

VICTORY MARKET NEUTRAL INCOME FUND QUARTERLY COMMENTARY



As of December 31, 2022

Investment Strategy

The Victory Market Neutral Income Fund utilizes a proprietary “market neutral” investment strategy designed to seek income from its investments while maintaining a low correlation to foreign and domestic equity and bond markets.

The Fund uses a multi-strategy approach. First, the Fund invests in securities of the Nasdaq Victory High Dividend Volatility Weighted Indexes. The allocation to each Nasdaq Victory High Dividend Volatility Weighted Index is equally weighted. Second, the Fund seeks to offset equity market risk by shorting high-correlating equity index futures contracts, such as the S&P 500®, Russell 2000®, or MSCI EAFE and Emerging Markets indexes, or ETFs that track such indices. The Fund may also allocate to a basket of options and/or futures to offset basis risk of long positions in high-dividend stocks and short positions in equity index futures.

The Fund’s investments in foreign or domestic dividend-producing equity securities may include securities of any market capitalization size that are included in the Nasdaq Victory High Dividend Volatility Weighted Indexes.

The Fund seeks to achieve three main objectives:

1. An alternative income stream to fixed income
2. A risk profile similar to traditional bonds
3. Low correlation to stocks and bonds

Victory Market Neutral Income Fund

As of December 31, 2022

Average Annual Total Returns (%)	Q4 2022	YTD	1 Year	3 Year	5 Year	Since Inception (11/19/12)	Net Expense Ratio%	Gross Expense Ratio %
CBHAX A Shares, without sales charge	1.78	-3.01	-3.01	1.46	1.95	1.79	0.78	0.83
CBHAX A Shares, with sales charge (max. 5.75%)	-4.08	-8.58	-8.58	-0.52	0.75	1.20	0.78	0.83
CBHCX C Shares	1.60	-3.65	-3.65	0.72	1.21	1.18	1.53	1.93
CBHIX I Shares	1.99	-2.56	-2.56	1.84	2.33	2.11	0.43	0.62
CBHMX Member Shares	1.85	-2.71	-2.71	--	--	1.04	0.58	1.08
Bloomberg Treasury Bellwethers 3-Month Index	0.90	1.51	1.51	0.74	1.28	--	--	--
FTSE 3-month T-bill Index	0.87	1.50	1.50	0.71	1.25	--	--	--
Morningstar Equity Market Neutral	3.60	6.04	6.04	2.51	1.46	--	--	--
Bloomberg US Aggregate Index	-1.87	-13.01	-13.01	-2.71	0.02	--	--	--

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. Class C Shares are subject to a deferred sales charge of 1.00% on shares redeemed within the first year. Performance would have been lower if it reflected this charge for the applicable period(s). Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2023.

Source: Victory Capital

Strategy Update

The Fund’s I share class was up 1.99% in the quarter, while the Bloomberg U.S. Treasury Bellwethers 3 Month Index gained 0.90%.

During the quarter the Fund achieved its objective to provide attractive levels of income and paid \$0.07 in dividend income per share for the I share class. The Fund ended the quarter with a 4.21% 12-month distribution yield while maintaining a low correlation to stocks and bonds, with a risk profile similar to traditional bonds. The Fund’s 30-day SEC subsidized yield was 4.88% and its 30-day SEC unsubsidized yield was also 4.88%.

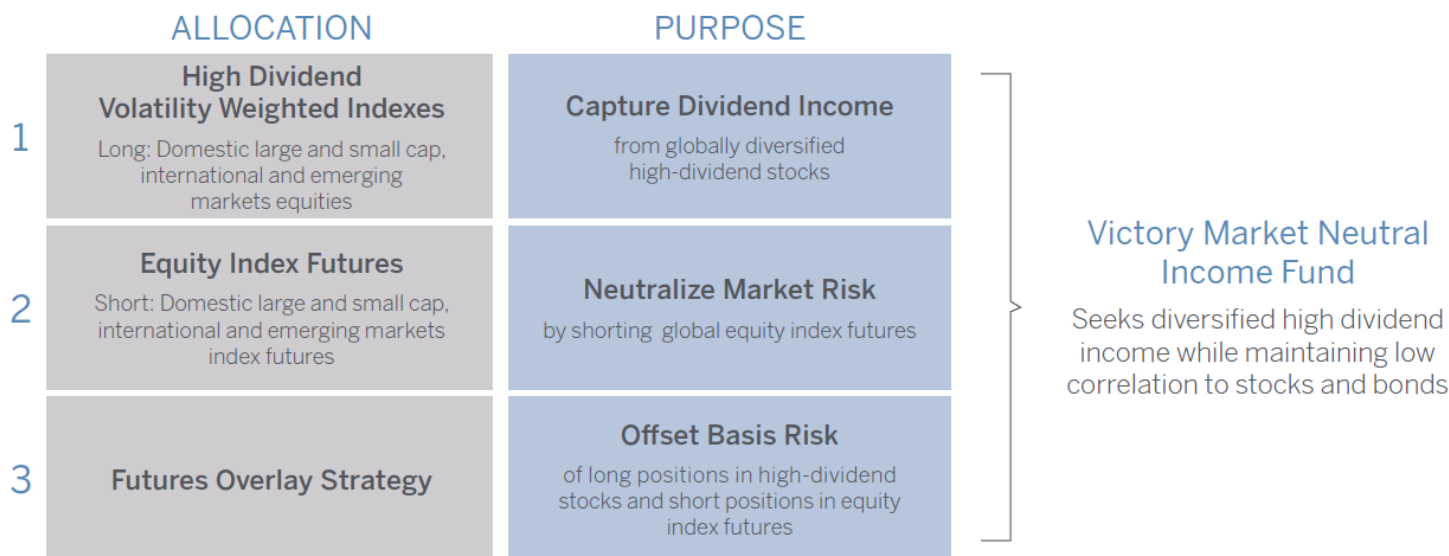
During the quarter, the Fund posted a positive return as the Global High Dividend Long/Short Portfolio was a positive contributor to performance, more than offsetting the negative contribution from the Futures Overlay Strategy (Long Nasdaq 100 / Short S&P 500).

Within the Global High Dividend Long/Short Portfolio, the Fund was net long each of the high dividend portfolios on a dollar basis as a result of the beta-neutral hedges. All the high dividend yielding sleeves outperformed their relative short index futures during the quarter.

The overlay strategy was a detractor during the quarter. The long Nasdaq 100 futures were a positive contributor but were more than offset by the negative contribution from the short S&P 500 futures.

VICTORY MARKET NEUTRAL INCOME FUND PROCESS

The Fund uses a multi-asset strategy



Scan for Prospectus

This information must be preceded or accompanied by a [current prospectus](#). Read it carefully before investing.

Not all share classes are available to all investors.

All investing involves risk, including the potential loss of principal.

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. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility. Dividends are never guaranteed. Derivatives may not work as intended and may result in losses. 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.

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.

Basis risk is the financial risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other.

Correlation measures the degree to which two securities move in relation to each other. Perfect positive correlation (correlation coefficient +1) implies that both

securities move in lockstep. Perfect negative correlation (-1) means that two assets move in opposite directions, while a zero correlation implies no relationship at all. **Overlay strategy** uses derivative investment vehicles to obtain, offset or substitute specific portfolio exposures that are beyond those provided by the underlying portfolio assets. **Volatility weighting methodology** weights stocks based on volatility, or risk, in an effort to spread the risk more evenly across the constituents of an index. **The FTSE 3-month T-bill Index** measures monthly return equivalents of yield averages that are not marked to market and consists of the last three three-month Treasury bill issues. **The Nasdaq Victory High Dividend Volatility Weighted Indexes** combine fundamental criteria and volatility weighting in an effort to outperform traditional cap-weighted indexing strategies.

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