

## Market Environment

International equities declined in the first quarter amid heightened market volatility and escalating geopolitical tensions, including the outbreak of conflict in the Middle East. For the quarter, the MSCI ACWI (All Country World) ex USA Index fell 0.7% while the Victory Trivalent International Fund – Core Equity (Class A, without load) outperformed the benchmark. Four out of six regions were positive while European equities trailed their Asia-Pacific peers. India declined 18.1% amidst higher energy costs and record foreign outflows. Denmark fell 14.5% due to pharmaceutical sector weakness and increased market volatility amid geopolitical tensions over Greenland. Ireland, Germany, and France declined 10.2%, 8.5%, and 5.4%, respectively, as elevated conflict in the Middle East unsettled European markets. Rising energy and oil price concerns, coupled with the prospect of higher interest rates, weighed on growth outlook. On the upside, Norway was the strongest performing market, rising 31.5% led by oil and gas companies. Brazil and Australia rose 19.1% and 3.3%, respectively, bolstered by strong commodity performance.

Seven of the eleven economic sectors were negative in the quarter. Dampened consumer confidence and spending outlook drove Consumer Discretionary down 13.3%. Energy was the strongest sector, rising 28.5% as oil and gas prices rallied sharply following the outbreak of conflict in the Middle East, which disrupted regional energy infrastructure and effectively closed the Strait of Hormuz.

## Portfolio Review

Security selection was positive as excess returns were generated in four of six regions and seven of the eleven economic sectors. From a style perspective, the multi-factor exposure had a positive impact on performance, with value generating the strongest signal. Notable outperformance was generated in Health Care, Consumer Discretionary, and Consumer Staples. In Health Care, Japanese pharmaceutical company Otsuka Holdings rose as the drug launch for a kidney disease treatment exceeded expectations and generic erosion for Jynarque has been slower than expected. The portfolio benefited from not holding a position in global pharmaceutical company Novo Nordisk as the shares declined following disappointing data for its weight loss treatment CagriSema in a clinical trial comparing it to Eli Lilly's Zepbound. Positive security selection was also notable in Consumer Discretionary, as Japanese cable and wire manufacturer Sumitomo Electric Industries rose after reporting robust earnings and raising guidance, supported by strong demand for electrical and data connections. Within Consumer Staples, APR, the k-beauty cosmetics company, rallied as the company continues to deliver on its growth expansion in the US as well as increasing penetration into Europe. Broader k-beauty optimism continues to generate strong global demand.

On the downside, relative underperformance was centered in Technology, Real Estate, and Materials. Market sentiment around AI has shifted from euphoria to one of caution, particularly in areas most perceived as vulnerable to disruption. IT Service companies have been in the cross hairs and two portfolio holdings, NEC and Capgemini, declined sharply. Within Real Estate, Charter Hall Group, the Australian diversified REIT, declined modestly despite delivering strong 1H results and issuing an earnings upgrade. In Materials, Harmony Gold, the South African miner, missed their first half revenue expectations in March. The poor operational report as well as broader gold market headwinds led to a weak performance during the quarter.

## Market Outlook

International equities faced significant headwinds in the first quarter of 2026, as geopolitical shocks and energy market disruptions overshadowed positive momentum from last year. Looking ahead, the path of the Middle East conflict remains a critical variable for international markets. Resolution could unlock pent-up demand and ease inflation, while prolonged instability could further pressure consumer-facing sectors and energy-sensitive economies. Conversely, areas such as energy, fertilizer, and defense may stand to benefit from extended conflict. Middle East tensions have also complicated monetary policy outlook as central banks navigate an environment where inflation is rising while growth outlook slows. Most central banks are opting to hold rates or move gradually while they monitor the situation. While escalating geopolitical tensions have weighed on recovery and growth prospects in Europe, growth in the Asia-Pacific region is expected to remain relatively resilient. While higher energy prices remain a risk, increasing demand for AI-related and other tech products stands to boost exports. Specifically within emerging markets, South Korea and Taiwan stand to benefit from continued AI-driven semiconductor demand. Additionally, domestic demand should continue to be supported by labor market resilience and policy support within the region. In Japan, Prime Minister Takaichi's expansionary fiscal policy and ongoing corporate governance reforms continue to support investor confidence in Japanese equities. On the risk front, while elevated geopolitical uncertainty persists, opportunities exist both in the event of resolution and in sectors positioned to benefit from ongoing instability. We continue to be guided by our bottom-up analysis and will evaluate upcoming earnings and outlook statements to refine our positioning.

Top 5 Contributors (%)	Return	Contribution to Absolute Return
Taiwan Semiconductor Manufacturing Co., Ltd.	11.9	0.36
Norsk Hydro ASA	35.7	0.26
Fujikura Ltd	39.2	0.25
Elite Material Co., Ltd.	55.3	0.24
Sumitomo Electric Industries, Ltd.	31.4	0.20

Top 5 Detractors (%)	Return	Contribution to Absolute Return
3i Group plc	-26.7	-0.14
Alibaba Group Holding Limited	-17.3	-0.19
Capgemini SE	-30.7	-0.14
NEC Corporation	-28.4	-0.21
Prosus N.V. Class N	-27.6	-0.18

Top Ten Holdings	% Fund
Taiwan Semiconductor Manufacturing Co., Ltd.	3.75
ASML Holding NV	1.95
Novartis AG	1.72
SK hynix Inc.	1.59
AstraZeneca PLC	1.52
Banco Santander, S.A.	1.30
Tencent Holdings Ltd	1.16
Standard Chartered PLC	1.13
DPM Metals Inc.	1.11
Samsung Electronics Co., Ltd.	1.11
<b>Total</b>	<b>16.34</b>

**Investment Performance (%)**

Average Annual Returns as of March 31, 2026

Victory Trivalent International Fund - Core Equity	Ticker	Inception Date	Q1 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Expense Ratio Gross	Expense Ratio Net
A Shares, without sales charge	MAICX	8/16/07	2.87	2.87	32.11	18.80	9.38	8.89	3.80	1.83	0.95
A Shares, with sales charge (max. 5.75%)	MAICX	8/16/07	-3.09	-3.09	24.56	16.49	8.10	8.24	3.47	1.83	0.95
I Shares	MICIX	8/16/07	2.95	2.95	32.61	19.20	9.77	9.28	4.24	1.43	0.60
MSCI ACWI ex USA Index (Net)	-	-	-0.71	-0.71	24.91	14.49	7.02	8.38	-	-	-

Source: Victory Capital data analyzed through Zephyr.

**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](http://www.vcm.com).** Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Performance for the Fund's Class A and Class I shares prior to October 31, 2014, reflects the historical performance of the Class A and Class I shares, respectively, of the Munder International Fund — Core Equity, a series of Munder Series Trust (the predecessor to the Fund managed by Munder Capital Management) (the "predecessor fund"). The Fund's performance has not been restated to reflect any differences in expenses paid by the predecessor fund and those paid by the Fund. Other share classes are available for which performance and expenses will differ. Performance may reflect certain past fee waivers and/or expense reimbursements, without which performance would have been lower. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2026.

**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](http://www.vcm.com/prospectus). Read it carefully before investing.**

Other share classes are available for which performance and expenses will differ. Not all share classes are available to all investors.

**All investing involves risk, including the potential loss of principal.** The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, or changes in interest or currency rates. **International investments** can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from U.S. investments. **Emerging markets** involve heightened risks related to the same factors as well as greater volatility, reduced liquidity, different governmental controls and taxation, and less diversified economies. Investments concentrated in a **single country**, a **small number of countries** or a **specific region** may be particularly affected by adverse markets, rates, and events, which may occur in those countries and regions and typically exhibit higher volatility. Investments in **small- and mid-sized 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. Companies in the **financial services** sector are subject to extensive government regulation that may affect the scope of their activities, the prices they can charge and capital maintenance. The industry is subject to severe competition and can be significantly affected by market conditions, including interest rate changes. The portfolio 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 portfolio.

**Large shareholders**, including other funds advised by the Adviser, may own a substantial amount of the Fund's shares. The actions of large shareholders, including large inflows or outflows of cash, may adversely affect other shareholders, including potentially increasing capital gains. The value of your investment is also subject to geopolitical risks such as wars, terrorism, trade disputes, 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 views expressed are as of the date noted and are subject to change at any time based on market or other conditions. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any portfolio. Holdings are subject to change and should not be construed as investment advice or a recommendation to buy, sell, or hold any security.

**Contributors and Detractors** Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

**The MSCI All Country World exUSA Index (ACWI ex-USA)** is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed markets (excluding the United States) and emerging markets.

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