

Executive Summary

Fixed income markets navigated a quarter defined by geopolitical disruption and shifting monetary policy expectations. Q1 began on constructive footing — inflation continued its gradual descent, credit spreads held near historic tights, and the Fed's patient stance provided a stable backdrop. That narrative unraveled in March as the war in Iran closed the Strait of Hormuz, drove oil prices sharply higher, and forced markets to rapidly reprice both inflation and growth. The 10-year Treasury yield ended the quarter at 4.32%, nearly flat to year-end 2025, but the path there was anything but. Against this backdrop, the Victory Core Plus Fixed Income Strategy outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the quarter ended March 31, 2026, on a gross basis and net basis.

Market Update & Commentary

Fixed income markets entered 2026 with cautious optimism, and for much of the quarter, that optimism was rewarded. Inflation continued its gradual moderation — December CPI held at 2.7% year-over-year before declining to 2.4% by January — reinforcing the view that the Fed remained on a patient but ultimately easing path. Corporate credit spreads tightened to their narrowest levels since 1998, touching 71 basis points for investment grade, as robust demand and broadly constructive risk sentiment prevailed. The nomination of Kevin Warsh as Fed Chair introduced a new variable: his well-documented opposition to quantitative easing gave markets pause, even as his more recent commentary struck a somewhat more accommodative tone.

The quarter's constructive narrative began to fracture in February. AI-driven disruptions in technology credit, the Supreme Court's ruling against the administration's tariff authority, and the initial U.S./Israel military strikes on Iran competed for investor attention, generating volatility even as headline index returns remained positive. The 10-year Treasury yield drifted to 3.95% by month-end as geopolitical tensions briefly drove a flight-to-safety bid — a move that would prove short-lived.

March crystallized this quarter's themes. The closure of the Strait of Hormuz sent oil prices surging and reignited inflation fears that two months of disinflation had begun to quiet. Yields rose sharply across the curve, with the 10-year climbing 37 basis points from its February trough to end the quarter at 4.32%. In the final week of March, interest rate markets briefly priced in potential hikes before pivoting back to cuts within days — a whipsaw that captured just how rapidly sentiment can shift when geopolitical and macroeconomic forces converge. Chair Powell steadied markets somewhat, signaling the Fed would likely look past short-term, supply-driven inflation shocks so long as long-term expectations remained anchored. Higher fixed income yields had a steadying influence during the quarter, where higher income, depending on the asset class, offset some or all of the price declines from the move higher in

Treasury yields. We think fixed income offers compelling yield and strong diversification benefit in an unsteady market.

	Yield (%)	Spreads (bps*)			Returns (%)	
		3/31/2026	12/31/2025	Δ (+/-)	3M	1YR
Investment Grade (Moody's Ratings)						
U.S. Treasury	4.1	0	0	0	0.0	3.3
U.S. Aggregate	4.6	30	27	+4	0.0	4.3
U.S. Credit	5.1	83	73	+10	0.5	4.8
Corporate	4.8	89	77	+11	0.5	4.8
Aa	4.6	55	48	+7	0.4	3.7
A	4.7	74	64	+10	0.5	4.8
Baa	5.0	111	97	+13	0.5	5.0
Crossover	5.7	181	155	+27	0.4	5.7
High Yield (Moody's Ratings)						
U.S. Corporate High Yield	7.6	320	268	+52	0.5	7.0
Ba	6.4	196	163	+33	0.3	7.1
B	7.9	345	268	+78	0.6	7.0
Caa	11.7	711	626	+85	1.3	7.4
Ca-D	34.2	3,105	2744	+362	2.3	2.2
Structured Product						
U.S. MBS	4.8	24	22	+2	0.4	5.8
ABS	4.4	52	52	+0	0.3	4.7
CMBS	4.7	72	75	-3	0.3	5.4

Source: Bloomberg

Portfolio Performance & Positioning

During the quarter, we took advantage of spread widening in sectors that experienced undue widening on the back of artificial intelligence (“AI”) disintermediation fears and additional spread widening at the outset of the Iran conflict escalation. Spreads widened slightly over the course of the quarter but still ended close to all-time tights.

Contributors

- Our overweight allocations to Single Family Residential (taxable municipals), Floating Rate Bank Loans & Non Agency CMBS, and non-US Sovereign debt contributed to performance.
- Security selection also contributed to performance, specifically security selection within Basic Industry, Energy & Technology were the best performing sectors. From a credit perspective, our security selection in AAA, A, & BBB rated credits and our allocation to B, BB rated credits most-aided performance.

Performance

Average Annual Returns (%) as of March 31, 2026

Victory Core Plus Fixed Income Strategy	QTD	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception (September 1999)
Gross of Fees	0.17	0.17	5.18	5.15	1.82	3.89	5.48
Net of Fees	0.04	0.04	4.63	4.57	1.24	3.29	4.82
Bloomberg U.S. Aggregate Bond Index	-0.05	-0.05	4.35	3.63	0.31	1.70	–

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. Performance prior to July 1, 2019, occurred while the team was affiliated with a prior firm. The investment management team has managed the composite strategy since inception and the investment process has not changed. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. The composite net-of-fees returns shown reflect actual investment management 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.

- Duration added to performance, as the Fund’s is overweight the belly of the curve (7- and 10-year key rate portions) versus the index, which has more exposure to the long end, which outperformed during the quarter. Our allocation to cash had no impact on performance during the quarter.

Detractors

- Our underweight to Pharmaceuticals and Energy, as well as our Overweight to the Consumer Cyclical, Insurance and Brokers/Asset Managers detracted from performance for the quarter.
- Security selection within Communications, Capital Goods, and Consumer Non-Cyclical detracted from performance.
- From a credit perspective, our overweight to AAA & AA rated credits also detracted from performance, as did our AA & BB rated credit security selection.



All investing involves risk, including the possible loss of principal. An investment should be made with an understanding of the risks involved with owning a particular security or asset class.

This material has been prepared by Victory Capital Management Inc. for informational purposes only. Information and opinions, including forecasts and forward-looking statements, are derived from proprietary and nonproprietary sources deemed to be reliable; the accuracy of those sources is not guaranteed, and actual results may differ materially from expectations. Any opinions, projections or recommendations are subject to change without notice and are not intended as individual investment advice. These views may differ from those of other Victory Capital group franchises or affiliates.

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 Victory Core Plus Fixed Income Composite includes all institutional and retail portfolios invested primarily in a broad range of debt securities that have a dollar-weighted average portfolio maturity between three to ten years. The debt securities in which the composite portfolios may invest include, among others, obligations of U.S., state, and local governments, their agencies and instrumentalities; mortgage- and asset-backed securities; corporate debt securities; repurchase agreements; and other securities believed to have debt-like characteristics. The strategy aims to deliver high current income without undue risk to principal. Portfolios in the composite will invest primarily in investment-grade securities, but also may invest in below investment-grade securities, which are sometimes referred to as high-yield or “junk” bonds. High yield bonds carry increased levels of credit and default risk and are less liquid than government and investment grade bonds. Beginning September 1st, 2023, the minimum account size for the composite is \$25 Million. Prior to 4/24/2023, the name of this composite was the Core Plus Fixed Income Composite. The composite creation date is July 2019, and the composite inception date is September 1999.

The benchmark of the composite is the Bloomberg U.S. Aggregate Bond Index. The Bloomberg U.S. Aggregate Bond Index measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage (ARM) pass-throughs), asset-backed securities, and commercial mortgage-backed securities. The benchmark returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the

index is fully invested, which includes the reinvestment of income. The returns have been taken from a published source and do not include any transaction fees, management fees, or other costs.

Index returns are provided to represent the investment environment during the periods shown. Index performance does not reflect management fees, transaction costs or expenses that would be incurred with an investment. One cannot invest directly in an index. **Past performance does not guarantee future results.**

Victory Capital Management Inc. (VCM) is a diversified global investment adviser registered under the Investment Advisers Act of 1940 and comprises multiple investment franchises: Integrity Asset Management, New Energy Capital Partners, Pioneer Investments, RS Investments, Sycamore Capital, Trivalent Investments, Victory Income Investors, and the Victory Capital Solutions Platform. RS Investments and Sophus Capital became a part of the VCM GIPS firm effective January 1, 2017; Victory Income Investors, effective July 1, 2019; THB Asset Management, effective March 1, 2021; New Energy Capital effective November 1, 2021; and Amundi Asset Management US, Inc. (renamed to “Pioneer Investments”), effective April 1, 2025. Effective July 1, 2025, Newbridge Asset Management, Sophus Capital, and THB Asset Management are no longer part of the GIPS firm. Effective December 1, 2025, Munder Capital Management is no longer part of the GIPS firm.

Request a GIPS® Report from your Institutional Relationship Manager or visit www.vcm.com.

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

Advisory services offered by Victory Capital Management Inc.

V20.140 // 1Q 2026 Victory Core Plus Fixed Income Strategy COM

