Trivalent International Developed Equity Strategy Quarterly Commentary

Trivalent® INVESTMENTS
A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2020

Market Environment

International equities rallied to a record high in the fourth quarter. The wave of optimism was primarily driven by positive news on multiple potential coronavirus vaccines and reduced uncertainty following U.S. elections. International returns were also boosted by a weakening dollar as the U.S. Dollar Index, which measures the U.S. Dollar against six major global currencies, fell 4.2% and reached its lowest level since January 2018. For the quarter, the MSCI EAFE (Europe, AustralAsia, and Far East) Index advanced 16.1%, posting its strongest quarterly return in over a decade. The Trivalent International Developed Equity strategy trailed the benchmark. While all countries in the index posted a positive return, there was wide dispersion. Austria and Spain were the best performing markets, up 47.3% and 27.7%, respectively. France increased 20.4% despite entering a coronavirus lockdown for the second time this year. The United Kingdom gained 16.9% as a post-Brexit trade deal was finalized more than four and a half years after the country's referendum to leave the European Union. Japan, the largest weighted country in the index, was up 15.3% as new Prime Minister Yoshihide Suga announced a $708 billion stimulus package to further combat pandemic-related disruptions. On the other end of the spectrum, Switzerland was up 8.2% and trailed the broader index largely due to Swiss Health Care stocks lagging.

All sectors posted positive returns, with the more cyclical and commodity-exposed sectors outperforming. Energy rallied 31.2% as Brent crude oil prices rose 26.5% and hit a nine-month high on expectations that coronavirus vaccines will boost fuel demand. Consumer Discretionary, Financials, and Materials all gained over 20%. The more defensive Consumer Staples and Health Care stocks were the relative laggards, up 6.9% and 4.0%, respectively.

Portfolio Review

Overall security selection was negative and accounted for the strategy's relative underperformance. Excess returns were generated in two of four regions and three of the eleven economic sectors. From a style perspective, the strategy's limited exposure to deep value and lower quality stocks was a detractor. Companies which have faced the greatest struggles during the pandemic materially outperformed, while beneficiaries of the pandemic era lagged despite continued strong execution and robust earnings. Security selection was weakest in the Consumer Staples sector and was most adversely impacted by a position in Toyo Suisan Kaisha. The Japanese packaged food company fell 7.7% after reporting in-line results and forecasting a slight profit decline for the second half of its fiscal year. Performance also lagged in Financials, with the largest impact coming from a position in Euronext. The pan-European stock exchange declined 14.4% following a tepid reaction to its announced acquisition of Borsa Italiana and a technical glitch that led to a one-day exchange outage. UK-listed gold miner Centamin was the top detractor during the quarter, down 39.1% after lowering its 2021 production guidance by around 20%. A land shift at its Sukari asset in Egypt and the subsequent decision to invest in opening other sections of the mine for production led to the guidance cut.

Notable outperformance was generated in the Utilities sector, with the largest impact coming from positions in Orsted in Denmark and EDP Renewables in Portugal. The renewable energy companies jumped 48.2% and 68.2%, respectively, on a favorable industry outlook as countries and regions released future energy development plans. Sony Corporation, the Japanese global home entertainment and technology company, was the top contributor for the quarter, up 30.9% as sales trends remain strong for games software, music and consumer electronics. Sony's next-generation gaming console, PlayStation 5, has been met with demand expected to outstrip supply for several months.

Market Outlook

Despite a recent surge in Covid-19 cases in many parts of the world, global markets have shown a willingness to embrace riskier assets as vaccine approvals have boosted sentiment for a 2021 economic recovery. Reopenings of the hardest hit industries in the first half of this year should allow for a significant rebound in the latter half of 2021, which will largely depend on timely vaccine distribution. While uncertainty remains high, massive amounts of stimulus have mitigated the impact and continue to bridge the gap to herd immunity. The incoming Biden administration and Democratic-controlled Congress will likely lead to even more stimulus and potentially a large infrastructure bill. While global trade frictions may persist in the near term, there is optimism U.S. trade policy will become more consistent and cohesive. We continue to balance the view that a return to normal is on the horizon against the current challenges to control the virus. Markets have sharply rotated in favor of cyclical value stocks on the expectation that economic conditions will normalize. Nevertheless, we expect there will be lasting structural economic effects as the pandemic has accelerated digital trends for both consumers and companies. Opportunities for relative outperformance remain, particularly among the diverse and broad segment of international equities. We continue to be guided by our bottom-up analysis and remain focused on stock selection while adhering to our disciplined country and sector risk exposures.

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Representative Account Top 5 Contributors* (%)	Return	Contribution to Return
Sony Corporation	30.9	0.8
Rio Tinto Limited	29.9	0.5
Anglo American plc	36.7	0.5
Orsted	48.2	0.4
LVMH Moet Hennessy Louis Vuitton SE	33.9	0.4

Representative Account Top 5 Detractors* (%)	Return	Contribution to Return
Centamin plc	-39.1	-0.2
SAP SE	-15.7	-0.2
Euronext NV	-14.4	-0.1
Nestle S.A.	-0.9	-0.1
UCB S.A.	-9.1	-0.1

Representative Account Top 10 Holdings	Country	Sector
Sony Corporation	Japan	Consumer Discretionary
Rio Tinto Limited	Australia	Materials
Nestle S.A.	Switzerland	Consumer Staples
Novartis AG	Switzerland	Health Care
Roche Holding Ltd.	Switzerland	Health Care
Itochu Corporation	Japan	Industrials
Anglo American plc	United Kingdom	Materials
Swiss Life Holding AG	Switzerland	Financials
Toyota Motor Corp.	Japan	Consumer Discretionary
Volkswagen AG Pref	Germany	Consumer Discretionary
Total % of Portfolio		**17.01%**

Source: FactSet.

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. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

				ANNUALIZED RETURNS			
Composite Performance (%)	**QTR**	**YTD**	**1-YR**	**3-YR**	**5-YR**	**10-YR**	**Since Inception 9.1.07**
Trivalent International Developed Equity (Gross)	14.97	6.02	6.02	4.04	7.08	7.28	3.12
Trivalent International Developed Equity (Net)	14.80	5.38	5.38	3.39	6.34	6.60	2.52
MSCI EAFE Index (Net)	16.05	7.82	7.82	4.28	7.45	5.51	2.68

DISCLOSURES

Investing involves risk and there is no guarantee any investment will be profitable specifically in extreme market conditions. Loss of principal is possible. The value of an investment will fluctuate in response to macro factors such as general economic conditions, interest rates, and the political environment, as well as changes in the prospects of particular companies, including market, liquidity, credit, and management risks.

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross 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 are calculated by deducting 1/12 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 II of its Form ADV.

The Trivalent International Developed Equity Composite includes all fee paying, non-wrap discretionary portfolios of $100,000 or more that are managed according to the Trivalent International Developed Equity strategy. Prior to October 2012, the minimum size for inclusion in the composite was $1 million. The strategy focuses on foreign companies that are characterized by improving business momentum and attractive valuations. The benchmark is the MSCI EAFE Index (Net). The composite creation date is August 2007.

The MSCI EAFE Index measures the performance of large- and mid-cap stocks in the developed markets, excluding the U.S. and Canada. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

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. One cannot invest directly in an index. Non-US indices are net of non-reclaimable withholding taxes, if any.

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*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. The percent displayed in the final column is contribution to return. Holdings are as of quarter end and may change at any time.

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