

VICTORY RS MID CAP GROWTH FUND QUARTERLY COMMENTARY

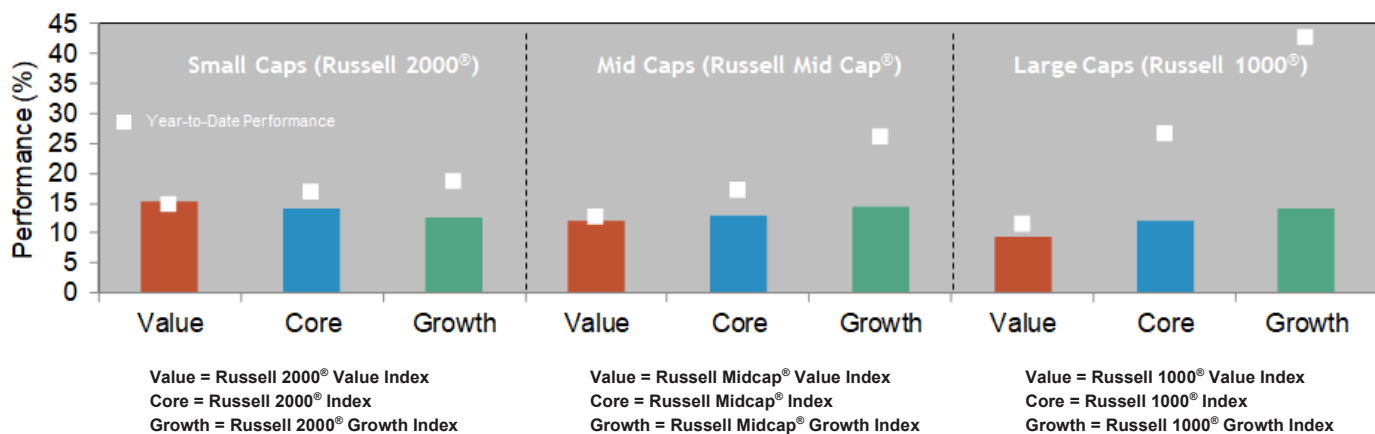
As of December 31, 2023

Quarterly Highlights

- The Victory RS Mid Cap Growth Fund (Class A Shares, without sales charge) returned 10.24% for the three months ended December 31, 2023, underperforming the Russell Midcap® Growth Index,¹ which returned 14.55%.
- Fund performance relative to the benchmark was negatively impacted by stock selection in the Health Care and Producer Durables sectors; underperformance was partially offset by performance within the Consumer Staples sector.
- This period's absolute performance was aided in part by the relative performance of secular mid-cap growth stocks as mid growth, as defined by the Russell Midcap® Growth Index, outperformed mid-cap value, as defined by the Russell Midcap® Value Index,² 14.55% vs. 12.11%.
- We continue to believe technology-oriented companies are better positioned for the longer term, especially following the massive "test run" of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services.
- Mid-cap growth stocks have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of December 31, 2023, per Russell.

Market Performance / Fundamentals Snapshot

Q4 2023 Market Performance



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

After a rocky start to the fourth quarter in October, investors came to the conclusion that the rate-hike cycle was drawing to a close. With that prospect, equity markets rallied strongly and ended the year on a positive note. Corporate earnings and economic growth continued to surpass expectations, while many measures of inflation moderated. With inflation fears in the rearview mirror, equities rallied and delivered strong absolute returns in November and December. Interestingly, we did see a shift in market internals as cyclical and defensive areas gave way to longer-duration growth stocks. We believe this may be the beginning of a true change in leadership and a harbinger of things to come.

The general sense of optimism was clearly evident in the broader market as the S&P 500® Index³ rallied 11.69% during the fourth quarter, bringing the full-year gains to 26.29%. This is quite the rebound from a disappointing 2022. Importantly, growth stocks across capitalizations rebounded sharply this past year as well. Large-cap growth was the story for much of the year with the

proverbial Magnificent Seven garnering much media attention, though other growth sectors also participated even as they received less fanfare. Large-cap growth stocks, as measured by the Russell 1000® Growth Index,⁴ rose 14.16% during the fourth quarter and 42.68% for the full year, the strongest in many years.

Late in the year, the rally broadened out further to include more small- and mid-cap names. Small-cap growth stocks, as measured by the Russell 2000® Growth Index,⁵ returned 12.75% during the fourth quarter, pushing the index to a solid 18.66% return for the full year. Meanwhile, the Russell Midcap® Growth Index⁴ delivered returns of 14.55% during the fourth quarter and 25.87% for the full year.

Although we definitely appreciate the improved sentiment and interest-rate outlook, we also acknowledge that valuations of many large-cap growth stocks may have gotten ahead of themselves. As a result, smaller-cap stocks, especially within the small-cap growth style box, may appear especially attractive when compared to other market segments, in our opinion. Despite the recent challenges of the rising rate-hike cycle, many well-funded and well-

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run smaller-cap growth stocks have been resilient in the face of rising rates when analyzed by their underlying fundamentals. Our team is intensely focused on identifying potential opportunities within the secular growth investment universe, and we believe many of these are priced attractively compared to the broader market.

Moreover, we believe that the multi-year underperformance of some smaller and mid-sized growth companies positions them favorably over the long term from a valuation standpoint, thus creating a setup to potentially outperform many other segments of the market. 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 once were upstart innovative products and services have 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 Mid Cap 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 grow from a mid-capitalization company to a large-cap company 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 Fund is led by the team’s chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. The five co-portfolio managers, as well as two research analysts, serve as sector specialists and are supported by three 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 Mid Cap Growth Fund (Class A Shares, without sales charge) returned 10.24% for the three months ended December 31, 2023, underperforming the Russell Midcap® Growth Index, which returned 14.55%. Fund performance relative to the benchmark was negatively impacted by stock selection in the Health Care and Producer Durables sectors; underperformance was partially offset by performance within the Consumer Staples sector. This period’s absolute performance was aided in part by the

relative performance of secular mid-cap growth stocks as mid growth, as defined by the Russell Midcap® Growth Index, outperformed mid-cap value, as defined by the Russell Midcap® Value Index, 14.55% vs. 12.11%. We continue to believe technology-oriented companies are better positioned for the longer term, especially following the massive “test run” of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services. Mid-cap growth stocks have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of December 31, 2023, per Russell.

Top Detracting Sector: Health Care

Within the Health Care sector, the largest underperformer was West Pharmaceuticals (2.17% ending weight), a biopharmaceutical company that is focused on proprietary packaging, containment, and drug delivery products, along with analytical lab services, to biologic, generic, and pharmaceutical drug customers. West is a very defensive and steady health care company, and during the quarter the market favored clinical-stage biotech and other higher-beta companies. We believe West’s dominant market share and strong competitive advantages in the biologics packaging market position it well to outperform as the industry recovers, and as such West remains a core holding and a unique way to leverage the positive trends we see in biotech.

Top Contributing Sector: Consumer Staples

Within the Consumer Staples sector, one of the largest drivers of outperformance was BellRing Brands, Inc. (0.0% ending weight), an operator of three major brands in the convenient nutrition sector, including Premier Protein as part of their specialized ready-to-drink (RTD) beverages. We owned BellRing due to its strong market position, with Premier Protein leading the shakes/RTD sub-category, aligning with the growing trends of health, convenience, and snacking in the \$17 billion U.S. convenient nutrition market, and its attractive financial profile with solid growth potential, high customer loyalty, and innovative products. The stock performed exceptionally well during the most recent quarter given strong execution, leveraging effective brand strategies and market investments to drive a strong increase in net sales. We exited the position in Q4.

Market and Strategy Outlook

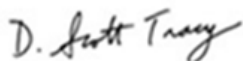
We are cautiously optimistic about the health of the domestic economy in 2024 and are excited about the prospect that the Federal Reserve is done hiking interest rates. While the full impact on the economy is as yet unclear, a healthy pullback in economic activity, if coupled with solid employment statistics, could augur a very favorable backdrop for growth stocks. We remain optimistic about the productivity of workers and consumers as well as the capital investment environment for businesses as we finish the year. Certain areas of the economy appear better positioned to adapt and 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 strength to persist, despite investors taking a pause on what had been a steady bounce back through the second half of the year

given better-than-expected execution and performance. Conversely, more cyclical companies may face headwinds as valuations have caught up to fundamentals after a strong run since late 2020.

Overall, while uncertainty remains, we believe that opportunities will emerge in sectors and industries that demonstrate resilience and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive due to their strong 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

Sector Allocation⁶

As of December 31, 2023

Sector	% of Portfolio
Technology	28.42%
Health Care	18.75%
Producer Durables	16.31%
Consumer Discretionary	15.70%
Financial Services	10.93%
Energy	3.99%
Materials & Processing	3.02%
Consumer Staples	2.86%
Utilities	0.00%
(Cash)	0.02%

Top 10 Holdings⁷

As of December 31, 2023

Holding	% of Portfolio
Trade Desk, Inc. Class A	3.12%
CrowdStrike Holdings, Inc. Class A	2.93%
Pinterest, Inc. Class A	2.90%
DexCom, Inc.	2.76%
MSCI Inc. Class A	2.72%
Ross Stores, Inc.	2.72%
Dynatrace, Inc.	2.61%
Clean Harbors, Inc.	2.28%
West Pharmaceutical Services, Inc.	2.17%
Celsius Holdings, Inc.	2.04%

Performance

Annualized Returns as of December 31, 2023

Victory RS Mid Cap Growth Fund (Class A – RSMOX)	Fourth Quarter 2023	1-Year	3-Year	5-Year	10-Year	Since Inception (7/12/95)
Without sales charge	10.24%	17.91%	-6.93%	6.78%	5.82%	8.47%
With maximum sales charge (5.75%)	3.92%	11.11%	-8.74%	5.52%	5.19%	8.24%
Russell Midcap [®] Growth Index ¹	14.55%	25.87%	1.31%	13.81%	10.57%	9.69%

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 1.41%/1.21%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2024.

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 potential loss of principal. In addition to the normal risks associated with investing, investments in small and mid-size companies 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market competition, and government regulation. 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.

- 1 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.
- 2 The Russell Midcap[®] Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap[®] Index with lower price-to-book ratios and lower forecasted growth values.
- 3 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.

- 4 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.
- 5 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.
- 6 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.
- 7 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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