

Market Review

International Equities (as measured by the MSCI EAFE Index) declined 8.11% in the fourth quarter of 2024, erasing most of the year's positive gains. Japan was the top performing EAFE region, registering solid gains in yen terms and supported by export strength as the currency fell against the U.S. dollar. Other Developed regions saw meaningful declines, most notably Europe, where recession fears and political uncertainties weighed on equity prices. All sectors within the MSCI EAFE Index had negative returns for the period, with Financials, Consumer Discretionary and Communication Services declining the least. The Materials and Health Care sectors were the biggest underperformers, with the former hampered by falling metals prices. Value stocks held up better than growth stocks for the period, and smaller-caps and larger-caps suffered equally.

QVS Factor Performance

The RS Global team's proprietary QVS (Quality, Valuation and Sentiment) Model evaluates over 10,000 global companies in search of the best investment opportunities. It is designed to identify companies that have the potential to consistently create shareholder value, are reasonably valued, and exhibit favorable market sentiment. The model helps us focus our resources, as we conduct additional research only on companies with the strongest model recommendations.

Stocks in the highest-ranked quintile of the model outperformed stocks ranked in the lowest quintile for the period, led by the Sentiment factor, though Quality and Valuation were also positive. Overall returns were also positive across regions, and underlying Quality, Valuation and Sentiment factor spreads were also mostly positive. Among EAFE regions, the model was stronger in Asia/Pacific ex Japan and in Japan, and weaker (but still positive) in the United Kingdom.

Performance and Positioning

The RS International Strategy returned -8.38% (net) for the period, while its benchmark, the MSCI EAFE Index (net) (the "Index"), returned -8.11%.

Negative stock selection in the Communication Services, Materials and Industrials sectors detracted from relative performance for the period. Stock selection was positive in the Consumer Staples and Utilities sectors. By region, stock selection was negative in Europe and Asia/Pacific ex Japan and positive in the United Kingdom and Japan. Country-level detractors included France and Belgium, while contributors included Austria and the Netherlands.

Individual detractors from relative results included Danish multinational pharmaceutical provider Novo Nordisk A/S, Australian mining company BHP Group Ltd., and French cosmetics and personal care corporation L'Oréal SA.

Positive contributors to active performance included tobacco company Imperial Brands PLC and full-service bank Barclays PLC, both based in the United Kingdom. Japanese financial services company Mizuho Financial Group was also a positive contributor.

Outlook

Monetary action of the major central banks is likely to diverge further in 2025 as different regions contend with shifting economic challenges. Economic growth and market returns are also likely to be varied and volatile, which may present both opportunities and risks for investors. Much depends on the trajectory and intensity of U.S. trade policies as the Trump administration takes the helm, which could support both economic growth and inflation concerns. That said, what is most important is to stay the course and be true to our quality-oriented investment process. We remain keenly aware of market volatility and will stay vigilant when constructing our portfolios, remaining sector- and region-neutral, as we believe that strong risk management should stand at the forefront. Making correct macro allocation calls can be immensely challenging; therefore, we do not forecast regional performance. In our view, stock selection can be far more impactful to strategy performance than allocation.

We thank you for your continued support.

Sincerely,

The Victory RS Global Markets Team

Top 10 Holdings (%)

as of December 31, 2024

Holding	Rep. Account
Novo Nordisk A/S Class B	2.93
SAP SE	2.75
Roche Holding Ltd. Dividend Right Cert.	2.66
Novartis AG	2.55
Allianz SE	2.45
Toyota Motor Corp.	2.24
Barclays PLC	2.10
Unilever PLC	2.09
Banco Bilbao Vizcaya Argentaria, S.A.	2.08
Shell Plc	1.96

Region Allocation (%)

as of December 31, 2024

Region	Rep. Account
Asia/Pac x Japan	11.66
Europe	44.58
Japan	23.08
United Kingdom	16.57
[ETF]	0.09
Other	2.05
Cash	1.98

Performance

Average Annual Returns (%) as of December 31, 2024

RS International Composite	QTD	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception (July 2013)
Gross of Fees	-8.26	7.00	7.00	3.20	6.56	7.29	7.10
Net of Fees	-8.38	6.46	6.46	2.68	6.03	6.69	6.47
MSCI EAFE Index (Net)	-8.11	3.82	3.82	1.65	4.73	5.20	-

Performance returns for periods of less than one year are not annualized.

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

Index returns are provided to represent the investment environment during the periods shown. Index performance does not reflect management fees, transaction costs or expenses that would be incurred with an investment. One cannot invest directly in an index.

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.

Holdings are subject to change and should not be construed as a recommendation to buy or sell individual securities.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all holdings for the previous 12 months, each holding's contribution to the strategy's performance, and the calculation methodology used to determine the holdings' contribution to performance is available on request. Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

The RS International Composite includes all discretionary accounts invested in the International Strategy. The Strategy combines data-driven discipline with fundamental analysis in seeking to capture information inefficiencies in non-U.S. companies across the market capitalization spectrum in order to provide a consistent, diversified return stream over market cycles. The composite creation date is September 2013, and the composite inception date is August 2013.

The benchmark of the composite is the MSCI EAFE Index (Net). The MSCI EAFE Index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

Victory Capital Management Inc. (VCM) is a diversified global investment adviser registered under the Investment Advisers Act of 1940 and comprises multiple investment franchises: Integrity Asset Management, Munder Capital Management, New Energy Capital Partners, NewBridge Asset Management, RS Investments, Sophus Capital, Sycamore Capital, THB Asset Management, Trivalent Investments, Victory Income Investors (formerly USAA Investments, a Victory Capital Investment Franchise), and the VictoryShares & Solutions Platform. Munder Capital Management and Integrity Asset Management became part of the VCM GIPS firm effective November 1, 2014; RS Investments and Sophus Capital effective January 1, 2017; Victory Income Investors, effective July 1, 2019; THB Asset Management, effective March 1, 2021; and New Energy Capital effective November 1, 2021. Effective September 1, 2023, INCORE Capital Management is no longer part of the VCM GIPS firm.

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