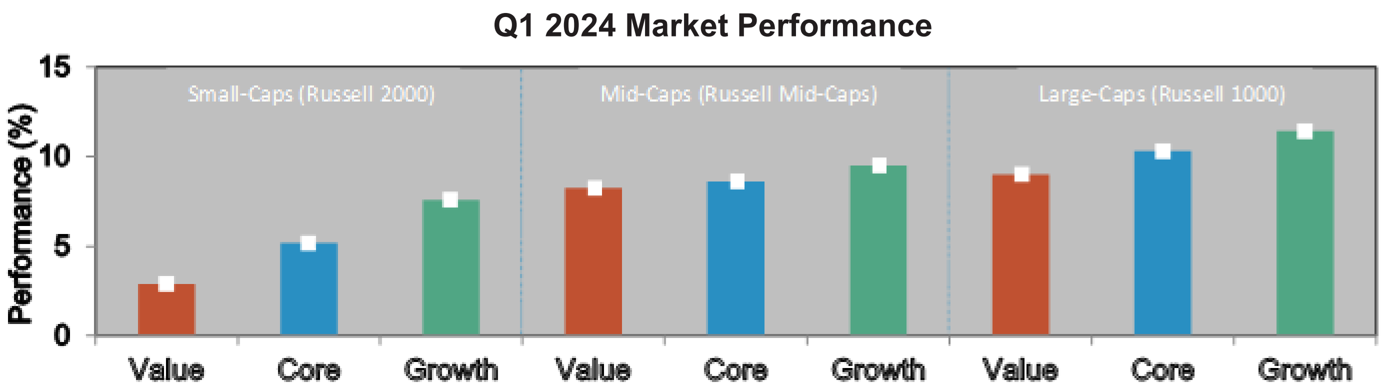
VICTORY RS SMALL CAP EQUITY FUND QUARTERLY COMMENTARY

As of March 31, 2024

Quarterly Highlights

- The Victory RS Small Cap Equity Fund (Class A Shares, without sales charge) returned 9.36% for the three months ended March 31, 2024, outperforming the Russell 2000® Growth Index,[1] which returned 7.58%.
- Fund performance relative to the benchmark was aided during the quarter by stock selection within the Producer Durables sector; stock selection in the Technology and Materials & Processing sectors offset a portion of the outperformance.
- This period's absolute performance was hindered in part by the relative performance of secular small-cap growth stocks as small growth, as defined by the Russell 2000® Growth Index, underperformed large growth, as defined by the Russell 1000® Growth Index,[2] 7.58% vs. 11.41%.
- We believe the multi-year underperformance of innovative smaller-cap growth stocks has created an outsized opportunity for smaller-cap growth stocks, as current valuations (defined as the forward price-to-earnings ratio, excluding non-earners) of the Russell 2000® Growth Index are the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index (per FactSet).

Market Performance / Fundamentals Snapshot



Value = Russell 2000® Value Index	Value = Russell Midcap® Value Index	Value = Russell 1000® Value Index
Core = Russell 2000® Index	Core = Russell Midcap® Index	Core = Russell 1000® Index
Growth = Russell 2000® Growth Index	Growth = Russell Midcap® Growth Index	Growth = Russell 1000® Growth Index

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

The U.S. stock market continued its strong momentum in the first quarter of 2024. The iconic S&P 500® Index,[3] the most popular proxy for the domestic market, clocked in with an impressive return of 10.56% during the first quarter. The market's strong run reflects solid economic growth, low unemployment and surprising payroll data, and a consumer that continues to spend, albeit at a slightly lower rate than last year. All this has been fueling corporate earnings and, ultimately, share prices.

It's interesting to note that equities continued to push higher during the quarter in the face of rising yields. The rally in stocks at year-end was largely fueled by the expectation that the Federal Reserve would be more accommodative, perhaps as early as March. But inflation data continued to be higher than the Federal Reserve's target, and this has pushed out expectations for interest rate cuts until June or beyond. Not surprisingly, yields across the curve moved higher during the first quarter, with the 10-year Treasury yield ending March at approximately 4.2%. Nevertheless, equities shrugged off these changing rate-cut expectations. Stocks also seemed unfazed by ongoing geopolitical turmoil and high energy prices that could make inflation "sticky" and keep the Federal Reserve on the sideline for longer.

In terms of investment styles, the Russell 3000® Growth Index[4] clocked in with impressive gains of 11.23%, thanks largely to the ongoing excitement surrounding artificial intelligence, as well as performance of the Technology and Communication Services sectors. Large-cap stocks once again assumed the leadership position, as the Russell 1000® Growth Index rose 11.41% during the first quarter. Small-cap growth stocks, as measured by the Russell 2000® Growth Index, also returned an impressive 7.58% during the quarter, while the Russell Midcap® Growth Index[5] delivered a return of 9.50%.

While many growth-oriented investors continue to gravitate toward large-cap stocks, we have been encouraged to see the wider participation of more small- and mid-cap growth stocks in the market rally, which we began to see in earnest late last year. Our team continues to focus on identifying potential opportunities within secular growth, and we believe many of these smaller companies are priced attractively compared to the broader market, even after solid first quarter performance.

Moreover, 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 was once a test run of certain products and technologies has 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 Small Cap Equity 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 small-cap company to a mid- or even 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, supported by portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. Scott Tracy is responsible for capital allocation decisions within the Fund, supported by the five co-portfolio managers as well as three research analysts, serving as sector specialists and 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 Small Cap Equity Fund (Class A Shares, without sales charge) returned 9.36% for the three months ended March 31, 2024, outperforming the Russell 2000® Growth Index, which returned 7.58%. Fund performance relative to the benchmark was aided during the quarter by stock selection within the Producer Durables sector; stock selection within the Technology and Materials & Processing sectors offset a portion of the outperformance. This period's absolute performance was hindered in part by the relative performance of secular small-cap growth stocks as small growth, as defined by the Russell 2000® Growth Index, underperformed large growth, as defined by the Russell 1000® Growth Index, 7.58% vs. 11.41%.

We believe the multi-year underperformance of innovative smaller-cap growth stocks has created an outsized opportunity for smaller-cap growth stocks, as current valuations (defined as the forward price-to-earnings ratio, excluding non-earners) of the Russell 2000® Growth Index are the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index (per FactSet).

Top Contributing Sector: Producer Durables

Within the Producer Durables sector, one of the largest drivers of outperformance was defense systems supplier AeroVironment (3.05% ending weight). AeroVironment is a technology provider of unmanned aerial systems, drones, munitions delivery vehicles, and software selling to the U.S. government and our allies. AeroVironment has been benefiting from increased demand for their core surveillance and munitions systems during the Russia/Ukraine war as well as increased conflicts emerging globally. Fifty-five of our allies are approved for purchase of these products and, as such, AeroVironment boasts a massive backlog and prospects for continued strong secular growth for the next five years, underpinning our investment thesis. The company has better margins than peers despite a large R&D component which allows them to operate more like a technology company than a defense contractor, a unique advantage. The stock performed extremely well in Q1 as investors applauded these efforts with multiple expansion on top of strong quarterly earnings and outlook.

Top Detracting Sector: Technology

One of the larger areas of underperformance within the Technology sector was driven by MACOM Technology Solutions Holdings, Inc. (4.27% ending weight), a provider of semiconductors for the telecommunications (Telecom), industrial and defense (I&D), and data center industries. We like MACOM because it is the gold standard for technology innovation, execution, and margin potential. The company has managed the current excess inventory problem in the semiconductor sector well but was not immune in Q4 to some weakness in demand. We continue to own a sizable position in MACOM due to its ability to grow faster than peers, with high margins and outsized earnings growth.

Market and Strategy Outlook

We are optimistic about the health of the domestic economy in 2024 and are excited about the prospect that the U.S. economy remains strong and that the Federal Reserve is done hiking interest rates. While the full impact on the economy from the rate hiking campaign is as yet unclear, any healthy pullback in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. We remain especially optimistic about worker productivity against a healthy and resilient employment backdrop, which should help corporate profit momentum. Certain segments of the economy appear well positioned to continue to 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 fundamental strength to persist, and are optimistic that the valuation gap of smaller companies will narrow with that of their larger-cap peers.

Overall, while interest rate and inflation uncertainty remains, we believe that opportunities will emerge in sectors and industries that demonstrate resilience through the cycle and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive relative to cyclicals due to their strong and consistent 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 Allocation[6]
As of March 31, 2024

Sector	% of Portfolio
Technology	22.90%
Producer Durables	20.54%
Financial Services	17.32%
Health Care	13.99%
Consumer Discretionary	11.80%
Energy	7.34%
Materials & Processing	3.25%
[Other]	2.40%
Cash / Other Assets and Liabilities	0.47%
Consumer Staples	0.00%

Top 10 Holdings[7]
As of March 31, 2024

Holding	% of Portfolio
Chart Industries, Inc.	5.97%
Semtech Corporation	5.00%
Q2 Holdings, Inc.	4.61%
MACOM Technology Solutions Holdings, Inc.	4.25%
Flywire Corp.	4.12%
FirstCash Holdings, Inc.	3.75%
Skyline Champion Corp.	3.48%
Tecnoglass Inc.	3.25%
Under Armour, Inc. Class C	3.22%
Nextracker Inc. Class A	3.17%

Performance
Annualized Returns as of March 31, 2024

Victory RS Small Cap Equity Fund (Class A – GPSCX)	First Quarter 2024	1-Year	3-Year	5-Year	10-Year	Since Inception (5/1/97)
without sales charge	9.36%	8.96%	-10.91%	1.17%	6.13%	8.63%
with maximum sales charge (5.75%)	3.02%	2.66%	-12.65%	-0.02%	5.50%	8.39%
Russell 2000® Growth Index[1]	7.58%	20.35%	-2.68%	7.38%	7.89%	7.52%

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 1.31%/1.31%. 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 smaller 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 Fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell certain securities at an advantageous time or price, which may adversely affect the Fund. 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.

Performance may have been meaningfully impacted by investments in initial public offerings (IPOs). The prices of IPO securities may fluctuate more than prices of equity securities of companies with longer trading histories. Investing in IPOs entails special risks, including limited operating history of companies, limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and high portfolio turnover.

1 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.

2 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.

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 3000® Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

5 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.

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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