



VictoryShares USAA[®] MSCI USA Small Cap Value Momentum ETF

QUARTERLY COMMENTARY • Q4 // December 31, 2020

VICTORYSHARES USAA MSCI USA SMALL CAP VALUE MOMENTUM ETF COMPARED TO THE MSCI USA SMALL CAP INDEX

Investment Strategy

The VictoryShares USAA MSCI USA Small Cap Value Momentum ETF (USVM) offers broad U.S. small-cap equity exposure using a risk-weighted, multi-factor strategy. The Fund seeks investment results that track the performance of the MSCI USA Small Cap Select Value Momentum Blend Index before fees and expenses.

USVM utilizes a multi-factor strategy that seeks higher exposure to *value* and *momentum* factors, with the objective of delivering long-term excess risk-adjusted returns. The Fund targets a balanced risk contribution from the stocks in the portfolio by weighting stocks according to their volatility.

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 \$283 million in USVM.

Performance Update

USVM was up 23.44% in the quarter, underperforming the MSCI USA Small Cap Index (the "Index"), which was up 28.90%. It was generally not a favorable environment for USVM's multi-factor approach during the quarter.

Top Contributors

The largest stock contributors to USVM's relative performance versus the Index were overweights to Kodiak Sciences, +148%; St. Joe Company, +106%; and Cardlytics, +102%.

An underweight to the Consumer Discretionary sector, +25%, was a positive contributor to relative performance.

Top Detractors

The largest stock detractors to USVM's relative performance versus the Index were overweights to Inovalon Holdings, -31%, and Equity Commonwealth, +2%. An underweight to Tapestry, Inc., +99%, was also a detractor.

An overweight to the Health Care sector, +23%, detracted from relative performance.

ANNUALIZED RATE OF RETURN (%)

VictoryShares USAA MSCI USA Small Cap Value Momentum ETF (USVM)	QTR	YTD	1YR	3YR	5YR	Since Inception Oct 24, 2017	Expense Ratio (%) Gross	Net
Net Asset Value (NAV)	23.44	11.61	11.61	7.20	–	7.24	0.31	0.25
Closing Market Price	22.91	11.18	11.18	7.02	–	7.11		
Indexes								
MSCI USA Small Cap Select Value Momentum Blend Index	23.50	11.92	11.92	7.51	–	–		
MSCI USA Small Cap Index	28.90	18.90	18.90	10.88	13.89	–		

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	USVM	MSCI USA Small Cap Index
Communication Services	3.6	2.2
Consumer Discretionary	10.6	13.9
Consumer Staples	3.6	3.5
Energy	2.5	2.9
Financials	13.1	14.6
Health Care	22.8	16.2
Industrials	14.6	15.2
Information Technology	14.9	16.5
Materials	3.3	4.6
Real Estate	8.8	8.4
Utilities	1.3	2.0
Cash	0.5	–

FUND TOP 10 HOLDINGS

	Market Cap (\$B)	Weighting (%)
St. Joe Company	2.5	0.61
Clearway Energy, Inc. Class C	3.7	0.51
Nuance Communications, Inc.	12.5	0.48
CoreSite Realty Corporation	5.4	0.46
Chemed Corporation	8.5	0.45
United Therapeutics Corporation	6.7	0.45
National Fuel Gas Company	3.7	0.44
Bio-Techne Corporation	12.3	0.43
Darling Ingredients Inc.	9.3	0.42
Zynga Inc. Class A	10.6	0.42

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. Investments concentrated in a single country, a small number of countries or a specific region typically exhibit higher volatility. Investments in smaller companies typically exhibit higher volatility. Derivatives may not work as intended and may result in losses. 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. Momentum investing may be more volatile than other investments. Momentum can turn quickly and the Fund may experience significant losses if momentum stops, turns or behaves differently than predicted. 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 **MSCI USA Small Cap Index** is designed to measure the performance of the small-cap segment of the U.S. equity market. The index represents approximately 14% of the free-float-adjusted market capitalization in the U.S.

The **MSCI USA Small Cap Select Value Momentum Blend Index** is based on the MSCI USA Small Cap Index (its parent index) and includes U.S. small-cap stocks. The index is designed to provide higher exposure to value and momentum factors within the parent index while also maintaining moderate index turnover and lower realized volatility than traditional market-capitalization-weighted indexes.

Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through June 30, 2021.

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