VICTORY SYCAMORE ESTABLISHED VALUE FUND QUARTERLY COMMENTARY

A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of September 30, 2020

Executive Summary

Sycamore Capital's Mid Cap Value investment team employs a disciplined, bottom-up, fundamental process to invest in better businesses that trade at a discount to the team's estimate of intrinsic value and possess fundamental drivers that will narrow the valuation gap. By investing in businesses that exhibit these attributes, we seek to minimize downside risk without sacrificing the upside potential.

- The Victory Sycamore Established Value Fund (A Shares without sales charge) underperformed the Russell Midcap® Value Index during the third quarter.
- For the third quarter, stock selection was the primary driver of relative underperformance, while sector allocation partially offset the unfavorable impact of selection. Sector weighting is a by-product of the bottom-up stock selection process.

Market Outlook

The U.S. equity market rallied for a second consecutive quarter in the third quarter, despite September marking the first monthly drop in five months for the major indices. The S&P 500® Index and the NASDAQ® breached fresh highs, with the S&P 500® Index returning over 50% since the index bottomed in March. Large-cap equities, as measured by the S&P 500® Index and Russell 1000® Index, are positive year-to-date as of September 30, 2020. The usual suspects were cited as the drivers of the market's resiliency. The major factor remains the massive monetary and fiscal stimulus response to the lingering COVID-19 pandemic. In the September FOMC meeting, the Federal Reserve (the "Fed") demonstrated a preference for keeping rates unchanged through 2023. Additionally, the Fed formalized a policy framework to generate inflation above the average target rate of 2%. Expectations for the availability of a vaccine by the end of the year—and perhaps as early as November—also fueled optimism during the quarter. Corporate commentary has also improved since the onset of the pandemic, with second quarter reporting season turning out to be better than expected; however, it is worth noting that expectations after the first quarter were washed out, given the uncertainty surrounding the virus at the time. Furthermore, the employment picture also appears to be improving, with the unemployment rate declining for four months straight, to 8.4% in August. While these factors likely provided a tailwind for the U.S. equity market, there are lingering uncertainties that warrant caution as we close out a highly unusual and tumultuous year.

Performance by Size and Style

Large-cap equities rallied during the quarter, outpacing both mid- and small-cap equities. Large-cap stocks, as measured by the Russell 1000® Index and the S&P 500® Index, posted returns of 9.47% and 8.93%, respectively. Mid-cap stocks, as measured by the Russell Midcap® Index, returned 7.46%, while small-cap stocks, as measured by the Russell 2000® Index, returned 4.93%. Broken down by style, growth outpaced value across all three major size segments during the quarter. Within mid-caps, the Russell Midcap® Growth Index returned 9.37%, outpacing its value counterpart, which returned 6.40%.

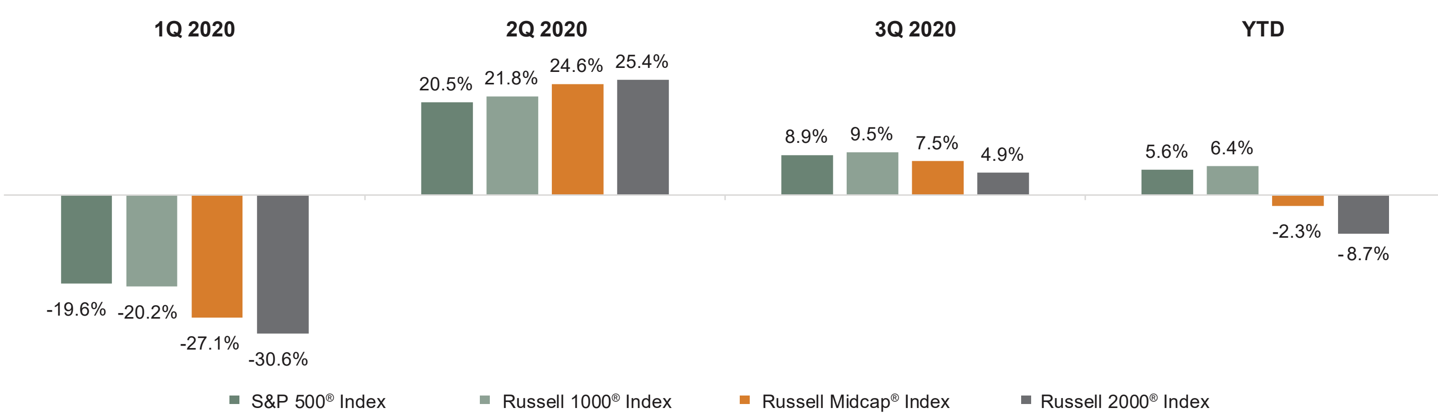
Portfolio Attribution – Third Quarter

The Victory Sycamore Established Value Fund underperformed the Russell Midcap® Value Index (the "Index") in the third quarter.

During the quarter, stock selection was the primary driver of relative underperformance, while sector allocation partially offset the unfavorable impact of selection. Sector weighting is a by-product of the bottom-up security selection process and not a result of top-down tactical decisions. Index returns across 10 of the 11 major economic sectors were positive, with five sectors outpacing the broader index. Communication Services was the top-performing sector, posting a return of 15.38%. In contrast, Energy was the only sector to post a negative return, significantly lagging the Index and returning -16.24%.

Specifically, for the portfolio, stock selection in Financials, Health Care, Consumer Discretionary, and Communication Services detracted from overall relative performance. An underweight in Consumer Discretionary and in Communication Services—the top-performing sector—also had a negative impact on the portfolio's return. Conversely, stock selection in Industrials, Consumer Staples, and Utilities contributed to relative performance. Underweights in Real Estate, Utilities, and Energy—the worst-performing sector—also augmented performance.

Illustration 1: Returns for Major U.S. Equity Indices



Source: FTSE Russell and S&P Dow Jones Indices. As of 9/30/2020.

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Performance Attribution Relative to the Russell Midcap® Value Index – 3Q 2020

Positive Contributors	Negative Contributors
Stock Selection in Industrials	Stock Selection in Financials
Stock Selection in Consumer Staples	Stock Selection in Health Care
Stock Selection and Underweight in Utilities	Stock Selection and Underweight in Consumer Discretionary
Underweight in Real Estate	Stock Selection and Underweight in Communication Services
Underweight in Energy	

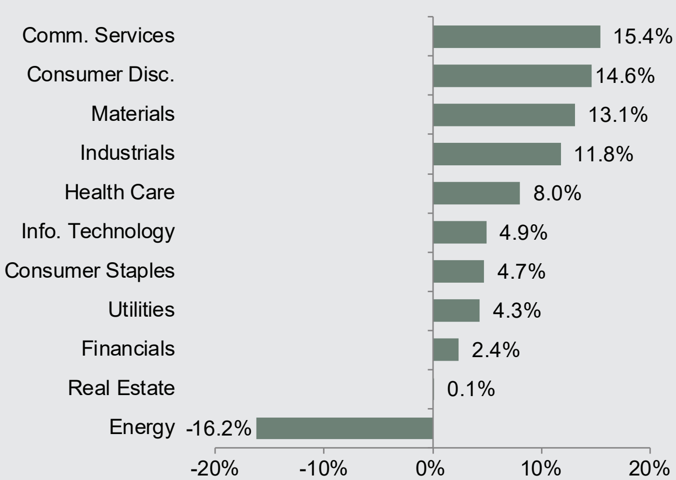
Top Contributors

The top performer for the quarter was AGCO Corp. (AGCO), an equipment manufacturer and grain storage company serving the global agriculture industry. Shares were helped by better-than-expected second quarter earnings. Fundamentals are improving in North and South America, after a period of weakness in these regions. Furthermore, AGCO is benefiting from a weaker dollar, given most of the company's operating profits are derived from EMEA. Our thesis for AGCO remains intact at this time. Darden Restaurants, Inc. (DRI) was a top contributor for a second consecutive quarter. The operator of casual and fine dining concepts such as Olive Garden, LongHorn Steakhouse, The Capital Grille, and Yard House continued to benefit from the reopening of the economy across the country. DRI reported F1Q21 earnings that beat consensus estimates, driven by better cost controls. The company also reinstated its quarterly dividend and paid down debt during the period. While in-house dining restrictions remain a headwind, DRI is well-positioned to benefit from a recovery, given its scale. We continue to believe that DRI remains a compelling long-term investment opportunity. Archer-Daniels-Midland Co. (ADM), a global agribusiness and food company, was another top contributor. Shares appreciated as ADM delivered strong 2Q20 results across all segments. The Nutrition segment continues to grow at an impressive rate, driven by operational improvements, cost controls, and a favorable mix. Additionally, soy crush margins rebounded during the quarter after coming under pressure in the early phase of the COVID-19 outbreak. Management indicated that plants are running at pre-COVID levels. Record crop yields in the U.S., as well as robust demand from China, are expected to be a tailwind in the near term. ADM remains a compelling investment opportunity due to its competitive advantage given its scale and global footprint, as well as its vast logistics network. Shares of Owens Corning (OC), an insulation, roofing and fiberglass composite manufacturer, benefited from the strength in the residential housing market. Many insulation manufacturers curtailed production during COVID-19, which created a tight supply environment. With demand surging, OC should benefit from the accompanying price increases. Similarly, roofing manufacturers and distributors decreased inventory during the onset of the pandemic. From a pricing perspective, the tight supply of roofing materials bodes well for OC, given a surge in demand attributed to storm damage in the Midwest and Southeast. OC is well-positioned to benefit from the favorable housing backdrop, driven by low rates and urban flight. At this time, our thesis for OC remains unchanged. Nuance Communications, Inc. (NUAN), a leading provider of voice recognition solutions to businesses worldwide, was a top contributor for a second consecutive quarter. NUAN reported F3Q20 results that beat consensus estimates, driven by the dissipation of COVID-related disruptions. Elective procedures rebounded faster than anticipated, allowing hospitals to invest in technologies geared toward improving physician productivity. NUAN is a key player in its target market, healthcare transcription, and is well-positioned to benefit from the increased adoption of specialized technologies that improve the physician/patient experience. Our thesis remains unchanged at this time.

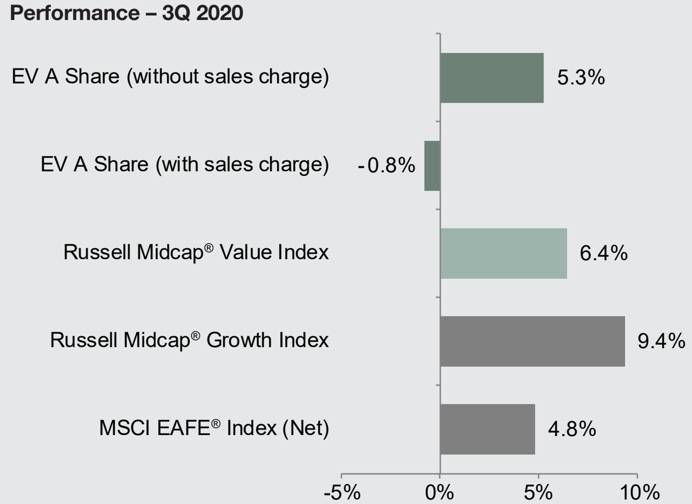
Top Detractors

Medical technology company Hill-Rom Holdings, Inc. (HRC) was the top detractor for the quarter. Certain segments (such as specialty beds, vital sign monitors, and respiratory care) benefited from the COVID-19 outbreak in F2Q20 and F3Q20; however, the positive impact from the pandemic is expected to moderate in F4Q20, potentially impacting growth. Management acknowledged the pandemic-related revenue tailwind and cautioned tough comps in fiscal year 2021. We believe that may have been the source of share price weakness during the quarter. The company also highlighted

Russell Midcap® Value Index Sector Returns – 3Q 2020



Victory Sycamore Established Value Fund (EV) and Market Performance – 3Q 2020



Past performance is not indicative of future results. See the final page for standardized performance.

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that it will pursue a restructuring plan next year in an effort to improve its operations and cost structure. Long term, the company's product mix shift is progressing, and should lead to margin expansion. Our thesis for HRC remains unchanged at this time. Shares of Valero Energy Corp. (VLO) were under pressure during the quarter, given the industry headwinds resulting from the COVID-19 outbreak. The pandemic has been highly disruptive to VLO's refining business. The company noted that demand bottomed in April, relative to the same period the prior year, at 50% of normal demand for gasoline and 30% for jet fuel. As the economy reopened, demand for gasoline recovered to 85% of normal, while demand for jet fuel remains subdued at 50% of normal. Management expects product inventory to normalize in the first half of 2021. VLO's balance sheet remains healthy, while management continues to be committed to balancing capital deployment between investing and returning cash to shareholders. Our investment thesis for VLO remains intact and we will continue to monitor fundamentals, as we do with all holdings. Detroit-based bank TCF Financial Corp. (TCF) was another detractor for the quarter. The bank reported mixed 2Q20 results, driven by lower net interest income and lower fees. Loans were down for the quarter due to declines in commercial and industrial (as well as residential) mortgage activity. Management cited the decline in activity as mainly attributable to the challenging environment during lockdowns and difficulties generating business, as in-person meetings remain limited. Management expects activity to pick up in the fourth quarter and start to normalize next year. While the results were disappointing, the company was able to identify cost-savings opportunities, which should offset some of the weakness from lending activity. TCF remains a compelling investment opportunity, given its discounted valuation relative to peers. Coherent, Inc. (COHR), a leading photonics manufacturer which provides lasers and laser-based technologies for a variety of commercial, industrial and scientific uses, reported 2Q results that were ahead of consensus expectations, as COVID-related impacts were not as significant as feared. Proposal activity was down in April, but rebounded in June and July; however, the delay in the expected ramp in organic light-emitting diode (OLED) demand likely weighed on shares during the quarter. We speculate that the lack of visibility into future OLED demand, which is making guidance murky, is the source of share price weakness. While the F4Q20 guidance was disappointing, management believes that the company is still well-positioned for an inflection in OLED demand, given that new 5G devices utilize the technology. We continue to view the risk/reward for COHR favorably. Texas-based Prosperity Bancshares, Inc. (PB) reported 2Q results that were ahead of consensus expectations, driven by lower provision expense and higher net interest income. Despite favorable results, shares were likely under pressure given the slowdown in economic activity, posing headwinds for loan growth. The slowdown in core loan growth is not surprising, as the impact of the pandemic is still reverberating through the economy. Long term, we still view PB as a compelling investment opportunity, given the bank's history as a strong credit institution.

Concluding Remarks

The sell-off and speed with which the equity market entered bear market territory in the first quarter is noteworthy. Equally as impressive is how quickly the market was able to erase the losses incurred. As of September 30, 2020, the S&P 500® Index is up over 50% from the March 2020 lows. As mentioned above, there are several forces driving the market's resilience; however, lingering issues remain that warrant attention. Some of the concerns were reflected in September's performance, where major U.S. indices posted declines for the first time in five months.

While there are many factors piling on the ubiquitous "wall of worry," the major ones have been fomenting in the background for a while. The COVID-19 pandemic was a major overhang in September, as cases spiked across Europe in countries such as the U.K., France, Poland and Spain. The key question is if there will be a resurgence in the U.S. as the weather grows colder across much of the country. If so, what will the response be to a potential second outbreak? Second, while the prospect of a vaccine by the end of this year, or early next, is promising, the efficacy of the vaccine(s) remains unknown. Additionally, it is unclear whether people will be willing to get vaccinated given the urgency to find a therapeutic in a short period of time. Another concern that is likely impacting investor thinking is the reliance on Fed liquidity. While that has historically provided a safety net, the question now is whether the economy can stand on its own two feet. That leads to something else to consider—the future of corporate earnings. Companies posted results that were generally perceived to be better than feared. However, that was relative to bombed-out expectations in the first quarter. Additionally, many companies resorted to aggressive cost-cutting measures due to mounting uncertainty over the impact from the pandemic. Looking ahead, investors will be monitoring whether companies can grow their top-line now that they've exhausted any cost-control measures. Finally, there is growing angst over the U.S. presidential election and whether there will be prolonged electoral uncertainty following the election. Furthermore, investors must now assess the various possible election outcomes and what that might ultimately mean for the equity market.

The objective was not to conclude on a gloomy note. After all, the market's resiliency since March has been impressive, and possibly caught many by surprise. However, when evaluating the current backdrop, it is increasingly clear that there are numerous qualms to contend with. It can be said the market has thrown some "curveballs" over the past several years; however, there is one thing (arguably) that has been clear: the market does not like uncertainty. With that said, there could be a period of increased volatility as investors digest all of the unknown possibilities lingering in the current environment.

As we have communicated to our readers on numerous occasions in the past, many of these factors are out of our control. Macro uncertainty is often the cause of short-term dislocation in asset prices, which allows us to invest in better businesses, at a discount. Therefore, we remain focused on company-specific fundamentals to guide our decision making. Through bottom-up, fundamental work, we believe we can continue to add value for our clients over the long term.

On behalf of the Sycamore Capital Team, we wish you and your family a safe and healthy holiday season. We appreciate the continued trust that you have placed in us.

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Top Contributors (%)	
AGCO Corp.	0.6
Darden Restaurants, Inc.	0.5
Archer-Daniels-Midland Co.	0.4
Owens Corning	0.4
Nuance Communications, Inc.	0.4
Top Detractors (%)	
Hill-Rom Holdings, Inc.	-0.4
Valero Energy Corp.	-0.3
TCF Financial Corp.	-0.2
Coherent, Inc.	-0.2
Zions Bancorporation	-0.2

Source: FactSet.

Top Holdings (%)	
Archer-Daniels-Midland Co.	2.7
BorgWarner Inc.	2.3
Avery Dennison Corp.	2.2
Alleghany Corp.	2.1
AGCO Corp.	2.1
Darden Restaurants, Inc.	2.0
Owens Corning	1.9
Landstar System, Inc.	1.8
Textron Inc.	1.8
Quest Diagnostics Inc.	1.7

				ANNUALIZED RETURNS				Expense Ratio	
Investment Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception*	Gross	Net
A Shares (without sales charge)	5.25	-10.54	-5.35	2.91	7.96	10.64	9.10	0.92	0.92
A Shares (with max. sales charge 5.75%)	-0.80	-15.68	-10.80	0.91	6.68	9.99	8.78	0.92	0.92
Russell Midcap® Value Index	6.40	-12.84	-7.30	0.82	6.38	9.71	—		

Source: Citi. Returns are calculated and stated in U.S. dollars.
**Since inception results are as of the Fund's inception date, May 5, 2000.*

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, please call 1.800.539.FUND or visit www.vcm.com.

Annualized return or average annual return describes the return gained, on average, each year of a multi-year period rather than a cumulative return. Returns are historical and include the change in share price and reinvestment of dividends and capital gains distributions, if any. Performance for quarter and year-to-date are cumulative.

Risks Associated with Investing in the Fund: There is no guarantee that the Fund will achieve its objective. Equity securities are more volatile and carry more risk than other forms of investments, including investments in high grade fixed income securities. Mid-capitalization stocks typically carry additional risk, since mid-size companies generally have higher risk of failure, and historically, their stocks have experienced a greater degree of volatility. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes. Political and economic risks, along with other factors, could adversely affect the Fund's investments in U.S.-traded foreign companies, ADRs and GDRs.

Indexes Defined: Russell Midcap® Value: An unmanaged index comprised of Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. Indexes do not include the effect of expenses, are not representative of any specific fund or product and cannot be invested in directly.

Fund holdings are subject to change and should not be considered purchase recommendations.

Contributors and Detractors: Source: FactSet. The contributors and detractors mentioned are presented to illustrate examples of the Fund's investments and may not be representative of the Fund's current or future investments. Percentages shown are for the most recent quarter.

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Shares of the fund may be subject to sales charges and other fees. An investor should consider the fund's investment objectives, risks and 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. To obtain a prospectus, please call 1.800.539.FUND or visit www.vcm.com. Please read the prospectus carefully before investing.

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