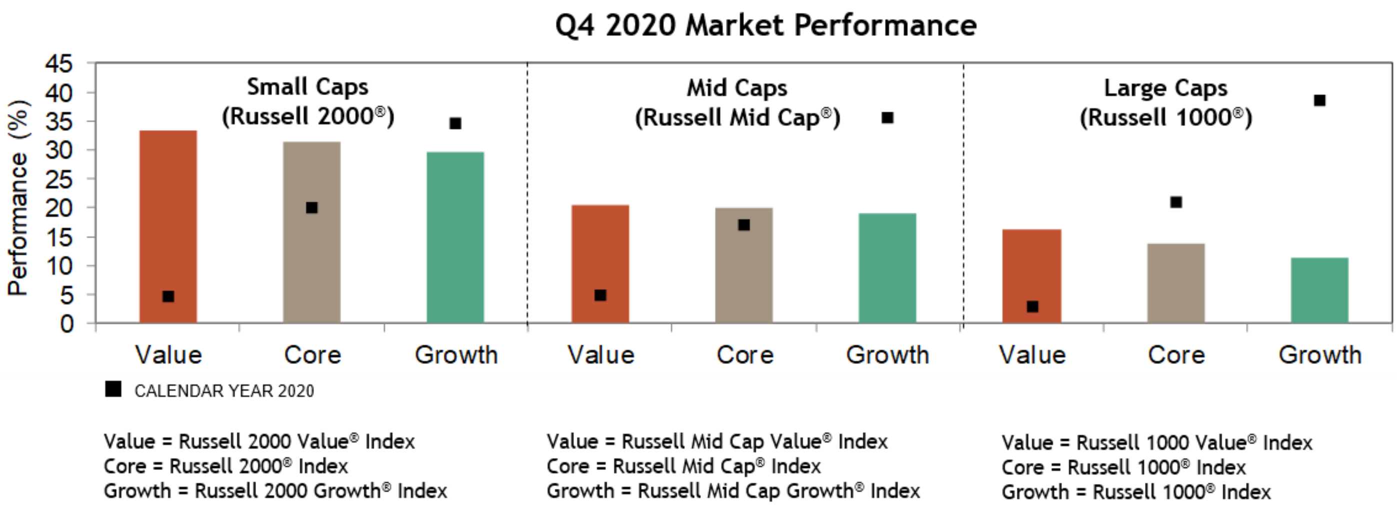
SMALL CAP GROWTH STRATEGY
QUARTERLY COMMENTARY

As of December 31, 2020

Quarterly Highlights

- The RS Small Cap Growth Strategy returned 22.85% gross (22.57% net) for the three months ended December 31, 2020, underperforming the Russell 2000® Growth Index,[1] which returned 29.61%.
- Strategy performance relative to the benchmark was negatively impacted during the quarter by stock selection in the Technology, Health Care, Consumer Discretionary, and Financial Services sectors. For the full year, Technology, Health Care, and Producer Durables were outsized contributors to outperformance, offset by stock selection within the Consumer Discretionary and Financial Services sectors.
- This period's strong absolute performance reflects continued strength in the underlying fundamentals of the stocks we own, the strong results of a number of vaccination trials that bring hope for normalization in 2021, reduced uncertainty surrounding the presidential election, and the proven ability of a number of companies to execute in the face of the numerous challenges experienced by consumers, employees, and businesses given the COVID-19 virus.
- 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, even if COVID-19 becomes a reduced risk in the future.
- Small-cap growth stocks have outperformed their small-cap value counterparts over 1, 3, 5, 10, and 15 years, per Russell.

Market Performance / Fundamentals Snapshot



Market Commentary

It was quite a year for stocks, and growth stocks in particular. Early in the year an emerging pandemic shook the markets globally. Stocks were pummeled during the first quarter by SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2, the virus responsible for COVID-19). But just as quickly, U.S. equity markets rebounded in the second quarter and continued to move sharply higher to start the third quarter before taking a breather in September. And then the year ended with one of the strongest fourth quarter rallies in history.

The massive fiscal and monetary stimulus that helped keep businesses open, people in their homes, and important services funded during the economic downturn has fueled financial markets, along with news of an effective vaccine that was developed faster than most best-case scenarios. On top of that, more political clarity and the expectation of less mercurial policies from a new presidential administration have helped push investor sentiment to a multi-decade level of exuberance. All this appears to have helped bridge the pre-pandemic economy to what is slowly becoming a "new normal" economic environment, highlighted by the view that the markedly improved employment data and all-time-high retail sales in August were just initial signs that the economy would fully rebound in early 2021 despite a severe second wave of COVID-19 that continues to plague many parts of the country.

Stocks were further supported by the expectation of additional fiscal stimulus that would include more direct payments, unemployment insurance, additional small business loans, and aid

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to airlines. Similar measures convinced investors who had fled risk assets in March en masse to re-enter markets in the spring and summer. Contrary to some skeptical pundits, we view the strong performance, especially within the technology sector, as being justified by relative fundamentals, as the economic and business impact of the coronavirus has clearly not affected all companies similarly. What we are now less certain of is whether the late-year outsized performance of value stocks (which have lagged growth stocks consistently in recent years), highlighted by the strongest quarterly return in history for the Russell 2000® Value Index,[2] was justified. We also wonder if the continued dominance of the most popular technology companies will continue or if they have moved too far too fast given current valuations.

Growth-oriented stocks, as measured by the Russell 3000® Growth Index,[3] were up 12.41% during the quarter, underperforming value-oriented stocks, as measured by the Russell 3000® Value Index,[4] which was up 17.21% during the fourth quarter. The recent relative underperformance of growth stocks has only made a small dent in the outsized outperformance of the Russell 3000® Growth Index in the year-to-date period, as the Russell 3000® Growth Index was up 38.26% during 2020 versus an annual gain of only 2.87% for the Russell 3000® Value Index. We believe the year-to-date outperformance of growth has been supported by much stronger underlying fundamentals, as technology-oriented growth companies have excelled and have been insulated from the slowdown relative to more traditional value companies in the industrial, financial, and material sectors. In effect, consumers and businesses are conducting a massive "test run" on technology-aided solutions as people attempt to work, shop, and communicate from home, which may speed up the adoption of a number of new technologies and other software solutions at the expense of legacy products and services.

Small-cap, mid-cap, and large-cap stocks all performed well during the quarter, as measured by the Russell family of indices, but the Russell 2000® Index[5] rebounded on a relative basis, returning 31.37%, sharply outperforming the Russell Midcap® Index,[6] which returned 19.91%, and the Russell 1000® Index,[7] which returned 13.69%. Meanwhile, the Russell 2000® Value Index was the best performing U.S. equity style, up 33.36% during the fourth quarter. This reflects the view that small-cap value companies, which had not participated in the strong performance of U.S. equity markets the first three quarters of the year, were priced too conservatively. From here, we believe the market will further differentiate between pockets of the economy that are materially better off than others given the ability of workers to remain productive remotely. Moreover, we believe that a fundamental shift in how people work, shop, and socialize has occurred and is likely to persist for the long term.

Investment Strategy

The RS Small Cap Growth Strategy (the "Strategy") is guided by our philosophy that sustainable earnings growth drives long-term share price appreciation. Our investment process is focused on finding innovative companies whose core business can grow from a small-cap company to a mid- or even large-cap company over time.

The team seeks companies with products and services that are growing organically, creating new markets or taking market share from existing companies. We are focused on finding companies whose business values can appreciate regardless of the underlying market environment. The Strategy is led by the team's chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. The five co-portfolio managers, as well as four research analysts, serve as sector specialists and are supported by three associates, drawing on strong relationships with industry experts and company management teams.

Together, we conduct over 2,000 company meetings each year through in-person meetings, conference calls, and trade shows. We then back up our findings through discussions with industry leaders and third-party sources. We are long-term investors and seek to establish definable "anchor points," which are quantifiable metrics that help determine a company's potential long-term growth trajectory. Anchor points arise from our 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 us measure a company's progress as it executes its business strategy, regardless of what is taking place in the overall market, and help prevent distraction caused by short-term stock price movements and inevitable market volatility.

Performance Review

The RS Small Cap Growth Strategy returned 22.85% gross (22.57% net) for the three months ended December 31, 2020, underperforming the Russell 2000® Growth Index, which returned 29.61%. Strategy performance relative to the benchmark was negatively impacted by stock selection in the Health Care, Producer Durables, Technology, and Consumer Discretionary sectors; underperformance was partially offset by stock selection within the Materials & Processing sector.

Top Contributing Sector: Energy

Within the Energy sector, the largest driver of relative outperformance was alternative energy holding Plug Power (1.01% ending weight), a leading provider of alternative energy technology, primarily hydrogen and fuel cell systems for material handling and stationary power markets. We own Plug given their industry-leading position in hydrogen fuel cell technology, which has been developed over the past decade and deployed through ~25 million fuel cell units to anchor customers like Amazon and Walmart through Plug's H_2-powered forklifts. These forklifts now move as much as 30% of the retail food and groceries throughout the US and drove the strong stock performance in the quarter after the company beat expectations and raised guidance with billings well above expectations through record deployment. The company continues to execute to their targets, proving the use case for hydrogen fuel cells in the forklift industry and beginning to expand into additional areas like over-the-road vehicles and stationary backup power.

Top Detracting Sector: Technology

Within the Technology sector, the largest driver of relative underperformance was within holding Bandwidth Inc. (2.80% ending weight). Bandwidth is a consumer platform as a service (CPaaS) that focuses on communications for enterprises, offering a full suite of messaging and voice application programming interfaces. We own the stock given the large and growing market, the company's nationwide all-IP network that provides a unique advantage over traditional service providers, impressive customer list, and usage-based model that drives high operating leverage. The stock remains a top performer in the year-to-date period, but as market leadership abruptly shifted in the quarter, it underwhelmed despite a strong quarter and guidance given elevated expectations and tougher year-over-year comparisons in 2021. Despite the challenging period, we remain quite bullish on the company's outlook.

Market and Strategy Outlook

Given the outsized impact of the virus globally, we believe investors should continue to expect all companies to feel some level of direct and secondary economic effects and markets to experience higher levels of volatility despite the outsized market performance to close out the year. As a result, we feel there will continue to be an abundance of opportunities across sectors in coming quarters and years as the economy transitions and new companies take leadership positions. We do not have a clear view or projection as to how large or prolonged the impact from the coronavirus (both direct and indirect) will be given the uncertainty regarding its continued spread, economic impact, politicization, the potential scale of incremental fiscal and monetary stimulus not yet announced, or even the potential transformation of industries and consumer and social norms, but we believe there are clear pockets of the economy that remain better positioned than others given the ability of workers to remain productive (remotely or on-site) and end-customer demand to remain steady irrespective of the forward economic environment.

In this uncertain period, we continue to prefer companies with strong balance sheets, healthy cash flows, and/or what we view to be long-term growth candidates supported by unique competitive advantages and attractive market positioning. We remain as committed as ever to disciplined risk management and spend extensive time speaking with companies and look forward to once again visiting companies in person and seeing their operations from the ground up. We stress-test every investment we own, even as we maintain close contact with company managers, suppliers, and customers in our efforts to closely monitor each company's progress relative to our anchor points. We combine these efforts with our own financial modeling and risk-management tools designed to capture market upside while attempting to minimize downside risks. Working cohesively as a team helps us identify visionary and disciplined companies that we believe will be able to tap new markets and grow their revenues at a healthy pace, regardless of the environment.

In this specific environment, we will focus further on companies with flexible business models that offer innovative products and services that will take market share from legacy companies that will be more strained by the challenging economic conditions. Now is when an active approach should shine. Specifically, our "farm team" approach identifies and monitors premier companies within each relative index, but then waits for a favorable price. This should allow us to upgrade the portfolio to our very best ideas as relative valuations shift, as it is rare that we can own our full "wish list" roster of companies. We are confident that our process will allow us to take advantage of this dynamic environment and will pay off handsomely over time.

Thank you for your continued investment.

D. Scott Tracy, CFA
CIO, Co-Portfolio Manager

Steve Bishop
Co-Portfolio Manager

Melissa Chadwick-Dunn
Co-Portfolio Manager

Chris Clark, CFA
Co-Portfolio Manager

Paul Leung, CFA
Co-Portfolio Manager

Sector Allocation[8]

As of December 31, 2020

Sector	% of Portfolio
Health Care	32.8%
Technology	28.2%
Consumer Discretionary	11.6%
Producer Durables	8.0%
Financial Services	6.3%
Consumer Staples	4.0%
Materials & Processing	3.7%
Utilities	2.0%
Energy	1.5%
[Cash]	1.9%

Top 10 Holdings[9] – Representative Account

As of December 31, 2020

Holding	% of Portfolio
Varonis Systems, Inc.	2.83%
Bandwidth Inc. Class A	2.80%
Lattice Semiconductor Corporation	2.02%
Fate Therapeutics, Inc.	2.02%
Freshpet Inc	1.96%
Avaya Holdings Corp.	1.87%
MACOM Technology Solutions Holdings, Inc.	1.83%
Everbridge, Inc.	1.75%
Wix.com Ltd.	1.71%
LHC Group, Inc.	1.70%

Performance

Average Annual Returns as of December 31, 2020

RS Small Cap Growth Composite	Fourth Quarter 2019	1-Year	3-Year	5-Year	10-Year	Since Inception (11/30/87)
Gross of fees	22.85%	39.54%	21.66%	20.61%	17.45%	15.82%
Net of fees	22.57%	38.50%	20.52%	19.53%	16.39%	14.31%
Russell 2000® Growth Index[1]	29.61%	34.63%	16.20%	16.36%	13.48%	9.88%

Performance quoted represents past performance and does not guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value

Returns include reinvestment of dividends and capital gains Performance returns for periods of less than one year are not annualized.

Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained.

Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and net 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 II of its Form ADV.

Index returns are provided to represent the investment environment during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains. Index returns do not include transaction costs, management fees or other costs. Non-US indices are net of withholding taxes, if any.

Performance may have been meaningfully impacted by investments in initial public offerings (IPOs). There is no guarantee that any positive impact on performance will be repeated or that the strategy will participate in any future 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.

1 The Russell 2000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with higher price-to-book ratios and higher forecasted growth values. (The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.)

2 The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values.

3 The Russell 3000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

4 The Russell 3000® Value Index is ad market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

5 The Russell 2000® Index is a market-capitalization-weighted index that measures the performance of the 2,000 smallest-cap companies in the Russell 3000® Index.

6 The Russell Midcap® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 800 smallest companies in the Russell 1000® Index, which consists of the 1,000 largest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.)

7 The Russell 1000® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 1,000 largest companies in the Russell 3000® Index.

8 The Strategy'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.

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

The opinions are those of the authors as of the date indicated 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.

The RS Small Cap Growth Composite invests principally in equity securities of small-capitalization growth companies. The benchmark is the Russell 2000 Growth Index. The composite was created in January 1996.

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.

Victory Capital claims compliance with the Global Investment Performance Standards (GIPS®). To receive a presentation that complies with the requirements of GIPS® standards, please go to www.vcm.com.

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