- Excessive cash severance (>3x base salary and bonus);
- Excise tax gross-ups triggered and payable (as opposed to a provision to provide excise tax gross-ups);
- Excessive golden parachute payments (on an absolute basis or as a percentage of transaction equity value); or
- Recent amendments that incorporate any problematic features (such as those above) or recent actions (such as extraordinary equity grants) that may make packages so attractive as to influence merger agreements that may not be in the best interests of shareholders; or

- The company's assertion that a proposed transaction is conditioned on shareholder approval of the golden parachute advisory vote.

Recent amendment(s) that incorporate problematic features will tend to carry more weight on the overall analysis. However, the presence of multiple legacy problematic features will also be closely scrutinized.

In cases where the golden parachute vote is incorporated into a company's advisory vote on compensation (management say-on-pay), Victory Capital will evaluate the say-on-pay proposal in accordance with these guidelines, which may give higher weight to that component of the overall evaluation.

Equity Based and Other Incentive Plans

Vote case-by-case on certain equity-based compensation plans³ depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated using an "equity plan scorecard" (EPSC) approach with three pillars:

Plan Cost

The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both:

- SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and
- SVT based only on new shares requested plus shares remaining for future grants.

Plan Features:

- Automatic single-triggered award vesting upon a change in control (CIC);
- Discretionary vesting authority;
- Liberal share recycling on various award types;
- Lack of minimum vesting period for grants made under the plan.

Grant Practices:

- The company's three year burn rate relative to its industry/market cap peers;
- Vesting requirements in most recent CEO equity grants (3-year look-back);
- The estimated duration of the plan (based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years);
- The proportion of the CEO's most recent equity grants/awards subject to performance conditions;
- Whether the company maintains a claw-back policy;
- Whether the company has established post exercise/vesting share-holding requirements.

Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following egregious factors apply:

- Awards may vest in connection with a liberal change-of-control definition;
- The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies -- or by not prohibiting it when the company has a history of repricing – for non-listed companies);
- The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances; or

³ Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and directors, and (3) omnibus stock incentive plans for employees and/or employees and directors.

- Any other plan features are determined to have a significant negative impact on shareholder interests.

Cost of Equity Plans

Generally, vote AGAINST equity plans if the cost is unreasonable. For non-employee director plans, vote FOR the plan if certain factors are met (see Director Compensation section).

The cost of the equity plans is expressed as Shareholder Value Transfer (SVT), which is measured using a binomial option pricing model that assesses the amount of shareholders' equity flowing out of the company to employees and directors. SVT is expressed as both a dollar amount and as a percentage of market value, and includes the new shares proposed, shares available under existing plans, and shares granted but unexercised (using two measures, in the case of plans subject to the Equity Plan Scorecard evaluation, as noted above). All award types are valued. For omnibus plans, unless limitations are placed on the most expensive types of awards (for example, full value awards), the assumption is made that all awards to be granted will be the most expensive types. See discussion of specific types of awards.

Except for proposals subject to Equity Plan Scorecard evaluation, Shareholder Value Transfer is reasonable if it falls below a company-specific benchmark. The benchmark is determined as follows: The top quartile performers in each industry group (using the Global Industry Classification Standard: GICS) are identified. Benchmark SVT levels for each industry are established based on these top performers' historic SVT. Regression analyses are run on each industry group to identify the variables most strongly correlated to SVT. The benchmark industry SVT level is then adjusted upwards or downwards for the specific company by plugging the company-specific performance measures, size and cash compensation into the industry cap equations to arrive at the company's benchmark.

Grant Practices

Three-Year Burn Rate

Burn rate benchmarks (utilized in Equity Plan Scorecard evaluations) are calculated as the greater of: (1) the mean (μ) plus one standard deviation (σ) of the company's GICS group segmented by S&P 500, Russell 3000 index (less the S&P500) and non-Russell 3000 index; and (2) two percent of weighted common shares outstanding. In addition, year-over-year burn-rate benchmark changes will be limited to a maximum of two (2) percentage points plus or minus the prior year's burn-rate benchmark.

Egregious Factors

Liberal Change in Control Definition

Generally vote against equity plans if the plan has a liberal definition of change in control and the equity awards could vest upon such liberal definition of change-in-control, even though an actual change in control may not occur. Examples of such a definition include, but are not limited to, announcement or commencement of a tender offer, provisions for acceleration upon a "potential" takeover, shareholder approval of a merger or other transactions, or similar language.

Repricing Provisions

Vote AGAINST plans that do not expressly prohibit the repricing or exchange of underwater stock options without prior shareholder approval. "Repricing" includes the ability to do any of the following:

- Amend the terms of outstanding options or SARs to reduce the exercise price of such outstanding options or SARs;
- Cancel outstanding options or SARs in exchange for options or SARs with an exercise price that is less than the exercise price of the original options or SARs.

Also, vote AGAINST OR WITHHOLD from members of the Compensation Committee who approved and/or implemented a repricing or an option/SAR exchange program, by buying out underwater options/SARs for stock, cash or other consideration or canceling underwater options/SARs and regranting options/SARs with a lower exercise price, without prior shareholder approval, even if such repricings are allowed in their equity plan.

Vote AGAINST plans if the company has a history of repricing without shareholder approval, and the applicable listing standards would not preclude them from doing so.

Problematic Pay Practices

If the equity plan on the ballot is a vehicle for problematic pay practices, vote AGAINST the plan.

If a significant portion of the CEO's misaligned pay is attributed to non-performance-based equity awards, and there is an equity plan on the ballot with the CEO as one of the participants, Victory vote against the equity plan. Considerations in voting against the equity plan may include, but are not limited to:

- Magnitude of pay misalignment;
- Contribution of non-performance-based equity grants to overall pay; and
- The proportion of equity awards granted in the last three fiscal years concentrated at the named executive officer level.

Specific Treatment of Certain Award Types in Equity Plan Evaluations

Dividend Equivalent Rights

Options that have Dividend Equivalent Rights (DERs) associated with them will have a higher calculated award value than those without DERs under the binomial model, based on the value of these dividend streams. The higher value will be applied to new shares, shares available under existing plans, and shares awarded but not exercised per the plan specifications. DERS transfer more shareholder equity to employees and non-employee directors and this cost should be captured.

Operating Partnership (OP) units in Equity Plan analysis of Real Estate Investment Trusts (REITs)

For Real Estate Investment Trusts (REITs), include the common shares issuable upon conversion of outstanding Operating Partnership (OP) units in the share count for the purposes of determining: (1) market capitalization in the Shareholder Value Transfer (SVT) analysis and (2) shares outstanding in the burn rate analysis.

Other Compensation Plans

401(k) Employee Benefit Plans

Vote FOR proposals to implement a 401(k) savings plan for employees.

Employee Stock Ownership Plans (ESOPs)

Vote FOR proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares).

Employee Stock Purchase Plans-- Qualified Plans

Vote CASE-BY-CASE on qualified employee stock purchase plans. Vote FOR employee stock purchase plans where all of the following apply:

- Purchase price is at least 85 percent of fair market value;
- Offering period is 27 months or less; and
- The number of shares allocated to the plan is ten percent or less of the outstanding shares.

Vote AGAINST qualified employee stock purchase plans where any of the following apply:

- Purchase price is less than 85 percent of fair market value; or
- Offering period is greater than 27 months; or
- The number of shares allocated to the plan is more than ten percent of the outstanding shares.

Employee Stock Purchase Plans-- Non-Qualified Plans

Vote CASE-BY-CASE on nonqualified employee stock purchase plans. Vote FOR nonqualified employee stock purchase plans with all the following features:

- Broad-based participation (i.e., all employees of the company with the exclusion of individuals with 5 percent or more of beneficial ownership of the company);

- Limits on employee contribution, which may be a fixed dollar amount or expressed as a percent of base salary;
- Company matching contribution up to 25 percent of employee's contribution, which is effectively a discount of 20 percent from market value;
- No discount on the stock price on the date of purchase since there is a company matching contribution.

Vote AGAINST nonqualified employee stock purchase plans when any of the plan features do not meet the above criteria. If the company matching contribution exceeds 25 percent of employee's contribution, evaluate the cost of the plan against its allowable cap.

Incentive Bonus Plans and Tax Deductibility Proposals (OBRA-Related Compensation Proposals)

Vote FOR proposals that simply amend shareholder-approved compensation plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m) of the Internal Revenue Code.

Vote FOR proposals to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) unless they are clearly inappropriate.

Votes to amend existing plans to increase shares reserved and to qualify for favorable tax treatment under the provisions of Section 162(m) are considered CASE-BY-CASE using a proprietary, quantitative model developed by ISS.

Generally vote FOR cash or cash and stock bonus plans that are submitted to shareholders for the purpose of exempting compensation from taxes under the provisions of Section 162(m) if no increase in shares is requested.

Vote AGAINST proposals if the compensation committee does not fully consist of independent outsiders, as defined in ISS's classification of director independence, or if the plan contains excessive problematic provisions.

Option Exchange Programs/Repricing Options

Vote AGAINST proposals seeking the authority to reprice options.

Vote AGAINST proposals seeking to approve an option exchange program.

Stock Plans in Lieu of Cash

Vote CASE-BY-CASE on plans that provide participants with the option of taking all or a portion of their cash compensation in the form of stock.

Vote FOR non-employee director-only equity plans that provide a dollar-for-dollar cash-for-stock exchange.

Vote CASE-BY-CASE on plans which do not provide a dollar-for-dollar cash for stock exchange. In cases where the exchange is not dollar-for-dollar, the request for new or additional shares for such equity program will be considered using the binomial option pricing model. In an effort to capture the total cost of total compensation, Victory will not make any adjustments to carve out the in-lieu-of cash compensation.

Transfer Stock Option (TSO) Programs

One-time Transfers: Vote AGAINST or WITHHOLD from compensation committee members if they fail to submit one-time transfers to shareholders for approval.

Vote CASE-BY-CASE on one-time transfers. Vote FOR if:

- Executive officers and non-employee directors are excluded from participating;
- Stock options are purchased by third-party financial institutions at a discount to their fair value using option pricing models such as Black-Scholes or a Binomial Option Valuation or other appropriate financial models;
- There is a two-year minimum holding period for sale proceeds (cash or stock) for all participants.

Additionally, management should provide a clear explanation of why options are being transferred to a third-party institution and whether the events leading up to a decline in stock price were beyond management's control. A review of the company's historic stock price volatility should indicate if the options are likely to be back "in-the-money" over the near term.

Ongoing TSO program: Vote AGAINST equity plan proposals if the details of ongoing TSO programs are not provided to shareholders. Since TSOs will be one of the award types under a stock plan, the ongoing TSO program, structure and mechanics must be disclosed to shareholders. The specific criteria to be considered in evaluating these proposals include, but not limited to, the following:

- Eligibility;
- Vesting;
- Bid-price;
- Term of options;
- Cost of the program and impact of the TSOs on company's total option expense
- Option repricing policy.

Amendments to existing plans that allow for introduction of transferability of stock options should make clear that only options granted post-amendment shall be transferable.

Director Compensation

Equity Plans for Non-Employee Directors

Vote CASE-BY-CASE on compensation plans for non-employee directors, based on the cost of the plans against the company's allowable cap.

On occasion, director stock plans that set aside a relatively small number of shares when combined with employee or executive stock compensation plans will exceed the allowable cap. Vote for the plan if ALL of the following qualitative factors in the board's compensation are met and disclosed in the proxy statement:

- Director stock ownership guidelines with a minimum of three times the annual cash retainer.
- Vesting schedule or mandatory holding/deferral period:
 - A minimum vesting of three years for stock options or restricted stock; or
 - Deferred stock payable at the end of a three-year deferral period.
- Mix between cash and equity:
 - A balanced mix of cash and equity, for example 40% cash/60% equity or 50% cash/50% equity; or
 - If the mix is heavier on the equity component, the vesting schedule or deferral period should be more stringent, with the lesser of five years or the term of directorship.
- No retirement/benefits and perquisites provided to non-employee directors; and
- Detailed disclosure provided on cash and equity compensation delivered to each non-employee director for the most recent fiscal year in a table. The column headers for the table may include the following: name of each non-employee director, annual retainer, board meeting fees, committee retainer, committee-meeting fees, and equity grants.

Director Retirement Plans

Vote AGAINST retirement plans for non-employee directors.

Vote FOR shareholder proposals to eliminate retirement plans for non-employee directors.

Shareholder Proposals on Compensation**Advisory Vote on Executive Compensation (Say-on-Pay)**

Generally, vote FOR shareholder proposals that call for non-binding shareholder ratification of the compensation of the Named Executive Officers and the accompanying narrative disclosure of material factors provided to understand the Summary Compensation Table.

Adopt Anti-Hedging/Pledging/Speculative Investments Policy

Generally vote FOR proposals seeking a policy that prohibits named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging stock as collateral for a loan. However, the company's existing policies regarding responsible use of company stock will be considered.

Bonus Banking/Bonus Banking "Plus"

Vote CASE-BY-CASE on proposals seeking deferral of a portion of annual bonus pay, with ultimate payout linked to sustained results for the performance metrics on which the bonus was earned (whether for the named executive officers or a wider group of employees), taking into account the following factors:

- The company's past practices regarding equity and cash compensation;
- Whether the company has a holding period or stock ownership requirements in place, such as a meaningful retention ratio (at least 50 percent for full tenure); and
- Whether the company has a rigorous claw-back policy in place.

Compensation Consultants-Disclosure of Board or Company's Utilization

Generally vote FOR shareholder proposals seeking disclosure regarding the Company, Board, or Compensation Committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.

Disclosure/Setting Levels or Types of Compensation for Executives and Directors

Generally, vote FOR shareholder proposals seeking additional disclosure of executive and director pay information, provided the information requested is relevant to shareholders' needs, would not put the company at a competitive disadvantage relative to its industry, and is not unduly burdensome to the company.

Vote AGAINST shareholder proposals seeking to set absolute levels on compensation or otherwise dictate the amount or form of compensation.

Vote AGAINST shareholder proposals seeking to eliminate stock options or any other equity grants to employees or directors.

Vote AGAINST shareholder proposals requiring director fees be paid in stock only.

Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

Vote CASE-BY-CASE on all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long-term corporate outlook.

Golden Coffins/Executive Death Benefits

Generally vote FOR proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals that the broad-based employee population is eligible.

Hold Equity Past Retirement or for a Significant Period of Time

Vote CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring senior executive officers to retain all or a significant portion of the shares acquired through compensation plans, either:

- while employed and/or for two years following the termination of their employment ; or
- for a substantial period following the lapse of all other vesting requirements for the award (“lock-up period”), with ratable release of a portion of the shares annually during the lock-up period.

The following factors will be taken into account:

- Whether the company has any holding period, retention ratio, or officer ownership requirements in place. These should consist of:
 - Rigorous stock ownership guidelines;
 - A holding period requirement coupled with a significant long-term ownership requirement; or
 - A meaningful retention ratio;
- Actual officer stock ownership and the degree to which it meets or exceeds the proponent’s suggested holding period/retention ratio or the company’s own stock ownership or retention requirements;
- Post-termination holding requirement policies or any policies aimed at mitigating risk taking by senior executives;
- Problematic pay practices, current and past, which may promote a short-term versus a long-term focus.

A rigorous stock ownership guideline should be at least 10x base salary for the CEO, with the multiple declining for other executives. A meaningful retention ratio should constitute at least 50 percent of the stock received from equity awards (on a net proceeds basis) held on a long-term basis, such as the executive’s tenure with the company or even a few years past the executive’s termination with the company.

Vote CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring Named Executive Officers to retain 75% of the shares acquired through compensation plans while employed and/or for two years following the termination of their employment, and to report to shareholders regarding this policy. The following factors will be taken into account:

- Whether the company has any holding period, retention ratio, or officer ownership requirements in place. These should consist of:
 - Rigorous stock ownership guidelines, or
 - A holding period requirement coupled with a significant long-term ownership requirement, or
 - A meaningful retention ratio,
- Actual officer stock ownership and the degree to which it meets or exceeds the proponent’s suggested holding period/retention ratio or the company’s own stock ownership or retention requirements.
- Problematic pay practices, current and past, which may promote a short-term versus a long-term focus.

A rigorous stock ownership guideline should be at least 10x base salary for the CEO, with the multiple declining for other executives. A meaningful retention ratio should constitute at least 50 percent of the stock received from equity awards (on a net proceeds basis) held on a long-term basis, such as the executive’s tenure with the company or even a few years past the executive’s termination with the company.

Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. While Victory favors stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

Non-Deductible Compensation

Generally vote FOR proposals seeking disclosure of the extent to which the company paid non-deductible compensation to senior executives due to Internal Revenue Code Section 162(m), while considering the company’s existing disclosure practices.

Pay for Performance

Performance-Based Awards

Vote CASE-BY-CASE on shareholder proposal requesting that a significant amount of future long-term incentive compensation awarded to senior executives shall be performance-based and requesting that the board adopt and disclose challenging performance metrics to shareholders, based on the following analytical steps:

- First, vote FOR shareholder proposals advocating the use of performance-based equity awards, such as performance contingent options or restricted stock, indexed options or premium-priced options, unless the proposal is overly restrictive or if the company has demonstrated that it is using a “substantial” portion of performance-based awards for its top executives. Standard stock options and performance-accelerated awards do not meet the criteria to be considered as performance-based awards. Premium priced options should have a premium of at least 25 percent and higher to be considered performance based awards.
- Second, assess the rigor of the company’s performance based equity program. If the bar set for the performance based program is too low based on the company’s historical or peer group comparison, generally vote FOR the proposal. If target performance results in an above target payout, vote FOR the shareholder proposal due to program’s poor design. If the company does not disclose the performance metric of the performance based equity program, vote FOR the shareholder proposal regardless of the outcome of the first step to the test.

In general, vote FOR the shareholder proposal if the company does not meet both of the above two steps.

Pay for Superior Performance

Generally vote AGAINST, if a majority of pay is already linked to performance than proposal is redundant.

Pre-Arranged Trading Plans (10b5-1 Plans)

Generally vote FOR shareholder proposals calling for certain principles regarding the use of prearranged trading plans (10b5-1 plans) for executives. These principles include:

- Adoption, amendment, or termination of a 10b5-1 Plan must be disclosed within two business days in a Form 8-K;
- Amendment or early termination of a 10b5-1 Plan is allowed only under extraordinary circumstances, as determined by the board;
- Ninety days must elapse between adoption or amendment of a 10b5-1 Plan and initial trading under the plan;
- Reports on Form 4 must identify transactions made pursuant to a 10b5-1 Plan;
- An executive may not trade in company stock outside the 10b5-1 Plan.
- Trades under a 10b5-1 Plan must be handled by a broker who does not handle other securities transactions for the executive.

Prohibit CEOs from serving on Compensation Committees

Generally vote AGAINST proposals seeking a policy to prohibit any outside CEO from serving on a company’s compensation committee, unless the company has demonstrated problematic pay practices that raise concerns about the performance and composition of the committee.

Recoup Bonuses

Vote CASE-BY-CASE on proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that the figures upon which incentive compensation is earned later turn out to have been in error. This is line with the clawback provision in the Troubled Asset Relief Program. Many companies have adopted policies that permit recoupment in cases where fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation. Victory will take into consideration:

- If the company has adopted a formal recoupment bonus policy;
- If the company has chronic restatement history or material financial problems; or
- If the company’s policy substantially addresses the concerns raised by the proponent.

Severance Agreements for Executives/Golden Parachutes

Vote FOR shareholder proposals requiring that golden parachutes or executive severance agreements be submitted for shareholder ratification, unless the proposal requires shareholder approval *prior* to entering into employment contracts.

Vote CASE-BY-CASE on proposals to ratify or cancel golden parachutes. An acceptable parachute should include, but is not limited to, the following:

- The triggering mechanism should be beyond the control of management;
- The amount should not exceed three times base amount (defined as the average annual taxable W-2 compensation during the five years prior to the year in which the change of control occurs);
- Change-in-control payments should be double-triggered, i.e., (1) after a change in control has taken place, and (2) termination of the executive as a result of the change in control. Change in control is defined as a change in the company ownership structure.

Share Buyback Holding Periods

Generally vote AGAINST shareholder proposals prohibiting executives from selling shares of company stock during periods in which the company has announced that it may or will be repurchasing shares of its stock. Vote FOR the proposal when there is a pattern of abuse by executives exercising options or selling shares during periods of share buybacks.

Stock Retention/Holding Period

Vote AGAINST shareholder proposals asking companies to adopt holding periods or retention ratios for their executives.

Supplemental Executive Retirement Plans (SERPs)

Generally vote FOR shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote unless the company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans.

Generally vote FOR shareholder proposals requesting to limit the executive benefits provided under the company's supplemental executive retirement plan (SERP) by limiting covered compensation to a senior executive's annual salary and excluding of all incentive or bonus pay from the plan's definition of covered compensation used to establish such benefits.

Tax Gross-Up Proposals

Generally vote FOR proposals calling for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

Termination of Employment Prior to Severance Payment and Eliminating Accelerated Vesting of Unvested Equity

Vote CASE-BY-CASE on shareholder proposals seeking a policy requiring termination of employment prior to severance payment, and eliminating accelerated vesting of unvested equity. Change-in-control payouts without loss of job or substantial diminution of job duties (single-triggered) are consider a poor pay practice under Victory policy, and may even result in withheld votes from compensation committee members. The second component of this proposal — related to the elimination of accelerated vesting — requires more careful consideration. The following factors will be taken into regarding this policy.

- The company's current treatment of equity in change-of-control situations (i.e. is it double triggered, does it allow for the assumption of equity by acquiring company, the treatment of performance shares.
- Current employment agreements, including potential poor pay practices such as gross-ups embedded in those agreements.

Generally vote FOR proposals seeking a policy that prohibits acceleration of the vesting of equity awards to senior executives in the event of a change in control (except for pro rata vesting considering the time elapsed and attainment of any related performance goals between the award date and the change in control).

Social/Environmental Issues

Overall Approach

When evaluating social issues such as human rights, labor and employment, the environment, and tobacco, Victory combines such proposals based on the expected impact to the shareholder and their long-term economic interest. As applicable, Victory may additionally factor corporate governance concerns, reasonableness of each request and related business exposure to the company when analyzing the expected potential impact to shareholders.

Diversity

Board Diversity

Generally vote AGAINST requests for reports on the company's efforts to diversify the board, if the company has a Board & Nominating Committee that has a practice of selecting candidates based on knowledge, experience, and skills regardless of gender or race.

Equality of Opportunity

Generally vote AGAINST proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data, including requests for EEO-1 data, if the company already has a policy in place

Political Contributions

Generally vote for proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:

- The company's policies, and management and board oversight related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes;
- The company's disclosure regarding its support of, and participation in, trade associations or other groups that may make political contributions; and
- Recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

Generally vote against proposals asking a company to affirm political nonpartisanship in the workplace, so long as:

- There are no recent, significant controversies, fines, or litigation regarding the company's political contributions or trade association spending; and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and prohibit coercion.

Vote against proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders.

Lobbying

Vote case-by-case on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

- The company's current disclosure of relevant lobbying policies, and management and board oversight;
- The company's disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities; and
- Recent significant controversies, fines, or litigation regarding the company's lobbying-related activities.

General Sustainability Reporting Proposals

Generally vote AGAINST if:



- Company already provides sustainability reporting, even if it doesn't follow the specific standards requested in the proposal
- Similar disclosure as its peers
- Free from any major incidents in the past several years

GHG Reporting

For proposals requesting a company disclose information on the impact of climate change on its operations and investments, a case-by-case approach will be applied, taking into account the company's current level of disclosure. Victory Capital will review internally proposals that call for the adoption of GHG reduction goals from products and operations.

Human Rights Risk Assessment

Vote case-by-case on proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process, considering:

- The degree to which existing relevant policies and practices are disclosed, including information on the implementation of these policies and any related oversight mechanisms;
- The company's industry and whether the company or its suppliers operate in countries or areas where there is a history of human rights concerns;
- Recent, significant controversies, fines, or litigation regarding human rights involving the company or its suppliers, and whether the company has taken remedial steps; and
- Whether the proposal is unduly burdensome or overly prescriptive.

Mutual Fund Proxies

Election of Directors

Vote CASE-BY-CASE on the election of directors and trustees, following the same guidelines for uncontested directors for public company shareholder meetings. However, mutual fund boards do not usually have compensation committees, so do not withhold for the lack of this committee.

Converting Closed-end Fund to Open-end Fund

Vote CASE-BY-CASE on conversion proposals, considering the following factors:

- Past performance as a closed-end fund;
- Market in which the fund invests;
- Measures taken by the board to address the discount; and
- Past shareholder activism, board activity, and votes on related proposals.

Proxy Contests

Vote CASE-BY-CASE on proxy contests, considering the following factors:

- Past performance relative to its peers;
- Market in which fund invests;
- Measures taken by the board to address the issues;
- Past shareholder activism, board activity, and votes on related proposals;
- Strategy of the incumbents versus the dissidents;
- Independence of directors;
- Experience and skills of director candidates;
- Governance profile of the company;
- Evidence of management entrenchment.

Investment Advisory Agreements

Vote CASE-BY-CASE on investment advisory agreements, considering the following factors:

- Proposed and current fee schedules;

- Fund category/investment objective;
- Performance benchmarks;
- Share price performance as compared with peers;
- Resulting fees relative to peers;
- Assignments (where the advisor undergoes a change of control).

Approving New Classes or Series of Shares

Vote FOR the establishment of new classes or series of shares.

Preferred Stock Proposals

Vote CASE-BY-CASE on the authorization for or increase in preferred shares, considering the following factors:

- Stated specific financing purpose;
- Possible dilution for common shares;
- Whether the shares can be used for antitakeover purposes.

1940 Act Policies

Vote CASE-BY-CASE on policies under the Investment Advisor Act of 1940, considering the following factors:

- Potential competitiveness;
- Regulatory developments;
- Current and potential returns; and
- Current and potential risk.

Generally vote FOR these amendments as long as the proposed changes do not fundamentally alter the investment focus of the fund and do comply with the current SEC interpretation.

Changing a Fundamental Restriction to a Nonfundamental Restriction

Vote CASE-BY-CASE on proposals to change a fundamental restriction to a non-fundamental restriction, considering the following factors:

- The fund's target investments;
- The reasons given by the fund for the change; and
- The projected impact of the change on the portfolio.

Change Fundamental Investment Objective to Nonfundamental

Vote AGAINST proposals to change a fund's fundamental investment objective to non-fundamental.

Name Change Proposals

Vote CASE-BY-CASE on name change proposals, considering the following factors:

- Political/economic changes in the target market;
- Consolidation in the target market; and
- Current asset composition.

Change in Fund's Subclassification

Vote CASE-BY-CASE on changes in a fund's sub-classification, considering the following factors:

- Potential competitiveness;
- Current and potential returns;
- Risk of concentration;
- Consolidation in target industry.

Disposition of Assets/Termination/Liquidation

Vote CASE-BY-CASE on proposals to dispose of assets, to terminate or liquidate, considering the following factors:

- Strategies employed to salvage the company;
- The fund's past performance;

- The terms of the liquidation.

Changes to the Charter Document

Vote CASE-BY-CASE on changes to the charter document, considering the following factors:

- The degree of change implied by the proposal;
- The efficiencies that could result;
- The state of incorporation;
- Regulatory standards and implications.

Vote AGAINST any of the following changes:

- Removal of shareholder approval requirement to reorganize or terminate the trust or any of its series;
- Removal of shareholder approval requirement for amendments to the new declaration of trust;
- Removal of shareholder approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act;
- Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares;
- Removal of shareholder approval requirement to engage in and terminate subadvisory arrangements;
- Removal of shareholder approval requirement to change the domicile of the fund.

Changing the Domicile of a Fund

Vote CASE-BY-CASE on re-incorporations, considering the following factors:

- Regulations of both states;
- Required fundamental policies of both states;
- The increased flexibility available.

Authorizing the Board to Hire and Terminate Subadvisors Without Shareholder Approval

Vote AGAINST proposals authorizing the board to hire/terminate subadvisors without shareholder approval.

Distribution Agreements

Vote CASE-BY-CASE on distribution agreement proposals, considering the following factors:

- Fees charged to comparably sized funds with similar objectives;
- The proposed distributor's reputation and past performance;
- The competitiveness of the fund in the industry;
- The terms of the agreement.

Master-Feeder Structure

Vote FOR the establishment of a master-feeder structure.

Mergers

Vote CASE-BY-CASE on merger proposals, considering the following factors:

- Resulting fee structure;
- Performance of both funds;
- Continuity of management personnel;
- Changes in corporate governance and their impact on shareholder rights.

Shareholder Proposals for Mutual Funds

Establish Director Ownership Requirement

Generally vote AGAINST shareholder proposals that mandate a specific minimum amount of stock that directors must own in order to qualify as a director or to remain on the board.

Reimburse Shareholder for Expenses Incurred

Vote CASE-BY-CASE on shareholder proposals to reimburse proxy solicitation expenses. When supporting the dissidents, vote FOR the reimbursement of the proxy solicitation expenses.

Terminate the Investment Advisor

Vote CASE-BY-CASE on proposals to terminate the investment advisor, considering the following factors:

- Performance of the fund's Net Asset Value (NAV);
- The fund's history of shareholder relations;
- The performance of other funds under the advisor's management.

International Proxy Voting

Victory will attempt to vote every proxy it receives for all International foreign proxies. However, there may be situations in which Victory may vote against, withhold a vote or cannot vote at all. For example, Victory may not receive a meeting notice in enough time to vote or Victory may not be able to obtain enough information to make a fully informed decision, in which case we will vote against.

In certain foreign jurisdictions, voting of proxies will result in the lockup of shares, impairing Victory's ability to trade those shares for several days. This could result in significant loss to the investor. Consequently, in those foreign jurisdictions which engage in this practice, Victory will generally refrain from proxy voting.

In other foreign jurisdictions, the determination by the Proxy Committee to vote, or refrain from voting, proxy will take into consideration any additional costs to investors which may be incurred from the research and voting process.

Additional Topics

Any issue not covered within the guidelines will be evaluated by the Proxy Committee on a case-by-case basis.

Material Conflicts of Interest

In the event a material conflict of interest arises between Victory's interests and those of a client during the course of voting client's proxies, the Proxy Committee shall:

- Vote the proxy in accordance with the Proxy Voting Guidelines unless such guidelines are judged by the Proxy Committee to be inapplicable to the proxy matter at issue
- In the event that the Proxy Voting Guidelines are inapplicable, determine whether a vote for, or against, the proxy is in the best interest of the client's account
- Document the nature of the conflict and the rationale for the recommended vote
- Solicit the opinions of Victory's Chief Compliance Officer, and if necessary the Chief Legal Officer, or their designee, or consult an internal or external, independent adviser
- report to the Victory Capital Management Board any proxy votes that took place with a material conflict situation present, including the nature of the conflict and the basis or rationale for the voting decision made.

If a member of the Proxy Committee has a personal conflict (e.g. family member on board of company) he/she will recuse themselves from voting.

Recordkeeping

In accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940, as amended, Victory will retain the following records with respect to proxy voting:

- copies of all policies and procedures required by Rule 206(4)-6
- a written record of votes cast on behalf of clients
- any documents prepared by Victory or the Proxy Committee germane to the voting decision
- a copy of each written client request for information on how Victory voted proxies on such client's behalf
- a copy of any written response by Victory to any written or verbal client request for information on how Victory voted such client's proxies

Glossary

Blank Check Preferred Stock – A popular term for preferred stock in which the board of directors is given broad discretion to establish voting, conversion, dividend and other rights of preferred stock at the time the board issues the stock. Some boards that have authority to issue blank check preferred stock have used it to create takeover defenses.

Bylaw - Bylaws supplement each company's charter, spelling out in more specific detail general provisions contained in the charter. Board of Directors often have the power to change bylaw provisions without shareholder approval.

Charter - Also known as the articles of incorporation, the charter sets forth the respective rights and duties of shareholders, officers, and directors. The charter constitutes the fundamental governing rules for each corporation. Shareholder approval is required to amend a company's charter.

Classified Board - A classified board is a board that is divided into separate classes, with directors serving overlapping terms. A company with a classified board usually divides the board into three classes; each year, one-third of the directors stand for election. A classified board makes it difficult to change control of the board through a proxy contest, since it would normally take two years to gain control of a majority of board seats.

Confidential Voting - Also known as closed voting or voting by secret ballot, under confidential voting procedures, all proxies, ballots and voting tabulations that identify shareholders are kept confidential. Independent vote tabulators and inspectors of election are responsible for examining individual ballots, while management and shareholders are only told vote totals.

Corporate Governance - Corporate governance is the framework within which corporations exist. Its focus is the relationship among officers, directors, shareholders, stakeholders and government regulators, and how these parties interact to oversee the operations of a company.

Cumulative Voting - Normally, shareholders cast one vote for each director for each share of stock owned. Cumulative voting permits shareholders to apportion the total number of votes they have in any way they wish among candidates for the board. Where cumulative voting is in effect, a minority of shares may be able to elect one or more directors by giving all of their votes to one or several candidates.

Fair Price Provisions - Fair price requirements compel anyone acquiring control of a corporation to pay all shareholders the highest price that the acquirer pays to any shareholder during a specified period of time. Fair price requirements are intended to deter two-tier tender offers in which shareholders who tender their shares first receive a higher price for their shares than other shareholders.

Greenmail - Greenmail refers to the practice of repurchasing shares from a bidder at an above-market price in exchange for the bidder's agreement not to acquire the target company. Greenmail is widely considered to a form of blackmail. Some companies have attempted to deter greenmail by adding anti-greenmail provisions to their charters.

Indemnification - Indemnification permits corporations to reimburse officers and directors for expenses they incur as a result of being named as defendants in lawsuits brought against the corporation. Indemnification often covers judgment awards and settlements as well as expenses. Without indemnifications, or directors' liability insurance, most companies would be unable to attract outside directors to serve on their boards.

Majority Voting – The standard whereby a director or nominee will be elected only if receiving an affirmative majority of votes cast, even if running unopposed for an open seat. In contrast, the plurality standard holds that a nominee or director will be elected based on having received the most votes, whether or not having received an affirmative majority of votes cast.

Poison Pill - The popular term for a takeover defense that permits all shareholders other than an acquirer to purchase shares in a company at a discount if the company becomes a takeover target. A company with a pill (also known as a shareholder rights plan) usually distributes warrants or purchase rights that become exercisable when a triggering event

occurs. The triggering event occurs when an acquirer buys more than a specified amount of a target company's stock without permission of the target company's board. Once the pill is triggered, shareholders (except for the acquirer) usually have the right to purchase shares directly from the target company at a 50 percent discount, diluting both ownership interest and voting rights. Most pills have provisions that permit the board to cancel the pill by redeeming the outstanding warrants or rights at nominal cost. Pills can force acquirers to bargain directly with a target company's board, but they can also be used to deter or to block acquisition bids altogether. Corporations are not required by law to submit their poison pills for shareholder approval, and very few companies have chosen to seek shareholder approval.

Pre-emptive Rights - pre-emptive rights are intended to allow existing shareholders to maintain their proportionate level of ownership by giving them the opportunity to purchase additional shares pro rata before they are offered to the public. pre-emptive rights are something of an anachronism today because shareholders of publicly traded companies who want to maintain their proportionate ownership interest may do so by purchasing shares in the open market. Many companies whose charters have pre-emptive rights provisions have asked shareholders to amend their charters to abolish pre-emptive rights.

Proxy - The granting of authority by shareholders to others, most often corporate management, to vote their shares at an annual or special shareholders' meeting.

Proxy Contest - Proxy contests take different forms. The most common type of proxy contest is an effort by dissident shareholders to elect their own directors. A contest may involve the entire board, in which case the goal is to oust incumbent management and take control of the company. Or, it may involve a minority of board seats, in which case dissidents seek a foothold position to change corporate strategy without necessarily changing control. Proxy contests may also be fought over corporate policy questions; dissidents may, for example, wage a proxy contest in support of a proposal to restructure or sell a corporation. Many proxy contests are today waged in conjunction with tender offers as a means of putting pressure on a target company's board to accept the tender offer. In a well-financed proxy contest, dissidents usually print and distribute their own proxy materials, including their own proxy card. Proxy contests usually feature letter writing and advertisement campaigns to win shareholder support.

Proxy Statement – A document in which parties soliciting shareholder proxies provide shareholders with information on the issues to be voted on at an annual or special shareholder's meeting. The soliciting party generally presents arguments as to why shareholders should grant them their proxy. The information that must be disclosed to shareholders is set forth in Schedule 14A of the Securities Exchange Act of 1934 for a proxy solicited by the company and in Schedule 14B for the act for proxies solicited by others.

Recapitalization Plan - A recapitalization plan is any plan in which a company changes its capital structure. Recapitalization can result in larger or smaller numbers of shares outstanding, or in creation of new classes of stock in addition to common stock. Recapitalization plans must be approved by shareholders.

Reincorporation - Reincorporation refers to changing the state of incorporation. A company that reincorporates must obtain shareholder approval for the move and for the new charter it adopts when it shifts its state of incorporation. Many re-incorporations involve moves to Delaware to take advantage of Delaware's flexible corporate laws.

Restricted Stock – Stock that must be traded in compliance with special SEC regulations concerning its purchase and resale from affiliate ownership, M&A activity and underwriting activity.

Restructuring Plan - A restructuring plan is any plan that involves a significant change in a company's capital structure. This would include a recapitalization plan, a leveraged buyout, or a major sale of assets. Restructuring plans after shareholder approval before they can be implemented.

Rights of Appraisal - Rights of appraisal provide shareholders who do not approve of the terms of certain corporate transactions the right to demand a judicial review in order to determine the fair value for their shares. The right of appraisal generally applies to mergers, sales of essentially all assets of the corporation, and charter amendments that may have a materially adverse effect on the rights of dissenting shareholders.

Share Repurchase Plan – A repurchase plan is a program by which a Company buys back its own shares from the market, thereby, reducing the number of outstanding shares. This is generally an indication that the Company thinks the shares are undervalued.

Stakeholder Laws - In essence, stakeholder laws state that corporate directors owe a duty to a host of constituencies beyond shareholders: local communities, employees, suppliers, creditors, and others. This is in contrast to the traditional model of the publicly held corporation in law and economics which says that corporate directors have a legally enforceable duty to one constituency - their shareowners.

Supermajority - Most state corporation laws require that mergers, acquisitions and amendments to the corporate charter be approved by a majority of the outstanding shares. A company may, however, set a higher requirement by obtaining shareholder approval for a higher threshold. Some supermajority requirements apply to mergers and acquisitions. Others apply to amendments to the charter itself - that is, the charter, or certain parts of it, may be amended in the future only if the amendments receive the specified supermajority level of support.

Sustainability Report – A company report on policies and initiatives related to social, economic or environmental issues.

Written Consent - The ability to act by written consent to allow shareholders to take action collectively without a shareholders' meeting. The written consent procedure was developed originally to permit closely held corporations to act quickly by obtaining consents from their shareholders. The procedure is, however, available in many states to publicly traded companies as well, unless prohibited or restricted in a company's charter. Many companies have sought shareholder approval to restrict or abolish the written consent procedure; their principal reason for doing so is to prevent takeovers opposed by the incumbent board and management.

Executive Compensation Terms

At-the-Money Option - An option with exercise price equal to the current market price.

Change-in-Control Provision - A provision in a stock option plan that allows for immediate vesting of outstanding options if certain events take place which may be deemed a change in control, such as the purchase of a majority of the company's outstanding shares by a third party.

Deferred Stock - A share grant in which the participant receives a specified amount of shares, granted at no cost, if he remain employed with the company for a certain period of time. The participant does not have voting or dividend rights prior to vesting, though dividends typically accumulate until vesting.

Employee Stock Purchase Plan - A plan qualified under Section 423 of the IRS Code, which allows employees to purchase shares of stock through payroll deductions.

Employee Stock Ownership Plan (ESOP) - A qualified defined contribution plan under the IRS Code which allows the ESOP plan trustees to invest up to 100 percent of the plan's assets in shares or its own company stock.. Variants of these plans include the stock bonus plan, the leveraged stock bonus plan (where the trust can borrow money from lending sources to buy more stock), and matching ESOP's (in which employees match the contribution that the company makes). ESOP's offer employees tax deferral benefits and companies a tax deduction.

Exercise Price - Sometimes referred to as the strike price, this is the price at which shares may be exercised under a plan. Exercise prices may be fixed, variable or tied to a formula.

Incentive Stock Options (ISO's) - Also referred to as qualified stock options, these rights permit the participant to buy shares before the expiration date at a predetermined exercise price set at or above fair market value at grant date. The term of such awards may be ten years or longer. The company is not allowed to take a tax deduction for ISO's unless a disqualifying disposition takes place.

Indexed Option - The right, but not the obligation, to purchase shares at an exercise price that periodically adjusts upward or downward in relation to a market or industry indicator.

Omnibus Plan - A stock-based incentive plan providing significant flexibility by authorizing the issue of a number of award types, which may include incentive stock options, nonqualified stock options, SAR's, restricted stock, performance shares, performance units, stock grants, and cash.

Performance Shares - Stock grants contingent upon the achievement of specified performance goals. The number of shares available typically varies with performance as measured over a specified period. Few companies clearly identify the criteria used to select performance measures or the specific hurdle rates that must be met. Performance periods typically extend for a three- to five- year period.

Premium-Priced Options - An option whose exercise price is set above fair market value on grant date.

Repricing - An amendment to a previously granted stock option contract that reduces the option exercise price. Options can also be repriced through cancellations and regrants. The typical new grant would have a ten-year term, new vesting restrictions, and a lower exercise price reflecting the current lower market price.

Restricted Stock - A grant of stock, subject to restrictions, with little or no cost to the participant. Such shares are usually subject to forfeiture if the holder leaves the company before a specified period of time; thus, the awards are often used to retain employees. The restrictions usually lapse after three to five years, during which time the holder cannot sell the shares. Typically, the holder is entitled to vote the stock and receives dividends on the shares.

Section 162(m) - The IRS Code Section that limits the deductibility of compensation in excess of \$1 million to a named executive officer unless certain prescribed actions are taken.

Shareholder Value Transfer (SVT) - A dollar-based cost which measures the amount of shareholders' equity flowing out of the company to executives as options are exercised. The strike price of an option is paid at the time of exercise and flows back to the company. The profit spread, or the difference between the exercise price and the market price, represents a transfer of shareholders' equity to the executive. The time value of money is also a significant cost impacting shareholders' equity.

Stock Appreciation Rights (SARs) - An award paid in cash or shares to the employee equal to the stock price appreciation from the time of grant to the exercise date. When granted in tandem with options, the exercise of the SAR cancels the option.

Vesting Schedule - A holding period following grant date during which time options may not be exercised.

Volatility - The potential dispersion of a company's stock price over the life on an option.

Voting Power Dilution (VPD) - The relative reduction in voting power as stock-based incentives are exercised and existing shareholders' proportional ownership in the company is diluted.

Scope

This policy applies to Victory Capital Management Inc. The entity and its employees are responsible for complying with this policy. The Legal, Compliance and Risk Department owns this policy.

Exception / Escalation Policy

All material exceptions to this policy will be reported to the Compliance Committee and Victory Capital Management Inc. board members. If needed, exceptions may also be presented to the Victory Capital Holdings Inc. board members.

Last Updated: January 30, 2015

Effective Date: February 1, 2015