HIGHFIVE

for small-cap growth stocks

Celebrating an underappreciated growth strategy by debunking five common myths

RS Investments®

A VICTORY CAPITAL® INVESTMENT FRANCHISE

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 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.

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VictoryCapital®

High five for small-cap growth stocks

It's an age-old challenge that many investors face: Where should goal-oriented investors turn to make up any future return shortfalls from other areas of their portfolio?

There are many approaches to consider, but for whatever reason some investors shy away from domestic small-cap growth equities. This investment style within the market includes exciting companies across many industries, often with innovative products, disruptive business models, and long-term potential. Yet many investors still do not actively consider an explicit allocation to small-cap growth stocks.

So why no love for the small-cap growth style box? Perhaps investors harbor misconceptions about both small-caps and growth stocks. They're too risky. Too volatile. Too expensive. Too techy. Too vulnerable to rising rates.

These myths—call them conventional wisdom—might make for good headlines that grab readers' attention. But rather than focusing on the sensational (and sometimes dubious) claims, why not dig a little deeper and make allocation decisions based on the empirical data?

With that in mind, the RS Investments Growth franchise has looked at five common myths surrounding the dynamic small-cap growth sector. The evidence suggests that investors might wish to consider an allocation to small-cap growth stocks.

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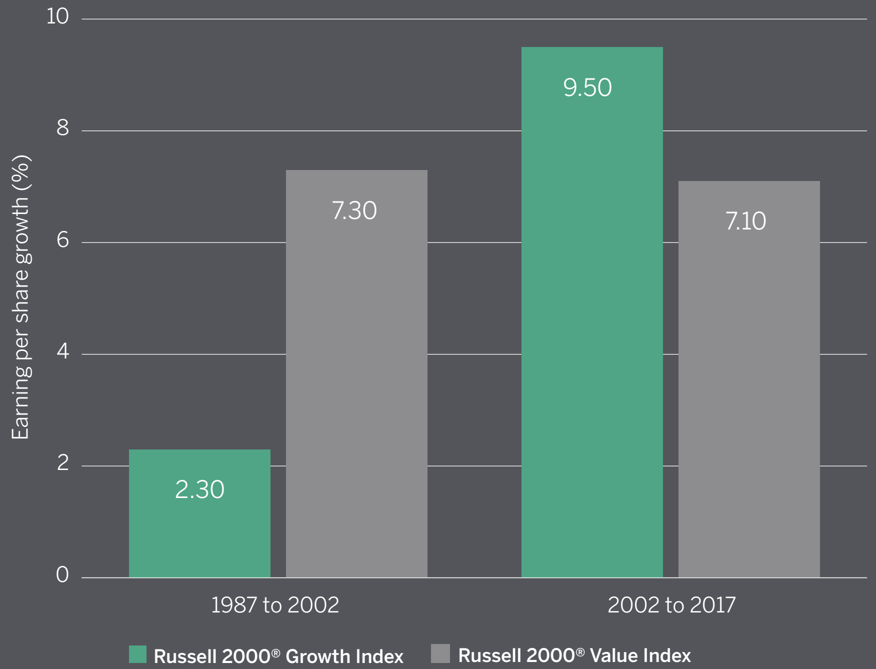
CELEBRATING SMALL-CAP GROWTH FUNDAMENTALS

Comparing 15-year periods ending December 31, 2002 & 2017

EARNINGS GROWTH NOW APPEARS TO FAVOR SMALL-CAP GROWTH RELATIVE TO VALUE



Sources: BofA ML, Russell.
Past performance does not guarantee future results.

Small-cap growth stocks have grown their earnings at a faster pace than their value-oriented counterparts over the most recent 15 years. Moreover, the RS Growth team remains keen on the potential of small-cap growth stocks, due largely to the expected continued strength in underlying fundamentals.

MYTH I

Small-cap growth stocks will falter as interest rates rise.

Not so fast. Small-cap growth stocks have proved their mettle over the past 20 years, including during periods when interest rates rise. In fact, moderately rising rates tend to coincide with a strengthening economy. It should be no surprise, then, that small growth-oriented companies (as measured by the Russell 2000® Growth Index) have delivered positive cumulative annualized returns through periods of rising rates over the past 20 years.

Although the Federal Reserve has telegraphed its intent to continue raising short-term interest rates, they remain relatively low in a historical context. Thus higher borrowing costs do not appear to pose a near-term threat to dynamic, small-cap growth companies.

THE RS ADVANTAGE

Our team's investment philosophy has been vetted over three decades in various macro environments. We typically seek five characteristics in small caps: (1) sustainable earnings growth (2) quality business metrics (3) attractive relative valuations (4) positive earnings estimate revisions, and (5) favorable relative strength.

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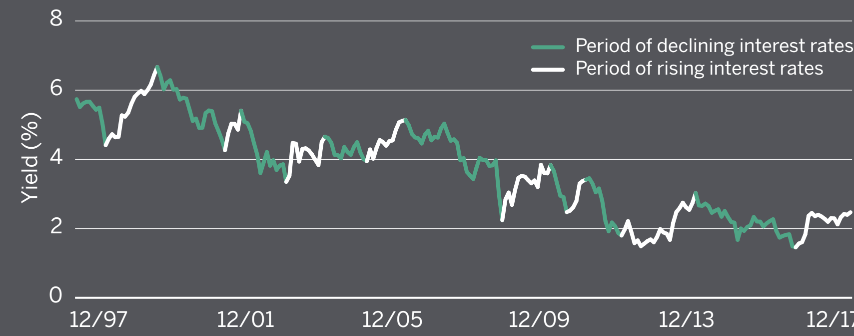
WHO'S AFRAID OF RISING RATES?

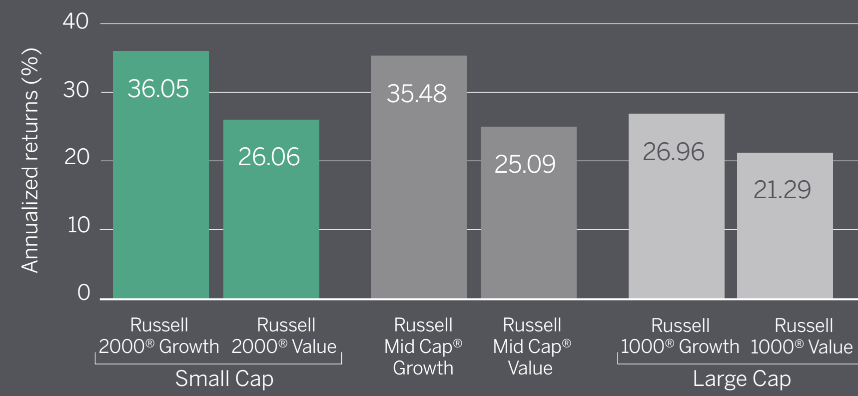
December 1997—December 2017

TEN-YEAR TREASURY YIELD



Source: U.S. Treasury.

CUMULATIVE ANNUALIZED INDEX PERFORMANCE THROUGH PERIODS OF RISING RATES



Source: Russell.
Past performance does not guarantee future results.

It may seem counterintuitive, but growth stocks have actually performed better than their value counterparts in periods of rising interest rates over the past two decades.

MYTH II
Small-cap growth stocks are too expensive.

Expensive? Maybe not, and certainly not in a historical context. Investors typically pay a premium for the growth potential of small-cap growth stocks. For example, during the 1990s and early 2000s, the growth premium, defined as how much more expensive small-cap growth stocks are vis-à-vis small-cap value stocks as measured by forward price-to-earnings, was much higher than it is today.

In fact, the small-cap growth premium has been trending lower over the past 15 years. Thus growth-starved investors may actually be able to buy small-cap growth equities at a discount to their recent historic norm.

THE RS ADVANTAGE

Our strict valuation framework screens potential portfolio candidates. Plus, our willingness to build a high-conviction portfolio that includes developing-stage companies at the smaller end of the capitalization spectrum is a distinguishing trait.

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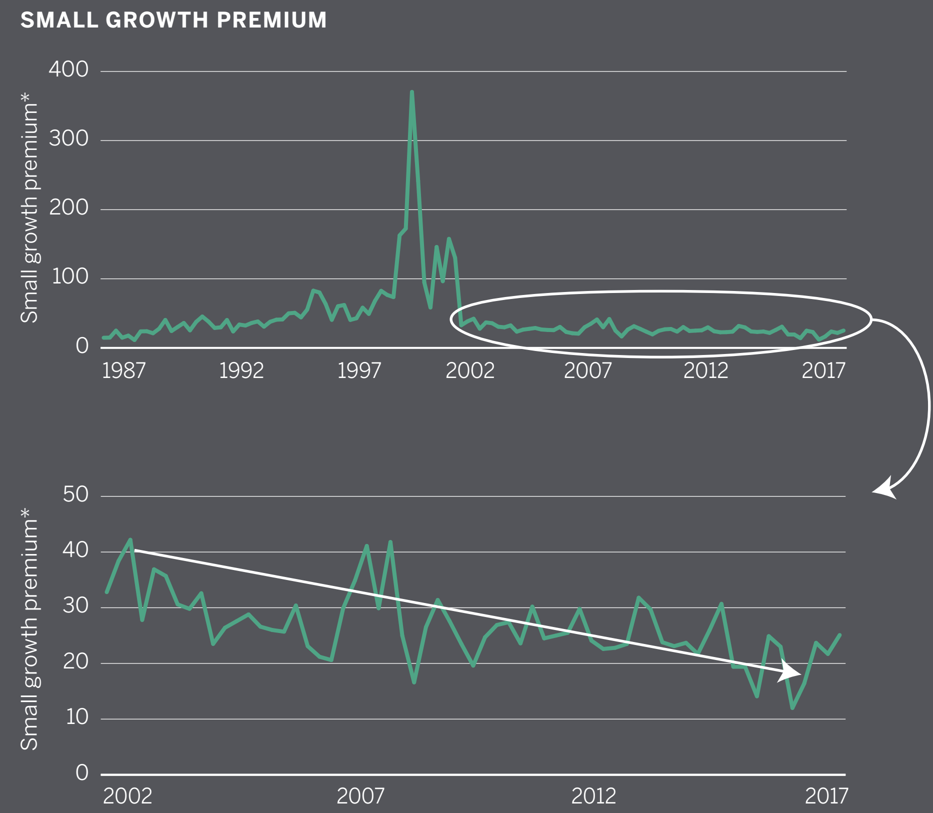
BUYING GROWTH POTENTIAL AT A RELATIVE DISCOUNT

December 1987—December 2017



** Forward PE Russell 2000® Growth Index/forward PE Russell 2000® Value Index.*
Sources: BofA ML, Russell.
Past performance does not guarantee future results.

Paying for the growth potential of small, dynamic companies may not be as expensive as you think. The forward price-to-earnings ratio divides the current share price of a company by its estimated future earnings. It's generally considered an indicator of relative valuation because it reflects how much an investor is willing to pay for those projected future earnings.

MYTH III

The tech sector dictates the performance of small-cap growth stocks.

Actually, small-cap growth does not need to be a synonym for tech. In fact, any actively managed small-cap growth fund that over-allocates to tech may be prone to periods of underperformance. A better approach may be to cast a wide net to include health care, financial services, energy, consumer products, materials & processing and other businesses.

Consider that over the past 10 years, four different industry sectors within the Russell 2000® Growth Index have outperformed the S&P 500®. These include consumer staples, a sector not traditionally viewed as having high-growth, high-return characteristics. Screening for factors such as price momentum, estimate revisions, relative valuation, and earnings quality, and then applying a rigorous risk management discipline, may yield a more diverse array of companies poised to grow.

THE RS ADVANTAGE

Our sector-neutral process allows us to identify compelling, innovative companies across a range of industries, which provides added diversity and helps manage risk across the entire portfolio.

LOOKING FOR GROWTH BEYOND THE TECH SECTOR

December 2007—December 2017

SECTOR RETURNS

Sources: Russell, FactSet. Sectors are represented by standard Russell Global Sectors. Past performance does not guarantee future results.

Investing across many sectors should help manage risk for the entire portfolio.

MYTH IV

To outperform in small cap-growth, active managers must assume excessive risk.

Not necessarily. In fact, active management may offer some advantages for small-cap growth investors, particularly in challenging markets. A nine-year bull market may have made investors complacent. When sentiment and the broader market inevitably turn, a skilled fundamental manager may offer investors a better risk-adjusted approach to take advantage of inefficiencies inherent in small-cap growth investing.

Typically, some of the more promising publicly traded companies are underfollowed by Wall Street. These stocks often are inefficiently priced given their growth prospects, and alpha opportunities—the ability to capture excess returns over the benchmark—exist for those managers who are able to exploit this dynamic. But perhaps even more important at this stage of the economic cycle, an active manager with disciplined risk protocols may be able to limit downside capture.

THE RS ADVANTAGE

Our three-tiered risk management protocol uses quantitative tools to eliminate unintended human bias and minimize the potential negative impact of any single position.

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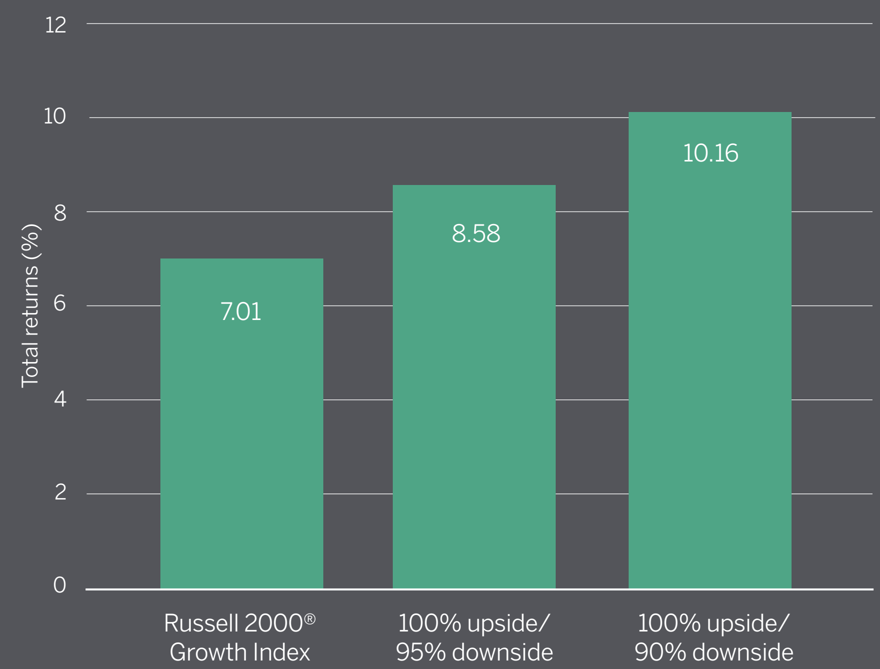
EMBEDDED RISK MANAGEMENT CAN MAKE A DIFFERENCE

December 1997—December 2017

COMPARING RETURNS OF THE RUSSELL 2000® GROWTH INDEX WITH VARIOUS UP/DOWN CAPTURE RATIOS



Source: Russell.
Past performance does not guarantee future results.

The asymmetry in up/down capture can lead to outperformance. Even a small improvement in downside capture can help preserve wealth and improve returns over time. However, small declines in capture ratios can also hinder returns over time.

Up/down capture ratios are statistical measures of an investment manager's overall performance in rising or falling markets. For example, downside capture below 100 indicates that a manager has lost less than the benchmark during falling markets. This may be reflective of effective risk management.

MYTH V

Small-cap growth stocks don't offer an attractive risk/reward trade-off.

The evidence suggests otherwise. When searching for ways to capture above-average returns, why not begin by looking at stocks with the highest forward-looking earnings estimates? The Institutional Brokers' Estimate System (I/B/E/S), a database designed to help professional investors analyze and screen for future performance, including earnings, says otherwise. Small-cap growth companies appear to offer more attractive earnings per share growth potential over the next several years compared to their small-cap value counterparts and large-cap companies.

By focusing on innovative companies that offer sustainable earnings growth, investors may be able find the next-generation iconic U.S. companies early in their growth cycle. And by investing domestically, investors avoid an additional layer of currency, sovereign, or other risks associated with frontier markets or international equities.

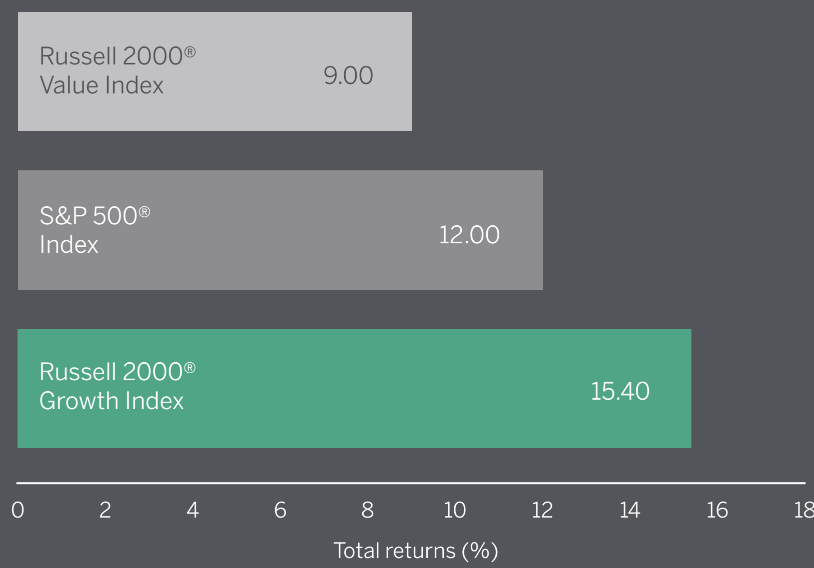
THE RS ADVANTAGE

A factor-based screening process, coupled with deep fundamental research, narrows the field of companies in our portfolios to those with an estimated 2:1 ratio of upside potential to downside risk.

FOLLOW THE GROWTH ESTIMATE

As of December 31, 2017

I/B/E/S ESTIMATED 3–5 YEARS EARNINGS PER SHARE GROWTH (%)



Sources: Thomson Reuters I/B/E/S, S&P, Russell.
Estimates of future earnings are inherently limited and do not guarantee future results.

The RS Growth team believes that ample opportunities exist to find exciting high-growth opportunities domestically—right here in the most mature, liquid, and transparent markets.

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About RS Growth

RS Investments, a Victory Capital investment franchise based in San Francisco, California, has delivered an array of actively managed equity strategies since 1986. The RS Growth franchise believes that sustainable earnings growth drives long-term stock appreciation, and a multidimensional risk management process can enhance long-term strategy performance. The team is led by five portfolio managers and collectively, the eight sector-aligned specialists average more than 20 years of industry experience. RS Growth manages approximately $7.8 billion in client assets.*

As of March 31, 2018.

PORTFOLIO MANAGEMENT TEAM

SCOTT TRACY, CFA
Chief Investment Officer
SECTORS COVERED:
Financials, energy

STEVE BISHOP
SECTOR COVERED:
Technology

MELISSA CHADWICK-DUNN
SECTOR COVERED:
Health care

CHRIS CLARK, CFA
SECTOR COVERED:
Health care

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SECTOR COVERED:
Technology

ANALYST TEAM

LESLEY BUNIM
SECTOR COVERED:
Consumer discretionary

TREVOR MARTIN, CFA
SECTOR COVERED:
Consumer staples

JOHN TILNEY, CFA
SECTORS COVERED:
Producer durables, materials & processing

EXPENSES AND SALES CHARGE

	SHARE CLASS	TICKER	MAXIMUM SALES CHARGE(%)	NET EXPENSE RATIO (%)	GROSS EXPENSE RATIO (%)
VICTORY RS SMALL CAP GROWTH FUND	A	RSEGX	5.75	1.40	1.45
	Y	RSYEX	—	1.13	1.21
	R6	RSEJX	—	1.06	1.06

Not all share classes are available to all investors. The Adviser has contractually agreed to waive a portion of its management fee and/or reimburse certain expenses through at least July 31, 2018. Please read the prospectus for details.

For more information on the Victory RS Small Cap Growth Fund, please contact your financial advisor or visit *www.vcm.com*.

INDEX DEFINITIONS

The Russell 2000® Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with higher price-to-book ratios and forecasted growth values.

The Russell 2000® Value Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values.

The S&P 500® Index is a market capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.