RS CONCENTRATED ALL CAP VALUE STRATEGY QUARTERLY COMMENTARY

RS Investments®
A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of June 30, 2026

Market Commentary

This stock market has been nothing short of resilient. Some cynics may prefer a different word to describe the second quarter market action, but there's no denying the staying power of domestic equities even in the face of ample uncertainties. The on-again, off-again nature of the Iran conflict continued to dominate the headlines during the second quarter, but it's clear that investors were comfortable looking beyond that impediment. Elevated inflation readings and a lackluster labor market remain an ongoing concern, and a change of leadership at the Federal Reserve adds drama to the interest rate outlook. Yet despite those and other potential headwinds, the market continued to rally.

The S&P® 500 tacked on a remarkable 15% during the second quarter, one of its largest quarterly moves in years. Most broad market measures logged new all-time highs during the quarter. If this statement sounds repetitive, it is. The S&P® 500 has registered new all-time highs more than 20 times this year. Is this warranted, or has speculation become the new normal? Although that might be a matter for hot debate, we are more interested in the structural shifts happening beneath the headlines.

The Magnificent Seven have largely sat out this latest rally, as many investors begin to question whether their massive infrastructure-related spending will ultimately pay off. In their place, a different sort of AI-trade has emerged as a key driver of the broad market. Leadership has shifted from the hyperscalers to the proverbial "picks and axes" supporting the AI boom—the semiconductor, memory, power generators and other ancillary players. This broadening trend was evident in the strong performance of the Industrials and Energy sectors during the second quarter. Separately, a rotation into Healthcare, Financials and Consumer Staples during the quarter reflected the improvement among defensive and cyclical areas of the market.

The second quarter was also notable for investors' increasing willingness to move down the cap spectrum, perhaps reflecting both the potential of many smaller companies as well as their relative valuations. Small cap stocks, as measured by the Russell 2000, have outperformed the S&P 500 for the second quarter and throughout the first half of the year.

In terms of our particular area of focus—domestic value-oriented strategies, the Russell 3000® Value Index delivered robust returns of 14.2% during the second quarter of 2026. Small-cap value stocks, as represented by the Russell 2000® Value Index, were top performers among the value cohort and returned 17.2% for the quarter. The Russell Midcap® Value Index returned 13.4% for the quarter, while large-cap value stocks, as represented by the Russell 1000® Value Index, returned 13.9% during the same period.

Looking Ahead

Although energy prices have receded and most pundits believe the conflict in the Middle East is likely to end soon, there are lingering questions surrounding inflation and how it could impact interest rates—and consequently equities—over the medium term. Already new leadership at the Federal Reserve has suggested a preference to focus more on price stability (i.e., inflation) versus employment, and Treasury yields have risen this year in response. At the same time, the economic cycle appears to be rolling on, corporate profits continue to meet or exceed expectations, and valuations continue to rise.

Given this tricky environment, we believe that risk management and a strict valuation discipline remain vital. Moreover, rather than trying to decipher the short-term machinations of the market, it's far better to focus on the long-term business prospects of individual companies. Specifically, we aim to identify companies with sound balance sheets, solid fundamentals, improving ROIC (return on invested capital), and stock prices trading at what we perceive as a deep discount to intrinsic value. We believe that allocating to these types of businesses is a formula for pursuing attractive risk-adjusted returns over longer time periods, and this continues to be a primary focus for us as we look toward the second half of 2026 and beyond.

Performance Review

For the three months ended June 30, 2026, the RS Concentrated All Cap Value Strategy underperformed its benchmark Russell 3000® Value Index (the "Index").

During the quarter, both stock selection and sector allocation were unfavorable, with security selection serving as the primary driver of the relative underperformance. While nine of the 11 major economic sectors posted positive results, only one sector outpaced the broader Russell 3000® Value Index. Information Technology was the strongest performer with a return of 80.54%, whereas Energy was the weakest, returning -13.73%.

Regarding individual portfolio drivers, selection within Information Technology, Financials, and Materials acted as the main detractors from relative performance. Conversely, selection in Health Care, Industrials, and Communication Services aided returns; however, an overweight position in Health Care partially negated the benefits of strong selection in that sector. Additionally, an underweight in Information Technology further contributed to the fund's underperformance for the quarter.

Investment Strategy

The RS Value Team seeks to invest in good companies, led by strong management teams, that are attractively valued. Our decision to invest in any company starts with business analysis and an understanding of the company's unit-level economics. Our work on unit-level economics helps us determine the quality and key drivers of the business. We are ROIC-focused investors and seek to invest in companies that we believe have the potential to create shareholder value due to an improvement in the returns of the existing assets or through attractive reinvestment opportunities. We are long-term investors who use our investment time horizon as a key differentiator and are attracted to out-of-favor and/or misunderstood companies in the market.

The next step in our process is to assess the management team. Our evaluation of a company's management team is critical to our investment decision. We regularly meet with management to gauge

how they think about their business: Are they focused on (and compensated for) growing earnings at any cost, or do they understand ROIC and how value is created? Additionally, we perform detailed historical analyses of management's capital decisions—looking at acquisitions, asset sales, and measures of capital stewardship. This analysis provides us with the conviction to invest with strong management teams that we expect will be able to navigate through short-term market volatility and appear to be poised to deliver long-term shareholder value.

The final step in our analysis is valuation. To the RS Value Team, value investing is buying a business at a discount to what we believe it is actually worth. We determine what a company is worth by assessing a company's current share price versus its expected cash flow streams or long-term net asset value based upon the management team's plan for value creation. ROIC is the lens through which we analyze that value creation. ROIC is a key factor in quantifying the intrinsic value of an enterprise, and we believe that changes in ROIC over longer periods of time is one metric that influences performance. We seek to invest in companies that we believe can create shareholder value due to an improvement in the returns of the company's existing assets or through attractive reinvestment opportunities. We pay close attention to a company's financial strength, scrutinizing financial statements, and we run various financial models to understand our downside risk. This quantitative analysis gives us confidence in our investment thesis and helps us determine at what stock price we are comfortable investing.

Select Position Review

Below, we review two businesses in an effort to use tangible examples to highlight our investment process.

(CVS) CVS Health
CVS Health is a diversified healthcare services company with leading positions in pharmacy benefits management, retail pharmacy, and health insurance (via its Aetna franchise). We initiated our investment in early 2025 after shares had fallen, driven largely by prior management's "growth at any cost" strategy in Medicare Advantage. That aggressive expansion coincided with a sharp rebound in post-COVID medical utilization, leading to significant margin compression. From 2022 to 2024, the Health Care Benefits (HCB) segment's medical benefit ratio (medical costs / premium revenue) increased from 84.0% in 2022 to 92.5% in 2024. This weighed heavily on HCB operating margins, which fell from 6.9% in 2022 to 0.2% in 2024.

During the second quarter, CVS benefited from both company-specific execution and improving industry fundamentals. The company reported strong first-quarter results, raised full-year guidance, and saw S&P revise its credit outlook from negative to stable. Additionally, Medicare Advantage insurers received a meaningful tailwind when The Centers for Medicare & Medicaid Services (CMS) finalized a 2.5% rate increase for 2027, well above the initially proposed 0.1%, while recent utilization data point to moderating medical cost trends. The combination of higher reimbursement and easing cost pressures should support a meaningful recovery in payer margins, and we continue to see a credible path to an earnings increase over the next two to three years. That said, we have trimmed the position opportunistically to fund other attractive ideas within the portfolio.

(MKTX) MarketAxess Holdings Inc
MarketAxess Holdings Inc is a leading electronic trading platform for fixed income securities. MKTX connects institutional investors and broker-dealers for trading across corporate and government bonds. Servicing over 2,100 institutional clients, with nearly 20% market share of US corporate investment grade bond trading, the company has established a strong market position. Shares were under pressure during the quarter over concerns of increased competition and margin pressure. Despite the recent underperformance and broader market concerns, we remain positive on the structural change opportunity taking place under the new CEO and continue to hold the position.

Outlook

Investor sentiment has become more constructive as signs of improving economic activity—driven by the potential for reshoring, electrification, infrastructure spending, and deregulation—are supported by a somewhat more stable geopolitical environment. The ceasefire in Iran has helped ease tensions in the Middle East, contributing to a pullback in oil prices and relieving some of the inflationary pressure that had weighed on markets in recent quarters. However, the ceasefire remains fragile, and the risk of renewed escalation has not fully dissipated, keeping a degree of caution warranted as the situation continues to evolve.

Against this backdrop, markets have continued to benefit from sustained AI-related capital expenditure, with ongoing investment in infrastructure and compute capacity providing a meaningful source of demand across technology and industrial supply chains. This trend, alongside the broader themes of reshoring and electrification, lends structural support to the economic outlook even as geopolitical uncertainty lingers.

Consequently, our strategy continues to prioritize businesses we believe have improving returns on invested capital (ROIC) and strong balance sheets, maintaining a disciplined "margin of safety" as the market navigates a more constructive but still uncertain environment.

We thank you, as always, for your support.

Sincerely,

RS Value Team

Top Contributors (Representative Account—Gross of Fees)
As of June 30, 2026

Holding	% Contribution to Return
CVS Health Corporation	1.67
Globe Life Inc.	1.52
Timken Company	1.30
Citigroup Inc.	0.81
TFI International Inc.	0.80

Top Detractors (Representative Account—Gross of Fees)
As of June 30, 2026

Holding	% Contribution to Return
MarketAxess Holdings Inc.	-1.55
Exxon Mobil Corporation	-0.68
Microsoft Corporation	-0.57
Methanex Corporation	-0.44
Leidos Holdings, Inc.	-0.34

Source: FactSet.

Holdings are subject to change and should not be construed as investment advice or a recommendation to buy, sell, or hold any security.

Composite Performance
Average Annual Returns as of June 30, 2026

RS Concentrated All Cap Value Composite	Second Quarter 2026	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Gross of fees	7.99%	8.01%	14.67%	15.43%	11.42%	12.03%	10.54%
Net of fees	7.76%	7.55%	13.70%	14.46%	10.47%	11.07%	9.52%
Russell 3000® Value Index	14.02%	16.56%	27.78%	17.81%	10.97%	11.48%	8.89%

Past performance does not guarantee future results. Performance prior to January 1, 2017, occurred while the portfolio management team was affiliated with a prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm, and the decision-making process has remained intact. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. Composite and benchmark returns are presented net of non-reclaimable withholding taxes, if any. Gross-of-fees returns are presented before management and custodial fees but after all transaction costs. Net-of-fees returns reflect gross performance less investment management fees. 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 2A of its Form ADV. *06/30/2005.

All investing involves risk, including the possible loss of principal. An investment should be made with an understanding of the risks involved with owning a particular security or asset class.

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.

Information and data presented has been obtained or derived from sources believed to be reliable; however, the accuracy and/or completeness of the information cannot be guaranteed.

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. The securities highlighted, if any, were not intended as individual investment advice.

The RS Concentrated All Cap Value Strategy primarily invests in a diversified portfolio of small-cap, mid-cap, and large-cap companies.

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.

Advisory services offered by Victory Capital Management Inc.

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