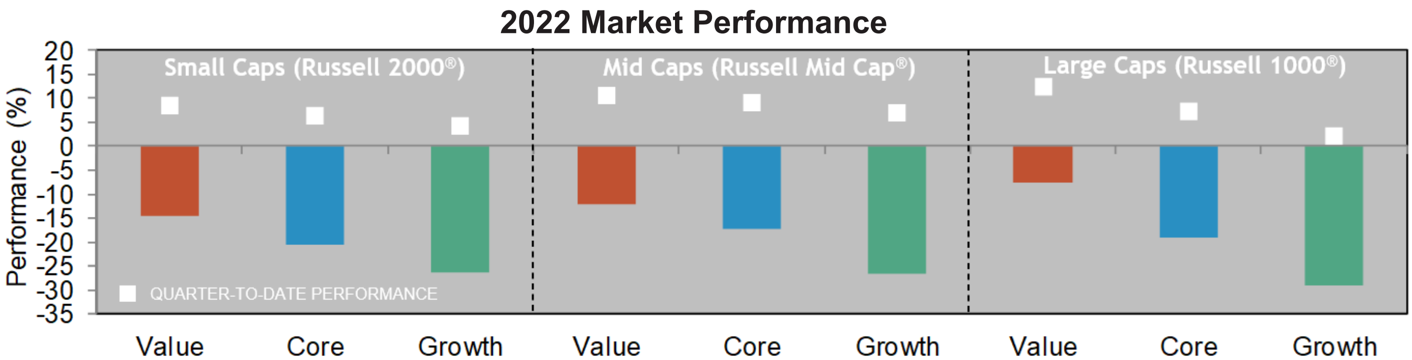
RS MID CAP GROWTH STRATEGY
QUARTERLY COMMENTARY

As of December 31, 2022

Quarterly Highlights

- The RS Mid Cap Growth Strategy returned 2.16% gross (1.98% net) or the three months ended December 31, 2022, underperforming the Russell Midcap® Growth Index,[1] which returned 6.90%.
- Strategy performance relative to the benchmark was negatively impacted by stock selection in the Producer Durables, Financial Services, and Materials & Processing sectors; underperformance was partially offset by performance within the Health Care and Energy sectors.
- This period's performance was hindered in part by the rebound in value stocks relative to secular growth stocks as mid growth, as defined by the Russell Midcap® Growth Index, underperformed mid value, as defined by the Russell Midcap® Value Index,[2] returning 6.90% vs. 10.45%, while large growth, as defined by the Russell 1000® Growth Index,[3] was the worst performing style within U.S. equity markets, returning 2.20%.
- We continue to believe technology-oriented companies are better positioned for the longer term, especially following the massive "test run" of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services.
- Mid-cap growth stocks have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of December 31, 2022, per Russell.

Market Performance / Fundamentals Snapshot



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

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

Value = Russell 1000® Value Index
Core = Russell 1000® Index
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Index returns are for illustrative purposes only. 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 fourth quarter certainly began well enough, even as the year ended on a downbeat. Markets bounced back sharply in October and November from what had been a severe drawdown within most segments of the global equity market in August and September as corporations reported better than expected earnings and signs suggested that inflation may have peaked. Value stocks led the way, with the Russell 1000® Value Index[4] up 10.25% in October and 6.25% in November, while the Russell 2000® Value Index[5] was up 12.59% in October and 3.06% in November. But the euphoria was short-lived. Concerns re-emerged in December as investors began to digest how hawkish the Federal Reserve really was, given its repeated statements confirming that it would not stop hiking until inflation was well in check. Interest rates were projected to be headed even higher irrespective of the impact to the economy. Investors and corporate leaders began to loudly question whether Federal Reserve Chair Jerome Powell was up to the task of maintaining an economic environment supportive of corporate growth while at the same time taming inflation. Many pundits suggested that the Fed was possibly making both problems worse.

These concerns turned into a full-fledged market sell-off in December, with the Russell 1000® Index[6] down 5.81% and the Russell 2000® Index[7] down 6.49%, as investors mulled some poor earnings guidance by corporations and the most aggressive comments to date by Chairman Powell, outlining that the Fed would keep rates elevated. He told market participants that "Fed hikes and volatility have been central themes of 2022, and investors should expect both—along with hits to corporate earnings—as we enter the new year." He also stated that a recession in 2023 was quite possible. This uncertainty exacerbated the interest rate backdrop, which the market never likes, and seemed at odds with the Federal Reserve's dual monetary policy goals. All this illustrates the challenge of taming inflation without wrecking the economy.

Yet it was not all bad news during the fourth quarter. For example, there have been encouraging inflation numbers, driven by higher inventory among retailers and a continued decline in energy prices globally. This may provide some relief for battered markets. Plus, there are a number of other reasons to be optimistic with regard to the economy and investment opportunity domestically. Chief among these is the fact that corporate operations (and earnings) have come in better than expected, which means the decline in the markets year-to-date has resulted in much-reduced valuations (and a more favorable risk-reward tradeoff) for any investors that are willing to take the plunge.

So where do markets go from here, and how healthy is the economy? Although nobody can answer these questions with absolute certainty, we can definitively say that the current investment landscape continues to be as polarizing as we have experienced in years, and global markets have reflected this uncertainty with extreme bouts of volatility. Although we continue to see a normalization of economic activity as we leave the COVID-19 pandemic behind, persistent inflation worries and the Federal Reserve's new monetary policy shift (i.e., their willingness to aggressively raise rates to combat inflation irrespective of potential consequences impacting the underlying economy) have weighed on all areas of the global equity and bond markets. As challenging as this has been, we believe this is creating potential pockets of opportunity for astute, long-term investors.

In our opinion, small-cap stocks, and small growth in particular, stand out as an investment style that looks very attractive compared to other segments of the market given the relative valuations. Despite the challenging performance over the past few years for growth, it's also good to remember that over the longer term, growth-oriented stocks have continued to shine across market caps, with the Russell 3000® Growth Index[8] outperforming the Russell 3000® Value Index[9] over 3, 5, 10, and 15 years. Our team remains focused on some potentially exciting opportunities for secular growth companies. In fact, we believe the multi-year underperformance of growth companies that are materially better off over the secular horizon will allow them to catch up to their value counterparts. Taking a longer-term view, we think that we are in the early stages of a secular shift that is altering how consumers, businesses, and employees will interact following the massive "test run" of technology-aided solutions we witnessed during the earlier days of the pandemic.

Investment Strategy

The RS Mid Cap Growth Strategy 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 can grow from a mid-capitalization company to a 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 Strategy is led by the team's chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. The five co-portfolio managers, as well as three research analysts, serve as sector specialists and are supported by three associates, 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 RS Mid Cap Growth Strategy returned 2.16% gross (1.98% net) or the three months ended December 31, 2022, underperforming the Russell Midcap® Growth Index,[1] which returned 6.90%. Strategy performance relative to the benchmark was negatively impacted by stock selection in the Producer Durables, Financial Services, and Materials & Processing sectors; underperformance was partially offset by performance within the Health Care and Energy sectors. This period's performance was hindered in part by the rebound in value stocks relative to secular growth stocks as mid growth, as defined by the Russell Midcap® Growth Index, underperformed mid value, as defined by the Russell Midcap® Value Index,[2] returning 6.90% vs. 10.45%, while large growth, as defined by the Russell 1000® Growth Index,[3] was the worst performing style within U.S. equity markets, returning 2.20%. We continue to believe technology-oriented companies are better positioned for the longer term, especially following the massive "test run" of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services. Mid-cap growth stocks have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of December 31, 2022, per Russell.

Top Detracting Sector: Producer Durables

Within the Producer Durables sector, the largest driver of relative underperformance was Machinery holding Chart Industries, Inc. (0.99% ending weight). Chart Industries manufactures and sells engineered equipment for the energy and industrial gas industries worldwide, providing bulk and packaged gas cryogenic solutions for the storage, distribution, vaporization, and application of industrial gases. We purchased the stock given the company remains one of the best ways to play the hydrogen infrastructure theme in machinery and equipment, as orders remained strong at a "new normal" of $350 million (up from recent years in the $200-$300 million range), while we viewed market consensus as below our expectations given that a number of larger potential projects were not in their guidance. The stock was challenged in the most recent period despite a strong quarter of bookings and reported earnings that were higher than forecast and raised guidance following the announcement that the company signed a definitive agreement to acquire Howden, a global provider of air and gas handling products and services. While the acquisition appears to expand the offerings Chart can provide customers, investors were concerned with the level of dilution required to pay for the firm.

Top Contributing Sector: Energy

Within the Energy sector, the largest contributor to outperformance was Non-Renewable Energy holding Matador Resources Company (0.95% ending weight). Matador engages in the exploration, development, production, and acquisition of oil and natural gas resources. We purchased the stock given it is a highquality pure-play energy and producer play in the Delaware Basin, with more than 220,000 gross acres of proven reserves, strong production growth, best-in-class return on average capital employed, and capital efficiency improvements. The stock performed very well in the most recent quarter, beating production estimates and earnings materially despite reduced capex, fulfilling investor desires for “best of all worlds” possibilities. The company also surprised to the upside on their production guide, making Matador the fastest grower among producers in 2022 due to the quality of rock, rather than unnecessary aggressiveness.

Market and Strategy Outlook

Given the global impact of the virus and the Russian invasion of Ukraine on corporate fundamentals, fiscal/monetary response, global logistics, inflation, consumer behavior, and societal norms, we believe investors should expect all companies to feel some level of direct and indirect effects over the next few quarters and years. As a result, global equity markets are likely to experience higher levels of volatility (both to the upside and downside) and divergence as new companies emerge, while others struggle to retain their previous leadership. We feel this will create an abundance of opportunities across sectors, industries, and markets in coming quarters and years as the economy and markets transition and recover.

We do not have a clear view or projection as to how large or prolonged any impact from the coronavirus or Ukraine invasion will be given the uncertainty regarding the continued unfoldment of events abroad and the resulting economic impact, politicization, and potential scale of incremental or contractionary fiscal and monetary stimulus, but we do believe there are clear pockets of the economy that remain better positioned than others to adjust to any future state given the ability of their workers to remain productive and end-customer demand to remain steady irrespective of the forward economic environment.

Within the growth universe, the current opportunity set appears especially pronounced for secular growth companies, rather than those more cyclical in nature, given the continued strength in underlying fundamentals and relative underperformance by secular growth companies since early November of 2020, when market leadership abruptly shifted from companies with better long-term sustainable growth opportunities to areas that had been more challenged by COVID-19 or that could benefit from inflationary pressures experienced over the past year. As a result, we believe we can now allocate to companies with clear paths of outsized growth with much improved relative valuations as compared to fall of 2020.

Thank you for your continued investment.

Sector Allocation (Representative Account)[11]

As of December 31, 2022

Sector	% of Portfolio
Technology	25.0%
Health Care	19.2%
Consumer Discretionary	15.7%
Producer Durables	12.3%
Financial Services	10.7%
Energy	6.2%
Materials & Processing	4.9%
Consumer Staples	3.5%
Utilities	1.5%
[Cash / Other]	1.0%

Top 10 Holdings (Representative Account)[12]

As of December 31, 2022

Holding	% of Portfolio
Synopsys, Inc.	3.77%
Lattice Semiconductor Corporation	3.15%
Agilent Technologies, Inc.	2.92%
DexCom, Inc.	2.59%
Graphic Packaging Holding Company	2.36%
Enphase Energy, Inc.	2.26%
Sarepta Therapeutics, Inc.	2.21%
Insulet Corporation	2.13%
Mettler-Toledo International Inc.	2.11%
AmerisourceBergen Corporation	2.05%

Composite Performance

Average Annual Returns as of December 31, 2022

RS Mid Cap Growth Composite	Fourth Quarter 2022	1-Year	3-Year	5-Year	10-Year	Since Inception (7/12/95)
Gross of fees	2.16%	-33.39%	-1.32%	3.10%	9.35%	9.68%
Net of fees	1.98%	-33.86%	-2.01%	2.39%	8.51%	8.46%
Russell Mid Cap® Growth Index[2]	6.90%	-26.72%	3.85%	7.64%	11.41%	9.14%

Returns include reinvestment of dividends and capital gains. Performance returns for periods of less than one year are not annualized.

Past performance and does not guarantee future results.

Composite and benchmark returns are net of transaction costs and net of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns reflect gross performance less investment management fees. Net-of-fees returns are calculated by deducting one-twelfth of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

Index returns are provided to represent the investment environment during the periods shown. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses that would be incurred with an investment. One cannot invest directly in an index.

1 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.

2 The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap® Index with lower price-to-book ratios and lower forecasted growth values.

3 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.

4 The Russell 1000® Value 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 lower price-to-book ratios and lower forecasted growth values.

5 The Russell 2000® Value 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 lower price-to-book ratios and lower forecasted growth values.

6 The Russell 1000® Index is a market-capitalization-weighted index that measures the performance of the 1,000 largest U.S. companies based on total market capitalization.

7 The Russell 2000® Index is a market-capitalization-weighted index that measures the performance of the 2,000 smallest-cap companies in the Russell 3000® Index.

8 The Russell 3000® Growth Index is a 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.

9 The Russell 3000® Value Index is a 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 lower price-to-book ratios and lower forecasted growth values.

10 The Representative Account'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.

11 Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

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. Interested parties are strongly encouraged to seek advice from qualified tax and financial experts regarding the best options for your particular circumstances.

The opinions are as of the date indicated 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 RS Mid Cap Growth Composite invests principally in equity securities of mid-capitalization growth companies. The benchmark is the Russell Midcap® Growth Index. The composite was created in July 1995.

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.

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 on available by 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. This information should not be relied upon as research or investment advice regarding any security in particular.

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