VICTORY GROWTH AND TAX STRATEGY FUND QUARTERLY COMMENTARY

As of March 31, 2024

The portfolio managers of the Victory Growth and Tax Strategy Fund invest the Fund's assets in municipal bonds and blue-chip stocks. The Victory Income Investors team manages the Fund's fixed income portfolio with a goal of producing a high level of tax-exempt income. Victory Solutions, which uses active tax management and stock selection aiming to provide aggregate investment characteristics similar to those of the S&P 500® Index without sacrificing performance, manages the equity portfolio.

During the first quarter, the Victory Growth and Tax Strategy Fund (fund shares) outperformed its composite benchmark, which is composed of 50% stocks and 50% bonds.

The Municipal Portfolio

The municipal market experienced negative returns this quarter. The expectation that the federal funds rate will stay higher for longer resulted in an upward swing of the Treasury curve across all maturity dates, and this upward shift in yields largely drove performance throughout the beginning of 2024. The Bloomberg Municipal Bond Index returned -0.39% for the first quarter of 2024, beating the Bloomberg U.S. Aggregate Bond Index, which returned -0.78%. Performance was largely driven by the Treasury yield curve, as the Federal Reserve kept the target range for the federal funds rate at 5.25%–5.50% throughout the quarter amidst hotter-than-expected inflation. The market narrative surrounding monetary policy shifted within the first quarter, moving on from "how soon can the market expect the first interest rate cut," initially priced in for March at the beginning of the quarter, to some market participants questioning at the end of the quarter whether there will even be a rate cut in 2024. As such, the market has reduced expectations for future rate cuts, which drove yields upward. The yield of the Bloomberg Municipal Bond Index closed the quarter at 3.49%, compared to 3.22% at the end of the fourth quarter of 2023. While muni yields have moderated slightly since the peak 2023 level of 4.49% seen in October 2023, we continue to believe that current yield levels offer investors an attractive entry point into the muni market and are even more attractive when you consider the tax-free treatment of most municipal bonds.

The Equity Portfolio

The stock market's strong momentum from year-end continued unimpeded into the first three months of 2024. The S&P 500® Index returned 10.56% during the period, making several new all-time highs. In terms of investment styles, both value- and growth-oriented equities participated in the impressive rally. Continued excitement over artificial intelligence and the performance of the Technology and Communication Services sectors helped the markets overall.

The performance of equities during the first quarter was impressive by any measure, and perhaps even more so considering that yields also moved higher. Many market participants had been expecting the Federal Reserve to become more accommodative in 2024, and this was largely the catalyst for the strong stock market rally late last year. However, with continued solid economic data, robust job growth, and uncomfortably high measures of inflation, expectations for rate cuts have changed slightly over the past several months.

During the period, ten of 11 market sectors were positive, with Real Estate being the only sector with a negative return.

Standardized Performance: March 31, 2024

Average Annual Returns (%)

Victory Growth and Tax Strategy Fund	Ticker	Inception Date	Q1 2024	1 Year	5 Year	10 Year	Since Inception	Expense Ratio Gross	Expense Ratio Net
Fund Shares	USBLX	01/11/89	5.37	16.34	7.57	7.17	6.92	0.54	0.54
Fund Shares, after taxes on distributions[1]	USBLX	01/11/89	4.97	15.79	7.33	6.95	–	0.54	0.54
Fund Shares, after taxes on distributions and sale of shares[2]	USBLX	01/11/89	3.18	10.11	6.16	6.04	–	0.54	0.54
A Shares, without sales charge	UGTAX	06/29/20	5.30	16.00	–	–	7.85	1.06	0.85
A Shares, with sales charge (max. 2.25%)	UGTAX	06/29/20	2.92	13.39	–	–	7.21	1.06	0.85
C Shares, without sales charge	UGTCX	06/29/20	5.07	15.13	–	–	7.05	1.88	1.59
C Shares, with sales charge	UGTCX	06/29/20	4.07	14.13	–	–	7.05	1.88	1.59
Institutional Shares	UGTIX	06/29/20	5.37	16.33	–	–	8.17	0.57	0.55
S&P 500® Index	–	–	10.56	29.88	15.05	12.96	–	–	–
Bloomberg Municipal Bond Index	–	–	-0.78	1.70	0.36	1.54	–	–	–
Composite Index	–	–	5.00	15.88	8.47	7.96	–	–	–

Past performance does not guarantee future results. The performance quoted represents past performance and current performance may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, visit www.vcm.com. Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower. Class C Shares are subject to a deferred sales charge of 1.00% on shares redeemed within the first year. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through June 30, 2024. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts. After-tax returns are shown for only one share class. After-tax returns for other classes will vary.

[1]Return after taxes on distributions. Assumes fund shares have not been sold.

[2]Return after taxes on distributions and sale of fund shares.

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. In addition to the normal risks associated with investing, asset allocation and diversification do not promise any level of performance or guarantee against loss of principal. Fixed income securities are subject to interest rate, inflation, credit, and default risk. The bond market is volatile. Bonds and bond funds will decrease in value as interest rates rise and vice versa. Credit risk refers to the possibility that debt issuers may not be able to make principal and interest payments or may have their debt downgraded by ratings agencies. The Fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell a security at an advantageous time or price, which may adversely affect the Fund. The value of your investment is also subject to geopolitical risks such as wars, terrorism, 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.

The opinions are as of the date noted and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

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.

The Bloomberg Municipal Bond Index is considered to be generally representative of investment-grade municipal issues having remaining maturities greater than 1 year and a national scope.

The Composite Index is split evenly between stocks and bonds, with the S&P 500® Index and the Bloomberg Municipal Bond Index each constituting 50% of the Composite Index.

The Bloomberg U.S. Aggregate Bond Index measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

The Bloomberg U.S. Universal Index is an index that represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment grade or below investment grade.

Funds distributed by Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc.

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