



VictoryShares International High Div Volatility Wtd ETF

QUARTERLY COMMENTARY • Q1 // March 31, 2021

VICTORYSHARES INTERNATIONAL HIGH DIV VOLATILITY WTD ETF ATTRIBUTION COMPARED TO THE MSCI EAFE INDEX

Investment Strategy

The VictoryShares International High Div Volatility Wtd ETF (CID) offers broad exposure to dividend-yielding international stocks without subjecting investors to the inherent limitations of traditional market-cap or yield weighting. The Fund seeks to provide investment results that track the performance of the Nasdaq Victory International High Dividend 100 Volatility Weighted Index before fees and expenses.

CID'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.

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 \$22 million in CID.

Performance Update

CID was up 7.59% for the quarter, outperforming the MSCI EAFE Index (the "Index"), which was up 3.48%. The quarter was a favorable environment for CID's income-focused volatility weighted methodology due to high dividend yield stocks outperforming low dividend yield stocks.

The goal of the high dividend volatility weighted methodology is to build an income-generating, diversified portfolio. When grouping the Index into quartiles, each with an equal number of stocks based on dividend yield, CID will be overweight the highest dividend yield stocks. The highest dividend yield quartile of the Index gained 7% in the quarter. The lowest dividend yield quartile of the Index was up 2% in the quarter. When the highest dividend yielding stocks outperform the lowest dividend yield stocks, it is typically a favorable market environment for CID.

Top Contributors

The top stock contributors to CID's relative performance were overweights to Shaw Communications, +56%, and Japan Post Holdings Co., +30%. An underweight to Nestle, -5%, was also a contributor.

An underweight to the Health Care sector, -4%, was a contributor to relative performance.

An overweight to Canada, +16%, was a contributor at the country level.

Top Detractors

The top stock detractors from CID's relative performance were underweights to ASML Holding, +25%, and Mitsubishi UFJ Financial Group, Inc., +23%. An overweight to Red Electrica Corp., -12%, was also a detractor.

An overweight to the Utilities sector, -2%, detracted from relative performance.

ANNUALIZED RATE OF RETURN (%)

VictoryShares International High Div Volatility Wtd ETF (CID)	QTR	YTD	1YR	3YR	5YR	Since Inception Aug 20, 2015	Expense Ratio (%)	
							Gross	Net
Net Asset Value (NAV)	7.59	7.59	44.76	1.44	3.80	2.38	0.57	0.45
Closing Market Price	8.53	8.53	45.73	0.83	3.67	2.29		
Indexes								
Nasdaq Victory Intl High Div 100 Vol Wtd Index	7.93	7.93	46.25	1.92	4.26	-		
MSCI EAFE Index (Net)	3.48	3.48	44.57	6.02	8.85	-		

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.

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SECTOR WEIGHTING (%)

Sector	CID	MSCI EAFE Index (Net)
Communication Services	18.3	5.2
Consumer Discretionary	2.6	12.8
Consumer Staples	10.1	10.3
Energy	3.2	3.3
Financials	24.2	17.3
Health Care	4.5	11.9
Industrials	4.0	15.5
Information Technology	–	9.0
Materials	7.8	8.0
Real Estate	5.3	3.1
Utilities	19.7	3.7
Cash	0.5	–

FUND TOP 10 HOLDINGS

	Market Cap (\$B)	Weighting (%)
Fortis Inc.	20.3	1.74
Power Assets Holdings Limited	12.6	1.69
Canadian Imperial Bank of Commerce	43.8	1.66
Emera Incorporated	11.2	1.61
CLP Holdings Limited	24.5	1.55
BCE Inc.	40.8	1.54
Hydro One Limited	13.9	1.53
Swisscom AG	27.9	1.53
TELUS Corporation	25.7	1.34
Bank of Nova Scotia	75.8	1.31

COUNTRY WEIGHTING (%)

Canada	18.94
United Kingdom	14.50
Japan	11.76
Hong Kong	11.39
Switzerland	5.79
Germany	4.42
Italy	4.03
Norway	3.83
France	3.73
Singapore	3.56

South Korea	3.46
Australia	3.38
Netherlands	3.05
Finland	2.96
Spain	2.61
Portugal	0.88
Austria	0.60
Cyprus	0.59
Cash	0.50
Other	0.01

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. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Dividends are never guaranteed. 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 the ETF is currently trading at

a higher or lower price than the current value of the securities in that portfolio.

The Nasdaq Victory International High Dividend 100 Volatility Weighted Index contains up to 100 of the highest dividend yielding stocks within the Nasdaq Victory International 500 Volatility Weighted Index.

The MSCI EAFE Index measures the performance of large- and mid-cap stocks in the developed markets, excluding the U.S. and Canada. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

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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