

Market Environment

International small-cap equities were slightly lower in the second quarter as global inflation data tempered expectations for the pace of central bank rate cuts and political uncertainty weighed on sentiment. For the quarter, the S&P® Developed Ex-U.S. SmallCap Index declined 1.0%, while the Trivalent International Small-Capitalization Equity strategy modestly trailed the benchmark. Country returns in the index were mixed with Israel the weakest, down 13.4% as its intensifying war in Gaza dampened sentiment. New Zealand fell 6.6% as high interest rates weigh on economic growth and consumer spending. France declined 6.5% after the announcement of snap elections raised uncertainty regarding the country's economic policy. Japan pulled back 4.5% on weaker consumption activity following strong first quarter returns. On the upside, Norway gained 11.9% on improving economic confidence as its GDP grew for the fourth consecutive quarter. Spain rose 6.7% as manufacturing activity grew at its fastest pace in over two years. Sweden advanced 3.9% after its central bank cut interest rates for the first time since 2016.

Sector returns were mostly lower, with seven of eleven sectors finishing in negative territory. Consumer Discretionary and Health Care were the weakest, down 6.1% and 4.5%, respectively. The more leveraged Utilities sector rebounded 4.5%, as expectations of falling interest rates will lower borrowing costs. Financials stocks gained 2.7% and were supported by strength in the banking industry.

Portfolio Review

Security selection was negative, as excess returns were generated in two of five regions and five of the eleven economic sectors. From a style perspective, the strategy's overall exposure to value, business momentum, and quality factors all modestly contributed to relative performance, with quality generating the strongest signal. At the sector level, selection was weakest in Materials, Consumer Discretionary, and Energy. Materials holding Daido was the top detractor during the quarter. The Japanese specialty steel producer declined after reporting results short of expectations and issuing lower guidance on weaker demand in automotive and semiconductor production equipment. Within Consumer Discretionary, Japanese department store operator J. Front Retailing declined on lower profit guidance for the next fiscal year as investments to improve its stores will take longer to realize earnings growth. In Energy, Paladin Energy fell on a weaker uranium spot price and the decision to acquire Canadian uranium miner Fission Uranium in an all-stock transaction.

Notable outperformance was generated within the Industrials sector and was boosted by two holdings. South Korean electric power equipment manufacturer HD Hyundai Electric rose as earnings continue to benefit from high global demand from electric grid infrastructure investment. Japanese power and telecommunication systems manufacturer Fujikura gained on expected benefits from increased growth in broadband-related business as well as exposure to AI data center investments. Relative performance was also strong in Health Care, with the largest impact coming from a position in

Classys. The Korean medical equipment manufacturer rose after its flagship Volnewmer product was granted FDA approval earlier than expected. Overseas sales of consumables were also well above expectations.

Market Outlook

The global economic backdrop is gradually improving, with inflation trending lower and economic confidence rising. While the U.S. Federal Reserve has held off on rate cuts, the European central bank lowered its key policy rate for the first time in nearly five years with eurozone inflation nearing the bank's 2% target. Other developed country central banks (including those of Canada, Denmark, Sweden, and Switzerland) have moved forward with rate cuts, helping ease consumer and corporate borrowing costs. While large-cap equities have outperformed in recent years, we see an opportunity for the market rally to broaden and for small-caps to catch up as a brighter global growth outlook has led to positive earnings revisions for international equities. The more interest-rate-sensitive small-cap companies stand to benefit from monetary easing and have historically outperformed their large-cap peers during economic recoveries. The strong ascent of AI-related stocks continues to be the key secular theme driving global markets, although we remain attentive to signs of a reversal following the rapid increase over the last year. Bouts of volatility in international equities are anticipated in the second half of 2024 as polarizing elections, including the U.S. presidential election, may pressure geopolitical tensions. From a valuation standpoint, international small-cap equities are still trading at earnings multiples below historical averages and at an attractive discount relative to both U.S. and international large-cap peers. We continue to be guided by our bottom-up analysis and will digest upcoming earnings and outlook statements to evaluate our positioning. We believe opportunities for relative outperformance remain, particularly among the diverse and broad segment of international small-cap equities.

Representative Account Top 5 Contributors* (%)	Return	Contribution to Relative Return
HD Hyundai Electric	69.35	0.43
Celestica Inc.	27.07	0.37
Fujikura Ltd.	31.40	0.18
CLASSYS Inc.	41.00	0.16
Bombardier Inc. Class B	49.20	0.16

Representative Account Top 5 Detractors* (%)	Return	Contribution to Relative Return
Daido Steel Co., Ltd.	-23.09	-0.20
Perion Network Ltd.	-51.16	-0.19
Sopra Steria Group SA	-18.64	-0.15
Horiba, Ltd.	-23.42	-0.12
Eiffage SA	-16.60	-0.11

Representative Account Top 10 Holdings	Country	Sector
Celestica Inc.	Canada	Information Technology
HD Hyundai Electric	Korea	Industrials
Swissquote Group Holding Ltd.	Switzerland	Financials
Bankinter SA	Spain	Financials
Buzzi Spa	Italy	Materials
Banco BPM SpA	Italy	Financials
Bank of Ireland Group Plc	Ireland	Financials
Fujikura Ltd.	Japan	Industrials
BE Semiconductor Industries N.V.	Netherlands	Information Technology
Fugro NV	Netherlands	Industrials
Total % of Portfolio		8.69%

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 Small-Capitalization Equity (Gross)	-1.20	5.10	11.28	-1.14	6.89	6.31	5.42
Trivalent International Small-Capitalization Equity (Net)	-1.44	4.60	10.23	-2.08	5.87	5.31	4.50
S&P® Developed Ex-U.S. SmallCap Index (Net)	-1.03	1.00	7.59	-3.87	4.11	3.80	3.44

DISCLOSURES

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.

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite and benchmark 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 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.

The Trivalent International Small-Capitalization Equity Composite includes all fee-paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Trivalent International Small-Capitalization Equity strategy. The strategy focuses on foreign small-cap companies that are characterized by improving business momentum and attractive valuations. The benchmark is the S&P Developed Ex-U.S. SmallCap Index (Net). The composite creation date is September 2007.

The S&P Developed Ex-U.S. SmallCap Index seeks to measure the stocks representing the lowest 15% of float-adjusted market cap in each developed country, excluding the U.S.

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.

Holdings do not include cash, money market instruments, options or futures.

The representative account serves as the model against which each Trivalent International Small-Capitalization Equity Strategy account is managed. The representative account is an actual portfolio and the information provided, including performance, will vary for other accounts. The representative account is being used solely as a tool to help demonstrate how performance can be attributed to the investment policies applied in the management of the Trivalent International Small-Capitalization Equity Strategy.

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

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Victory Capital claims compliance with the Global Investment Performance Standards (GIPS®).

*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 as of quarter end and may change at any time.

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