VICTORY HIGH YIELD FUND
QUARTERLY COMMENTARY

As of September 30, 2024

Fund Performance Summary

In the third quarter of 2024, the Victory High Yield Fund (the "Fund") returned 4.81% (A shares without sales charge), slightly underperforming its benchmark, the Bloomberg U.S. Corporate High Yield Bond Index (the "Index"), which returned 5.28%, but outperforming its peer group. Year-to-date the Fund returned 8.03%, outperforming both its benchmark and peer group.

Contributors to the Fund's performance relative to the Index in the quarter included allocation and security selection in the healthcare, pharmaceutical, media and leisure sectors. Our modest allocation to leveraged loans in the Fund was a detractor in the quarter after being an outperformer for the first half of the year.

Market and Portfolio Overview

The third quarter produced very strong US high yield performance, continuing its year-to-date lead over other fixed income asset classes, despite a short period of volatility in early August. In the end, the isolated event was exactly that, and core US high yield fundamentals and relative value attractiveness within US fixed income reclaimed the narrative. High yield investors were further rewarded when the Federal Reserve ("Fed") distinctly kicked off its monetary easing phase with a 50-basis-point* rate cut and comments that inflation was coming in line with their expectations and risks were balanced. US Treasury rates began to decrease, and we finally regained a normal-sloping yield curve. The Fed's comments also confirmed other central bank views that we have begun a multi-year global rate-easing cycle, technically beneficial for US high yield, and one more factor to support a soft(ish) landing for the economy. The Fund benefitted from this macroeconomic tailwind but mostly from our quite positive stance coming into the quarter. Fundamentals were still good, the US default rate continued to drift lower, and yields screened very attractively. Lower floating rates will only help the credit fundamentals of the more stretched balance sheets going forward.

September followed suit with an increase in fund flows, new issues coming to the market and trading well, and even some M&A returning.

*Basis point "bps" is 1/100th of a percentage point.

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Investment Performance (%)
Average Annual Returns as of September 30, 2024

Victory High Yield Fund (Class A – GUHYX)	Q3 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (9/1/98)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	4.81	8.03	14.88	0.06	3.04	4.23	5.45	1.09	1.00
A Shares, with sales charge (max. 2.25%)	2.52	5.67	12.27	-0.70	2.58	3.99	5.36	1.09	1.00
Bloomberg U.S. Corporate High Yield Index	5.28	8.00	15.74	3.10	4.72	5.04	6.47	–	–

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. Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2025.

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.

Other share classes are available, but not all share classes are available to all investors.

All investing involves risk, including the potential loss of principal. Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. Bonds and bond funds will decrease in value as interest rates rise and vice versa. Credit risk refers to the possibility that debt issuers may not be able to make principal and interest payments or may have their debt downgraded by ratings agencies. High yield securities may be more volatile, be subject to greater levels of credit or default risk, and may be less liquid and more difficult to sell at an advantageous time or price than higher-rated securities of similar maturity. There may be limited public information available regarding the floating rate loans in which the Fund invests; they may be difficult to value and may be illiquid, meaning that the Adviser may not be able to sell them at an advantageous time or price, which may adversely affect the Fund. In unusual or adverse markets, floating rate loans may have higher than normal default rates. In periods of recession, the Fund's investments in floating rate loans are more likely to decline. Convertible securities rank senior to the issuer's common stock, but may be subordinate to senior debt obligations. In part, the total return for a convertible security may depend upon the performance of the underlying stock into which it can be converted. Synthetic convertibles may respond differently to market fluctuations than traditional convertible securities. They are also subject to counterparty risk. Mortgage-backed securities ("MBS") and asset-backed securities ("ABS") are subject to credit, prepayment and extension risk and may react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain MBS and ABS. The fund 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 Fund.

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.

Derivatives may not work as intended and may result in losses. 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.

The opinions are as of the date noted and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

The Bloomberg U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the Barclays EM country definition, are excluded.

Park Avenue Institutional Advisers LLC is the sub-adviser to the Fund. The Fund is distributed by Victory Capital Services, Inc. ("VCS"). Victory Capital Management Inc. ("VCM"), an affiliate of VCS, is the investment adviser to the Funds. Neither VCS nor VCM are affiliated with Park Avenue Institutional Advisers LLC.

Effective as of the close of business on October 3, 2024, Park Avenue Institutional Advisers LLC is no longer serving as the Fund's sub-adviser. VCM will continue to serve as the Fund's adviser, with day-to-day portfolio management of the Fund performed by members of Victory Income Investors, a Victory Capital Investment Franchise. Please see the prospectus for more information.

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