UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

September 10, 2019 (June 28, 2019)
Date of Report (date of earliest event reported)

Victory Capital Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-38388**	**32-0402956**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4900 Tiedeman Road, 4th Floor; Brooklyn, OH	**44144**
(Address of principal executive offices)	(Zip Code)

(216) 898-2400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, Par Value $0.01	VCTR	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.01. Completion of Acquisition or Disposition of Assets.

On and effective July 1, 2019, Victory Capital Holdings, Inc., a Delaware corporation ("Victory," or the "Company"), completed the acquisition (the "USAA AMCO Acquisition") of the USAA Asset Management Company ("USAA Adviser") and the Victory Capital Transfer Agency, Inc., formally known as the USAA Transfer Agency Company d/b/a USAA Shareholder Account Services (together with USAA Adviser, the "USAA Acquired Companies"). The USAA AMCO Acquisition includes USAA's mutual fund and exchange traded fund businesses and its 529 College Savings Plan (collectively, the "USAA Mutual Fund Business").

The Company purchased 100% of the outstanding common stock of the USAA Acquired Companies and the USAA Mutual Fund Business for an estimated total purchase price of approximately $954.1 million which consists of $851.3 million of cash paid at closing and $102.8 million for the acquisition date estimated fair value of future cash payments of contingent consideration.

The purchase price is subject to certain post-closing adjustments. A maximum of $150.0 million ($37.5 million per year) in contingent payments is payable based on the annual revenue of USAA Adviser attributable to all "non-managed money"-related AUM in each of the first four years following the closing date.

The purchase price paid in cash at closing was financed using a combination of a new credit agreement (the "2019 Credit Agreement") and the Company's balance sheet resources. The 2019 Credit Agreement, dated as of July 1, 2019, was entered into among the Company, as borrower, the lenders from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent, pursuant to which Victory obtained a seven-year term loan in an aggregate principal amount of $1.1 billion and established a five-year revolving credit facility (which was unfunded as of the closing date) with aggregate commitments of $100.0 million (with a $10.0 million sub-limit for the issuance of letters of credit). Amounts outstanding under the 2019 Credit Agreement bear interest at an annual rate equal to, at the option of the Company, either London Interbank Offered Rate (adjusted for reserves) plus a margin of 3.25% or an alternate base rate plus a margin of 2.25%. In connection with Victory's entry into the 2019 Credit Agreement, all indebtedness outstanding under the previous credit agreement (the "2018 Credit Agreement") dated as of February 12, 2018 was repaid. The 2018 Credit Agreement and the credit documents entered in connection therewith were terminated on the closing date.

This Current Report on Form 8-K/A amends the Current Report on Form 8-K filed by the Company on July 1, 2019 in order to include the carved out financial statements of the USAA Mutual Fund Business and the pro forma financial information required by Item 9.01 of Form 8-K. The pro forma financial information included in this Form 8-K/A has been presented for informational purposes only, as required by Form 8-K. It does not purport to represent the actual results of operations that Victory and the USAA Acquired Companies would have achieved had the companies been combined during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the combined company may achieve after Victory's acquisition of the USAA Acquired Companies. Except as described above, all other information in Victory's Current Report on Form 8-K filed on July 1, 2019 remains unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Business Acquired.*

- The audited consolidated financial statements of the USAA Mutual Fund Business, on a carve-out basis, as of and for the years ended December 31, 2018, 2017 and 2016 and the related notes to the financial statements included in Exhibit 99.2, previously filed.
- The unaudited consolidated financial statements of the USAA Mutual Fund Business, on a carve-out basis, as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 and the related notes to the financial statements incorporated herein by reference to Exhibit 99.3 to this Form 8-K/A.

(b) *Pro Forma Financial Information.*

- The unaudited pro forma condensed combined financial statements, and the related notes thereto, of Victory and the USAA Acquired Companies, as of and for the three months ended March 31, 2019 and as of and for the year ended December 31, 2018 incorporated herein by reference to Exhibit 99.4 to this Form 8-K/A.

(d) *Exhibits.*

Exhibit Number		Description
2.1	*	Stock Purchase Agreement, dated as of November 6, 2018, by and among the Company, Seller, and, for certain limited purposes, Seller Parent (filed as Exhibit 2.1 to the Company's Form 8-K, File No. 001-38388, on November 9, 2018 and incorporated herein by reference).
2.2	*	Amendment No. 1 to Stock Purchase Agreement, dated as of June 28, 2019, by and among the Company, Seller and Seller Parent (filed as Exhibit 2.2 to the Company's Form 8-K, File No. 001-38388, on July 1, 2019 and incorporated herein by reference).
10.1	*	2019 Credit Agreement, dated as of July 1, 2019, by and among the Company, the lenders from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent (filed as Exhibit 10.1 to the Company's Form 8-K, File No. 001-38388, on July 1, 2019 and incorporated herein by reference).
23.1		Consent of Ernst & Young LLP.
99.1	*	Press Release, dated July 1, 2019 (filed as Exhibit 99.1 to the Company's Form 8-K, File No. 001-38388, on July 1, 2019 and incorporated herein by reference).
99.2	*	Audited consolidated financial statements of the USAA Mutual Fund Business, on a carve-out basis, as of and for the years ended December 31, 2018, 2017 and 2016 (filed as Exhibit 99.1 to the Company's Form 8-K, File No. 001-38388, on May 21, 2019 and incorporated herein by reference).
99.3		Unaudited consolidated financial statements of the USAA Mutual Fund Business, on a carve-out basis, as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.4		Unaudited pro forma condensed combined financial statements, and the related notes thereto, of Victory and the USAA Acquired Companies as of and for the three months ended March 31, 2019 and for the year ended December 31, 2018.

* Previously filed

SIGNATURE(S)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VICTORY CAPITAL HOLDINGS, INC.

Date: September 10, 2019

By: /s/ MICHAEL D. POLICARPO
Name: Michael D. Policarpo
Title: President, Chief Financial Officer and Chief Administrative Officer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference of our report dated April 26, 2019, with respect to the combined financial statements of USAA Mutual Fund Business, included in this Current Report on Form 8-K/A.

/s/ Ernst & Young LLP

San Antonio, Texas
September 9, 2019

Exhibit 99.3

USAA MUTUAL FUND BUSINESS

(A Business of United Services Automobile Association)

Condensed Combined Financial Statements

As of March 31, 2019 and December 31, 2018, and for the three months ended March 31, 2019 and 2018
(Unaudited)

USAA MUTUAL FUND BUSINESS

Condensed Combined Balance Sheets
(Dollars in thousands)

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets		
Cash and cash equivalents	$ 36,951	$ 36,042
Advisory and administration fees receivable	27,530	26,652
Deferred income taxes receivable, net	6,757	7,681
Software and equipment, net	1,152	1,641
Other assets	2,853	3,503
Total assets	$ 75,243	$ 75,519
Liabilities and Parent's Equity		
Liabilities:		
Accrued personnel expenses	$ 22,446	$ 41,459
Payable to members and custodians	27,448	26,381
Payable to affiliates	18,569	17,387
Accounts payable and accrued expenses	8,840	10,911
Total liabilities	77,303	96,138
Parent's Equity:		
Net Parent Investment	(2,060)	(20,619)
Total Parent's equity (deficit)	(2,060)	(20,619)
Total liabilities and Parent's equity (deficit)	$ 75,243	$ 75,519

See accompanying notes to the condensed combined financial statements.

USAA MUTUAL FUND BUSINESS

Condensed Combined Statements of Operations
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenues		
Advisory fees	$ 74,213	$ 78,773
Administration fees	44,536	45,284
Total revenues	118,749	124,057
Expenses		
Account servicing expenses	39,542	41,244
Compensation and benefits	27,639	28,559
Data processing and communications	17,845	16,483
General and administrative	12,663	12,460
Advertising	3,828	3,728
Other expenses	4,695	4,150
Total expenses	106,212	106,624
Income before income taxes	12,537	17,433
Income tax expense	2,985	4,334
Net income	$ 9,552	$ 13,099

See accompanying notes to the condensed combined financial statements.

USAA MUTUAL FUND BUSINESS

Condensed Combined Statements of Parent's Equity (Deficit)
(Dollars in thousands)
(Unaudited)

	Net Parent Investment	
	2019	2018
Balance at January 1	$ (20,619)	$ (31,416)
Net income	9,552	13,099
Net transfers from Parent	9,007	14,934
Balance at March 31	$ (2,060)	$ (3,383)

See accompanying notes to the condensed combined financial statements.

USAA MUTUAL FUND BUSINESS

Condensed Combined Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash flows from operating activities:		
Net income	$ 9,552	$ 13,099
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of software and equipment	489	681
Deferred income tax expense	924	436
Net change in:		
Advisory and administration fees receivable	(878)	(328)
Other assets	650	(59)
Accrued personnel expenses	(19,013)	(28,818)
Payable to members and custodians	1,067	(2,802)
Payable to affiliates	1,182	520
Accounts payable and accrued expenses	(2,071)	(1,957)
Net cash provided by (used in) operating activities	(8,098)	(19,228)
Cash flows from financing activities:		
Net transfers from Parent	9,007	14,934
Net cash provided by (used in) financing activities	9,007	14,934
Net increase (decrease) in cash and cash equivalents	909	(4,294)
Cash and cash equivalents at beginning of period	36,042	29,129
Cash and cash equivalents at end of period	$ 36,951	$ 24,835

See accompanying notes to the condensed combined financial statements.

(1) Description of the business

On November 6, 2018, United Services Automobile Association (USAA or the Parent) entered into a definitive stock purchase agreement to sell the USAA Mutual Fund Business (collectively, we, us, the Business or the Company), which includes the asset management of the USAA Mutual Funds, transfer agency operations, third party distribution of the USAA Mutual Funds, and the asset management of the 529 college savings plan, to Victory Capital Holdings, Inc. (Victory) a publicly traded investment management firm. Per the agreement, the Business will be sold to Victory for $850,000, plus the opportunity for additional contingent payments based on future performance of the Business. The transaction is expected to close in the third quarter of 2019. The accompanying carve-out financial statements (Condensed Combined Financial Statements) were prepared for the purpose of providing Victory historical information to comply with the rules and regulations of the Securities and Exchange Commission (SEC) under Rule 3-05 of Regulation S-X.

The Business provides investment advisory services, administration and shareholder servicing services and transfer agent services for the USAA Mutual Funds and exchange-traded funds (ETFs) that are underwritten and distributed by USAA Investment Management Company. The Business also serves as administrator for a 529 college savings plan offered to USAA members and contracts with third-party intermediaries to offer the USAA Mutual Funds on their platforms. USAA members primarily includes active duty, retired, or honorably discharged United States military personnel and their families. Historically, the results of operations of the Business have been reported in the Parent's consolidated financial statements.

(2) Basis of Presentation

Historically, the USAA Mutual Fund Business operated as a business within consolidated USAA, rather than as a standalone company or a separate, distinguishable subsidiary. Consequently, the accompanying Condensed Combined Financial Statements of the Business have been prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of USAA. These Condensed Combined Financial Statements, as of March 31, 2019 and December 31, 2018, and for the three months ended March 31, 2019 and 2018 are presented as carve-out financial statements, and reflect the combined historical results of operations, financial position and cash flows of the Business, in conformity with accounting principles generally accepted in the United States (U.S. GAAP). Our financial position, results of operations and cash flows represented in the accompanying Condensed Combined Financial Statements may not be indicative of what they would have been had we been a separate standalone entity during the periods presented, nor are they necessarily indicative of the Business' future results of operations, financial position and cash flows.

The Condensed Combined Balance Sheets reflect, among other things, all of the assets and liabilities of USAA that are directly attributable to the Business. Certain receivables and payables have been allocated to the Business based on a ratio applicable to the specific nature of the receivable or payable. We are not a legal obligor to any third-party and have not entered into affiliate debt arrangements for which we would include short or long-term debt in the accompanying Condensed Combined Balance Sheets. Additionally, USAA's debt has not been allocated to us for any of the periods presented.

The Condensed Combined Statements of Operations include all revenues and costs directly attributable to the Business. The results of operations also include expense allocations for services and certain support functions that are provided on a centralized basis within USAA such as legal, human resources, information systems, marketing and various other USAA corporate functions that are routinely allocated to the Business and reflected in the Condensed Combined Statements of Operations line items to which the service pertains. This is more fully described in note 4A, Transactions with affiliates - Allocated costs.

There is no formal equity instrument of the Business held by USAA or any other party. Accordingly, Net Parent Investment in the Business is shown in lieu of Stockholder's Equity. Transactions and allocations between USAA and the Business are reflected in equity in the Condensed Combined Balance Sheet as Net Parent Investment and in the Condensed Combined Statements of Cash Flows as a financing activity in Net transfers from Parent. The majority of transactions and allocations between USAA and the Business have been deemed paid between the parties, in cash, in the period in which the transaction or allocation was recorded in the Condensed Combined Financial Statements. These transactions exclude balances under certain contracts with affiliates that, as per the terms of the Stock Purchase Agreement will be assigned to Victory. These are more fully described in note 4B, Transactions with affiliates - Other transactions with affiliates.

Income taxes presented within these financial statements are provided for under the separate return method. The separate return method provides an allocation of current and deferred income taxes to the Company that is systematic, rational and consistent with the asset and liability method prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *740*, *Income Taxes*, as if the Company was a separate taxpayer. The allocation is required because, historically, the Company's operations have been included in the consolidated tax returns filed by USAA, and taxes have been allocated to the Company based upon a written tax allocation agreement.

Our portion of current income taxes payable is deemed to have been remitted to USAA in the period the related tax expense was recorded. Our portion of current income taxes receivable is deemed to have been remitted to us by USAA in the period to which the receivable applies only to the extent that we could have recognized a refund of such taxes on a stand-alone basis under the law of the relevant taxing jurisdiction.

The Condensed Combined Financial Statements may not include all of the actual expenses that would have been incurred had the Business operated as a standalone company during the periods presented. All of the allocations and estimates in the Condensed Combined Financial Statements are based on assumptions that management of USAAand the Business believe are reasonable. Actual costs that would have been incurred if the Business had been a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, such as the division of shared services in legal, human resources, information systems and marketing, among others.

The Condensed Combined Financial Statements as of March 31, 2019, and for the three months ended March 31, 2019 and 2018, have not been audited by independent accountants, but in the opinion of management, reflect all adjustments necessary for a fair presentation of our financial position and results of operations. All such adjustments were of a normal and recurring nature. The Condensed Combined Financial Statements have been prepared in accordance with guidelines for interim financial information under ASC 270, *Interim Reporting*. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with the Annual Audited Combined Financial Statements and notes thereto, for the year ended December 31, 2018. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

(3) Significant accounting policies and pronouncements

A. Basis of combination

The Condensed Combined Financial Statements of the Business have been prepared in accordance with U.S. GAAP. The significant accounting policies described below, together with the other notes that follow, are an integral part of the Condensed Combined Financial Statements. In preparing the Condensed Combined Financial Statements, all significant intercompany accounts and transactions within the Business have been eliminated. All significant intercompany transactions with the Parent are deemed to have been settled in the period incurred through Net Parent Investment, unless otherwise identified and discussed in note 4, Transactions with affiliates.

B. Advisory and administration fees receivable

Advisory and administration fees receivable consists of the monthly accrual of amounts earned for the management and administration of customer accounts. Advisory and administration fee revenue is recognized in the month the services are provided and settled by the following month.

C. Payable to members and custodians

Payable to members and custodians consists of payable balances related to the sale and purchase of mutual fund units by USAA members and are pending settlement of cash proceeds. The corresponding cash balances related to these transactions are included in cash and cash equivalents within the Condensed Combined Balance Sheets.

D. Income taxes

Deferred income taxes are recognized for the future federal and state consequences of "temporary differences" between the financial statement carrying amounts and the respective tax bases of existing assets and liabilities. Deferred income taxes are measured by applying enacted statutory tax rates applicable to the future years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax receivables and payables of a change in tax rates is recognized in operations in the period that includes the enactment date. The settlement of tax obligations is assumed in the period incurred and included in Net Parent Investment. State tax returns are filed by the Parent, where applicable, and the resulting state income taxes are reflected in the Condensed Combined Financial Statements.

Valuation allowances are established when management determines that it is more likely than not that some portion, or all, of existing deferred tax receivables will not be realized.

The Tax Cuts and Jobs Act (TCJA), enacted on December 22, 2017, continues to have a favorable impact on the Company's effective tax rate primarily as a result of the reduced corporate tax rate.

E. Revenue recognition

Advisory fees represent amounts earned for the management of customer advisory accounts. The advisory fee revenue is comprised of a base fee based on average net assets and a performance adjustment applicable to certain equity and fixed income funds based on the performance of the fund relative to the benchmark index. The advisory fees are accrued monthly and settled the following month.

Administration fees represent mutual fund account administration revenue, service fees, record keeping fees and internal distribution revenues. The administration fee income is mainly based on a fixed percentage rate and assets under management as agreed under the contract fee schedule. Administration fees are billed on a monthly basis and collected on the last day of the month.

Certain fee income is recorded using estimates and subject to adjustment when billed. The variance between the estimated and billed revenue is reviewed on a regular basis and adjustments made as required.

The majority of advisory revenue and administration revenue earned by the Business is based on providing services to the USAA Mutual Funds, under an Investment Advisory Agreement and Administration and Servicing Agreement. In accordance with the agreements, we provide investment recommendations and administrative and settlement services for each fund. We earned, from USAA, advisory fees and administration fees of $73,091 and $43,705 for the three months ended March 31, 2019 and $77,630 and $44,650 for the three months ended March

31, 2018, which is included in Advisory fees and Administrative fees, respectively, in the Condensed Combined Statements of Operations.

F. Net Parent Investment

Parent's equity (deficit) on the Condensed Combined Balance Sheets represents USAA's net investment in the Business and is presented as "Net Parent Investment" in lieu of stockholder's equity. The Condensed Combined Statements of Parent Equity (Deficit) include net cash transfers and other intercompany transactions between USAA and the Business as well as intercompany receivables and payables between USAA and the Business that are considered settled on a current basis. USAA performs cash management and other treasury related functions on a centralized basis for nearly all of its legal entities, which includes the Mutual Fund Business. All intercompany transactions, including dividends effected through Net Parent Investment in the accompanying Condensed Combined Balance Sheets were considered cash receipts and payments and are reflected in financing activities in the accompanying Condensed Combined Statements of Cash Flows. Refer to note 4C, Transactions with affiliates - Net Parent Investment, for further details.

G. New accounting pronouncements issued and adopted

During the three months ended March 31, 2019 and 2018, none of the Accounting Standards Updates (ASUs) to the FASB Codification with adoption dates during this period impacted our financial statements.

H. New accounting pronouncements issued but not yet effective

The following accounting updates to the FASB Codification have been issued but are not yet effective for us:

- ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*; ASU 2015-14, *Revenue from Contracts with Customers Deferral of the Effective Date*; ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*; ASU 2016-10, *Revenue from Contracts with Customers*: *Identifying Performance Obligations and Licensing*; ASU 2016-11, *Revenue Recognition and Derivatives and Hedging: Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting*; ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients*; ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*;

- ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments.*

ASU 2014-09 (with effective date updated by ASU 2015-14 and guidance clarified in subsequent ASUs) replaces revenue recognition requirements in Topic 605, *Revenue Recognition*, including an assortment of transaction-specific and industry-specific rules. The ASU establishes a principles-based model under which revenue from a contract is allocated to the distinct performance obligations within the contract and recognized in income as each performance obligation is satisfied. The guidance also requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The ASU does not apply to rights or obligations associated with financial instruments (for example, interest income from loans or investments, or interest expense on debt). It also does not apply to insurance or lease contracts. The ASU allows for two adoption methods: either, (1) a company will apply the rules to all contracts existing in all reporting periods presented, subject to certain allowable exceptions (full retrospective approach); or, (2) a company will apply the rules to all contracts existing as of January 1, recognizing in beginning retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previous rules (modified retrospective approach).

(Dollars in thousands)

The ASU is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Based on the modified retrospective approach, for the interim period ending March 31, 2019, adoption of the ASU would have resulted in the reclassification of certain contractual rebates to customers in the amount of $1,047 to be recorded as a reduction to Revenue - Advisory fees in our Condensed Combined Statements of Operations with an equal and offsetting reduction to Account servicing expenses in our Condensed Combined Statements of Operations. The adoption would also have resulted in expanded quantitative and qualitative footnote disclosures for revenues related to Advisory fees and Administration fees.

ASU 2016-13 requires enhanced financial statement disclosures and introduces a new impairment model for financial instruments based on historical experience, current conditions and supportable forecasts. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption within certain parameters is permitted. We continue to evaluate the impact of the ASU and available adoption methods. The financial impact of adopting the ASU is yet to be determined. Planning and initial implementation efforts for the ASU are on target for adoption at the effective date above.

(4) Transactions with affiliates

A. Allocated costs

Historically, the Business has been managed and operated by USAA, and its operations and results are primarily derived from USAA's consolidated financial statements. As such, USAA and certain of its subsidiaries have provided certain corporate and shared services to the Business, such as rental of office space, utilities, mail processing, data processing, printing, salaries, employee benefits, and corporate staffing services. The directly-attributable service costs of the Business and certain shared service cost allocations are included within the Condensed Combined Statements of Operations and are based upon various formulas or affiliate agreements between USAA and its various subsidiaries, with the net amounts pertaining to the Business included in expenses.

The expense and reimbursement allocations are reflected in the Condensed Combined Statements of Operations line items to which the services pertain, are recognized in the period incurred, and are presented in accordance with the USAA cost allocation agreements. The amount of allocated expenses incurred for the three months ended March 31, 2019 and 2018 was $47,661 and $45,323, respectively.

These amounts are included in the Condensed Combined Statements of Operations as follows:

	Three Months Ended March 31,	
	2019	2018
Compensation and benefits	$ 14,170	$ 13,737
Data processing and communications	16,396	14,840
General and administrative	11,913	11,751
Advertising	3,733	3,539
Other expenses	1,449	1,456
Total expenses	$ 47,661	$ 45,323

All receivables and payables between the Business and other USAA subsidiaries are deemed to be effectively settled at the time the transactions are consummated and have been accounted for through Net transfers from Parent in the Condensed Combined Financial Statements.

B. Other transactions with affiliates

We are party to a Services and Cost Allocation Agreement with USAA Investment Management Company (IMCO), for costs paid on our behalf. Under this agreement, we paid $25,286 and $24,413 in expenses during the three months ended March 31, 2019 and 2018, respectively. These expenses are recognized within the various Condensed Combined Statements of Operations lines to which the services pertain. Payables to affiliates associated with this agreement were $9,737 and $8,461 as of March 31, 2019 and December 31, 2018 respectively in our Condensed Combined Balance Sheets.

We have entered into a Selected Dealer Agreement with IMCO. Under the terms of the agreement we pay IMCO for its distribution and servicing with respect to its brokerage accounts that hold shares of USAA Mutual Funds. The Business provides investment advisory services and transfer agent services for the USAA Mutual Funds that are underwritten and distributed by USAA. During the three months ended March 31, 2019 and 2018, we incurred $10,930 and $10,749, respectively, in Account servicing expenses in our Condensed Combined Statements of Operations. The Payable to affiliates associated with this agreement was $3,835 and $3,681, as of March 31, 2019 and December 31, 2018, respectively in our Condensed Combined Balance Sheets.

We also hold an Agency Agreement with IMCO whereby IMCO serves as limited agent by performing shareholder servicing and sub-transfer agency services for its brokerage customers invested in USAA Mutual Funds. Under this agreement, we compensate IMCO for these services by passing through to IMCO the transfer agency fees we receive from the USAA Mutual Funds. In accordance with this agreement we earned administration fees of $8,709 and $8,452 during the three months ended March 31, 2019 and 2018, respectively, which are offset equally by the related expenses incurred and reported in Account servicing expenses in our Condensed Combined Statements of Operations. The Payable to affiliates associated with this agreement was $2,654 and $2,977 as of March 31, 2019 and December 31, 2018, respectively, in our Condensed Combined Balance Sheets and an offsetting receivable balance is included in Advisory and administration fees receivable in our Condensed Combined Balance Sheets.

As discussed above, we have contracted for certain services from USAA and certain of its subsidiaries. A portion of these services relate to subscription platforms and research tools that directly support the management of USAA Mutual Funds. The outstanding payables for this portion of services are not deemed to have been settled. Accordingly, the Payable to affiliates associated with this agreement was $2,343 and $2,268 as of March 31, 2019 and December 31, 2018, respectively in our Condensed Combined Balance Sheets.

(Dollars in thousands)

C. Net Parent Investment

The components of the Net transfers from Parent are as follows:

	Three Months Ended March 31,	
	2019	2018
Cash pooling and other financing activities	$ 11,068	$ 18,832
Income taxes settled through Net Parent Investment	(2,061)	(3,898)
Net transfers from Parent	$ 9,007	$ 14,934

(5) Fair value

FASB guidance on fair value measurements establishes a three-level valuation hierarchy for disclosure of assets and liabilities measured at fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets and liabilities that can be accessed at the measurement date.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable for the asset or liability. We do not currently have any material financial instruments utilizing Level 3 inputs.

The fair value of the Company's financial instruments, including Cash and cash equivalents, Advisory and administration fees receivable, Payable to members and custodians, Payable to affiliates and Accounts payable and accrued expenses approximate their carrying amounts because of the short-term maturity of these instruments, with Cash and cash equivalents considered level 1 and Advisory and administration fees receivable, Payable to members and custodians, Payable to affiliates and Accounts payable and accrued expenses considered level 2 fair value measurements.

(6) Income taxes

The effective tax rate was 24% and 25% for the three months ended March 31, 2019 and 2018, respectively. The difference between the U.S. federal statutory tax rate of 21% and the effective tax rate for these periods, is primarily due to state tax expenses.

As stated in note 3D, Significant accounting policies and pronouncements - Income taxes, the TCJA continues to have a favorable impact on the effective tax rate for the Company. The Business is exclusively operated in the U.S. and has no operations in non-U.S. jurisdictions. Thus, the effects of the mandatory repatriation and other U.S. international tax provisions of the TCJA do not immediately have a material impact on our Condensed Combined Financial Statements.

As previously discussed in note 2, Basis of presentation, although we were historically included in consolidated income tax returns of USAA, our income taxes are computed and reported herein under the “separate return method.” Use of the separate return method may result in differences when the sum of the amounts allocated to stand-alone tax provisions are compared with amounts presented in financial statements. In that event, the related deferred tax receivables and payables could be significantly different from those presented herein.

As of March 31, 2019 and December 31, 2018, the Company determined that it has no material uncertain tax positions, interest or penalties as defined within ASC 740 and accordingly no additional ASC 740 disclosures are required.

The tax years ending December 31, 2018, 2017, 2016 and 2015 remain subject to federal examination and the tax years ending December 31, 2010 through December 31, 2018 remain subject to state examination, however, the Company does not believe it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within the next 12 months.

(7) Commitments and contingencies

The Business is party to various lawsuits and claims generally incidental to our business. The ultimate disposition of these matters is not expected to have a significant adverse effect on our Condensed Combined Balance Sheets or Condensed Combined Statements of Operations.

(8) Subsequent events

The date to which events occurring after March 31, 2019 have been evaluated for possible adjustment to the Condensed Combined Financial Statements or disclosure is May 10, 2019, which is the date on which the Condensed Combined Financial Statements were available to be issued.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
As of March 31, 2019 (in thousands)

	Victory Capital	USAA MFB	Pro Forma Adjustments	Note References	Pro Forma Combined
ASSETS					
Cash and cash equivalents	$ 66,261	$ 36,951	$ (105,409)	3(a)	$ (2,197)
Receivables	42,783	27,530	2,855	3(b)	73,168
Prepaid expenses	3,832	—	—		3,832
Investments	15,742	—	—		15,742
Property and equipment, net	8,874	1,152	(1,152)	3(c)	8,874
Goodwill	284,108	—	107,407	3(d)	391,515
Other intangible assets, net	383,029	—	827,070	3(e)	1,210,099
Other assets	9,299	2,853	(1,155)	3(f)	10,997
Deferred taxes receivable, net	—	6,757	(6,757)	3(c)	–
Total assets	**$ 813,928**	**$ 75,243**	**$ 822,859**		**$ 1,712,030**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	$ 24,410	$ 8,840	$ 5,121	3(g)	$ 38,371
Accrued compensation and benefits	19,901	22,446	(16,539)	3(c)	25,808
Consideration payable for acquisition of business	5,921	—	102,800	3(h)	108,721
Deferred tax liability, net	7,575	—	—		7,575
Other liabilities	16,636	—	—		16,636
Long-term debt	269,320	—	796,446	3(i)	1,065,766
Payable to members and custodians	—	27,448	(27,448)	3(j)	—
Payable to affiliates	—	18,569	(18,569)	3(c)	—
Total liabilities	343,763	77,303	841,811		1,262,877
Stockholders' equity:					
Class A common stock	157	—	—		157
Class B common stock	550	—	—		550
Additional paid-in capital	606,181	—	—		606,181
Class A treasury stock	(9,389)	—	—		(9,389)
Class B treasury stock	(22,037)	—	—		(22,037)
Accumulated other comprehensive income (loss)	(12)	—	—		(12)
Retained deficit	(105,285)		(21,012)	3(k)	(126,297)
Net parent investment	—	(2,060)	2,060	3(l)	—
Total stockholders' equity	470,165	(2,060)	(18,952)		449,153
Total liabilities and stockholders' equity	**$ 813,928**	**$ 75,243**	**$ 822,859**		**$ 1,712,030**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2019 (in thousands, except for earnings per share)

	Victory Capital	USAA MFB	Pro Forma Adjustments	Note References	Pro Forma Combined
Revenue					
Investment management fees	$ 74,411	$ 74,213	$ (1,204)	3(m)	$ 147,420
Fund administration and distribution fees	13,068	44,536	—		57,604
Total revenue	**87,479**	**118,749**	**(1,204)**		**205,024**
Expenses					
Personnel compensation and benefits	34,501	27,639	355	3(n)	62,495
Distribution and other asset-based expenses	15,767	39,542	778	3(o)	56,087
General and administrative	7,087	38,542	—		45,629
Depreciation and amortization	5,222	489	2,447	3(p)	8,158
Acquisition-related costs	2,777	—	(2,586)	3(q)	191
Total operating expenses	**65,354**	**106,212**	**994**		**172,560**
Income (loss) from operations	**22,125**	**12,537**	**(2,198)**		**32,464**
Other income (expense)					
Interest income and other income/(expense)	1,833	—	—		1,833
Interest expense and other financing costs	(4,624)	—	(12,127)	3(r)	(16,751)
Total other income (expense), net	**(2,791)**	**—**	**(12,127)**		**(14,918)**
Income (loss) before income taxes	**19,334**	**12,537**	**(14,325)**		**17,546**
Income tax (expense) benefit	(4,807)	(2,985)	3,434	3(s)	(4,358)
Net income (loss)	**$ 14,527**	**$ 9,552**	**$ (10,891)**		**$ 13,188**
Earnings per share of common stock					
Basic	$ 0.22				$ 0.20
Diluted	$ 0.20				$ 0.18
Weighted average number of shares outstanding				3(t)	
Basic	67,521		78		67,599
Diluted	72,282		94		72,376
Dividends declared per share	$ —	$ —	$ —		$ —

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the year ended December 31, 2018 (in thousands, except for earnings per share)

	Victory Capital	USAA MFB	Pro Forma Adjustments	Note References	Pro Forma Combined
Revenue					
Investment management fees	$ 352,683	$ 312,145	$ (1,214)	3(u)	$ 663,614
Fund administration and distribution fees	60,729	182,501	—		243,230
Total revenue	**413,412**	**494,646**	**(1,214)**		**906,844**
Expenses					
Personnel compensation and benefits	145,880	107,133	1,427	3(n)	254,440
Distribution and other asset-based expenses	94,680	164,676	6,825	3(v)	266,181
General and administrative	30,005	146,161	—		176,166
Depreciation and amortization	23,277	2,672	9,787	3(p)	35,736
Change in value of consideration payable for acquisition of business	(37)	—	—		(37)
Acquisition-related costs	4,346	—	(3,180)	3(q)	1,166
Restructuring and integration costs	742	—	—		742
Total operating expenses	**298,893**	**420,642**	**14,859**		**734,394**
Income (loss) from operations	**114,519**	**74,004**	**(16,073)**		**172,450**
Other income (expense)					
Interest income and other income/(expense)	(2,856)	—	—		(2,856)
Interest expense and other financing costs	(20,694)	—	(47,797)	3(r)	(68,491)
Loss on debt extinguishment	(6,058)	—	—		(6,058)
Total other income (expense), net	**(29,608)**	**—**	**(47,797)**		**(77,405)**
Income (loss) before income taxes	**84,911**	**74,004**	**(63,870)**		**95,045**
Income tax (expense) benefit	(21,207)	(17,921)	15,381	3(s)	(23,747)
Net income (loss)	**$ 63,704**	**$ 56,083**	**$ (48,489)**		**$ 71,298**
Earnings per share of common stock					
Basic	$ 0.96				$ 1.08
Diluted	$ 0.90				$ 1.01
Weighted average number of shares outstanding				3(t)	
Basic	66,295				66,295
Diluted	70,511				70,511
Dividends declared per share	$ —	$ —	$ —		$ —

NOTE 1. BASIS OF PRESENTATION

Background of Acquisition

On and effective July 1, 2019, Victory Capital Holdings, Inc., a Delaware corporation ("Victory," or the "Company"), completed the acquisition (the "USAA AMCO Acquisition") of the USAA Asset Management Company ("USAA Adviser") and the Victory Capital Transfer Agency, Inc., formally known as the USAA Transfer Agency Company d/b/a USAA Shareholder Account Services (together with USAA Adviser, the "USAA Acquired Companies"). The USAA AMCO Acquisition includes USAA's mutual fund and exchange traded fund ("ETF") businesses and its 529 College Savings Plan (collectively, the "USAA Mutual Fund Business" or the "USAA MFB").

The USAA AMCO Acquisition expands and diversifies Victory's investment platform, particularly in the fixed income and solutions asset classes, and increases its size and scale. Additional products added to the investment platform include target date and target risk strategies, managed volatility mutual funds, active fixed income ETFs, sub-advised and multi-manager equity funds. The Company has also added to its lineup of asset allocation portfolios and smart beta equity ETFs. Through the acquisition, the Company has the rights to offer products and services using the USAA brand and provides an opportunity for Victory to offer its products to USAA members through a direct member-channel.

Purchase Price

The Company purchased 100% of the outstanding common stock of the USAA Acquired Companies and the USAA Mutual Fund Business for an estimated total purchase price of approximately $954.1 million, which consists of $851.3 million of cash paid at closing and $102.8 million for the acquisition date estimated fair value of future cash payments of contingent consideration.

The purchase price is subject to certain post-closing adjustments. A maximum of $150.0 million ($37.5 million per year) in contingent payments is payable based on the annual revenue of USAA Adviser attributable to all "non-managed money"-related AUM in each of the first four years following the closing date.

Entry into and Termination of Credit Agreements

The purchase price paid in cash at closing was financed using a combination of a new credit agreement (the "2019 Credit Agreement") and the Company's balance sheet resources. The 2019 Credit Agreement, dated as of July 1, 2019, was entered into among Victory, as borrower, the lenders from time to time party thereto and Barclays Bank PLC, as administrative agent and collateral agent, pursuant to which the Company obtained a seven-year term loan in an aggregate principal amount of $1.1 billion and established a five-year revolving credit facility (which was unfunded as of the closing date) with aggregate commitments of $100.0 million (with a $10.0 million sub-limit for the issuance of letters of credit). Amounts outstanding under the 2019 Credit Agreement bear interest at an annual rate equal to, at the option of the Company, either London Interbank Offered Rate (adjusted for reserves) plus a margin of 3.25% or an alternate base rate plus a margin of 2.25%. In connection with Victory's entry into the 2019 Credit Agreement, all indebtedness outstanding under the previous credit agreement (the "2018 Credit Agreement") dated as of February 12, 2018 was repaid. The 2018 Credit Agreement and the credit documents entered in connection therewith were terminated on the closing date.

Unaudited Pro Forma Financial Statements

The unaudited pro forma condensed combined financial statements are based on the Company's historical consolidated financial statements and the historical consolidated financial statements of the USAA Mutual Fund Business, as adjusted, to give effect to the USAA AMCO Acquisition. The unaudited pro forma condensed combined balance sheet at March 31, 2019 gives effect to the USAA AMCO Acquisition as if it had been consummated on March 31, 2019. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2019 and for the year ended December 31, 2018 give effect to the USAA AMCO Acquisition as if it had been consummated on January 1, 2018.

The historical consolidated financial statements have been adjusted in the pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the business combination, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results following the business combination.

The unaudited pro forma condensed combined financial statements have been prepared using the acquisition method of accounting, which is based on the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurement*. As the acquiror for accounting purposes, the Company has estimated the fair value of the assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and are not necessarily indicative of the financial condition or results of operations that would have been achieved had the acquisition occurred on the dates indicated. Further, they do not purport to project the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma condensed combined financial statements do not reflect the realization of any expected cost savings or other synergies from the acquisition following the completion of the business combination.

These unaudited pro forma condensed combined financial statements should be read in conjunction with (i) the accompanying notes to the unaudited pro forma condensed combined financial statements; (ii) the Company's separate historical unaudited consolidated financial statements and the related notes included in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2019; (iii) the Company's separate historical audited consolidated financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018; (iv) the USAA Mutual Fund Business' separate historical unaudited consolidated financial statements and related notes as of and for the three months ended March 31, 2019, included in this Current Report on Form 8-K/A as Exhibit 99.3; and (v) the USAA Mutual Fund Business' separate historical audited consolidated financial statements and related notes as of and for the year ended December 31, 2018, included in this Current Report on Form 8-K/A as Exhibit 99.2.

Accounting Policies

The accounting policies used in the presentation of the unaudited pro forma condensed combined financial statements are those used in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), effective January 1, 2019 using the modified retrospective transition method, which did not require the restatement of prior years.

As the USAA Mutual Fund Business was not required to adopt ASU 2014-09 for interim reporting purposes in 2019, the unaudited pro forma condensed combined financial statements for the three months ended March 31, 2019 include a pro forma adjustment to present fund expense reimbursements for the USAA Mutual Fund Business as if ASU 2014-09 had been adopted on January 1, 2019, resulting in a decrease in distribution and other asset-based expenses and an equivalent decrease in investment management fees revenue.

Reclassifications

Certain reclassifications have been made to the historical financial statements of the USAA Mutual Fund Business to conform to the Company's financial statement presentation. These reclassifications have no effect on the USAA Mutual Fund Business' previously reported net income.

USAA MFB Line Item	**Victory Line Item**
Advisory fees	Investment management fees
Administration fees	Fund administration and distribution fees
Account servicing expenses	Distribution and other asset-based expenses
Compensation and benefits	Personnel compensation and benefits
Data processing and communications	
Depreciation and amortization	Depreciation and amortization
All other	General and administrative
Advertising	General and administrative
Other expenses	General and administrative

NOTE 2. PRELIMINARY PURCHASE PRICE ALLOCATION

We have performed a preliminary valuation of assets acquired and liabilities assumed in the USAA AMCO Acquisition. The following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

(in millions)	
Cash and cash equivalents	$ 17.5
Receivables	30.4
Goodwill	107.4
Other intangible assets, net	827.1
Accounts payable and accrued expenses	(4.9)
Accrued compensation and benefits	(5.9)
Payable to members and custodians	(17.5)
Total purchase price consideration	$ 954.1

The following table summarizes additional information for the intangible assets acquired:

			Pro Forma Amortization Expense	
(in thousands)	Estimated	Weighted-Average Estimated Useful Life in Years	Three Months Ended March 31, 2019	Twelve Months Ended December 31, 2018
Indefinite-Lived				
Investment advisory and administration service contracts	$ 786,800	Indefinite		
Distribution services contract	800	Indefinite		
Total	787,600			
Definite-Lived				
Use of tradename	39,100	4	$ 2,435	$ 9,741
Lease	370	8	12	46
Total	39,470		$ 2,447	$ 9,787
Total intangible assets	**$ 827,070**			

The preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined financial statements. The final purchase price allocation will be determined when Victory has completed the detailed valuations and necessary calculations. The final purchase price allocation could differ materially from the preliminary purchase price allocation used for the pro forma adjustments herein and may include changes to various balances, including intangible assets and goodwill.

NOTE 3. PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed combined statements of operations do not include any material non-recurring charges that will arise in subsequent periods related to the USAA AMCO Acquisition. In addition, the unaudited pro forma condensed combined financial statements do not reflect the costs of any integration activities including any benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the acquisition. The unaudited pro forma condensed combined financial statements do, however, reflect the following adjustments, which are based on preliminary estimates and assumptions that are subject to change.

3(a) Cash and cash equivalents adjustments, as follows:

(in millions)	
Issuance of debt, net of costs, under 2019 Credit Agreement	$ 1,067.7
Payment of revolving line of credit costs under 2019 Credit Agreement	(1.6)
Payoff of amounts outstanding under 2018 Credit Agreement	(280.2)
Payment of cash consideration	(851.3)
Settlement of USAA MFB payable to members and custodians	(27.4)
Elimination of USAA MFB cash not acquired	(9.5)
Payment of transaction costs	(2.9)
Other cash payments	(0.2)
Total	$ (105.4)

3(b) Receivables adjustments, as follows:

(in millions)	
Reclass USAA MFB balance from other assets	$ 2.9
Total	$ 2.9

3(c) Represents the elimination of USAA Mutual Fund Business assets not acquired or USAA Mutual Fund Business liabilities not assumed.

3(d) Goodwill adjustments, as follows:

(in millions)	
Cash consideration paid at closing	$ 851.3
Contingent consideration payable in cash	102.8
Total purchase price consideration	$ 954.1

(in millions)	
Total purchase price consideration	$ 954.1
Tangible net assets acquired	(19.6)
Identifiable intangible assets acquired	(827.1)
Consideration allocated to goodwill	$ 107.4

3(e) Intangible assets adjustments, as follows:

(in millions)	
Definite-lived intangible assets	$ 39.5
Indefinite-lived intangible assets	787.6
Total	$ 827.1

3(f) Other assets adjustments, as follows:

(in millions)	
Reclass USAA MFB balance to receivables	$ (2.9)
2019 Credit Agreement revolving line of credit costs capitalized	1.7
Total	$ (1.2)

3(g) Accounts payable and accrued expenses adjustments, as follows:

(in millions)	
Debt-related costs accrued	$ 1.9
Transaction costs accrued	17.3
Transaction costs paid	(2.9)
Elimination of USAA MFB liabilities not assumed	(4.0)
Payoff of amounts outstanding under 2018 Credit Agreement	(0.2)
Income tax impact of pre-tax changes in retained deficit	(7.0)
Total	$ 5.1

3(h) Represents the estimated fair value as of the acquisition date of contingent consideration payable for the USAA AMCO Acquisition. Refer to Note 1, "Purchase Price," for additional information.

3(i) Long-term debt adjustments, as follows:

(in millions)	
Initial term loan principal borrowed under 2019 Credit Agreement	$ 1,100.0
Payoff of outstanding term loans under 2018 Credit Agreement	(280.0)
Increase to debt discount from entering into 2019 Credit Agreement	(11.5)
Increase to debt issuance costs from entering into 2019 Credit Agreement	(18.1)
Write off of debt costs under 2018 Credit Agreement	6.0
Total	$ 796.4

The components of pro forma long-term debt are:

(in millions)	
Term loan principal outstanding	$ 1,100.0
Unamortized debt issuance costs	(21.5)
Unamortized debt discount	(12.7)
Long-term debt	$ 1,065.8

3(j) Represents the settlement of this assumed liability with cash acquired in the USAA AMCO Acquisition.

(in millions)	
Settle balance with USAA MFB cash acquired	$ (27.4)
Total	$ (27.4)

3(k) Retained deficit adjustments, as follows:

(in millions)	
Write off of debt costs under 2018 Credit Agreement	$ (6.0)
Debt-related costs expensed under 2019 Credit Agreement	(4.7)
Transaction costs incurred after the balance sheet date	(17.3)
Income tax impact on pre-tax changes in retained deficit, at 25%	7.0
Total	$ (21.0)

3(l) Represents the elimination of the USAA Mutual Fund Business' historical net parent investment balance.

3(m) Represents pro forma adjustments, for the three months ended March 31, 2019, to revenue to present fund expense reimbursements for the USAA Mutual Fund Business as if the USAA Mutual Fund Business had adopted ASU 2014-09 on January 1, 2019 and to eliminate transactions between the Company and the USAA Mutual Fund Business.

(in millions)		
Adoption of ASU 2014-09 for USAA MFB	$	(1.0)
Elimination of transactions between USAA MFB and Victory		(0.2)
Total	$	(1.2)

3(n) Represents share-based compensation expense on 231,119 restricted share grants and 31,178 stock option grants issued on June 30, 2019 and July 1, 2019 related to the USAA AMCO Acquisition. All of these awards vest over a three-year period based on service.

(in millions)	Three Months Ended March 31, 2019		Year Ended December 31, 2018	
Restricted share awards	$	0.4	$	1.3
Stock option awards		0.0		0.1
Total expense	$	0.4	$	1.4

3(o) Represents adjustments to distribution and other asset-based expenses for the three months ended March 31, 2019. Refer to Note 1, "Accounting Policies," for additional information on the impact of conforming accounting policies related to ASU 2014-09. The Managed Money incremental revenue share payments are based on the weighted average daily net asset value of Managed Money Mutual Fund Investments. For pro forma adjustment purposes, the weighted average daily net asset value of Managed Money Mutual Fund Investments was estimated at approximately $10.0 billion.

(in millions)		
Adoption of ASU 2014-09 for USAA MFB	$	(1.0)
Elimination of transactions between USAA MFB and Victory		(0.2)
Managed Money incremental revenue share payments		2.0
Total	$	0.8

3(p) Represents amortization of newly acquired intangible assets for the three months ended March 31, 2019 and for the year ended December 31, 2018. Assumes an estimated $39.5 million of definite-lived intangible assets and a weighted average amortization period of approximately 4 years. Refer to Note 2 for additional information.

3(q) Represents acquisition-related costs, for the three months ended March 31, 2019 and for the year ended December 31, 2018, which are direct, incremental costs of the acquisition reflected in the historical financial statements but are removed from the unaudited pro forma condensed combined financial statements since they are non-recurring charges directly related to the transaction. The acquisition-related costs consist of legal and filing fees, mutual fund shareholder proxy costs and other one-time expenses related to the USAA AMCO Acquisition.

3(r) Represents the impact of eliminating actual long-term debt costs with the replacement of new long-term debt costs as if the 2019 Credit Agreement financing arrangement had been effective January 1, 2018 and assumes an interest rate of 5.57%, which is the interest rate in effect upon entering into the 2019 Credit Agreement. Each 0.125% change in the assumed interest rate for the long-term debt would increase or decrease pro forma interest expense by approximately $0.3 million and $1.4 million, respectively, for the three months ended March 31, 2019 and for the year ended December 31, 2018.

3(s) In accordance with the Securities and Exchange Commission guidelines, the income tax effects of the pro forma adjustments have been calculated based on the blended statutory rates in effect during the periods for which the pro forma information is presented.

3(t) Represents the impact to weighted average shares outstanding from restricted share and stock option awards granted in connection with the USAA AMCO Acquisition. These awards are excluded from computations of pro forma weighted average shares for diluted earnings per share for the year ended December 31, 2018 because the effects would be anti-dilutive.

3(u) Represents the elimination of transactions between the Company and the USAA Mutual Fund Business for the year ended December 31, 2018.

3(v) Represents distribution and other asset-based expenses adjustments for the year ended December 31, 2018, as follows:

(in millions)		
Elimination of transactions between USAA MFB and Victory	$	(1.2)
Managed Money incremental revenue share payments		8.0
Total	$	6.8