

IN BRIEF

RS GROWTH 2018

Stranger than fiction

Surprisingly, growth stocks have performed well during past periods of rising rates.

Investors might be interested to learn that domestic equities have historically performed well in two unexpected periods: (1) leading up to and through Fed rate hikes, and (2) periods of rising Treasury interest rates. What's more, the cost of capital remains low despite the Fed's recent tightening. This could support further M&A activity, which reached \$3.6 trillion in 2016 according to Bloomberg, as companies look to acquire sales and earnings growth.

INCREASING INTEREST?

10-Year Treasury yield, September 1997—September 2017



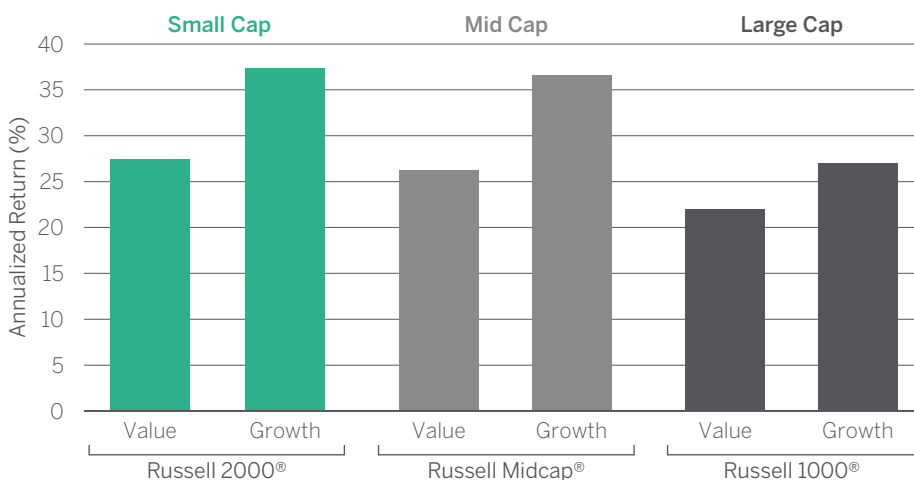
Source: treasury.gov

The 10-Year Treasury is a debt obligation issued by the U.S. Treasury Department with a 10-year maturity. The direction of its yield is widely regarded as a barometer of the overall U.S. economy.

Over the last 20 years there have been eight periods, marked in green, when the 10-Year Treasury yield rose by more than 100 basis points, without a subsequent move of 50 basis points lower.

RALLYING THROUGH PERIODS OF RISING RATES

Cumulative annualized performance through periods of rising rates, September 1997—September 2017



Sources: Russell, and the Federal Reserve.

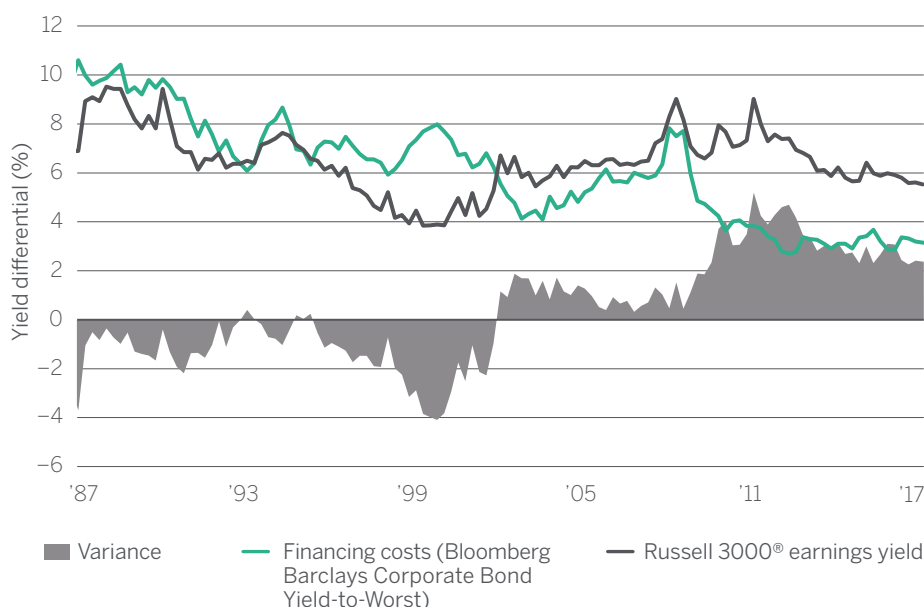
Performance quoted represents past performance and does not guarantee future results. Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index and the index does not incur fees or expenses.

During periods of rising rates over the last 20 years, domestic equities have performed well across styles and market caps, led by small- and mid-cap growth stocks.

The current environment could fuel M&A activity

LET'S MAKE A DEAL?

Yield of corporate earnings less financing costs, September 1987—September 2017



Sources: Bloomberg Barclays, and Russell.

The current cost of capital remains low, which may continue to support robust M&A activity. And if companies believe an era of higher rates is ahead, will they race to do deals before financing costs rise?

Past performance does not guarantee future results.

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. Investing in small- and mid-size companies can involve risks such as having less publicly available information, higher volatility, and less liquidity than in the case of larger companies. Overweighting investments in certain sectors or industries increases the risk of loss due to general declines in the prices of stocks in those sectors or industries. Investments in technology companies may be highly volatile.

An investor should consider the fund's investment objectives, risks, charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the fund's prospectus, or, if available, the summary prospectus. To obtain a copy, visit www.vcm.com. Read the prospectus carefully before investing.

The Russell 3000® Index consists of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 1000® Index consists of the 1,000 largest U.S. companies based on total market capitalization. The Russell MidCap® Index represents the smallest 800 companies in the Russell 1000® Index.

The Russell 1000 Value Index measures the performance of those companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Growth Index measures the performance of those companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values.

The Russell MidCap Value Index measures the performance of those companies in the Russell MidCap Index with relatively lower price-to-book ratios and lower forecasted growth. It represents the value oriented mid-cap segment of the U.S. equity market. The Russell Midcap Growth Index measures the performance of those companies in the Russell Midcap Index with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000 Value Index measures the performance of those companies in the Russell 2000 Index with relatively lower price-to-book ratios and lower forecasted growth. It represents the value oriented small-cap segment of the U.S. equity market. The Russell 2000 Growth Index measures the performance of those companies in the Russell 2000 Index with higher price-to-book ratios and higher forecasted growth values.

The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

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