

# PICTURE THIS

## Does history repeat, or at least rhyme?

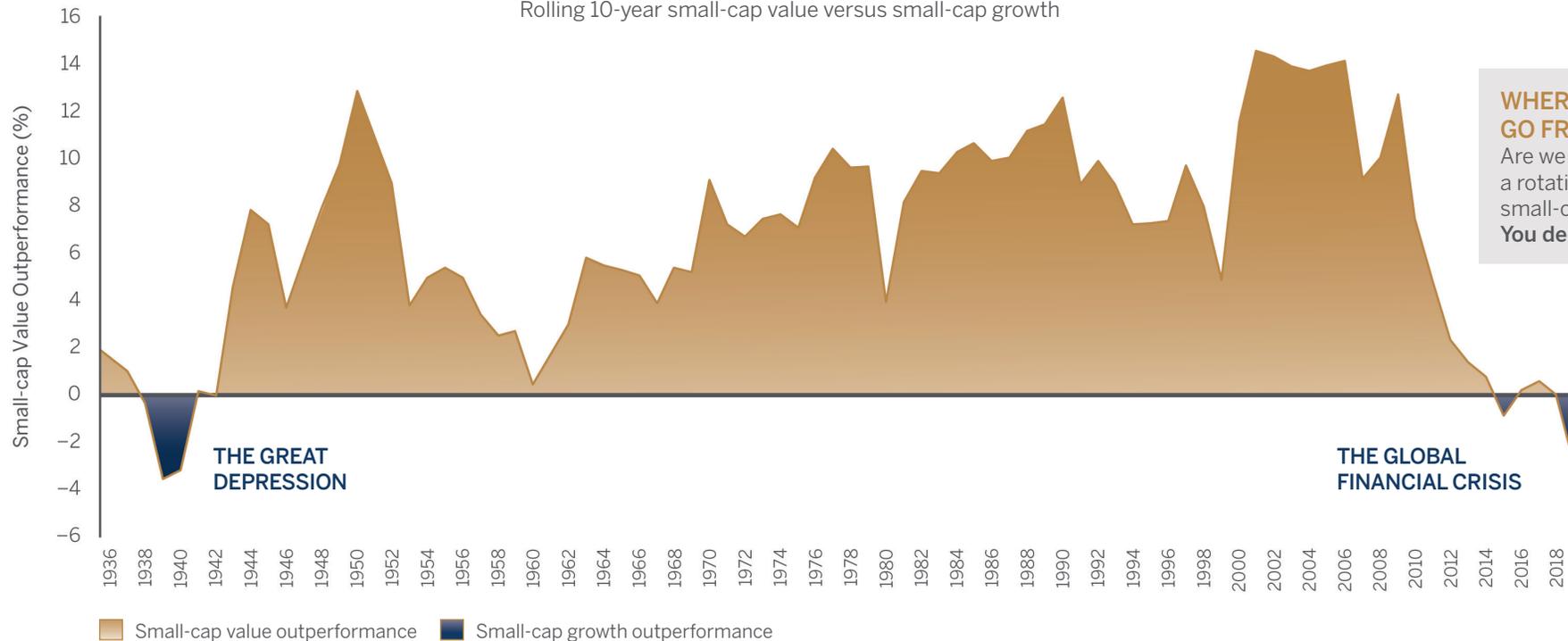
Sure, small-cap value strategies have lagged their growth counterparts in recent years. But investors would be wise to view performance—and potential—through a longer-term lens.

### ROLLING 10-YEAR PERFORMANCE OF SMALL-CAP VALUE VERSUS SMALL-CAP GROWTH *Annual returns from 1927 through 2019*

Small-cap value stocks have outperformed small-cap growth stocks 93% of the time on a rolling 10-year basis. There have been only two exceptions to this long-term trend, once around the Great Depression and more recently in the decade following the Global Financial Crisis.

#### Historically, small-cap value has outperformed small-cap growth

Rolling 10-year small-cap value versus small-cap growth



**WHERE WILL WE GO FROM HERE?**  
 Are we poised for a rotation back to small-cap value?  
**You decide.**

#### Past performance does not guarantee future results.

*This chart is for illustrative purposes only.*

Source: Fama French 6 Portfolios formed on Size and Book-to-Market (BM). SCV = SMALL HiBM and SCG = SMALL LoBM.

These portfolios are constructed with U.S. equities listed on NYSE, AMEX, and NASDAQ. The 6 Fama French portfolios define small cap stocks as below the median NYSE market capitalization. In addition, equities with small capitalizations (as outlined above) with the highest Book to Market ratios are considered small cap value. Equities with small capitalizations with the lowest Book to Market ratios are considered small cap growth.



# Style rotation?

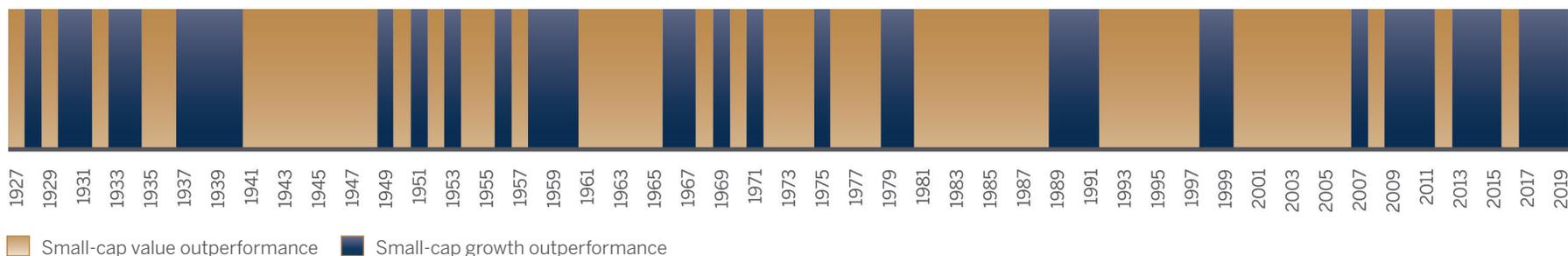
## COMPARING ANNUAL RETURNS OF SMALL-CAP VALUE VERSUS SMALL-CAP GROWTH *Annual returns from 1927 through 2019*

Don't fall prey to recency bias. It's true that on an absolute basis, small-cap growth has outperformed small-cap value over the past three calendar years. But it's also true that, small-cap growth has only outperformed its value counterpart on four consecutive years just once, between 1937-1940. In fact, the

recent run of small-cap value outperformance is the longest such stretch since the Great Depression. This leads to an obvious question: Are we on the cusp of an inflection point and rotation back toward small-cap value?

### Which style has outperformed over the long term?

The chart below illustrates that small-cap value strategies have had better annual returns than small-cap growth strategies the majority of years.



### Past performance does not guarantee future results.

*This chart is for illustrative purposes only.*

*Source: Fama French 6 Portfolios formed on Size and Book-to-Market (BM). SCV = SMALL HiBM and SCG = SMALL LoBM.*

To learn more about the Victory Integrity Small-Cap Value Fund,  
contact your financial advisor or visit [www.vcm.com](http://www.vcm.com)

**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 Fund can be found in the Fund's prospectus, or, if applicable, the summary prospectus. To obtain a copy, visit [www.victoryfunds.com](http://www.victoryfunds.com). Read the prospectus carefully before investing.**

Past performance is no guarantee of future results. All investing involves risk, including potential loss of principal. There is no guarantee that the Fund will achieve its objective. Investments in small and mid-size companies can involve risks such as less publicly available information, higher volatility, and less liquidity than larger companies. The Funds are distributed by Victory Capital Advisers, Inc. ("VCA"), member FINRA and SIPC. Victory Capital Management Inc., an affiliate of VCA, is the investment advisor to the Funds and receives a fee from the Funds for its services. Integrity Asset Management is a Victory Capital investment franchise.

[WWW.VCM.COM](http://WWW.VCM.COM) // 800.991.8191

20200227-1096645

**Fama French 6 Portfolios** [https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html)

The objective of the Fund is to provide long term capital growth. The performance of (the small cap value universe used in the study) is not representative of the performance of the Integrity Small Cap Value Fund.

NOT A DEPOSIT • NOT FDIC OR NCUA INSURED • MAY LOSE VALUE • NO BANK OR CREDIT UNION GUARANTEE

©2020 Victory Capital Management Inc.

V19.147 // 4Q 2019 INTGY Small Cap Val Fund FLY

