

## Market Environment

Emerging market small-cap equities rose in the third quarter as the expectation for steadily easing monetary policy supported capital inflows into markets with strong economic fundamentals. For the full quarter, the MSCI Emerging Markets Small Cap Index rose 5.5%. The Trivalent Emerging Markets Small-Capitalization Equity strategy underperformed the index during the quarter but remains solidly ahead of the benchmark for the full year. As is typical, there was wide dispersion among country returns. Thailand rose 25.2% and was the best performing country. Thailand's August trade data was strong as exports grew ahead of expectations, driven by both agriculture and electronics. South Africa returned 22.1%, supported by strength in the specialty retail industry. China rose 19.0% after the Chinese government announced several significant easing measures to support the property and stock markets. Indonesian small-caps returned 17.7%, driven by strong returns in the Real Estate sector and a 25-basis-point cut by Bank Indonesia. India was a relative outperformer, rising 8.7% as government spending on infrastructure has provided a nice tailwind for the industrial sector while improved consumer confidence has supported luxury goods. Turkey fell 14.2% and was the worst performing country. Turkey's economy grew less than expected as a yearlong monetary tightening policy has slowed manufacturing. Mexico declined 12.5% over concerns of a slowdown in the U.S. and an aggressive reform agenda being proposed by the new government. Korean small-caps fell 2.6%, driven by a sell-off in technology stocks.

Sector returns were mostly positive, with ten of the eleven economic sectors ending in positive territory. Health Care returned 17.4% and was the best performing sector as biotechnology stocks benefitted from expectations for a stronger funding environment. Information Technology stocks declined 3.8%, driven lower by semiconductors and electronic components.

## Portfolio Review

Overall security selection was negative and accounted for most of the strategy's underperformance. A slight overweight to Mexico and underweight to China detracted from relative performance. The strategy's exposure to our proprietary multi-factor model was a positive contributor to relative performance, with business momentum strong. Excess returns were generated in one of three regions and six of the eleven economic sectors. Notable outperformance came from Materials, Industrials, and Consumer Discretionary. Within Materials, Indian chemical company PCBL Limited continues to experience strong growth across all business units: carbon black, water treatment chemicals, and nano silicon compounds used in anodes in EV batteries. Welspun, an Indian pipe producer, rallied following good results from multiple business units. Industrials' relative performance benefitted from the strategy's position in Marcopolo. The Brazilian bus manufacturer rose as second quarter results confirmed strong local urban and intercity demand recovery and export growth momentum. Among the strategy's holdings in Consumer Discretionary, Indian retailer Kalyan Jewellers continued its strong run as same-store sales

growth and new store openings contributed to higher longer-term growth expectations.

On the downside, relative performance in Consumer Staples, Information Technology and Energy trailed the index. Within Consumer Staples, Turkish bottler Coca-Cola Icecek lowered volume growth expectations and suggested pricing may be down as demand has waned. The South Korean cosmetics company Cosmax declined following a weak report as the consumer environment in China continues to be difficult and its U.S. business underperformed. Within Information Technology, Genius Electronic Optical, the Taiwanese manufacturer of VR and smartphone lenses, fell on concerns over demand for the new iPhone 16. Korean semiconductor company PSK fell on concern the current memory cycle has peaked. Relative performance in Energy was hurt by Brava Energia after the Brazilian regulator asked for the company to stop producing from one of its fields while a review of its operations was carried out.

## Market Outlook

The global economy appears less likely to experience a hard landing as central banks have implemented a cautious easing stance following favorable inflation data. The Federal Reserve cut its interest rate for the first time in four years, trying to thread the needle to a soft landing without breaking the labor market. As the U.S. presidential election cycle comes to its conclusion, bouts of global market volatility may arise, particularly if the result is disputed for an extended period. Further escalation of violence in the Middle East threatens to destabilize the region and could result in higher oil prices. Emerging Market small-cap equities have benefitted from resilience in domestic demand and a proactive stance by several central banks which were able to cut interest rates sooner than their developed market counterparts. Latin American countries should benefit most from accommodative U.S. policy, and valuations in Mexico appear more attractive following a post-election sell-off. Stable economic conditions and solid earnings reports should continue to support Indian equities, while investor interest in higher-risk investments should bode well for small-cap stocks. Chinese authorities recently released a stimulus package aimed at increasing liquidity and supporting the Real Estate sector, although more initiatives will be expected. We continue to be guided by our bottom-up analysis and will digest upcoming earnings and outlook statements to evaluate our positioning. We believe opportunities for relative outperformance remain, particularly among the diverse and broad segment of emerging market small-cap equities.

Representative Account Top 5 Contributors* (%)	Contribution to Relative Return
PCBL Limited	1.21
Kalyan Jewellers India Ltd.	0.61
International Games System Co., Ltd.	0.55
Eco World Development Group Bhd.	0.36
Hanwha Aerospace Co., Ltd.	0.32
Representative Account Top 5 Detractors* (%)	Contribution to Relative Return
Coca-Cola Icecek A.S.	-0.37
Genius Electronic Optical Co., Ltd.	-0.25
Greentown Management Holdings Co., Ltd.	-0.24
DOUZONE BIZON CO. LTD	-0.21
COSMAX, Inc.	-0.21

Source: FactSet.

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. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

Composite Performance (%)	ANNUALIZED RETURNS						Since Inception 7.1.13
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	
Trivalent Emerging Markets Small-Capitalization Equity (Gross)	4.18	16.49	30.25	12.89	18.30	10.44	11.03
Trivalent Emerging Markets Small-Capitalization Equity (Net)	3.92	15.62	28.95	11.76	17.12	9.30	9.88
MSCI Emerging Markets Small Cap Index (Net)	5.48	12.91	23.01	5.14	12.22	5.86	6.31

#### DISCLOSURES

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

**Past performance cannot guarantee future results.** Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. 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 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 Trivalent Emerging Markets Small-Capitalization Equity Composite includes all fee-paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Trivalent Emerging Markets Small-Capitalization Equity strategy. The strategy focuses on foreign small-cap companies that are characterized by improving business momentum and attractive valuations. The composite creation date is August 2013. The benchmark of the composite is the MSCI Emerging Markets Small Cap Index (Net). Prior to 10/1/2017, the benchmark is the S&P® Emerging Plus Small Cap Index (Net). The MSCI Emerging Markets Small Cap Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of small-cap stocks in the emerging markets. Index returns are provided to represent the investment environment during the periods shown. 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. Non-US indices are net of non-reclaimable withholding taxes, if any.

Holdings do not include cash, money market instruments, options or futures.

The representative account serves as the model against which each Trivalent Emerging Markets Small-Capitalization Equity Strategy account is managed. The representative account is an actual portfolio and the information provided, including performance, will vary for other accounts. The representative account is being used solely as a tool to help demonstrate how performance can be

Representative Account Top 10 Holdings	Country	Sector
PCBL Limited	India	Materials
Kalyan Jewellers India Ltd.	India	Consumer Discretionary
NCC Limited	India	Industrials
King Yuan Electronics Co., Ltd.	Taiwan	Information Technology
Voltamp Transformers Limited	India	Industrials
Tong Yang Industry Co., Ltd.	Taiwan	Consumer Discretionary
Titan Cement International N.V.	Greece	Materials
International Games System Co., Ltd.	Taiwan	Communication Services
HD Hyundai Electric	Korea	Industrials
APAR Industries Limited	India	Industrials
<b>Total % of Portfolio</b>		<b>14.29%</b>

attributed to the investment policies applied in the management of the Trivalent Emerging Markets Small-Capitalization Equity Strategy.

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. 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. This information should not be relied upon as research or investment advice regarding any security in particular.

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

\*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. Holdings are as of quarter end and may change at any time.

V17.102 // 3Q 2024 TRI EMSC Strategy COM

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