

Market Review

International Equities (as measured by the MSCI EAFE Index) advanced for a third consecutive quarter, gaining 2.95% 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 and Japan, 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 International Fund (the "Fund") returned +3.13 % (Class A Shares without sales charges) for the period, outperforming its benchmark, the MSCI EAFE Index (net) (the "Index"), which returned +2.95%.

Positive stock selection in the Financials, Consumer Staples, Communication Services and Health Care sectors contributed to positive active performance for the period. Stock selection was negative in the Consumer Discretionary, Materials and Information Technology sectors. By region, stock selection was positive in Europe and Japan and negative in Asia/Pacific ex Japan. Country-level contributors included Germany, the Netherlands and Singapore, while detractors included Australia, Italy and Hong Kong.

Individual contributors to active performance included engineering and electronics company Mitsubishi Heavy Industries, Ltd. and construction materials provider Sanwa Holdings Corporation, both based in Japan. Dutch banking multinational ING Groep NV was also a positive contributor.

Detractors from relative performance included Japanese manufacturing components supplier Misumi Group, Inc. and Belgian semiconductor devices supplier Melexis NV. 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
LVMH Moet Hennessy Louis Vuitton SE	3.88
Novo Nordisk A/S Class B	3.44
Roche Holding Ltd. Dividend Right Cert.	2.77
L'Oreal S.A.	2.66
Novartis AG	2.59
Siemens Aktiengesellschaft	2.46
Nestle S.A.	2.38
BHP Group Ltd.	2.33
Toyota Motor Corp.	2.25
Atlas Copco AB Class B	2.18

Holdings are subject to change.

Region Allocation	% Fund
Europe	47.34
Japan	21.54
United Kingdom	16.55
Asia/Pac x Japan	11.18
Cash	2.07
Other	1.22
[ETF]	0.11

Investment Performance (%)

Average Annual Returns as of June 30, 2023

Victory RS International Fund (Class A – GUBGX)	Q2 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (2/16/93)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	3.13	10.85	18.02	7.91	4.38	5.77	5.67	1.41	1.13
A Shares, with sales charge (max. 5.75%)	-2.81	4.49	11.25	5.81	3.15	5.14	5.46	1.41	1.13
MSCI EAFE Index (Net)	2.95	11.67	18.77	8.93	4.39	5.41	–	–	–

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 may be subject to liquidity risk, which is the risk that the Adviser, in the ordinary course of business, cannot expect to sell Fund investments within seven days at a price that is acceptable to the Adviser. 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. Companies in the financial services sector are subject to extensive government regulation that may affect the scope of their activities, the prices they can charge and capital maintenance. The industry is subject to severe competition and can be significantly affected

by market conditions, including interest rate changes. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. 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 EAFE Index measures the performance of large- and mid-cap stocks in the developed markets, excluding the U.S. and Canada. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

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