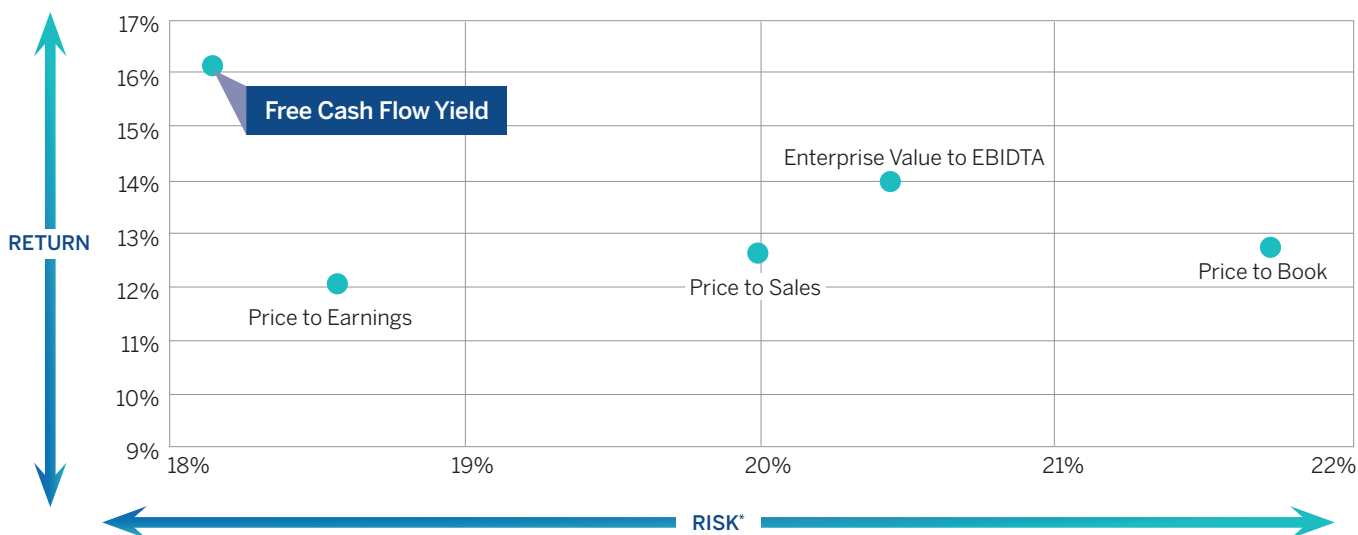


Go with the flow

- > Seek to unlock the potential of free cash flow yield.
- > Identify high-quality companies at attractive valuations.

Free cash flow (FCF) is a key fundamental metric that measures a company’s potential to generate cash indicating financial health. **We believe free cash flow yield is a better measure of value and quality than traditional valuation metrics.** The true value of a company is the present value of **future** free cash flow.



Risk and Return Profiles for S&P 500 Stocks in the Top Quintile of Valuation Metrics

Source: FactSet; Analysis period 12/31/1991-12/31/2025. Universe utilized for analysis is the S&P 500 Index with equal weighted constituents (excluding Financials and Real Estate). The risk and return of the highest quintile of S&P 500 stocks, based on each respective valuation metric, are shown above. Index performance includes reinvestment of dividends and other income but does not reflect management fees, transaction costs or other expenses. Indexes are unmanaged and not available for direct investment. Performance shown does not represent the performance of any fund. **Past performance does not guarantee future results. For illustrative purposes only.** Not indicative of any actual fund or services. Updated annually.



However, traditional measures of FCF may be falling short.
There may be a better way to measure FCF.

*Standard Deviation measures an investment’s historical volatility or risk. It shows how an investment’s annual rate of return is spread out on either side of the mean rate of return. A low SD means performance has not deviated much from the mean. A high SD means returns varied widely.

A comprehensive approach for evaluating free cash flow

FCF is the remaining cash a company has after covering all expenses. It can be used to invest in growing the business, pay dividends or pay down debt. In our view, strong FCF is an indicator of a “high-quality” company. The industry norm has relied on trailing measures of FCF. The methodology of the Victory Free Cash Flow Indexes has enhanced the approach to assessing FCF by incorporating forward-looking measures.



FCF Yield = How much free cash flow an investor receives for each dollar invested in a company. A higher FCF yield generally indicates a more attractive valuation, as investors are getting more cash flow per dollar invested.

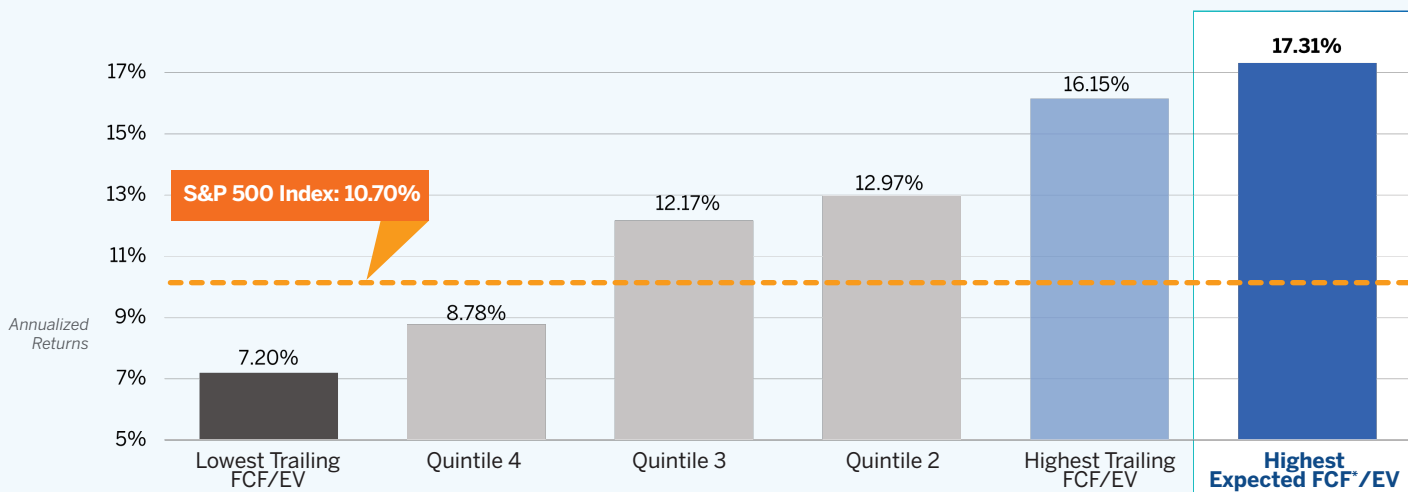


Enterprise value (EV) measures a company’s total value, often used as a more comprehensive alternative to equity market capitalization. Enterprise value includes in its calculation the market capitalization of a company but also short-term and long-term debt and any cash on the company’s balance sheet.

Companies with the highest free cash flow yield have **historically outperformed over time**.



Our approach to FCF Yield further enhances this return profile by adding Expected FCF*.



Past performance does not guarantee future results. Source: FactSet; Analysis period 12/31/1991-12/31/2025. Expected FCF is the average of trailing 12-month FCF and next 12-month forward FCF. Universe utilized for analysis is the S&P 500 Index with equal weighted constituents (excluding Financials and Real Estate). The case study shown above is updated on an annual basis.

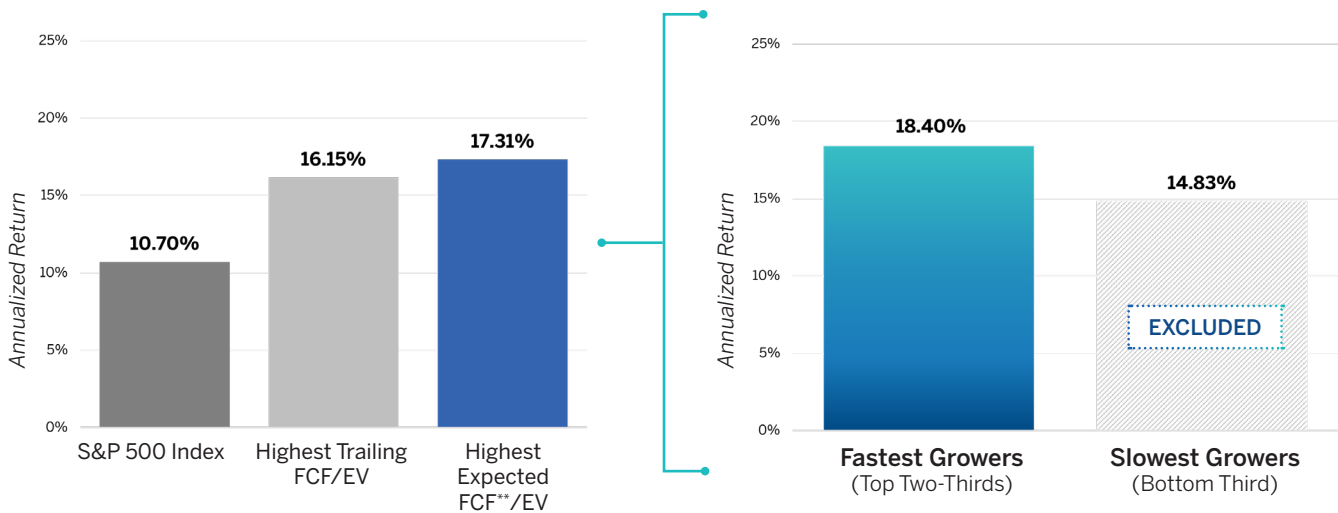
***Expected FCF** is the average of trailing 12-month FCF and next 12-month forward FCF. The Victory U.S. Large Cap Free Cash Flow Index forward-looking free cash flow estimates, based on the index’s methodology, are not guaranteed and may not come to fruition.

Overlooking the importance of growth may leave returns on the table

“Most analysts feel they must choose between two approaches customarily thought to be in opposition: ‘value’ and ‘growth.’ Growth is always a component in the calculation of value...”

— Warren Buffett, Berkshire Hathaway Annual Letter, 1993

A **growth filter*** was applied to eliminate those S&P 500 companies with the slowest grow rates, which further enhanced the return profile.



Past performance does not guarantee future results. Source: FactSet; Analysis period 12/31/1991-12/31/2025. Expected FCF is the average of trailing 12-month FCF and next 12-month forward FCF. Universe utilized for analysis is the S&P 500 Index with equal weighted constituents (excluding Financials and Real Estate). This case study, based on the index’s methodology, is for illustrative purposes only and is not indicative of any investment. Results are not guaranteed and may not come to fruition. The case study shown above is updated on an annual basis. *The Index’s growth filter selects the top 50 stocks with the highest expected growth score. The growth score is measured by sales trend, EBIDTA growth and long-term earnings growth. **Expected FCF is the average of trailing 12-month FCF and next 12-month forward FCF. The Victory U.S. Large Cap Free Cash Flow Index forward-looking free cash flow estimates, based on the index’s methodology, are not guaranteed and may not come to fruition.

Access the Potential Benefits of Our Approach to Free Cash Flow Yield



For illustration only.

Expected FCF is the average of trailing 12-month FCF and next 12-month forward FCF. The Victory U.S. Large Cap Free Cash Flow Index forward-looking free cash flow estimates, based on the index’s methodology, are not guaranteed and may not come to fruition.

Reflects enhancements incorporated into the index methodology to improve traditional approaches to FCF investing.

The next generation of free cash flow investing

Value Investing with VictoryShares Free Cash Flow ETFs

- > **High-quality companies, trading at a discount:** Seeks to provide value exposure with high free cash flow yield and favorable growth prospects across domestic and international solutions.
- > **Forward-looking measure of free cash flow:** Index methodology considers a company's expected free cash flow, which includes forward assessment, not just trailing.
- > **Growth filter:** Eliminates companies with high free cash flow but weak growth prospects.



U.S. MID-CAP VALUE

VictoryShares
Free Cash Flow ETF



U.S. SMALL VALUE

VictoryShares Small Cap
Free Cash Flow ETF



FOREIGN LARGE VALUE

VictoryShares International
Free Cash Flow ETF

For growth investing: Free cash flow growth offerings also available in domestic and international ETFs.



VictoryShares
Free Cash Flow
Growth ETF



VictoryShares
International Free
Cash Flow Growth ETF

To learn more about the VictoryShares Free Cash Flow ETF suite, please consult with your financial advisor or visit victoryshares.com

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 market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, or changes in interest or currency rates. The Fund has the same risks as the underlying securities traded on the exchange throughout the day. ETFs may trade at a premium or discount to their net asset value. Investing in companies with **high free cash flows** could lead to underperformance when such investments are unpopular or during periods of industry disruptions. The fund could also be affected by company-specific factors that could jeopardize the generation of free cash flow. **Index Funds** invest 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. **Large shareholders**, including other funds advised by the Adviser, may own a substantial amount of the Fund's shares. The actions of large shareholders, including large inflows or outflows of cash, may adversely affect other shareholders, including potentially increasing capital gains. **Investments concentrated in an industry** or group of industries may face more risks and exhibit higher volatility than investments that are more broadly diversified over industries or sectors. Investments in companies in the **energy sector** may be subject to substantial government regulation, as well as risks involving changes in energy prices, international political instability, and liability for environmental damage and accidents resulting in loss of life or property. The profitability of companies in the **healthcare sector** may be affected by government regulations and healthcare programs, fluctuations in the cost of, and demand for, medical products and services and product liability claims. **Derivatives** may not work as intended and may result in losses. **The Fund may frequently change its holdings**, resulting in higher fees, lower returns, and more capital gains. The value of your investment is also

subject to geopolitical risks such as wars, terrorism, trade disputes, 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.

Enterprise Value to EBIDTA is the trailing 12-month enterprise value divided by EBIDTA. **Price-to-Book** is the ratio of a stock's market value (price) to the value of total assets less total liabilities (book value). **Price-to-Earnings** ratio is the price of a stock divided by its earnings per share. **Sales to Enterprise Value** is the trailing 12-month sales divided by enterprise value (need to change Price to Sales in the chart to "Sales to Enterprise Value").

The Victory U.S. Large Cap Free Cash Flow Index aims to select high quality companies from its starting universe by applying profitability screens. It then selects companies with the strongest free cash flow yield that exhibit higher growth. The Index is rebalanced and reconstituted quarterly. This Index calculates free cash flow yield by dividing expected free cash flow by enterprise value. Expected free cash flow is the average of trailing 12-month FCF and next 12-month forward free cash flow. Enterprise value (EV) measures a company's total value, often used as a more comprehensive alternative to equity market capitalization. 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.

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