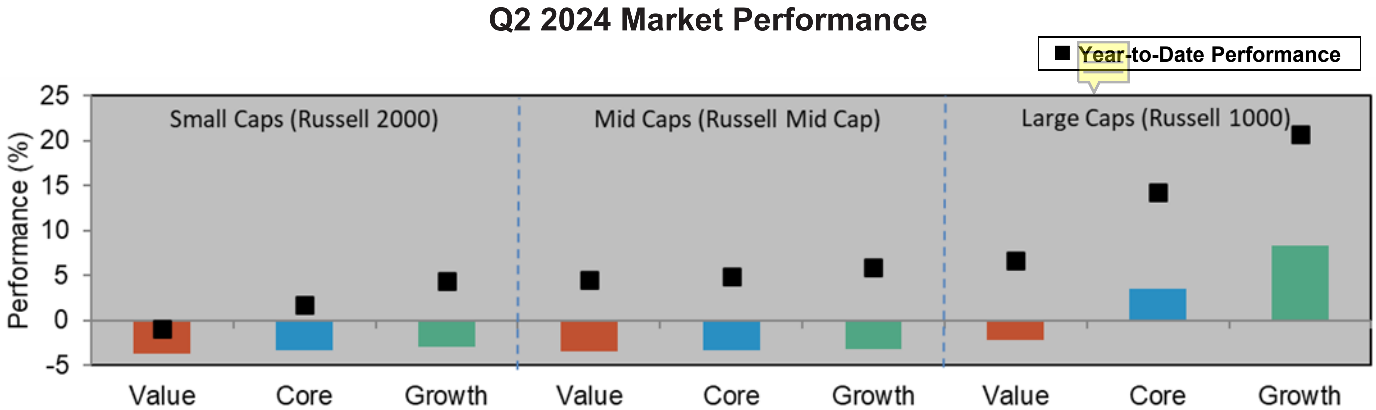
VICTORY RS GROWTH FUND QUARTERLY COMMENTARY

As of June 30, 2024

Quarterly Highlights

- The Victory RS Growth Fund (Class A Shares, without sales charge) returned 9.09% for the three months ended June 30, 2024, outperforming the Russell 1000® Growth Index,[1] which returned 8.33%.
- The Fund's outperformance relative to the benchmark was largely driven by stock selection within the Technology and Health Care sectors; stock selection in the Consumer Discretionary and Materials & Processing sectors offset a portion of the outperformance.
- Despite the challenging performance over the past few years for growth, large-cap growth stocks have outperformed their large-cap value counterparts over 5, 10, and 15 years as of June 30, 2024, per Russell.

Market Performance / Fundamentals Snapshot



Small Caps	Mid Caps	Large Caps
Value = Russell 2000® Value Index	**Value = Russell Midcap® Value Index**	**Value = Russell 1000® Value Index**
Core = Russell 2000® Index	**Core = Russell Midcap® Index**	**Core = Russell 1000® Index**
Growth = Russell 2000® Growth Index	**Growth = Russell Midcap® Growth Index**	**Growth = Russell 1000® Growth Index**

Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance does not reflect management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Market Commentary

The domestic stock market has been displaying incredible resilience, as the S&P 500® Index,[2] a popular proxy for the U.S. market, continued to log new records and returned 4.3% during the second quarter. The broad market's march higher reflects the stellar returns of mega-cap tech stocks and, more specifically, investors' seemingly insatiable demand for all things related to artificial intelligence. Reflecting this optimism, the Technology and Communication Services innovators continued to lead the broader market during the second quarter.

What may be a bit more surprising, however, is just how narrow the market rally has been. In fact, seven of eleven S&P 500 sectors generated negative returns during the second quarter, with only Utilities and Consumer Staples (in addition to the Technology and Communication Services sectors mentioned above) delivering positive returns.

Looking back to April, the second quarter began on shaky ground as investors were coming to grips with the reality that the Federal Reserve would not be as accommodative as previously expected—and certainly not until it was comfortable with the trajectory of inflation. But as the quarter advanced and the data showed easing prices, the Fed seemed to grudgingly agree that inflation was coming under control. Investor sentiment improved, and both stocks and bonds rallied as the quarter progressed. It was interesting to see that the market climbed even as the Fed's dot-plot now suggests that there may be only one rate cut in 2024. Technology and large-cap growth stocks were the clear winners, while small- and mid-cap stocks stumbled by comparison. It seemed as if investor demand for smaller stocks was being hampered by the uncertainty of future rate cuts and the ultimate health of the overall economy.

In terms of investment styles, the Russell 3000® Growth Index[3] returned 7.8% during the second quarter, a stark contrast to the Russell 3000® Value Index,[4] which declined almost 2.3%. Large-cap stocks once again led the way as the Russell 1000® Growth Index rose 8.3% during the second quarter. Unfortunately, small- and mid-sized growth stocks did not join in the rally. The Russell Midcap® Growth Index[5] declined 3.2% during the second quarter, while the Russell 2000® Growth Index[6] declined 2.9% during the same period.

We believe that changing rate expectations, uncertainty about near-term economic growth, ever-present geopolitical issues, and a looming U.S. presidential election have conspired to create undertones of doubt. All these issues could account for the uneven performance among individual companies and the narrowness of the equity market rally. Nevertheless, we continue to see many exciting growth companies further down the cap spectrum. Our team continues to focus on identifying potential opportunities within secular growth, and we believe many smaller innovative companies are priced attractively compared to the broader market.

Moreover, we are convinced that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact, especially after witnessing extensive technological advancements and acceptance during the initial stages of the pandemic. What was once a test run of certain products and technologies has become mainstream and standard operating procedure for many companies. Furthermore, new emerging technologies such as artificial intelligence are poised to have a significant impact in the years ahead, particularly among growth-oriented investment styles.

Investment Strategy

The Victory RS Growth Fund (the “Fund”) is guided by our philosophy that sustainable earnings growth drives long-term share price appreciation. Our investment process is focused on finding innovative companies whose core business, we believe, can continue to grow over time.

The team seeks companies with products and services that are growing organically, creating new markets or taking market share from existing companies. We are focused on finding companies whose business values can appreciate regardless of the underlying market environment. The Strategy is led by the team’s chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, Paul Leung, and Trevor Martin. The six co-portfolio managers, as well as two research analysts, serve as sector specialists and are supported by two associates, drawing on strong relationships with industry experts and company management teams.

Together, we conduct over 2,000 company meetings each year through in-person meetings, conference calls, and trade shows. We then back up our findings through discussions with industry leaders and third-party sources. We are long-term investors and seek to establish definable “anchor points,” which are quantifiable metrics that help determine a company’s potential long-term growth trajectory. Anchor points arise from our analysis of a company’s long-term capabilities and performance goals over three to five years. These long-term anchor points serve as guideposts to help us measure a company’s progress as it executes its business strategy, regardless of what is taking place in the overall market, and help prevent distractions caused by short-term stock price movements and inevitable market volatility.

Performance Review

The Victory RS Growth Fund (Class A Shares, without sales charge) returned 9.09% for the three months ended June 30, 2024, outperforming the Russell 1000® Growth Index, which returned 8.33%. The Fund’s outperformance relative to the benchmark was largely driven by stock selection within the Technology and Health Care sectors; stock selection in the Consumer Discretionary and Materials & Processing sectors offset a portion of the outperformance. Despite the challenging performance over the past few years for growth, large-cap growth stocks have outperformed their large-cap value counterparts over 5, 10, and 15 years as of June 30, 2024, per Russell.

Top Contributing Sector: Technology

Within the Technology sector, one of the largest drivers of outperformance again this quarter was NVIDIA Corporation (11.26% ending weight), a provider of semiconductors that power infrastructure used for artificial intelligence networks and gaming solutions. NVIDIA continues to be the leader in this burgeoning industry and has a technology and first-mover advantage relative to other chipmakers. As such, NVIDIA has been benefiting greatly from a tremendous demand environment led by corporate-board-level mandates around building out AI capabilities globally. We continue to think that the secular growth opportunities for NVIDIA are enormous, and we hold a very large position.

Top Detracting Sector: Consumer Discretionary

The largest detractor from performance within Consumer Discretionary was Target, Inc. (2.65% ending weight), a global retailer that engages in the operation and ownership of general merchandise stores. Target also offers food assortments including perishables, dry grocery, dairy, and frozen items. Target remains a top holding as we think the company is in the early innings of a growth re-acceleration due to self-help measures the company has undertaken. On a relative basis in particular, we think Target will gain share and its growth prospects are improving as we enter the back half of the year.

Market and Strategy Outlook

We are optimistic about the health of the domestic economy in 2024 and are excited about the prospect that the U.S. economy remains strong and that the Federal Reserve is done hiking interest rates. While the full impact on the economy from the rate hiking campaign is as yet unclear, any healthy pullback in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. We remain especially optimistic about worker productivity against a healthy and resilient employment backdrop, which should help corporate profit momentum. Certain segments of the economy appear well positioned to continue to grow, while company valuations vary significantly across styles.

In the current investment landscape, there is a notable opportunity for secular growth companies outside of the mega-cap growth category. Despite their relative underperformance since November 2020, smaller-cap secular growth companies have displayed continued strength in their underlying fundamentals. We expect this fundamental strength to persist and are optimistic that the valuation gap of smaller companies will narrow with that of their larger-cap peers.

Overall, while interest rate and inflation uncertainty remains, we believe that opportunities will emerge in sectors and industries that demonstrate resilience through the cycle and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive relative to cyclicals due to their strong and consistent fundamentals and potential for continued outperformance.

Thank you for your continued investment.

D. Scott Tracy, CFA
CIO, Co-Portfolio Manager

Steve Bishop
Co-Portfolio Manager

Melissa Chadwick-Dunn
Co-Portfolio Manager

Chris Clark, CFA
Co-Portfolio Manager

Paul Leung, CFA
Co-Portfolio Manager

Trevor Martin, CFA
Co-Portfolio Manager

Sector Allocation[7]

As of June 30, 2024

Sector	% of Portfolio
Technology	58.94%
Consumer Discretionary	18.00%
Health Care	8.42%
Financial Services	6.43%
Producer Durables	4.29%
Cash / Other Assets and Liabilities	1.90%
Consumer Staples	0.86%
Materials & Processing	0.61%
Energy	0.56%
Utilities	—

Top 10 Holdings[8]

As of June 30, 2024

Holding	% of Portfolio
Microsoft Corporation	12.09%
NVIDIA Corporation	11.26%
Apple Inc.	9.73%
Alphabet Inc. Class C	5.69%
Meta Platforms Inc. Class A	5.34%
Amazon.com, Inc.	4.92%
Eli Lilly and Company	4.54%
Visa Inc. Class A	3.16%
Target Corporation	2.65%
ServiceNow, Inc.	2.32%

Performance

Average Annual Returns as of June 30, 2024

Victory RS Growth Fund (Class A – RSGRX)	Second Quarter 2024	1-Year	3-Year	5-Year	10-Year	Since Inception (5/12/92)
without sales charge	9.09%	35.07%	8.96%	15.24%	13.22%	10.98%
with maximum sales charge (5.75%)	2.83%	27.30%	6.83%	13.89%	12.55%	10.77%
Russell 1000® Growth Index[1]	8.33%	33.48%	11.28%	19.34%	16.33%	10.89%

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. To obtain performance information current to the most recent month-end, visit www.vcm.com. Returns include reinvestment of dividends and capital gains. Performance returns for periods of less than one year are not annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower. Other share classes are available.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.18%/1.10%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2025.

Carefully consider the 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 potential loss of principal. In addition to the normal risks associated with investing, investments in mid-size companies can typically exhibit higher volatility. 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. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. 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, 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. Information technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation.

1 The Russell 1000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

2 The S&P 500® Index is a market-capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

3 The Russell 3000® Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

4 The Russell 3000® Value Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

5 The Russell Midcap® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap® Index with higher price-to-book ratios and higher forecasted growth values.

6 The Russell 2000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index (which consists of the 2,000 smallest-cap companies in the Russell 3000® Index) with higher price-to-book ratios and higher forecasted growth values.

7 The Fund's holdings are allocated to each sector based on the Russell Global Sectors Standard (RGS). If a holding is not classified by Russell, it is assigned a Russell designation by RS Investments. Cash includes short-term investments and net other assets and liabilities.

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

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.

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