

Market Review

Global Equities (as measured by the MSCI All Country World Index) advanced for a third consecutive quarter, gaining 6.18% for the period against a backdrop of moderating headline inflation and despite continued central bank rate hikes. Information Technology was the top performing global sector, buoyed by investor fervor around artificial intelligence (AI), while the Materials sector faltered on weaker prices for industrial metals. North America and Japan were the top performing regions, as the former benefited from strong returns for U.S. large-cap growth stocks. Developed economies outperformed Emerging Markets, with the latter constrained by a weaker-than-anticipated economic recovery in China. Global growth stocks outperformed value-oriented shares for the period, though that result was heavily weighted toward the U.S., as value outperformed growth among the non-U.S. developed regions.

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 and Sentiment. Overall returns were also positive across regions, especially Asia/Pacific ex Japan, Japan and North America, where Quality, Valuation and Sentiment were each positive. The model was weaker – but still positive – in the United Kingdom, where Valuation was negative.

Performance and Positioning

The Victory RS Global Fund (the "Fund") returned +7.52 % (Class A Shares without sales charges) for the period, outperforming its benchmark, the MSCI All Country World Index (net) (the "Index"), which returned +6.18%.

Positive stock selection in the Financials, Health Care, Communication Services, Industrials and Information Technology sectors contributed to positive active performance for the period. Stock selection was negative in the Materials, Consumer Staples and Consumer Discretionary sectors. By region, stock selection was strongly positive in North America and negative in Europe and Japan. Country-level contributors included the United States and Taiwan, while detractors included Denmark and the United Kingdom.

Individual contributors to active performance included graphics processing manufacturer NVIDIA Corp., pharmaceutical supplier Eli Lilly and Company, and homebuilder PulteGroup, Inc., all based in the United States.

Detractors from relative returns included cosmetics multinational The Estée Lauder Companies, Inc., and beauty products retailer Ulta Beauty, Inc., both based in the United States. China-based technology and entertainment conglomerate Tencent Holdings Ltd. also detracted.

Outlook

Strong equity returns thus far in 2023 suggest more investor optimism around macroeconomic trends than we may have expected entering the year. There have been positive developments, to be sure, including the apparent peaking of headline inflation, reductions in commodity prices, and the prospect of slowing interest rate hikes. Yet, much of the economic picture remains uncertain. For one, core inflation remains sticky even as headline inflation appears to have softened. What's more, the full impact of higher interest rates and the tightening of lending standards in response to the first quarter's bank failures have yet to be fully felt. Global recession remains a strong possibility. Finally, stock market gains may not be justified by fundamentals, leaving investors to consider whether valuations are stretched in certain sectors.

That said, what is most important to us is to stay the course and be true to our quality-oriented investment process. We anticipate a prolonged period of elevated 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 Ten Holdings	% Fund
Apple Inc.	5.54
Microsoft Corporation	4.86
NVIDIA Corporation	2.87
Meta Platforms Inc. Class A	2.21
McDonald's Corporation	2.12
PepsiCo, Inc.	2.07
Alphabet Inc. Class C	2.04
Amazon.com, Inc.	2.02
Eli Lilly and Company	2.02
Mastercard Incorporated Class A	1.76

Holdings are subject to change.

Region Allocation	% Fund
North America	62.05
Europe	12.66
Japan	5.74
Asia/Pac x Japan	5.07
Emerging	4.77
United Kingdom	4.73
Other	2.69
Cash	1.75
[ETF]	0.52

Investment Performance (%)

Average Annual Returns as of June 30, 2023

Victory RS Global Fund (Class A – RSGGX)	Q2 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (5/16/11)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	7.52	16.70	21.25	12.21	10.39	11.06	10.11	1.17	0.85
A Shares, with sales charge (max. 5.75%)	1.32	9.99	14.30	10.01	9.09	10.41	9.57	1.17	0.85
MSCI All Country World Index (Net)	6.18	13.93	16.53	10.99	8.10	8.75	–	–	–

Source: Victory Capital data analyzed through Zephyr

Past performance does not guarantee future results. The performance quoted represents past performance and current performance 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 for periods greater than one year is annualized. Other share classes are available. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which fund performance would have been lower. 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 the potential loss of principal. 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. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell a security at an advantageous time or price, which may adversely affect the Fund. Investments in smaller companies 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. Information technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation. 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.

The opinions are as of the date noted 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. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

The MSCI All Country World Index (ACWI) is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed and emerging markets.

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