



VictoryShares International Volatility Wtd ETF

QUARTERLY COMMENTARY • Q4 // December 31, 2020

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

Investment Strategy

The VictoryShares International Volatility Wtd ETF (CIL) offers broad exposure to large-cap international stocks (outside the U.S.) 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 International 500 Volatility Weighted Index before fees and expenses.

CIL'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 fourth quarter of 2020, 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 \$5.6 billion in assets under management, including \$112 million in CIL.

Performance Update

CIL was up 14.02% in the quarter, underperforming the MSCI EAFE Index (the "Index"), which gained 16.05%.

Top Contributors

The top stock contributors to CIL's relative performance were underweights to Nestle, -1%; SAP SE, -16%; and Roche Holding, 2%.

An underweight to the Health Care sector, +4%, contributed to relative performance.

From a country perspective, an overweight to South Korea, +34%, was a contributor to relative performance.

Top Detractors

The top stock detractors to CIL's relative performance were underweights to ASML Holding, +32%; LVMH Moët Hennessy Louis Vuitton, +34%; and Banco Santander, +73%.

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

An overweight to Canada, +8%, also detracted from relative performance.

ANNUALIZED RATE OF RETURN (%)

VictoryShares International Volatility Wtd ETF (CIL)	QTR	YTD	1YR	3YR	5YR	Since Inception Aug 20, 2015	Expense Ratio (%)	
							Gross	Net
Net Asset Value (NAV)	14.02	6.09	6.09	3.36	6.81	5.65	0.64	0.45
Closing Market Price	13.29	5.97	5.97	3.19	6.71	5.58		
Indexes								
Nasdaq Victory Intl 500 Vol Wtd Index	14.08	6.45	6.45	3.67	7.16	—		
MSCI EAFE Index (Net)	16.05	7.82	7.82	4.28	7.45	—		

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. 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	CIL	MSCI EAFE Index (Net)
Communication Services	7.6	5.2
Consumer Discretionary	9.4	12.5
Consumer Staples	11.4	10.9
Energy	0.8	3.1
Financials	18.6	16.3
Health Care	9.9	12.9
Industrials	15.3	15.2
Information Technology	9.6	8.9
Materials	8.8	7.9
Real Estate	3.3	3.1
Utilities	5.4	3.9
Cash	0.1	–

FUND TOP 10 HOLDINGS

	Market Cap (\$B)	Weighting (%)
Murata Manufacturing Co., Ltd.	57.8	0.36
Barry Callebaut AG	13.0	0.35
Keyence Corporation	136.2	0.35
Nintendo Co., Ltd.	76.0	0.34
Samsung Electronics Co., Ltd.	506.5	0.34
SoftBank Corp.	59.6	0.32
CLP Holdings Limited	23.4	0.31
Japan Tobacco Inc.	36.1	0.31
Orsted	85.9	0.31
Oversea-Chinese Banking Corporation Limited	33.5	0.31

COUNTRY WEIGHTING (%)

Japan	20.08
United Kingdom	8.56
France	8.01
Canada	7.66
Switzerland	7.46
Germany	7.32
Sweden	5.60
South Korea	5.53
Hong Kong	4.46
Australia	4.30
Netherlands	3.18
Denmark	2.91
Italy	2.55
Finland	1.96

Spain	1.76
Singapore	1.60
Norway	1.51
Ireland	1.41
Belgium	1.26
Israel	0.56
New Zealand	0.55
Austria	0.50
Portugal	0.46
Luxembourg	0.35
Macau	0.16
Cyprus	0.13
Mexico	0.12
Cash	0.05

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. 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 500 Volatility Weighted Index** contains up to 500 of the largest publicly traded stocks within the Nasdaq Global Index universe that have a Nasdaq classified region of developed markets excluding the United States and that have four consecutive quarters of net positive earnings.

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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