

Victory INCORE Fund for Income Quarterly Commentary

As of September 30, 2020

Commentary:

For the quarter ended September 30, 2020, the Victory INCORE Fund for Income (the "Fund") (Class A shares at net asset value) had a total return of -0.31%. The Fund's benchmark, the Bloomberg Barclays U.S. 1-5 Year Government Bond Index, had a total return of 0.14%.

Risk markets rallied moderately in the third quarter of 2020, on hopes that fiscal stimulus would be revived. In equity markets, the Dow, the S&P 500 and the Nasdaq Composite were up solidly at 7.6%, 8.9% and 11.0%, respectively. The expected slow down in transmission of the virus was short-lived as some rural areas have now morphed into virus hot spots. Rates fell at the short end and rose at the long end of the US yield curve, which caused the curve to steepen in continued response to the increased deficit. Bond prices move opposite yields.

During the quarter's moderate risk-on sentiment, the commercial mortgage and corporate debt sectors outperformed most relative to duration-neutral US Treasury bonds. Asset-backed and U.S. government agency bonds modestly outperformed, while mortgage-backed securities were slightly negative versus duration-neutral U.S. Treasury bonds. Within the mortgage market, Fannie and Freddie were slightly positive, while GNMA was moderately negative versus duration neutral US Treasury bonds due to the impact of a one-time rule change for GNMA servicers.

Our performance leader was GNMA multi-family (0.3% of the Fund), while GNMA structure (2.7% of the Fund) and GNMA single-family pass-through bonds (53.0% of the Fund) also recorded modest positive performance. U.S. Treasury bonds (44.0% of the Fund) was slightly negative due to the timing of cash flows. We continue to selectively buy or create high-coupon GNMA platinum pools as opportunities arise.

To paraphrase Fed Chair Powell, as the virus goes, so goes our economy. While the curve of new infection has flattened for Sunbelt states, several

northwestern states are seeing a surge of new cases. We are entering the colder half of the year with an uncomfortably high rate of infection. The lack of continued fiscal support may hit holiday spending hard. The tens of thousands of furloughs/layoffs announced by travel and hospitality firms won't help. Hurricanes and wildfires are additional adversities plaguing some U.S. consumers. The looming election only adds to the already high level of uncertainty. Looking past these temporary hurdles, the virus is likely to impact our economy for longer than currently expected. Several high-profile vaccine trials have just been halted due to safety concerns. The U.S. economy was on a shallow growth trajectory due to demographics before the pandemic hit. The virus will tend to further depress U.S. growth. No matter the weather, the goal of our strategy remains consistent: we seek to deliver high, reliable income and preservation of capital.

Investment Performance (%)	QTR	YTD	1-YR	ANNUALIZED RETURNS			Since Inception	Expense Ratio	
				3-YR	5-YR	10-YR		Gross	Net
Class A, without load	-0.31	2.85	3.00	2.39	1.59	1.74	3.52	0.94	0.91
Class A, with max. sales load (2.00%)	-2.58	0.47	0.65	1.62	1.13	1.51	3.42	0.94	0.91
Bloomberg Barclays U.S. 1-5 Year Government Bond Index	0.14	4.33	4.68	3.22	2.21	1.72	—		

Since inception results are as of the Fund's inception date, March 26, 1999.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns 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. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month-end, visit www.vcm.com.

Investment returns reflect the reinvestment of dividends and capital gains and reflect total fund operating expenses, net of all fees, waivers, and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

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 in the summary prospectus. To obtain a copy, visit www.vcm.com. Please read the prospectus carefully before investing.

All investing involves risk, including potential loss of principal. The return of principal in bond funds is not guaranteed. The principal value of a bond falls when interest rates rise and rises when interest rates fall. During periods of rising interest rates, the value of a bond investment is at greater risk than during periods of stable or falling rates. Bond funds have the same interest rate, inflation, reinvestment, credit and prepayment risks associated with the underlying bonds in the portfolio.

Net expense ratio reflects the waiver reimbursement or recoupment, as applicable, contractually agreed to through February 28, 2021.

The Bloomberg Barclays U.S. 1-5 Year Government Bond Index is composed of U.S. Treasuries and Agencies with less than five years to maturity. This index does not include the effect of expenses, is not representative of any specific fund or product, and cannot be invested in directly.

Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

The Funds are distributed by Victory Capital Services, Inc., member FINRA, an affiliate of Victory Capital Management Inc.

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For more information about separate accounts and mutual funds, contact Victory Capital Management at 800.991.8191 or visit vcm.com.

