

## Market Environment

International equities advanced in the fourth quarter as markets rallied on signals of potential interest rate cuts in the next 12 months as global inflation rates have trended lower. For the quarter, the MSCI ACWI (All Country World) ex USA Index was up 9.75%, while the Trivalent International Equity strategy underperformed the benchmark. Most countries in the Index had a positive return, with Europe and Asia Pacific ex Japan outperforming the emerging markets. Sweden was one of the best-performing countries, rising 21.2% after a weak spring and summer and lower-than-expected inflation data. The Netherlands was up 19.9% as AI enthusiasm in the Tech sector boosted the country's overall returns. Mexico and Brazil advanced 18.6% and 17.8%, respectively. On the other end of the spectrum, China fell 4.2% as its economic recovery remains sluggish despite government support measures.

All eleven economic sectors had positive returns during the quarter. Information Technology rebounded from the third quarter and was the top-performing sector during the fourth quarter, advancing 20% on positive AI momentum. The Utilities sector rose 13.6% and the Materials sector was up 12.8% as investor sentiment improved on expectations of lower rates in the next 12 months. Energy was the weakest sector, rising just 2.3%, as Brent crude oil prices fell over 19% and general market uncertainty weighed on the sector.

## Portfolio Review

Overall security selection was negative and accounted for the majority of the strategy's performance. Excess returns were generated in three of six regions and five of eleven economic sectors. From a style perspective, the strategy's overall exposure to business momentum and quality was neutral, but value was not helpful. At the sector level, notable underperformance was found in the Information Technology sector. Nokia, the Finnish telecommunications company, was weak after cutting margin guidance and announcing the loss of a large AT&T contract. Underperformance was also found in Industrials. Chinese construction firm China Railway Group declined as lower revenue from high-margin property development services more than offset better margins in construction and engineering related businesses. In Financials, Swiss wealth management company Julius Baer Gruppe declined following unexpected provisioning and a material write-down on a large portion of its private debt portfolio. Standard Chartered underperformed peers after recording a second material impairment in the company's investment in China Bohai Bank.

On the other end of the spectrum, outperformance was found in Consumer Discretionary. Chinese online retailer PDD Holdings rose as their domestic retail businesses continue to gain market share, while their Temu-branded international retail business is also seeing very high growth rates. Selection was also strong in Consumer Staples. Varun Beverages, the Indian Pepsi bottler, jumped 30% in the fourth quarter

as strong earnings and the acquisition of South Africa's licensed Pepsi bottler "The Beverage Company" triggered the rally. In Materials, the Australian building materials company James Hardie rallied 46.4% on good earnings and better guidance for the coming quarters.

## Market Outlook

After an impressive year-end rally, investors will look to take cues from central banks for a clearer picture on interest rates and use the upcoming earnings season to assess economic growth. While inflation continues to moderate in most countries, policymakers are trying to temper policy easing expectations to tame investors' dovish repricing, as more evidence is needed before declaring victory over inflation. Geopolitical tensions have continued to rise after Israel suffered a surprise terror attack at the beginning of October and the conflict continues to affect the Middle East. The rising tensions have the potential to add inflationary pressure in the event that global supply chains see disruptions. The conflict should drive oil prices higher, but price cuts have counteracted the tendency so far. Momentum from the Fed's signal to cut rates in the coming year has given European markets a boost of optimism, despite the ECB and BOE maintaining their commitment to addressing inflation data. The Bank of Japan maintained a similar vision, keeping short-term interest rates negative and planning to continue to do so until the country reaches a sustainable inflation target of 2%. In the emerging markets, countries will face headwinds similar to those of their developed counterparts with regard to inflation and interest rates. In China, the government's attempts at buoying the country's economy have proven lackluster so far. Time will tell if the support measures will begin to restore the economy or if additional action is necessary. We continue to be guided by our bottom-up analysis and will digest upcoming earnings and outlook statements to evaluate our positioning. We believe opportunities for relative outperformance remain, particularly among the diverse and broad segment of international equities.

Representative Account Top 5 Contributors* (%)	Contribution to Return
Power Finance Corporation Limited	0.39
PDD Holdings Inc. Sponsored ADR Class A	0.30
Novo Nordisk A/S Class B	0.30
Taiwan Semiconductor Manufacturing Co., Ltd.	0.28
3i Group plc	0.28
Representative Account Top 5 Detractors* (%)	Contribution to Return
Julius Baer Gruppe AG	-0.13
Alibaba Group Holding Limited	-0.11
InMode Ltd.	-0.10
Standard Chartered PLC	-0.09
Sega Sammy Holdings Inc.	-0.09

Representative Account Top 10 Holdings	Country	Sector
Novo Nordisk A/S Class B	Denmark	Health Care
Novartis AG	Switzerland	Health Care
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology
Samsung Electronics Co., Ltd.	Korea	Information Technology
AstraZeneca PLC	United Kingdom	Health Care
3i Group plc	United Kingdom	Financials
Stellantis N.V.	Italy	Consumer Discretionary
Siemens Aktiengesellschaft	Germany	Industrials
Deutsche Telekom AG	Germany	Communication Services
Itochu Corporation	Japan	Industrials
<b>Total % of Portfolio</b>		<b>13.38%</b>

Source: FactSet.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

## ANNUALIZED RETURNS

Composite Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception 1.10.10
Trivalent International Equity (Gross)	9.09	20.83	20.83	3.70	7.98	4.88	6.47
Trivalent International Equity (Net)	8.92	20.11	20.11	3.08	7.33	4.16	5.71
MSCI ACWI ex USA Index (Net)	9.75	15.62	15.62	1.55	7.08	3.83	4.62

## DISCLOSURES

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite and benchmark returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting one-twelfth of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

The Trivalent International Equity Composite includes all portfolios of \$100,000 or more that are managed according to the Trivalent International Equity strategy. The strategy focuses on foreign companies that are characterized by improving business momentum and attractive valuations. The benchmark is the MSCI ACWI ex USA Index (Net). The composite creation date is December 2009.

The MSCI All Country World ex USA Index (ACWI ex-USA) is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed markets (excluding the United States) and emerging markets.

Index returns are provided to represent the investment environment during the periods shown. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses. One cannot invest directly in an index.

Holdings do not include cash, money market instruments, options or futures.

The representative account serves as the model against which each Trivalent International Equity Strategy account is managed. The representative account is an actual portfolio and the information provided, including performance, will vary for other accounts. The representative account is being used solely as a tool to help demonstrate how performance can be attributed to the investment policies applied in the management of the Trivalent International Equity Strategy.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections, or recommendations in this report are subject to change without notice and are not intended as individual investment advice. A complete list of all

holdings for the previous 12 months, each holding's contribution to the strategy's performance, and the calculation methodology used to determine the holdings' contribution to performance is available on request. Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report. This information should not be relied upon as research or investment advice regarding any security in particular.

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Victory Capital claims compliance with the Global Investment Performance Standards (GIPS®).

\*Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. Holdings are as of quarter end and may change at any time.

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