

Market Review

International Equities (as measured by the MSCI EAFE Index) advanced sharply in the fourth quarter, gaining 10.4% for the period to finish up 18.2% for the year. Stocks rallied on expectations of declining interest rates in 2024, supported by softening inflation figures in multiple markets. Sectors poised to benefit from rate cuts, such as Technology, Real Estate and Industrials, performed well for the period, while Energy underperformed amid weaker oil and gas prices. Europe (ex U.K.) was the top performing region, largely driven by strength in rate-sensitive cyclicals, while Japan benefited less from rate expectations. Developed economies outperformed Emerging Markets at the group level, with the latter weighed down by weak growth prospects in China. Growth stocks outperformed value stocks for the period, and small-caps held a slight premium over larger-cap equities.

QVS Factor Performance

The RS Global team's proprietary QVS (Quality, Valuation and Sentiment) Model evaluates over 10,000 global companies in search of favorable 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 positive returns to Quality. Overall returns were also positive in most regions, and underlying Quality, Valuation and Sentiment factor spreads were also mostly positive. The model was stronger in Asia/Pacific ex Japan, Japan and the United Kingdom and weaker in Europe, where factor spreads were generally negative.

Performance and Positioning

The Victory RS International Fund (the "Fund") returned +11.91% (Class A Shares at net asset value) for the period, outperforming its benchmark, the MSCI EAFE Index (net) (the "Index"), which returned +10.42%.

Positive stock selection in the Health Care, Consumer Staples, Consumer Discretionary and Financials sectors contributed to positive active performance for the period. Stock selection was negative in the Communication Services, Information Technology and Utilities sectors. By region, stock selection was positive in Europe, Asia/Pacific ex Japan and Japan, and closer to neutral in the United Kingdom. Country-level contributors included Germany, France and Denmark, while detractors included the Netherlands, Hong Kong and Italy.

Individual contributors to active performance included Swedish industrial machinery manufacturer Atlas Copco AB, Danish jewelry maker Pandora A/S, and German automation technology multinational Siemens AG.

Detractors from relative results included electronics manufacturer Fuji Electric Co., Ltd., and video game company Capcom Co., Ltd., both based in Japan. The Fund's relative performance was also hampered by not owning ASML Holding NV, a Dutch maker of semiconductor equipment which performed well within the benchmark.

Outlook

Though the risk of global recession seems to have decreased, global growth prospects in the near term remain muted. The IMF has revised its projection of 2024 growth downward to 2.4%, well below the 3.8% average from 2000 to 2019. While softening inflation and the prospect of lower interest rates provided an optimistic tailwind for equities in the final quarter of 2023, gains were narrowly led in some markets and may not be broadly justified by the outlook for corporate earnings. Expectations aside, interest rates remain high in the meantime, which is likely to remain a detriment to earnings in many sectors. Additional risks to the macro outlook include the ongoing wars in Ukraine and Gaza, which could threaten economic stability across borders, as well as a potentially contentious election cycle.

That said, what is most important for us 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 Ten Holdings	% Fund
Novo Nordisk A/S Class B	3.52
LVMH Moët Hennessy Louis Vuitton SE	2.82
Novartis AG	2.81
L'Oreal S.A.	2.67
Nestlé S.A.	2.61
BHP Group Ltd.	2.56
Roche Holding Ltd. Dividend Right Cert.	2.56
Siemens Aktiengesellschaft	2.35
Toyota Motor Corp.	2.31
Atlas Copco AB Class B	2.30

Region Allocation	% Fund
Europe	48.00
Japan	22.17
United Kingdom	15.51
Asia/Pac x Japan	10.13
Other	2.14
Cash	1.94
[ETF]	0.10

Investment Performance (%)

Average Annual Returns as of December 31, 2023

Victory RS International Fund (Class A – GUBGX)	Q4 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (2/16/93)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	11.91	19.82	19.82	4.75	8.11	4.84	5.84	1.41	1.13
A Shares, with sales charge (max. 5.75%)	5.51	12.95	12.95	2.71	6.83	4.22	5.63	1.41	1.13
MSCI EAFE Index (Net)	10.42	18.24	18.24	4.02	8.16	4.28	–	–	–

Source: Victory Capital data analyzed through Zephyr

Past performance does not guarantee future results. The performance quoted represents past performance and current performance 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 for periods greater than one year is annualized. Other share classes are available. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which fund performance would have been lower. 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 the potential loss of principal. 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. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund may be subject to liquidity risk, which is the risk that the Adviser, in the ordinary course of business, cannot expect to sell Fund investments within seven days at a price that is acceptable to the Adviser. 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. Companies in the financial services sector are subject to extensive government regulation that may affect the scope of their activities, the prices they can charge and capital maintenance. The industry is subject to severe competition and can be significantly affected by market conditions, including interest rate changes. 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.

The opinions are as of the date noted 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. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

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.

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