



In Conversation with
Senior Partner &
Co-Founder,
Brendan Carroll

Navigating Volatility

Victory Park Capital built its foundation on providing credit for nontraditional opportunities in a volatile market. Over the last 13 years, the firm has been an active investor in lending platforms for borrowers who are overlooked by traditional banks. The firm's growing team is expert at navigating volatile markets and complex situations much like the current operating landscape. Taking key learnings from past economic downturns and previous investments in a variety of niche sectors – during every phase of the credit cycle – the firm moves forward with a strong foothold on the opportunities ahead. Senior Partner and Co-founder Brendan Carroll answers some key questions about the industry, how VPC is navigating volatility, and how the firm is preparing to make the next 13 years better and more innovative than its first.

Q: With the global growth of financial institutions, is the overall need for non-traditional capital diminishing?

A: When we started the firm, VPC saw a great deal of demand from companies for nontraditional debt capital. We were at the forefront of that trend and positioned ourselves to grow with the market. In my opinion, the demand for nontraditional capital isn't going anywhere.

New industries and sectors continue to emerge and will require growth capital that banks and many others will not provide. That market remains very large and will continue to grow. We are experts in lending against assets that other credit providers typically avoid. Our experience, and the lessons learned along the way, has positioned us to support the next wave of companies that are not able to access funds through traditional sources of capital.

When you reflect on the last 13 years since you co-founded VPC, what are you most proud of?

VPC was one of the earliest and most active investors in FinTech globally and the impact those investments have made is significant. More importantly, I'm incredibly proud of the team we've built. We have the right talent in place to source and execute deal opportunities globally, help emerging and

established businesses grow, and deliver attractive returns to our investors. The quality and depth of our human capital is our greatest advantage in achieving our objectives.

VPC is headquartered in Chicago – how is the firm connected to its hometown?

VPC is committed to being an active partner in our community. We are involved in numerous philanthropic, cultural and civic organizations, programs and events. Chicago is our home, and we are proud to support truly impactful local organizations such as Lurie Children's Hospital, Gardeneers, Camp Kesem, and others.

How has Victory Park Capital's appetite for risk changed over time?

Our approach to risk management, both from a human capital perspective as well as through our systems and operating processes, has grown and become more developed. We have a deeply embedded risk-management culture that permeates throughout the firm. We also leverage risk tools and analytics to drive underwriting and portfolio management decisions with customized monitoring and reporting processes that allow for granular analysis. We also partner with third-party experts when needed.

What kind of partnership activity speaks to Victory Park Capital's current place in the market?

We manage funds for investors from all over the world including the International Finance Corporation and the Inter-American Development Bank, which are two organizations that we respect immensely.* We believe that these relationships reflect our financial services expertise and demonstrate that we are a distinguished institutional investor. These two partnerships, along with others, enable us to leverage our respective strengths to provide businesses in emerging markets with access to capital.

What is the most tangible sign of Victory Park Capital's growing place in the industry?

We have expanded both our footprint and our team to capture the growth opportunities ahead. We're still headquartered in Chicago, and we're extremely proud to be an active member of our hometown and community. In addition, we now have resources in New York, San Francisco, and Los Angeles.

We believe our team is the strongest it has ever been – our senior leadership team averages over 20 years of relevant experience. We've added additional experts in credit and insurance, and we've bolstered our operations team to help us manage our growth.

How is the current and near-term economic situation impacting Victory Park Capital's investment strategy?

During the global financial crisis, banks and credit card companies curtailed lending and numerous other services to a significant number of consumers and small businesses globally. As a result, FinTech emerged as an industry to meet the needs of this market void. Similar to that period, we are seeing and investing in new companies and industries that are emerging from the current environment as a result of people's new social and economic behaviors.

I believe we have the infrastructure and talent to better capitalize and manage these opportunities than ever before.



Winning in the Current Market

Insights from Partner Jason Brown

We have seen a flight to quality investment partners during COVID-19, and we are receiving a tremendous number of inbound calls for opportunities because we're known as a thoughtful player in the space that consistently delivers. The infrastructure and team we've built offer institutional caliber expertise with flexibility and a higher risk appetite than traditional capital partners – our risk management culture enables VPC to do so.

The pandemic is accelerating change that was already in motion. That means that the pace of opportunities in digital – across every sector - is also accelerating. We are focused on a number of subsectors that we believe are going to expand and offer a large number of interesting opportunities. One example is the buy now, pay later (BNPL) business, which is providing new payment options for consumers and businesses.

VPC has closed multiple deals throughout the pandemic, largely focused on emerging sectors whose growth has accelerated due to changes in commerce. The all-virtual environment has enabled us to interact more effectively with management teams, allowing for rapid support and faster decision-making.

We are always keen on identifying areas that are ripe for digitization and technology improvements, and the near-term market is creating unique opportunities that we know we can support and help build across the world.

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John Martin,
Victory Park Capital
Senior Partner

A Time of New Opportunity

I joined Victory Park Capital in November 2019, shortly before the pandemic broke out, so I had no idea we would be faced with so many unknowns and unprecedented scenarios across our portfolio and our business overall. As we are adjusting to these various new situations, I am highly optimistic that VPC is particularly well positioned to take advantage of the evolving dynamics in the credit markets in the recovering economy. This is especially true in the area of digital commerce, which has made significant inroads in the midst of this crisis.

One reason for my optimism is the stable performance of our portfolio companies through this challenging time. This performance is validating the expertise that VPC has developed in the sourcing and underwriting of credit in the new economy, and both our existing competitors and new entrants recognize this strength. We believe there are a relatively limited number of credit firms who have the experience needed to succeed in this arena and this will allow us to continue to build an even stronger position in the market going forward.

We have said for quite some time that we are a lender that provides access to capital that businesses wouldn't be able to attain from traditional lenders, including banks. The demand from business is only going to grow – as new companies emerge to take advantage of new market opportunities, traditional lenders won't be able to provide capital in the early stages, and I believe that we have a significant opportunity to fulfill this important need in the marketplace.

VICTORY PARK CAPITAL

FOUNDED IN 2007

VPC IS A GLOBAL
ALTERNATIVE INVESTMENT FIRM

VPC'S CREDIT STRATEGY HAS INVESTED
\$5+ BILLION ACROSS 85+ INVESTMENTS.



VPC'S VALUES



SIGNIFICANT QUALITY AND DEPTH OF THE TEAM



AVERAGE EXPERIENCE OF THE SENIOR LEADERSHIP TEAM



AMONG
OTHERS...

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