



VictoryShares US 500 Enhanced Volatility Wtd ETF

QUARTERLY COMMENTARY • Q1 // March 31, 2021

VICTORYSHARES US 500 ENHANCED VOLATILITY WEIGHTED ETF ATTRIBUTION COMPARED TO THE S&P 500® INDEX

Investment Strategy

The VictoryShares US 500 Enhanced Volatility Weighted ETF (CFO) offers exposure to large-cap U.S. stocks without subjecting investors to the inherent limitations of traditional market-cap weighting. The Fund seeks to provide investment results that track the performance of the Nasdaq Victory U.S. Large Cap 500 Long/Cash Volatility Weighted Index before fees and expenses.

CFO's rules-based approach combines fundamental criteria with volatility weighting in an effort to outperform traditional indexing strategies. The rules-based volatility weighting methodology weights stocks based on volatility, so each stock in the portfolio has an equal contribution to overall risk. In addition, CFO automatically reduces its exposure to the equity markets during periods of significant market declines and reinvests when market prices have further declined or rebounded.

VictoryShares Update

In the first quarter of 2021, VictoryShares continued to focus on rules-based solutions that seek to bridge the gap between active and passive management while delivering consistent outcomes for clients. At the end of the quarter VictoryShares had \$6.3 billion in assets under management, including \$856 million in CFO.

Performance Update

CFO was up 7.84% in the quarter, outperforming the S&P 500® Index (the "Index"), which was up 6.17%. The quarter

was a favorable environment for CFO's more diversified volatility weighted methodology due to the underperformance of megacap stocks versus the broad market.

The goal of the volatility weighted methodology is to build a more diversified broad market portfolio. The top 10 stocks in the S&P 500® represented 27.4% of the Index, while CFO only held 2.1% in these stocks. Most of CFO's outperformance was attributable to an underweight of the largest market cap stocks.

Top Contributors

The largest stock contributors to CFO's relative performance versus the Index were underweights to Amazon, +5%, and Apple, -8%. An overweight to Discovery, +44%, was also a contributor to relative performance.

An overweight to the Industrials sector, +11%, and an underweight to the Technology sector, +2%, were large contributors to performance relative to the Index.

Top Detractors

The largest stock detractors during the quarter were underweights to Google, +18%; JPMorgan Chase, +21%; and Bank of America, +28%.

An underweight to the Energy sector, +31%, detracted from performance relative to the Index.

ANNUALIZED RATE OF RETURN (%)

VictoryShares US 500 Enhanced Volatility Wtd ETF (CFO)	QTR	YTD	1YR	3YR	5YR	Since Inception Jul 1, 2014	Expense Ratio (%) Gross	Net
Net Asset Value (NAV)	7.84	7.84	45.09	12.65	14.32	11.54	0.43	0.38
Closing Market Price	7.91	7.91	44.80	12.57	14.28	11.51		
Indexes								
Nasdaq Victory U.S. Lg Cap 500 Long/Cash Vol Wtd Index	7.95	7.95	45.62	13.08	14.75	–		
S&P 500® Index	6.17	6.17	56.35	16.78	16.29	–		

Past performance does not guarantee future results. The performance data quoted represents past performance and current performance may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, visit www.victoryshares.com. ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market price returns are based on the price of the last reported trade on the Fund's primary

exchange. If you trade your shares at another time, your return may differ. Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower. Index performance is shown for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index.

Not FDIC Insured • May Lose Value • No Bank Guarantee



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SECTOR WEIGHTING (%)

Sector	CFO	S&P 500® Index
Communication Services	4.0	10.9
Consumer Discretionary	10.0	12.5
Consumer Staples	9.0	6.2
Energy	0.5	2.8
Financials	15.7	11.3
Health Care	13.8	13.0
Industrials	17.6	8.9
Information Technology	16.0	26.7
Materials	5.5	2.7
Real Estate	0.3	2.5
Utilities	7.3	2.7
Cash	0.4	–

FUND TOP 10 HOLDINGS

	Market Cap (\$B)	Weighting (%)
Procter & Gamble Company	\$333.5	0.42
Colgate-Palmolive Company	\$67.0	0.41
Verizon Communications Inc.	\$240.6	0.39
PepsiCo, Inc.	\$195.5	0.37
McDonald's Corporation	\$167.1	0.36
Waste Management, Inc.	\$54.5	0.36
Mondelez International, Inc. Class A	\$83.1	0.35
Costco Wholesale Corporation	\$156.0	0.34
Kimberly-Clark Corporation	\$47.1	0.34
Johnson & Johnson	\$432.7	0.34

Carefully consider a fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus or summary prospectus containing this and other important information, visit www.vcm.com/prospectus. Read it carefully before investing.

All investing involves risk, including the potential loss of principal.

The Fund has the same risks as the underlying securities traded on the exchange throughout the day. Redemptions are limited, and commissions are often charged on each trade. ETFs may trade at a premium or discount to their net asset value. The Fund invests in securities included in, or representative of securities included in, the Index, regardless of their investment merits. The performance of the Fund may diverge from that of the Index. The value of the Fund's direct or indirect investments in fixed income securities may be negatively affected by changes in interest rates and/or changes in the actual or perceived ability of an issuer to meet its (or their) obligations. Strategies intended to hedge risk may be partly or wholly unsuccessful. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. The value of your investment is also subject to geopolitical risks such as wars, terrorism, environmental disasters, and public health crises; the risk of technology malfunctions or disruptions; and the responses to such events by governments and/or individual companies. Fund holdings and sector allocations are subject to change, may differ from the Index, and should not be considered investment advice.

Market capitalization is the total dollar value of all outstanding shares computed as number of shares times current market price.

Market price is the price of the last reported trade on a fund's primary exchange.

Net asset value or NAV is a fund's total assets minus its total liabilities, divided by the number of outstanding shares.

Premium/discount % indicates whether an ETF is currently trading at a higher or lower price than the current value of the securities in that portfolio.

The Nasdaq Victory U.S. Large Cap 500 Long/Cash Volatility Weighted Index reduces its exposure to the equity markets during periods of significant market declines and reinvests when market prices have further declined or rebounded.

The S&P 500® Index is a market-capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.

Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2021.

The Nasdaq Victory Volatility Weighted Indexes are maintained by Nasdaq, Inc. (the "Index Provider"). The Index Provider is not affiliated with the Funds or the Funds' investment adviser, Victory Capital Management Inc.

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