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Victory Capital announces \$104B deal with French asset manager

The companies plan to leverage each other's distribution networks in and out of the U.S.

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Victory Capital (NASDAQ: VCTR), a financial services firm based in San Antonio, is entering an agreement that will extend its reach across the globe.

Earlier this week, Victory Capital announced plans for a 15-year partnership with Amundi, a French asset manager. The two companies entered a nonbinding memorandum of understanding outlining terms of a deal that is expected to close by the end of the year.

The partnership, which does not include any exchange of cash or debt, would result in Amundi becoming a minority shareholder in Victory Capital and require it to blend its U.S. presence into the San Antonio-based firm. Amundi's total stake in Victory Capital will be 26.1%, with 4.9% in voting shares and 21.2% in non-voting shares.

Combining with Amundi US would also increase Victory Capital's assets under management by \$104 billion, a 59% increase, as well as a 10% increase in fixed income.

The deal is predominantly focused on each company's distribution inside and outside the United States.

Amundi would exclusively distribute Victory Capital's products outside the U.S. through the life of the agreement, expanding its global reach, Victory Capital Chairman and CEO David Brown noted in a conference call to investors.

The majority of Amundi's assets under management are in its native France, Asia – including China and India – and the rest of Europe. Only 3% of Victory Capital's assets under management come from outside the United States.

"We are incredibly excited about the growth potential resulting from these agreements," Brown said. "Amundi's global distribution network is vast."



Victory Capital is forming a strategic partnership with a French asset manager.

He said Amundi's extensive relationships substantially expand Victory Capital's market materially by promoting its products in one of the most robust distribution networks in the world.

"Capturing just a small share of Amundi's global gross shares and net flows would materially impact our flow profile," Brown said.

Victory Capital would also exclusively distribute Amundi's products in the U.S., expanding its local reach and helping meet its clients' demands for a larger range of U.S. investment products.

Brown said the companies would work to minimize disruptions to investments and client experience.

"This transaction will also enhance efficiencies across our platform by spreading our investment across a larger asset and revenue base," Brown said.

"The proposed transaction with Victory Capital is a unique opportunity to strengthen our presence in the U.S., while becoming a strategic shareholder in a reputable U.S.-based asset management firm with an excellent track record of growth. It would expand our access to top-performing U.S. investment strategies for the benefit of our clients globally," Amundi CEO Valérie Baudson said in a release. "Additionally, Amundi would greatly benefit from expanded distribution strength in the U.S. market. The combination would provide a significant catalyst for growth for Amundi. Overall, this is a compelling proposition for our clients and our employees; it would also be a value-creating deal for our shareholders with significant prospects for both revenue growth and synergies."

A definitive agreement between the two parties is expected by mid-2024, and the deal is anticipated to be fully secured by the end of the year subject to regulatory approval.