

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 RS International Strategy returned +11.70% (net) 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 Strategy'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 10 Holdings (%)

as of December 31, 2023

Holding	Rep. Account
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
Nestle 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 (%)

as of December 31, 2023

Region	Rep. Account
Asia/Pac x Japan	10.13
Europe	48.00
Japan	22.17
United Kingdom	15.51
[ETF]	0.10
Other	2.14
Cash	1.94

Performance

Average Annual Returns (%) as of December 31, 2023

RS International Composite	QTD	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception (July 2013)
Gross of Fees	11.80	21.14	21.14	6.23	9.74	6.09	7.11
Net of Fees	11.66	20.54	20.54	5.70	9.23	5.46	6.47
MSCI EAFE Index (Net)	10.42	18.24	18.24	4.02	8.16	4.28	-

Past performance cannot guarantee future results. 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.

Holdings are subject to change and should not be construed as a recommendation to buy or sell individual securities.

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.

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. 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.

The RS International Composite includes all discretionary accounts invested in the International Strategy. The Strategy combines data-driven discipline with fundamental analysis in seeking to capture information inefficiencies in non-U.S. companies across the market capitalization spectrum in order to provide a consistent, diversified return stream over market cycles. The composite creation date is September 2013 and the composite inception date is August 2013.

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 trading expenses. 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.

The benchmark of the composite is the MSCI EAFE Index (Net). The MSCI EAFE Index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

Victory Capital Management Inc. (VCM) is a diversified global investment advisor registered under the Investment Advisers Act of 1940 and comprises multiple investment franchises: Integrity Asset Management, Munder Capital Management, New Energy Capital, NewBridge Asset Management, RS Investments, Sophus Capital, Sycamore Capital, THB Asset Management, Trivalent Investments, Victory Income Investors (formerly USAA Investments, a Victory Capital Investment Franchise), and the VictoryShares & Solutions Platform. Munder Capital Management and Integrity Asset Management became part of the Victory Capital GIPS firm effective November 1, 2014; RS Investments and Sophus Capital, effective January 1, 2017; Victory Income Investors, effective July 1, 2019; THB Asset Management, effective March 1, 2021; and New Energy Capital, effective November 1, 2021. Effective September 1, 2023, INCORE Capital Management is no longer part of the firm definition.

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

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