VICTORY RS SCIENCE AND TECHNOLOGY FUND QUARTERLY COMMENTARY

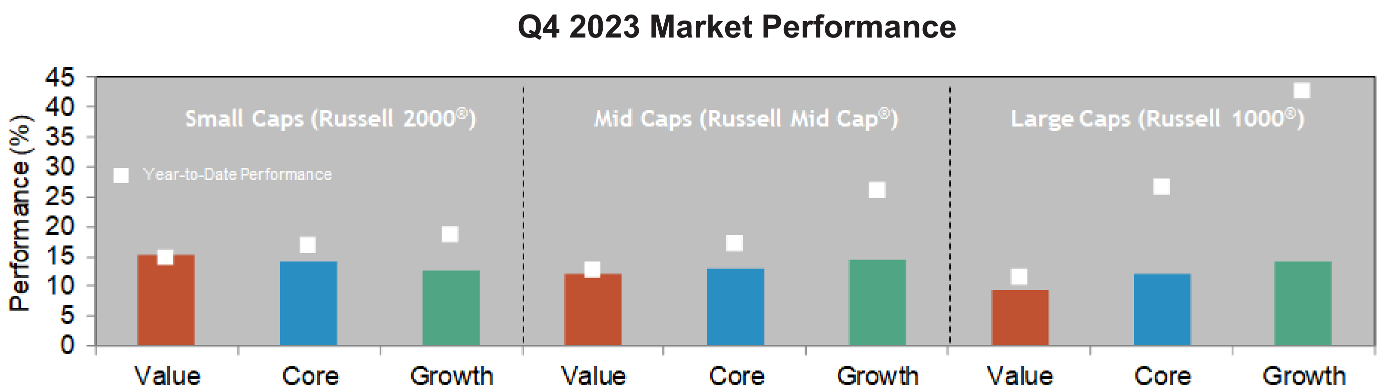
RS Investments® A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2023

Quarterly Highlights

- The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 15.27% for the three months ended December 31, 2023, underperforming the S&P North American Technology Sector Index™[1], which returned 17.17%.
- The Fund's underperformance in the quarter was impacted by stock selection within the Technology sector, offset in part by stock selection within the Financial Services sector, as well as the material outperformance of large-cap technology stocks relative to small-cap technology stocks.
- The Health Care sector provided a positive allocation effect, a reversal of recent trends.
- We believe the recent underperformance of innovative smaller-cap technology and health care stocks over the past two years has created an outsized opportunity for the segment relative to larger-cap technology stocks; current valuations (defined as the forward price-to-earnings, excluding non-earners) of the Russell 2000® Growth Index[2] are near the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index[3] (per FactSet).
- We hold what we believe are innovative companies that are forecast to grow at a much higher rate than the index across market caps, resulting in a much more diversified set of companies than the underlying index; we believe the massive "test run" of technology-aided solutions as people attempt to work, shop, and communicate from home will speed up the adoption of a number of new technologies at the expense of legacy products and services.
- Technology stocks, as represented by the S&P North American Technology Sector Index™, have outperformed the broader U.S. equity market over 5, 10, and 15 years as of December 31, 2023.

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
Growth = Russell 1000® Growth Index

Index returns are for illustrative purposes only and do not represent actual Fund performance. 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

After a rocky start to the fourth quarter in October, investors came to the conclusion that the rate-hike cycle was drawing to a close. With that prospect, equity markets rallied strongly and ended the year on a positive note. Corporate earnings and economic growth continued to surpass expectations, while many measures of inflation moderated. With inflation fears in the rearview mirror, equities rallied and delivered strong absolute returns in November and December. Interestingly, we did see a shift in market internals as cyclical and defensive areas gave way to longer-duration growth stocks. We believe this may be the beginning of a true change in leadership and a harbinger of things to come.

The general sense of optimism was clearly evident in the broader market as the S&P 500® Index[4] rallied 11.69% during the fourth quarter, bringing the full-year gains to 26.29%. This is quite the rebound from a disappointing 2022. Importantly, growth stocks across capitalizations rebounded sharply this past year as well. Large-cap growth was the story for much of the year with the proverbial Magnificent Seven garnering much media attention, though other growth sectors also participated even as they received less fanfare. Large-cap growth stocks, as measured by the Russell 1000® Growth Index, rose 14.16% during the fourth quarter and 42.68% for the full year, the strongest in many years.

Late in the year, the rally broadened out further to include more small- and mid-cap names. Small-cap growth stocks, as measured by the Russell 2000® Growth Index, returned 12.75% during the fourth quarter, pushing the index to a solid 18.66% return for the full year. Meanwhile, the Russell Midcap® Growth Index[5] delivered returns of 14.55% during the fourth quarter and 25.87% for the full year.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Although we definitely appreciate the improved sentiment and interest-rate outlook, we also acknowledge that valuations of many large-cap growth stocks may have gotten ahead of themselves. As a result, smaller-cap stocks, especially within the small-cap growth style box, may appear especially attractive when compared to other market segments, in our opinion. Despite the recent challenges of the rising rate-hike cycle, many well-funded and well-run smaller-cap growth stocks have been resilient in the face of rising rates when analyzed by their underlying fundamentals. Our team is intensely focused on identifying potential opportunities within the secular growth investment universe, and we believe many of these are priced attractively compared to the broader market.

Moreover, we believe that the multi-year underperformance of some smaller and mid-sized growth companies positions them favorably over the long term from a valuation standpoint, thus creating a setup to potentially outperform many other segments of the market. We are convinced that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact, especially after witnessing extensive technological advancements and acceptance during the initial stages of the pandemic. What once were upstart innovative products and services have become mainstream and standard operating procedure for many companies. Furthermore, new emerging technologies such as artificial intelligence are poised to have a significant impact in the years ahead, particularly among growth-oriented investment styles.

Investment Strategy

We remain committed to an intensive approach to fundamental research that focuses on understanding the long-term secular movements within science and technology in tandem with the underlying financial and company-specific fundamentals of the companies we own. The Victory RS Science and Technology Fund (the "Fund") is focused on finding innovative science- and technology-driven investments from across the market-cap spectrum, seeking out companies with strong management teams, high revenue growth, and proprietary technology. Portfolio Manager Steve Bishop was joined in 2016 by two additional portfolio managers who have been a part of the RS Growth team for many years, Chris Clark and Paul Leung. Together, they follow an investment process that centers on finding innovation, competitive advantages, and sustainable earnings growth. Supported by a team of research analysts, the portfolio managers leverage detailed fundamental research and industry contacts to identify the earnings potential of each company, focusing on "anchor points," quantifiable metrics that help determine a company's potential long-term growth trajectory. Anchor points arise from an 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 the team measure a company's progress as it executes its business strategy, regardless of what is taking place in the overall market. These anchor points also help prevent distraction caused by short-term stock price movements and inevitable market volatility.

Performance Review

The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 15.27% for the three months ended December 31, 2023, underperforming the S&P North American Technology Sector Index™, which returned 17.17%. The Fund's underperformance in the quarter was impacted by stock selection within the Technology sector, offset in part by stock selection within the Financial Services sector, as well as the material outperformance of large-cap technology stocks relative to small-cap technology stocks. The Health Care sector provided a positive allocation effect, a reversal of recent trends. We believe the recent underperformance of innovative smaller-cap technology and health care stocks over the past two years has created an outsized opportunity for the segment relative to larger-cap technology stocks; current valuations (defined as the forward price-to-earnings, excluding non-earners) of the Russell 2000® Growth Index are near the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index (per FactSet). We hold what we believe are innovative companies that are forecast to grow at a much higher rate than the index across market caps, resulting in a much more diversified set of companies than the underlying index; we believe the massive "test run" of technology-aided solutions as people attempt to work, shop, and communicate from home will speed up the adoption of a number of new technologies at the expense of legacy products and services. Technology stocks, as represented by the S&P North American Technology Sector Index™, have outperformed the broader U.S. equity market over 5, 10, and 15 years as of December 31, 2023.

Top Detracting Sector: Technology

Within the Technology sector, one of the largest drivers of relative underperformance was Semiconductor & Components holding Lattice Semiconductor, Inc. (1.88% ending weight). Lattice is an industry leader in low-power field programmable gate array (FPGA) semiconductor devices, which are used across a broad range of technology applications and end markets. We purchased Lattice because of their sustainable technological advantages and competitive positioning as the only FPGA provider focused on low-power edge processing, which allows them to gain market share and drive consistent above-market growth while benefiting from powerful drivers of secular semiconductor content in Datacenter, Auto, Industrial and AI inferencing. In the most recent period, Lattice was a detractor following weak 4Q guidance due to macro factors impacting the auto and industrial markets, and growing fears that Intel Corporation's plans to spin off Altera could create more competition for Lattice. We continue to hold the position given their exposure to secularly growing end markets like data center, and they are executing well on their new product roadmap. To wit, their new mid-range FPGA product, Avant, is ramping in 2024 and should help offset macro weakness given those products carry significantly higher ASPs (average selling prices) and are margin accretive.

Top Contributing Sector: Financial Services

Within the Financial Services sector, the top performing stock in the quarter was Fair Isaac Corporation (2.03% ending weight). Fair Isaac Corp. (FICO) is a provider of predictive analytics products and services focused on the creditworthiness of consumers. The company is best known for its FICO score, which is used by its customers to make critical business decisions. We own the stock given their growing recurring revenue software business that provides increased visibility and further offsets the typical cyclical nature of consumer credit-oriented products. The company performed exceptionally well during the most recent quarter, as both score and software revenue grew faster than expected. Their score business is still benefiting from improved pricing flow-through and is delivering standout margins and software bookings, while showing no signs of a macro-tied slowdown.

Market and Strategy Outlook

We are cautiously optimistic about the health of the domestic economy in 2024 and are excited about the prospect that the Federal Reserve is done hiking interest rates. While the full impact on the economy is as yet unclear, a healthy pullback in economic activity, if coupled with solid employment statistics, could augur a very favorable backdrop for growth stocks. We remain optimistic about the productivity of workers and consumers as well as the capital investment environment for businesses as we finish the year. Certain areas of the economy appear better positioned to adapt and grow, while company valuations vary significantly across styles.

In the current investment landscape, there is a notable opportunity for secular growth companies outside of the mega-cap growth category. Despite their relative underperformance since November 2020, smaller-cap secular growth companies have displayed continued strength in their underlying fundamentals. We expect this strength to persist, despite investors taking a pause on what had been a steady bounce back through the second half of the year given better-than-expected execution and performance. Conversely, more cyclical companies may face headwinds as valuations have caught up to fundamentals after a strong run since late 2020. Overall, while uncertainty remains, we believe that opportunities will emerge in sectors and industries that demonstrate resilience and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive due to their strong fundamentals and potential for continued outperformance.

Thank you for your continued investment.

Steve Bishop
Portfolio Manager

Chris Clark, CFA
Portfolio Manager

Paul Leung
Portfolio Manager

Sector Allocation[6]

As of December 31, 2023

Sector	% of Portfolio
Technology	53.38%
Healthcare-Biopharma	24.50%
Consumer Discretionary	8.07%
Healthcare-Other	6.78%
Financial Services	5.06%
Cash / Other Assets and Liabilities	1.26%
Producer Durables	0.45%

Top 10 Holdings[7]

As of December 31, 2023

Holding	% of Portfolio
Microsoft Corporation	7.69%
Meta Platforms Inc. Class A	5.04%
Vertex Pharmaceuticals Incorporated	4.60%
NVIDIA Corporation	4.40%
Amazon.com, Inc.	4.31%
Varonis Systems, Inc.	2.97%
ServiceNow, Inc.	2.80%
Monolithic Power Systems, Inc.	2.70%
MACOM Technology Solutions Holdings, Inc.	2.62%
Visa Inc. Class A	2.18%

Performance

Average Annual Returns as of December 31, 2023

Victory RS Science and Technology Fund (Class A – RSIFX)	Fourth Quarter 2023	1-Year	3-Year	5-Year	10-Year	Since Inception (11/15/95)
without sales charge	15.27%	32.57%	-12.08%	9.34%	11.03%	10.11%
with maximum sales charge (5.75%)	8.65%	24.95%	-13.80%	8.05%	10.38%	9.88%
S&P North American Technology Sector Index[1]	17.17%	61.13%	9.60%	22.22%	18.72%	12.11%
S&P 500® Index[4]	11.69%	26.29%	10.00%	15.69%	12.03%	10.69%

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns 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 returns for periods of less than one year are not annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower. Other share classes are available.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.48%/1.47%. 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 potential loss of principal. In addition to the normal risks associated with investing, investments in small and mid-size companies can 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market competition, and government regulation. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. 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. The Fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell certain securities at an advantageous time or price, which may adversely affect the Fund. Performance may have been meaningfully impacted by investments in initial public offerings (IPOs). The prices of IPO securities may fluctuate more than prices of equity securities of companies with longer trading histories. Investing in IPOs entails special risks, including limited operating history of companies, limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and high portfolio turnover. 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.

1 The S&P North American Technology Sector Index™ (formerly the S&P GSTI™ Composite Index) is a modified capitalization-weighted index based on a universe of technology-related stocks. "Since inception" return for the S&P North American Technology Sector Index™ reflects, for periods after August 29, 1996, the reinvestment of dividends paid on the securities constituting the index; for periods through August 29, 1996, index return does not reflect the reinvestment of dividends.

2 The Russell 2000® Growth 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 higher price-to-book ratios and higher 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 S&P 500® Index is a market-capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

5 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.

6 The Fund'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.

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

Except as noted, 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. Distributed by Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc., the Fund's investment adviser.

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