



FORM ADV PART II
May 12, 2010

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION
Disclosure Brochure

VICTORY CAPITAL MANAGEMENT INC.
127 Public Square, Cleveland, Ohio 44114
www.victoryconnect.com

**Uniform Application for Investment Adviser Registration
Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	3
2	Types of Clients	9
3	Types of Investments	10
4	Methods of Analysis, Sources of Information and Investment Strategies	10
5	Education and Business Standards	11
6	Education and Business Background	11
7	Other Business Activities	14
8	Other Financial Industry Activities or Affiliations	14
9	Participation or Interest in Client Transactions	15
10	Conditions for Managing Accounts	16
11	Review of Accounts	16
12	Investment or Brokerage Discretion	17
13	Additional Compensation	22
14	Proxy	22
15	Privacy Policy	22

Definitions for Part II

Related person – any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services – Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. **Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

A. Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services	>99 %
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services	0 %
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above	0 %
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription	0 %
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above	0 %
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients May use to evaluate securities	0 %
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	0 %
<input type="checkbox"/>	(8) Provides a timing service	0 %
<input checked="" type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above	< 1%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | | | |
|-------------------------------------|--|-------------------------------------|-----------------------|
| <input checked="" type="checkbox"/> | (1) A percentage of assets under management | <input type="checkbox"/> | (4) Subscription fees |
| <input type="checkbox"/> | (2) Hourly charges | <input type="checkbox"/> | (5) Commissions |
| <input checked="" type="checkbox"/> | (3) Fixed Fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) Other |

D. For each checked box in A above, describe below:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

1. Advisory Services and Fees.

D. General Information Regarding Services and Fees

Victory Capital Management Inc. ("Victory"), furnishes investment management services to individuals, charitable organizations (such as endowments and foundations), tax exempt funds (such as pension and profit-sharing plans), corporations, partnerships, limited liability companies, state insurance funds, proprietary investment companies, registered investment companies, and other business entities based on written agreements between the client and Victory. These services include, without limitation, management of equity, fixed income, balanced, and other specialty investment portfolios, and providing investment research reports on companies followed by Victory's analysts. Investment advice is provided by Victory based on the client's investment objectives and the particular investment guidelines provided by the client. Victory may contract with sub advisers or use the services of dual officers or employees of adviser affiliates to provide investment advice, or to obtain expertise in specific investment areas.

While most administrative functions (i.e. overall management, supervision, finance, performance measurement, marketing, sales and compliance) are directed on a macro basis, the investment philosophy and process, as well as the general investment advice employed by Victory, is administered on a micro or divisional level with general management and investment oversight being provided by Victory's senior management.

Victory's general products include large cap core equity, deep value equity, large cap value equity, mid cap core equity, mid cap value equity, small cap value equity, large cap growth equity, convertible securities, balanced, international equity small cap, international small/mid cap, international equity micro cap, international large cap,

international large cap select, European equity small/mid cap, European equity small cap, taxable fixed income, mortgage-backed securities, municipal securities, structured cash and absolute return. Fees applicable to the managed accounts are generally based on a percentage of assets under management, although in certain cases a fixed fee, performance fee, or revenue sharing arrangement may apply. Some of Victory's products are available in separately managed account (wrap) programs as well.

Victory may, on occasion, receive a performance fee for certain accounts if certain performance goals are attained. A client pays Victory a fee for investment management services provided generally on a quarterly basis in arrears, except where noted, determined according to the following applicable fee Schedules. However, fees may vary depending upon the type of portfolio, the size of the portfolio, and the services to be performed:

LARGE CAP CORE ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$25,000,000	0.60%
Next \$25,000,000	0.50%
Next \$50,000,000	0.45%
Above \$100,000,000	0.40%
Minimum Annual Fee \$150,000	

DEEP VALUE ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.60%
Next \$25,000,000	0.50%
Next \$50,000,000	0.45%
Above \$100,000,000	0.40%
Minimum Annual Fee \$60,000	

LARGE CAP VALUE ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.60%
Next \$25,000,000	0.50%
Next \$50,000,000	0.45%
Above \$100,000,000	0.40%
Minimum Annual Fee \$60,000	

MID CAP CORE EQUITY ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.75%
Next \$25,000,000	0.70%
Next \$50,000,000	0.65%
Above \$100,000,000	0.60%
Minimum Annual Fee \$75,000	

MID CAP VALUE EQUITY ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.75%
Next \$25,000,000	0.70%
Next \$50,000,000	0.65%
Above \$100,000,000	0.60%
Minimum Annual Fee \$75,000	

SMALL CAP VALUE ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000	1.00%
Next \$15,000,000	0.85%
Next \$25,000,000	0.80%
Next \$50,000,000	0.75%
Above \$100,000,000	0.70%
Minimum Annual Fee \$100,000	

LARGE CAP GROWTH ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.65%
Next \$25,000,000	0.55%
Next \$50,000,000	0.45%
Above \$100,000,000	Negotiable
Minimum Annual Fee \$65,000	

CONVERTIBLE SECURITIES ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.55%
Next \$25,000,000	0.50%
Next \$50,000,000	0.45%
Above \$100,000,000	0.40%
Minimum Annual Fee \$55,000	

BALANCED ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000	0.55%
Next \$15,000,000	0.50%
Next \$25,000,000	0.40%
Next \$50,000,000	0.35%
Above \$100,000,000	0.30%
Minimum Annual Fee \$55,000	

INTERNATIONAL ACCOUNTS

International Equity Small Cap Accounts

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	1.00%
Next \$75,000,000	0.90%
Above \$100,000,000	0.85%
Minimum Annual Fee \$100,000	

International Small/Mid Cap Accounts

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.95%
Next \$75,000,000	0.85%
Above \$100,000,000	0.80%
Minimum Annual Fee \$95,000	

International Equity Micro Cap Accounts

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 and above	1.25%
Minimum Annual Fee \$125,000	

International Large Cap Accounts

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.75%
Next \$25,000,000	0.70%
Next \$50,000,000	0.65%
Above \$100,000,000	0.60%
Minimum Annual Fee \$75,000	

International Large Cap Select Accounts

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.75%
Next \$25,000,000	0.70%
Next \$50,000,000	0.65%
Above \$100,000,000	0.60%
Minimum Annual Fee \$75,000	

Emerging Small/Mid Cap Accounts

<u>Market Value</u>	<u>Annual Fee</u>
Above \$100,000,000	1.25%
Minimum Annual Fee \$1,250,000	

Global Equity

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.75%
Next \$25,000,000	0.70%
Next \$50,000,000	0.65%
Above \$100,000,000	0.60%
Minimum Annual Fee \$75,000	

EUROPEAN EQUITY SMALL CAP

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.90%
Next \$25,000,000	0.85%
Above \$50,000,000	0.80%
Minimum Annual Fee \$90,000	

EUROPEAN SMALL/MID CAP ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.85%
Next \$25,000,000	0.80%
Above \$50,000,000	0.75%
Minimum Annual Fee \$85,000	

FIXED INCOME CORE AND INTERMEDIATE ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$20,000,000 to \$50,000,000	0.30%
Next \$50,000,000	0.25%
Above \$100,000,000	0.20%
Minimum Annual Fee \$60,000	

FIXED INCOME SHORT TERM ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$20,000,000 to \$50,000,000	0.25%
Next \$50,000,000	0.20%
Above \$100,000,000	0.175%
Minimum Annual Fee \$50,000	

CORPORATE FIXED INCOME ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$20,000,000 to \$50,000,000	0.40%
Next \$50,000,000 to \$100,000,000	0.35%
Above \$100,000,000	0.30%
Minimum Annual Fee \$80,000	

TREASURY TIPS INDEX

<u>Market Value</u>	<u>Annual Fee</u>
Above \$10,000,000	0.10%
Minimum Annual Fee \$10,000	

MUNICIPAL FIXED INCOME ACCOUNTS

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000	0.35%
Next \$40,000,000	0.30%
Above \$50,000,000	0.25%
Minimum Annual Fee \$35,000	

STRUCTURED CASH

<u>Market Value</u>	<u>Annual Fee</u>
\$25,000,000	0.20%
Next \$25,000,000	0.15%
Next \$50,000,000	0.12%
Above \$100,000,000	0.10%
Minimum Annual Fee \$50,000	

PASSIVE INDEX PRODUCTS

Victory directs the investments of client accounts with the objective of replicating the performance of a selected index (e.g., the S&P 500 Index); the client pays Victory a fee for investment advice on a periodic basis, generally quarterly, after the services have been rendered. Fees are generally based on a percentage of assets under management pursuant to the following fee schedule, but may vary depending upon the type of portfolio, size of portfolio and services to be performed.

<u>Market Value</u>	<u>Annual Fee</u>
Above \$10,000,000	0.10%
Minimum Annual Fee \$10,000	

For purposes of computing the fee (when based on assets under management), the value of securities in the client's account is equal to the market value of the securities, or in the absence of a market value, the fair value as determined in good faith by Victory.

Victory may also direct passive asset management products and other quantitative investment services including consulting and transaction planning and execution. The products and services offered by Victory may make use of futures, options, and swaps for portfolio hedging, securities purchases and sales, and the creation of synthetic long and short positions. Fees for these services performed on behalf of clients are determined on a transaction-by-transaction basis.

FOCUSED VALUE INVESTMENT ACCOUNT

Victory manages this account with an investment objective to seek capital appreciation. The objective is to invest in equity securities and derivatives primarily of publicly traded companies whose stock price has become unreasonably depressed, or unsustainably high, in relation to its intrinsic value due to market conditions. Victory may utilize long positions in equity securities as well as leveraged ETFs to seek this investment objective. Clients may at any time impose any reasonable restrictions on the account, including the designation or restriction of particular securities or types of securities.

The minimum account size necessary to participate in this account is \$10,000,000. The client pays Victory a fee for investment advice on a periodic basis, generally quarterly, after the services have been rendered. Fees are generally based on a percentage of assets under management pursuant to the following fee schedule, but may vary depending upon the type of portfolio, size of portfolio or services to be performed.

<u>Market Value</u>	<u>Annual Fee</u>
\$10,000,000 to \$25,000,000	0.65%
Next \$25,000,000	0.55%
Next \$50,000,000	0.45%
Above \$100,000,000	Negotiable
Minimum Annual Fee \$65,000	

This account is also available to KeyCorp employees with a lower minimum account balance requirement. In addition, Victory employees receive a discounted management fee.

ADDITIONAL FEE INFORMATION

Special account structure requirements, the client's objectives or other special considerations may require a client's fee to be varied from the basic schedules. Fees may be negotiated in certain circumstances and Victory reserves the right to waive fees at its discretion and to increase or decrease the minimum account size.

In some cases, Victory's clients will have their accounts domiciled at a bank or broker-dealer that provides management of idle cash balances through a sweep arrangement. In such cases, the client often will pay a separate advisory fee to the bank or broker for this service. Since clients pay Victory a management fee based on the total market value of the client's account, the client may, in some cases, pay two advisory fees with respect to idle cash balances.

Managed Account agreements with clients generally allow either the client or Victory to terminate the relationship at any time by written notice; termination is generally effective within ten (10) to thirty (30) days after receipt of such notice, as described in the Investment Management Agreement. In the event an account is terminated, any fees previously paid by the client are refunded by Victory ratably based upon the number of calendar days remaining after the termination date in the period as to which fees have been prepaid.

RISK AND PERFORMANCE

Clients should understand that all investments involve risk. There can be no assurance that using Victory's investment management services will result in a selection of securities which will produce a profit to the investor or will necessarily outperform the market as a whole or any particular stock or bond index.

OTHER SERVICES

Analytical, Research and Sub-advisory Services

Victory also provides certain individualized portfolio analytical research services. These services include asset allocation analysis, investment policy guideline preparation, manager or fund search support, performance evaluation or reporting, and annual reviews. In some instances, Victory may act as a sub adviser to one or more clients, including affiliates. In those arrangements where Victory is acting on a discretionary basis, the client of the third party

adviser has delegated the investment discretion to us. In those arrangements where Victory is acting on a non-discretionary basis, our services may be limited to general investment advice to the third party adviser. Victory may, from time to time, enter into agreements with other advisers in which Victory may provide its model portfolios, recommendations and investment advice to assist the third party adviser in managing its accounts or as part of a Unified Manager Account (UMA) program (see Wrap/UMA/Model Fee Program section). Fees for such services are generally within the range of 25 - 50 basis points and may be fixed or based on client assets, depending on the service(s) provided.

Administrator

Victory serves as Administrator and Fund Accountant to the Victory Funds, Victory Portfolios, Victory Institutional Funds and Victory Variable Insurance Funds.

Wrap/UMA/Model Fee Programs

Victory is involved in several wrap, UMA and model fee programs with clients through sponsoring broker/dealers. In such programs, Victory does not dictate the overall fee schedule (fees may be higher than the costs associated with retaining Victory directly outside of a wrap product), the method for calculating fees, or the timing for payment of compensation. The sponsor of the product generally determines these issues. The sponsoring broker/dealer will generally recommend retention of Victory for investment management, monitor and evaluate Victory's performance, execute the client's portfolio transactions without commission charges, provide custodial services for the client's assets and, out of the fees paid to the broker/dealer by the client, pay Victory's advisory fee on behalf of the client. The sponsoring broker/dealer may provide any combination of these or other services, for a single fee paid by the client to the sponsoring broker/dealer. Victory generally is expected to execute trades only with the sponsoring broker/dealer. However, unless the Client instructs Victory in writing to direct all trades through a certain broker/dealer (usually, the sponsoring broker/dealer), Victory may "trade away" securities. In these cases, clients generally incur trading costs in addition to the wrap fee charged by the sponsoring broker/dealer. The client is fully responsible for evaluating whether the wrap fee paid to the sponsoring broker/dealer exceeds the cost for the same services if such services were provided separately. When considering utilizing services in a wrap product, clients should consider the overall fees and whether a wrap product is appropriate. Due to the structure of most wrap fee programs, Victory generally does not provide the same level of client relationship services to wrap clients as it does to its other clients. Clients should also consider this when deciding whether to participate in a wrap program. A list of program sponsors with which Victory has an agreement is set forth below:

Wrap Program Sponsors

American Securities Group, Inc.	Ameriprise Financial Services, Inc.	Banc of America Investment Advisors, Inc.
Bear, Stearns & Co. Inc. (Dual Contract only)	Brinker Capital, Inc.	Charles Schwab & Co., Inc.
Chase Investment Services Corp.	Credit Suisse Securities LLC	D.A. Davidson and Company
EnvestNet Asset Management, Inc.	FDx Advisors Inc.	First Mercantile Capital Management, Inc.
Guardian Trust Company, FSB	Investment Advisory Services, a Division of Raymond James & Associates, Inc.	LPL Financial Corporation
Lincoln Financial Advisors Corporation	Lockwood Advisors, Inc.	Madden Services Corporation
Merrill Lynch & Co., Inc. (includes Dual Contract also)	Morgan Keegan & Company, Inc.	Morgan Stanley (includes Dual Contract also)
PNC Managed Investments Inc.	RBC Dain Rauscher Inc.	Robert W. Baird & Co. Incorporated
Morgan Stanley Smith Barney LLC (includes Dual Contract also)	Syntrinsic Investment Counsel LLC	UBS Financial Services Inc. (includes Dual Contract also)

Wachovia Bank National Association	Wells Fargo Advisors, LLC (includes Dual Contract also)	Wells Fargo Investments, LLC (includes Dual Contract also)
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UMA/ Model Program Sponsors

Bear, Stearns & Co. Inc.	Brinker Capital, Inc	Clark Capital Management Group, Inc
Envestnet Asset Management, Inc.	FDX Advisors Inc.	Janney Montgomery
LPL Financial Corporation	Managed Account Advisors LLC	Morgan Keegan & Co., Inc.
Morgan Stanley	Placemark Investments, LLC	PNC Managed Investments Inc
Prudential Investments LLC .	Raymond James Financial, Inc	RBC Wealth Management
Smith Barney, a division of CitiGroup Global Markets Inc.	UBS Financial Services, Inc.	United Capital Financial Advisors, LLC.

For its wrap advisory services, Victory receives a fee, generally within the range of 40 - 50 basis points, depending on the sponsoring broker/dealer and the size of the client's account and product. Victory or the client generally can terminate an investment advisory agreement pursuant to which Victory manages a wrap account at any time upon written notice to the other party to the advisory agreement. A pro-rata portion of any prepaid fee will be refunded to the client upon termination of the advisory agreement.

Victory acts as manager and investment manager to the Victory Capital Series, LLC and the Victory Absolute Return Credit II Fund, LLC. Victory acts as investment manager to the Victory Absolute Return Credit II Master Fund, Ltd. and the Victory Absolute Return Credit II Fund, Ltd.

2. **Types of Clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment Companies | <input checked="" type="checkbox"/> G. Other (describe below) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

2. Types of Clients

C. Investment Companies

Victory serves as Investment Adviser to the Victory Funds, Victory Portfolios, Victory Institutional Funds and Victory Variable Insurance Funds. Victory also serves as sub-advisor to the Mass Mutual Select Core Opportunities Fund, Wilshire Large Company Growth Portfolio, Wilshire Variable Insurance Trust, Thrivent Partner Worldwide Allocation Fund, and Thrivent Partner Worldwide Allocation Portfolio.

G. Other

Victory acts as manager and investment manager to the Victory Capital Series, LLC and the Victory Absolute Return Credit II Fund, LLC. Victory acts as investment manager to the Victory Absolute Return Credit II Master Fund, Ltd. and the Victory Absolute Return Credit II Fund, Ltd.

3. Types of Investments. Applicant offers advice on the following: (check those that apply)			
<input checked="" type="checkbox"/>	A. Equity Securities	<input checked="" type="checkbox"/>	H. United States government securities
<input checked="" type="checkbox"/>	(1) exchange-listed securities		I. Options contracts on:
<input checked="" type="checkbox"/>	(2) securities traded over-the-counter		(1) securities
<input checked="" type="checkbox"/>	(3) foreign issuers	<input checked="" type="checkbox"/>	(2) commodities
		<input type="checkbox"/>	
<input checked="" type="checkbox"/>	B. Warrants		J. Futures contracts on:
<input checked="" type="checkbox"/>	C. Corporate debt securities (other than commercial paper)	<input checked="" type="checkbox"/>	(1) tangibles
		<input checked="" type="checkbox"/>	(2) intangibles
<input checked="" type="checkbox"/>	D. Commercial paper		
<input checked="" type="checkbox"/>	E. Certificates of deposit		K. Interests in partnerships investing in:
<input checked="" type="checkbox"/>	F. Municipal securities	<input type="checkbox"/>	(1) real estate
		<input type="checkbox"/>	(2) oil and gas interests
	G. Investment company securities:	<input type="checkbox"/>	(3) other (explain)
<input type="checkbox"/>	(1) variable life insurance		
<input type="checkbox"/>	(2) variable annuities	<input checked="" type="checkbox"/>	L. Other (explain)
<input checked="" type="checkbox"/>	(3) mutual fund shares		

3. Types of Investments

L. Other

Victory offers investment advice with respect to the purchase of commercial mortgage-backed securities, mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, stable value investment securities, money market securities, 144(A) securities, guaranteed investment contracts, swaps, structured notes, and private placements.

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input checked="" type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain) |
| (4) <input checked="" type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards below.)

5. Education and Business Standards

In the employment of investment professionals, Victory requires a four-year college degree or equivalent industry experience as a minimum. Victory also asks that the investment professionals employed keep abreast of developments in the profession.

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

6. Education and Business Background

Victory - Board of Directors

Greg J. Betchkal

Mr. Betchkal has been appointed as the Chief Compliance Officer of KeyBank, NA. Prior to joining KeyBank, Mr. Betchkal was employed by Citibank, NA. During that time he maintained a series of positions; Managing Director, Compliance and Control for Banking and Investment Products. Mr. Betchkal worked for Citigroup's Non-Resident Indian Business as Global Compliance Head. Prior positions include General Counsel and Director of Compliance for Citisolutions; EVP, Deputy General Counsel and Director of Compliance for Citigroup's Primerica Financial Services. While employed by ING Advisors Network, Inc. Mr. Betchkal was the Chief Compliance Officer. Other employers include Fifth Third Bank where he was a Vice President and Director of Compliance; while employed by Vestax Securities he was a Vice President and a Chief Compliance Officer. Mr. Betchkal was also the Staff Attorney at The Ohio Division of Securities for Broker/Dealer and Enforcement Sections. Mr. Betchkal was born in 1963. He received his Bachelor of Arts Degree from Fairfield University in May 1986. Mr. Betchkal received his law Juris Doctor from The Ohio State University College of Law, in 1989.

David C. Brown

Mr. Brown is the Chief Operating Officer and a Senior Managing Director with Victory. Mr. Brown also serves as Director of the Victory Funds. Mr. Brown is a Director of the Victory Capital Management Board of Directors, and a member of Austin Capital Management's Board of Directors, as well as the Senior Management Committee and a member of KeyCorp Executive Council. He is also serves as Chairman of Victory Capital Business Risk Governance Committee. Prior to joining Victory in 2004, Mr. Brown spent five years at Gartmore Global Investments in a number of management positions. Mr. Brown also served as Chief Financial Officer and Chief Operating Officer of Gartmore Emerging Managers, LLC. Prior to joining Gartmore, Mr. Brown worked for Ernst & Young as a manager in the Assurance and Advisory Business Services unit. Mr. Brown was born in 1972. Mr. Brown received his Bachelor of Arts Degree in Political Science and Accounting from Ursinus College in May of 1994 and his Master of Arts Degree in Business Administration from Case Western Reserve University in May 2007. Mr. Brown is also a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Mr. Brown also maintains FINRA Series 7 securities license.

Kenneth F. Fox

Mr. Fox is the Chief Compliance Officer of Victory, Victory Capital Advisers, and Austin Capital Management, LTD. Mr. Fox joined KeyCorp as an Associate Vice President in 1997. Mr. Fox was Vice President of Key Investments Inc. from 1997 to 1999 and First Vice President and Assistant Director of Compliance at McDonald Investments Inc. from 1999 to 2001. Mr. Fox was born in 1967. Mr. Fox received his Bachelor of Arts Degree in International Business from Bowling Green State University in 1990 and his Master of Arts Degree in Business Administration from Cleveland State University in 1998. Mr. Fox also maintains FINRA Series 7, 9, 10, 23 and 66 securities licenses.

Gregory N. River

Mr. River is Head of Equities for Victory. In this role, he is responsible for all equity teams, equity research, risk management and equity trading. Mr. River joined Victory and/or an affiliate in 2006 following over twenty years of experience in financial services and technology. Mr. River is a member of the Senior Management Committee. Prior to joining the firm, Mr. River was Senior Vice President at Callan Associates, and was responsible for mutual fund board advisory services in addition to strategic investment consulting assignments. Prior to joining Callan, Mr. River was President and Chief Operating Officer of U.S. Foursis Systems Sales, a U.S. subsidiary of a \$150 million multinational R&D print technology company. Other past positions include Vice President of Marketing for OffRoad Capital, a premier internet-based private equity investment bank, and President of Paladin Consulting, which provided management consulting services for mutual fund companies, banks and brokerage firms. In addition, Mr. River was Vice President and Senior Consultant with SEI Investments, where he served as a business development executive and regional sales manager. Mr. River was born in 1954. Mr. River received his Bachelor of Arts Degree in Humanities from The University of Chicago in 1979.

Craig Ruch

Mr. Ruch is a Senior Portfolio Manager, Managing Director, Head of Fixed Income and Chief Investment Officer with Victory Capital Management. He has 14 years of investment experience. He is responsible for all decisions for Absolute Return and Taxable Fixed Income portfolios, and heads corporate bond portfolio management, research and trading. He is also responsible for management of the fixed income group, including the Absolute Return, Taxable Fixed Income, Money Market, Tax-Exempt, and Securities Lending teams. Mr. Ruch joined Victory in 2005 following 11 years of prior investment experience. Prior to joining Victory, he worked for Credit Suisse Asset Management, where he was responsible for credit exposure and core plus portfolios and was a member of the Global Credit Committee responsible for monitoring credit markets on a global basis. Additional past positions include Vice

President and Lead Trader in the telecom and utility industries for Salomon Smith Barney and Vice President and Portfolio Manager for Conseco Capital Management. Mr. Ruch was born in 1971. Mr. Ruch holds a Bachelor of Science in Finance from Indiana University School of Business. He is also a Chartered Financial Analyst Charterholder.

Robert L. Wagner

Mr. Wagner is President and Chief Executive Officer of Victory. He is the Chairman of the Victory Capital Management Board of Directors. He is also a member of the KeyCorp Executive Council. Mr. Wagner serves on the Board of Directors of Austin Capital Management, GP Corp, an affiliate of Victory and serves a Director to the Victory Absolute Return Credit II Master Fund, Ltd. and the Victory Absolute Return Credit II Fund, Ltd. He also is Independent Trustee for the Victory funds Mutual Board of Directors and Victory Funds Mutual Board Investment Committee. Previous to his appointment as President in 2004, Mr. Wagner served as President and Chief Executive Officer of Gartmore Emerging Managers, LLC, as well as Executive Vice President of Institutional Markets. Prior to joining Gartmore in 2002, Mr. Wagner was with JMI Equity Fund and served as President and Chief Executive Officer of one of their privately held venture-backed companies that provided technology and consulting solutions to the financial services market. Prior to JMI Equity, Mr. Wagner served as President of the Institutional Markets Division at Pilgrim Baxter & Associates. Mr. Wagner also spent thirteen years with SEI Investments, in a number of executive management positions. Mr. Wagner was born in 1954. Mr. Wagner received his Bachelor of Arts Degree in Business Administration from Western Illinois University in 1976. Mr. Wagner also maintains FINRA Series 7 and 63 securities license.

Richard G. Zeiger

Mr. Zeiger is Senior Vice President and Managing Counsel for KeyBank National Association and also the Secretary of Victory. Prior to joining the Bank's predecessor in 1990, Mr. Zeiger worked in private practice for five years. Mr. Zeiger was born in 1955. Mr. Zeiger received his Bachelor of Science Degree in Education from The Ohio State University in 1979 and his Juris Doctorate from Cleveland Marshall College of Law Cleveland State University, in 1982.

Other Senior Victory Officers

Lawrence G. Babin

Mr. Babin is the CIO and lead portfolio manager of the Diversified Equity strategy. Mr. Babin joined Victory and/or an affiliate in 1982, following nine years prior investment experience. Mr. Babin was born in 1948. Mr. Babin received his Bachelor of Science Degree in Economics from the Wharton School at the University of Pennsylvania in 1970 and his Master of Business Administration Degree in Finance from the University of Michigan in 1973. Mr. Babin is also a Chartered Financial Analyst Charterholder.

Michael Black

Mr. Black is the Chief Financial Officer of Victory. Mr. Black has been with KeyCorp since 2005 and joined Victory in 2008. Prior to his tenure as Chief Financial Officer, Mr. Black was Vice President and Senior Finance Manager for the Real Estate Capital line of business and has 12 years of experience in the financial services industry. Mr. Black was born in 1970. Prior to joining Key, Mr. Black was Finance Manager for Regional Banking at FleetBoston Financial. Mr. Black holds a Bachelor of Science degree in Business Administration from Northeastern University.

Leslie Globits

Mr. Globits is the CIO and lead portfolio manager of the Mid Cap Equity strategy. Mr. Globits is responsible for investment management for all Mid Cap Equity vehicles, including institutional portfolios, the Victory Special Value Fund, and the common and collective funds. Mr. Globits has been a member of the Mid Cap Equity team since 2003. Mr. Globits joined Victory and/or an affiliate in 1987 following four years prior investment experience. Mr. Globits was born in 1958. Prior to joining Victory, Mr. Globits served as a senior financial analyst for KeyCorp, senior financial officer for Ameritrust, KeyCorp's former entity, financial analyst for TransOhio Savings Bank, and an economist for Currency Brokers in Sydney, Australia. Mr. Globits received his Bachelor of Arts Degree in Economics and History from The University of New South Wales (Sydney, Australia) in 1984 and his Master of Business Administration Degree in Finance from Cleveland State University in 1991.

Richard A. Janus

Mr. Janus is the CIO and lead portfolio manager of the Convertible Securities strategy. Mr. Janus joined Key in 1977 following three years prior investment experience. Mr. Janus was born in 1947. Mr. Janus received his Bachelor of Science Degree from David N. Myers University in 1969 and a Master of Economics Degree from Cleveland State University in 1977. Mr. Janus is also a Chartered Financial Analyst Charterholder and a Certified Financial Planner.

Matthias A. Knerr

Mr. Knerr is the CIO and lead portfolio manager of the International Large Cap Equity strategies. He has 13 years of investment experience. Mr. Knerr was born in 1973. Prior to joining Victory Capital Management in 2008, Mr. Knerr worked for Deutsche Asset Management, where he was a managing director and portfolio manager. Mr. Knerr holds a Bachelor of Science from Pennsylvania State University and is a Chartered Financial Analyst Charterholder.

Margaret Lindsay

Ms. Lindsay is the CIO and lead portfolio manager of the International Small Cap Equity strategies. Ms. Lindsay joined Victory in 2006. Prior to joining Victory, Ms. Lindsay was Director of Global Small Cap Equity at Fiduciary Trust, a subsidiary of Franklin Templeton. Ms Lindsay was born in 1951. Ms. Lindsay received her Bachelor of Arts Degree in History and German Literature from Dickinson College in 1973. Ms. Lindsay also received her Master of Science Degree in Information Science from Drexel University in 1974 and her Master of Business Administration in International Finance from The Wharton School at the University of Pennsylvania in 1981. Ms. Lindsay is also fluent in German.

Erick F. Maronak

Mr. Maronak is the CIO and lead portfolio manager of the Large Cap Growth Equity strategy. Prior to joining Victory, Mr. Maronak was a Portfolio Manager and the Director of Research in the Campbell Cowperthwait division of US Trust Company. Mr. Maronak joined US Trust Company in 1990. Mr. Maronak was born in 1966. Mr. Maronak received his Bachelor of Science in Economics Degree from the City University of New York, Queens College, in 1990 and a Master of Business Administration Degree in Finance from St. John's University in 1996.

Gary H. Miller

Mr. Miller is the CIO and lead portfolio manager of the Small Cap Value Equity and Mid Cap Value Equity strategies. Mr. Miller joined Victory and/or an affiliate in 1987. Mr. Miller co-manages the Victory Established Value Fund and the Victory Small Company Opportunity Fund. Mr. Miller was born in 1964. Mr. Miller received his Bachelor of Arts Degree in Business Administration majoring in Accounting from the University of Cincinnati in 1994 and his Master of Business Administration Degree from Xavier University in 2002.

Arvind K. Sachdeva

Mr. Sachdeva is the CIO and lead portfolio manager of the Large Cap Value and Deep Value strategies. Mr. Sachdeva is also a Senior Portfolio Manager and a Senior Managing Director for Victory. Mr. Sachdeva joined Victory in 2000, following sixteen years prior investment experience. Prior to his tenure with the firm, he served as Deputy Chief Investment Officer and Director of Research at Dean Investments. Mr. Sachdeva was born in 1959. Mr. Sachdeva received his Bachelor of Arts Degree in Business Administration from Georgia State University in 1981. Mr. Sachdeva is also a Chartered Financial Analyst Charterholder.

7. **Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice
- B. Applicant sells products or services other than investment advice to clients
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, below.)

7. Other Business Activities

B. Victory also provides certain individualized portfolio analytical research services. These services include asset allocation analysis, investment policy guideline preparation, manager or fund search support, performance evaluation or reporting, and annual reviews. Victory may also provide certain financial and accounting support to its investment adviser affiliates.

8. **Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input checked="" type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, below identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No

(If yes describe below the partnerships and what they invest in.)

8. Other Financial Industry Activities or Affiliations

C. (1) Victory Capital Advisers, Inc. is a registered broker-dealer affiliated with Victory. Victory Capital Advisers, Inc. is the placement agent for Victory Capital Series, LLC, the Victory Absolute Return Credit II Fund, LLC and the Victory Absolute Return Credit II Fund, Ltd.

C. (6) Victory is a wholly owned subsidiary of KeyBank National Association. Victory serves as investment adviser to KeyBank National Association, on a non-discretionary basis with respect to various accounts of the Bank including their common and collective funds. In certain circumstances Victory may advise bank clients on a discretionary basis. KeyBank National Association may serve as custodian for clients whose accounts are managed by Victory.

9. **Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe below when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

9. Participation or Interest in Client Transactions.

A. B. & C. E. KeyBanc Capital Markets Inc., an affiliated registered broker-dealer, in the normal course of business, may act as principal, and / or as broker or agent for their client

D. In the course of providing advisory services, Victory may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for another account if such recommendation is consistent with each client's investment objectives and guidelines. Victory may also recommend the sale or purchase of securities for client account while simultaneously holding or trading in the same securities in a proprietary account. Victory may effect agency cross trades for certain customer accounts. Victory does not receive a fee or other remuneration for such transactions.

Victory seeks to ensure that it does not benefit from the short-term market effect of its recommendations. To help prevent conflicts of interest, all employees of Victory and any employee of a Victory affiliate that has access to Victory's proprietary research, must abide by the Code of Ethics (the "Code"). The Code imposes restrictions on the purchase or sale of securities for their own accounts and accounts in which he/she has a beneficial interest. Subject to the Code, employees of Victory may recommend to clients the purchase or sale of securities in which Victory's employees may have a beneficial interest. The Code includes preclearance of personal trades, blackout restrictions, and reporting requirements under Rule 17j-1 of the Investment Company Act. In addition, the Code limits employees' ability to invest in Initial Public Offerings and Private Placements by requiring the preapproval of the Chief Compliance Officer, the Managing Director of Product, and his or her direct supervisor. The Victory Code prohibits excessive trading and any activity that can be construed as market timing mutual funds. Service on a for profit board of directors is also limited to those that have approval from the Chief Compliance Officer, Chief Investment Officer, and Chief Executive Officer. In addition, all Victory access persons must certify annually to the Code and Victory's policy on insider trading. To obtain a copy of The Victory Code of Ethics, visit www.victoryconnect.com.

Victory may recommend to its clients, as an investment product, mutual funds for which Victory serves as the investment adviser. As investments in such funds increase, so does the fee received by Victory. Victory may purchase securities for certain investment company accounts underwritten by an affiliated broker-dealer under provisions set forth in Rule 10f-3 of the Investment Company Act of 1940. Victory may also purchase securities for certain separately managed accounts underwritten by an affiliated broker-dealer. Such purchases are made through an unaffiliated broker-dealer.

Austin Capital Management LTD ("Austin"), an affiliate Investment Adviser is the general partner of a limited partnership Master Fund of Funds in which it has made permissible investments. Additionally, employees and officers of Austin may have invested in the Fund on the same terms and conditions offered to other investors of the Fund. Recommendation of the Fund to clients is not currently being made.

KeyCorp Insurance Company LTD, an affiliate of Victory, invests in the Victory Capital Series, LLC-Series A. Certain of Victory's executive officers and directors invest in Victory Capital Series, LLC-Series C. KeyCorp offshore investments LTD, an affiliate of Victory, invests in the Victory Absolute Return Credit II Fund, Ltd. Which intern invests in the Victory Absolute Return Credit II Master Fund, Ltd. Certain Victory employees have invested in Victory Capital Series LLC-Series-D and the Victory Absolute Return Credit II Fund, LLC which intern invests in the Victory Absolute Return Credit II Master Fund, Ltd.

<p>10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?</p>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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(If yes, describe below)

10. Conditions for Managing Accounts

With limits and exceptions, Victory generally requires a minimum dollar amount of \$10 million for new institutional and individual investment advisory accounts. Minimum may vary depending on investment strategy. Such minimum amounts are subject to change at Victory's discretion. Lower minimums are available for managed accounts participating in broker consulting programs with sponsoring broker/dealers, including wrap accounts. See general fee information continued in section 1D.

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each
- B. Describe below the nature and frequency of regular reports to clients on their accounts

11. Review of Accounts

A. Portfolio managers review accounts continuously. Client inquiries, changes in general market outlooks and changes in opinion on specific issues may prompt particular reviews of accounts. Generally, transactions and accounts are reviewed by management at least quarterly.

B. Each client has the option to receive a report quarterly or more often depending on the investment management agreement concerning his or her investment advisory account(s). In addition, review meetings are offered at least annually, with each client to review portfolio performance as well as to identify any changes in the client's investment objectives, risk tolerances and liquidity needs for the upcoming year.

12. **Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe below any limitations on the authority. For each yes to A(3), A(4) or B, describe below the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of product, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

12. Investment Discretion

Victory's investment management teams generally have full discretion and authority over their client's accounts. This discretionary authority may be limited by: the investment management agreement, client's objectives and guidelines, Federal and state law, including ERISA, and Victory's internal policies. In addition, circumstances within accounts may dictate account specific transactions in addition to decisions made on a global scale (e.g. cash in-flows or out-flows). Investment decisions that are implemented across products may not be effected in the same manner. For example, model changes made on a global scale may not be effected in wrap accounts due to product specifications.

Fixed Income

Due to the nature of the market, portfolios managed with the same investment objectives and guidelines may not hold identical securities. The accounts will reflect an overall investment strategy that has been achieved with the use of securities that can be considered interchangeable, i.e. securities of different issuers carrying the same bond rating, maturity and yield are considered eligible investments. An account's investment objective and guidelines, cash availability, Federal and state law, including ERISA, tax considerations, and Victory's internal policy are the basis for securities selection.

Equities

Management Teams make investment decisions for their respective strategies. Each Management Team has discretion as to the securities, amounts, and timing of all investments in any portfolio it manages.

International Small Cap Equities

The International Small Cap Equities Strategy employs a disciplined investment process whose objective is to identify companies that are achieving strong earnings and revenue growth, which we believe will translate into stock appreciation. A fundamental research approach is utilized to identify high quality growth companies to meet the valuation criteria established. The composites are composed of 60-80 stocks, primarily focused on developed markets in Europe and Asia.

International Large Cap Equities

The International Large Cap Equity strategies employ a bottom-up investment process focusing primarily on large cap companies in developed countries. The investment strategies seek to invest in companies with above average long-term growth prospects, strong competitive positioning, and attractive valuation.

Large Cap Growth

Investment decisions are made by an investment committee consisting of Portfolio Managers and lead by the strategy CIO. These decisions are generally executed across both wrap and institutional products managed by the team. Victory Fund trades may vary slightly from the remainder of the model for a variety of reasons, including, but not limited to cash flows.

Brokerage Discretion and Trading

Victory seeks to obtain the "best execution" of its clients' securities transactions. Victory strives to execute each client's securities transactions in such a manner that the client's total costs or proceeds in each transaction are the most favorable under the circumstances. Commission rates paid on securities transactions for investment advisory and trust accounts must reflect comparative market rates. Commission ranges and the actual commission paid for trades of listed stocks and over-the-counter stocks may vary depending on, but not limited to, the liquidity and volatility of the stock and services provided to Victory by the broker. A good faith determination will be made that the commissions paid are reasonable in relationship to the value of the services received. The continuous review of commissions is the responsibility of the head of equity trading. For transactions considered relatively large, traders are expected to "work" the trade to achieve the best execution possible, using the resources available to them including, but not limited to, services such as full service brokers and electronic trading alternatives.

Victory will consider the full range and quality of a broker's services in placing brokerage including, but not limited to, the value of research provided (as determined by the Broker Vote), execution capability, commission rate, financial willingness and ability to commit capital, and responsiveness. The lowest possible commission cost alone does not determine brokerage selection. The transaction that represents the best qualitative execution for a managed account will be executed.

Blocking, Trading and Allocation

Victory may combine orders into block trades when more than one account is participating in a trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g., for the purpose of reducing brokerage commissions or obtaining a more favorable transaction price.) Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Victory's investment advisory agreements with each client for which trades are being blocked. Equity trades are blocked based on fairness to clients, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price, an average share price, for securities purchased or sold on a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity in many small capitalization securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among accounts participating in the trade in accordance with the allocation statement. If the order is partially filled, the securities will be allocated pro rata based on the

allocation statement. Portfolio managers may allocate executed trades in a different manner than indicated on the allocation statement (e.g. non pro rata) only if all managed accounts receive fair and equitable treatment. Portfolio managers will be informed of allocations by the trading desk.

When investment decisions are made and a target allocation is established for a management style, the orders are entered for all the institutional, separately managed and Fund accounts managed in that style. The Portfolio Manager may enter trades to meet the full target allocation immediately or may meet the allocation through moves in incremental blocks. The Trading Desk may block these orders as they are received and step-out transactions may be used to facilitate the rotation process. The trading desk will decide on a case-by-case basis whether utilizing step-outs and/or the rotation is in the best interest of clients and the most feasible for a given trading situation.

Step-outs may be used for eligible institutional and separately managed directed accounts either within a rotation or blocked with non-directed accounts as long as aggregation is expected to be beneficial to all accounts within the block, consistent with seeking best execution and expected to minimize market impact or overall transaction costs. In order to aggregate orders and utilize step-outs, the trading desk must determine that all accounts in the order will benefit. Order size, stock liquidity, potential for block trades, capital commitment by a broker, proportion of direction in the order, and potential subsequent trades are some of the factors that will be considered on a trade by trade basis to determine whether or not step-outs should be used. Additionally, if aggregating directed and non-directed accounts into one block, step-outs must be utilized to maintain direction and non-directed accounts may not be disadvantaged in order to fund services or rebates to directed accounts. Directed account step-outs may also include commission recapture accounts, if appropriate for their program and not disadvantaged by the aggregation. Accounts directed by clients to Victory affiliates will not be stepped out.

When using a rotation, non-directed account trade block(s) will go first, followed by a random rotation of institutional and separately managed directed account trades. A random number generator is used and all rotations are saved for each day. Wrap accounts will also be executed in a random rotation as a separate group upon receipt and may immediately follow the directed trade rotation.

Victory may enter into agreements with wrap unified managed account (UMA) manager(s). In Victory's sole and reasonable discretion, submission of investment models to a UMA Manager may be incorporated into the random directed rotation in instances where: (i) Victory has discretionary authority under a UMA program or (ii) Victory concludes, after appropriate review, that the UMA sponsor is able to execute trades to implement the model in a reasonable time considering the relevant securities and markets and the sponsor agrees to notify Victory promptly upon completing its trades. UMA trades are executed by the sponsoring UMA manager(s) with those broker dealers which they select based on their judgment.

Where natural liquidity is available, the trading desk may accept such available liquidity on behalf of those clients able to do so within the framework of the rotation and taking into account directed account limitations.

In the event that more than one management style is trading in the same security, trades are primarily worked on a first-come, first-serve basis. Generally, new trades that can be blocked with an existing open order will be added to the order to form a larger block. In some circumstances, e.g. a security's characteristics or general market conditions, adding new orders to existing blocks would affect a Portfolio Manager's ability to capitalize on the timing of a trade. When this occurs, the trading desk may close existing partially filled orders. The filled amount will be allocated on a pro rata basis to all accounts in the original block. A new block will be opened for the remaining shares of the original trade and the new trade. In some instances, when determining that such trading will not impact execution for any clients and is most appropriate for the given circumstance, the trading desk has the ability to trade multiple orders for the same security at the same time in the market place. Such a decision takes into account the circumstance of the request, size of the orders (individual or aggregate), and liquidity in the stock at the time, and natural liquidity situations. If the circumstance arises where orders come in on opposite sides of the market (for example: a buy and a sell in the same stock), the trading desk has the ability to execute both trades at the same time. Algorithmic trading strategies may be used to execute the "second" order that comes to the desk (for example: if when initially buying a stock, a sell order then comes to the desk in the same stock...the sell would go to the algorithm). Algorithmic trading orders, when used, are passive market orders that help to prevent effectively "crossing" stock in the market. The algorithms will "participate" with traded volume - they won't create volume in the form of a potential "cross".

Victory may participate in an IPO in the event a portfolio manager deems it appropriate for eligible accounts, depending on client's needs and investment objectives. Desired allocations are submitted prior to the offering date, however, post execution allocations may vary. The Chief Compliance Officer or his designee reviews and approves all IPO allocations.

If an IPO indication of interest is filled in its entirety, securities purchased in the aggregate transaction will be allocated among accounts participating in the trade in accordance with the allocation statement. Account allocations are based on individual portfolio weightings and how the allocation will affect the balance of the portfolio. If the order is partially filled, the securities will be allocated pro rata based on the allocation statement. Where the full amount of a block execution is not executed, the partial amount actually executed will be allocated on a pro rata basis when ever possible.

Broker Review and Discretion

Brokers used for the execution of equity and fixed income trades are evaluated based upon the following criteria:

- a. Best available execution
- b. Sound financial condition
- c. Knowledge of the market, specific industries, and securities
- d. Acceptable record keeping, e.g. timely and accurate written confirmations
- e. Acceptable record of good and timely delivery and payment on trades
- f. Access to sources of supply or markets, including third or fourth markets
- g. Ability to handle block trades
- h. Quality of research material and services

All accounts receive the same per share commission unless client has a prearranged commission agreement with a directed broker.

The Trading Oversight Committee will annually review the financial condition of those brokers with whom substantial business is transacted.

Each quarter the Head of Equity Trading is responsible for obtaining brokers performance data from Quantitative Services Group (QSG). The original data contains all trading transaction information. The top volume brokers, based on traded value, will be used for the purposes of the Trading Oversight Committee's (the "Committee") review of best execution. The report presented to the Committee will separate the brokers into specific usage subcategories: soft dollar, research, execution, electronic, and client-directed. This division will give the Committee the opportunity to compare brokers providing similar services to Victory. The report will also rank brokers according to performance relative to QSG' benchmark cost estimate.

The Committee will review all broker performance, noting any brokers with outlying performance. When reviewing a broker's performance, in addition to the QSG report, the Committee will take into account other qualitative factors, such as, the number of transactions executed by the broker in the quarter, the difficulty of the trades, the effect that one or two "bad" trades may have had on the number, the market capitalization of the stocks traded. If the committee determines that a specific broker repeatedly underperforms, the broker may be placed on a "watch list." The broker will be notified that their performance is considered unacceptable, and corrective measures will be discussed. Should the broker continue to perform poorly once added to the watch list, trading with the broker will cease pending a thorough review of the entire relationship.

Under the supervision of the Client Commission and Trading Oversight Committees, trading commissions may be used as soft dollars to purchase services provided that:

- a. The service is for the primary benefit of Victory's clients;
- b. The commission rates paid are competitive with rates paid by Victory to comparable brokers; and
- c. Victory does not guarantee a minimum amount of commissions to any broker-dealer.

Under these provisions, Victory purchases products or services that include third party research, execution services, order management services and market data. Victory determines a mixed-use allocation between hard and soft dollars when these services are used for non-research purposes, including but not limited to, administration, sales or marketing.

Some brokers executing trades for Victory clients may, from time to time, receive liquidity rebates in connection with the routing of trades to Electronic Communications Networks. As Victory is not a broker, it is ineligible to receive such rebates and does not obtain direct benefits for its clients from this broker practice.

Directed Brokerage

If Victory is instructed by a client to direct trades to a specific broker/dealer, Victory's ability to negotiate commissions, obtain volume discounts, or otherwise obtain the best execution may not be as favorable as if Victory had sole discretion in executing the trade. Victory will disclose this to the client when receiving a client's brokerage direction. Directed brokerage instruction, including commission recapture programs, is provided to Victory in writing and is

maintained in the client file. It is Victory's policy not to tie brokerage commissions to deposit balances or loans of brokerage firms with the banking department of any KeyCorp subsidiary. Victory will not place security trades through any brokerage company that is an affiliate of Victory without complying with applicable laws. Victory does not direct brokerage transactions on behalf of the Victory Funds.

Trading in Diversified Accounts

The trading approach used by the Diversified product is dependent upon the availability of cash in different types of accounts, market conditions, liquidity of the security, and the target position to be obtained. Due to the nature of wrap accounts, trades are made less frequently than in institutional accounts and mutual funds. Trading can be further restricted by the availability of cash in different types of accounts and types of securities eligible. Institutional clients and wrap accounts do not have daily cash inflows/outflows characteristic of mutual funds and commingled funds. Therefore, there are trades that the Fund accounts can participate in that the institutional and wrap accounts cannot.

Adding a new security to the portfolio:

Typically, when the portfolio management team is buying a new security, the first step is to set an initial allocation target. Once the allocations have been set, the institutional accounts, including the Victory Diversified Stock Fund, begin to purchase the security in incremental trades. Once the position has reached a level deemed material by the management team, the wrap orders are entered to begin execution of the full allocation amount. The wrap orders are placed with the sponsoring broker dealers using a random number generated rotation. The institutional accounts will then gradually bring the security up to its remaining allocation target.

Trading around positions:

Inherent to the Diversified process and consistent with its risk controls is trading around positions. This is achieved formally on a weekly basis when trades are communicated or informally as needed based on market fluctuations. The institutional accounts are traded on a daily basis in smaller increments. In wrap accounts, buys/sells are made at a minimum of 25 bps increments to avoid excessive trading. Trades are directionally the same in the wrap accounts as the institutional accounts, but much less frequent. The liquidity of a security also impacts the trading process. Often when a security is thinly traded, the position is increased/decreased in incremental positions. This is done to limit the impact on the market for the security. When this trading approach is used, the wrap accounts will be traded in a rotation when the trading amount is deemed material.

Selling securities:

Similar to our buy process, a target allocation is determined, and the institutional accounts begin to sell the security in incremental trades. If the sell is a small portion of the name's total holdings, the trade might not be performed in wrap accounts until the portfolio management team deems the amount of the sale to be material. If the management team's expectations change for a company's business prospects they will typically initiate the sell concurrently in wrap and institutional accounts. However, the time of day the management decision is made may affect this process. If the decision is made late in the trading day, the wrap accounts may be unable to complete the trades on that day. Therefore, the institutional trades may be completed before the wrap trades.

Fixed Income

Orders to buy or sell convertible securities and fixed income securities are placed on a competitive basis with a reasonable attempt made to obtain three competitive bids or offers. Exceptions are: (1) where bid/ask spread is 5 basis points or less provided the order is actually filled at the bid or better for sales and at the ask or better for purchases; (2) securities for which there are only one or two market makers; (3) block purchases considered relatively large; (4) swaps, a simultaneous sale of one security and purchase of another in substantially equal amounts for the same account, intended to take advantage of an aberration in a spread relationship, realize losses, etc.; (5) purchases and sales of fixed income securities for which more than one offering of the same issue is unobtainable are subject to a judgment by the trader that the bid is competitive.

Fixed Income trades are blocked based on fairness to clients, both in the priority of execution of orders for their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. Allocation statements are prepared in the same manner as equity allocation statements. However, in certain circumstances it is recognized that it may not be practicable to complete the allocation statement prior to the placement of the order. In such circumstances, the trading desk completes the allocation statement as soon as practicable, but no later than the end of the same business day on which the broker has allocated the securities to the trading desk.

Where the full amount of a block execution is not executed, the partial amount actually executed shall be allocated ratably among the participating managed accounts, provided, however, allocations may be performed on a basis other than pro rata for the following documented reason(s):

- a. De minimis Allocations. If a small order in a block is too small to be meaningful to an account, the allocation otherwise intended for such account will be allocated pro rata to the remaining accounts on the allocation statement.
- b. Security Position Weighting. Orders for new accounts may be filled before existing accounts when the portfolio manager deems it necessary to do so to achieve consistent position weightings with other accounts managed in the same management style and objective.
- c. Priority for Specialized Accounts. In the event that an order is more suitable for a particular account participating in the block execution due to the specialized or unique investment considerations associated with that account, such account should have priority over other accounts participating in the block order for the allocation of particular securities. Considerations may be given to, among other things, an account's investment objectives, strategic investment needs, duration, cash balance, liquidity needs, and the need for some account order to be filled on an all-or-none basis.
- d. Compliance Approval. In the event that a proposed non pro rata trade allocation does not fall within an exception listed above, but is interpreted by the Chief Compliance Officer and/or Legal Counsel as fair, equitable, and permissible under this policy, the non pro rata trade allocation may be approved by the Chief Compliance Officer.

Large Cap Growth

When a model change is made, these accounts will adhere to the block trading and allocation policy. The trader receives the general trade instructions and creates the block trades. The rotation includes the Victory Focused Growth Fund and any other non-directed accounts managed in this investment style, followed by directed accounts in random rotation. Victory may also use step-out transactions to facilitate the rotation process, if appropriate.

Wrap accounts

Due to the nature of wrap accounts, these accounts may trade less frequently at times than institutional accounts and mutual funds. This may be a result of cash availability, security restrictions, account sizes, higher minimum cash balance requirements or less cash inflows and outflows. As a result, there may be trades in which the institutional separately managed and Fund accounts may participate and the wrap accounts may not. Because of their unique operational and directional structure, wrap account orders will be executed as a separate group in a random rotation and orders will terminate if not filled during the course of a trading day. A new order for the unfilled amount may be rewritten for wrap accounts on the following trading day. The operations department generally creates a block of all wrap accounts for each sponsor when a model change is initiated. These blocks are executed with the corresponding sponsor. If a sponsors' platform is unavailable, that broker is removed from the rotation until such a time the platform is made available.

Brokers are placed in a rotation schedule based on a random number generation. The rotation is established in an attempt to provide all clients with fair access to trading opportunities over a reasonable period of time.

As it relates to American Depository Receipts (ADR), if there is insufficient liquidity in the USA, we may trade away with a broker in a local market and the net price that is stepped out to the plan sponsor may include all commissions and conversion fees.

Wrap accounts generally do not participate in IPO purchases.

13. Additional Compensation

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | | |
|----|--|--|--------------------------------|
| A. | is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| B. | directly or indirectly compensates any person for client referrals? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |

(For each yes, describe the arrangements below.)

13. Additional Compensation

A. Victory may receive from brokers the equipment necessary for supporting the delivery or use of research services supplied by the brokers. Please see the description of Victory's soft dollar policy as described in Question 12A and 12B.

B. Victory may pay KeyCorp affiliates or their employees a cash referral fee for new business. Victory may also pay external professionals for new business once both parties sign a Solicitation agreement.

14. Additional Information on Proxy Policy

14. Proxy

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. Specific client voting records are available upon request. To view or receive a copy Victory's Proxy Policy and Procedures please visit our website at www.victoryconnect.com or e-mail [Victory Compliance at: compliance_victory@victoryconnect.com](mailto:Victory.Compliance.at.compliance_victory@victoryconnect.com).

15. Additional Information on Privacy Policy

15. Privacy Policy

Victory utilizes KeyCorp's Privacy Policy. To view or receive a copy Victory's Privacy Policy please visit our website at www.victoryconnect.com or e-mail [Victory Compliance at: compliance_victory@victoryconnect.com](mailto:Victory.Compliance.at.compliance_victory@victoryconnect.com).