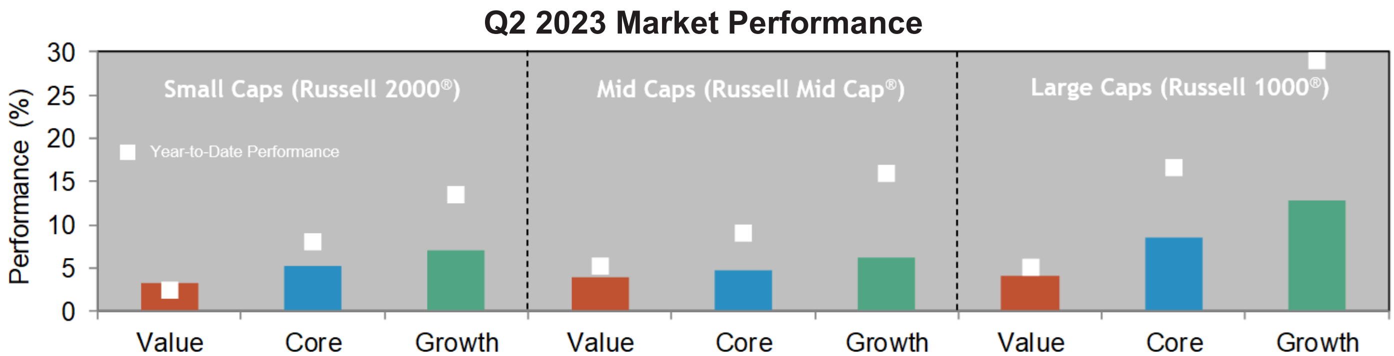
VICTORY RS SCIENCE AND TECHNOLOGY FUND QUARTERLY COMMENTARY

As of June 30, 2023

Quarterly Highlights

- The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 11.50% for the three months ended June 30, 2023, underperforming the S&P North American Technology Sector Index™[1], which returned 15.74%.
- The Fund's underperformance in the quarter was impacted by stock selection within the Technology and Health Care sectors, offset in part by stock selection within the Financial Services sector, as well as the material outperformance of large-cap technology stocks relative to small-cap technology stocks.
- We believe the recent underperformance of innovative smaller-cap technology and health care stocks over the past two years has created an outsized opportunity for the segment relative to larger-cap technology stocks; current valuations (defined as the forward price-to-earnings, excluding non-earners) of the Russell 2000® Growth Index[2] are near the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index[3] (per FactSet).
- We hold what we believe are innovative companies that are forecast to grow at a much higher rate than the index across market caps, resulting in a much more diversified set of companies than the underlying index; 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.
- Technology stocks, as represented by the S&P North American Technology Sector Index™, have outperformed the broader U.S. equity market over 5, 10, and 15 years as of June 30, 2023.

Market Performance / Fundamentals Snapshot



Value = Russell 2000® Value Index
Core = Russell 2000® Index
Growth = Russell 2000® Growth Index

Value = Russell Midcap® Value Index
Core = Russell Midcap® Index
Growth = Russell Midcap® Growth Index

Value = Russell 1000® Value Index
Core = Russell 1000® Index
Growth = Russell 1000® Growth Index

Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance does not reflect management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Market Commentary

During the second quarter of 2023 domestic stocks exhibited continued strength across investment styles, with the broader U.S. equity market up in each of the three months of the quarter. Corporate earnings and employment trends continued to defy skeptics, and there were ongoing signs suggesting that inflation has already peaked. That was welcome news for growth stocks, which have continued to lead the way in this year's market rebound, with the Russell 3000® Growth Index[4] up 12.47% in the quarter and 28.05% year-to-date through June. Meanwhile, the Russell 3000® Value Index[5] was up a more modest 4.03% and 4.98% in the respective quarter and year-to-date periods. Despite the robust rebound for stocks during the first half of this year, there are some potential headwinds ahead. More bearish investors point to concerns over the lagging impact of higher interest rates, the continued slowdown in housing, earnings expectations that have recently moved lower, and geopolitical concerns surrounding the ongoing war between Russia and Ukraine, as well as diplomatic tension between the U.S. and China.

Still, markets continued their rebound from what had been a challenging 2022 in both equity and fixed income markets. The quarter saw strong absolute performance for growth stocks, led by the technology sector, which continued its torrid 2023 performance. Growth styles also benefited from their lower exposure to the energy sector, which has been lagging in recent periods after leading the way since the reopening of the post-pandemic economy. The Russell 1000® Growth Index was the top performer of all major domestic indices during the second quarter, up 12.81%, while the Russell 2000® Growth Index gained 7.05%. This compares favorably to the more modest gains posted by the Russell 1000® Value Index[6] (up 4.07%) and Russell 2000® Value Index[7] (up 3.18%) during the quarter. Corporate operations and earnings among growth-oriented companies have done better than expected, which meant that the much-reduced valuations heading into the new year (and the commensurate more favorable riskreward tradeoff) rewarded growth-oriented investors that were willing to take the plunge when growth stocks were so out of favor.

Small-cap investing (and small growth in particular) currently stands out as an investment style that continues to look attractive compared to other segments of the market, particularly when comparing relative valuations to large growth stocks. Despite the challenging performance over the past few years, it's important to remember that growth-oriented stocks have continued to shine across market caps over 3, 5, 10, and 15 years, and the current price-to-earnings discount of small growth has set a new record low compared to large growth.

Our team remains focused on potentially exciting opportunities for secular growth companies. We believe the multi-year underperformance of small growth companies that appear materially better off over the secular horizon will allow them to outperform their value counterparts. In our opinion, we remain in the early stages of a secular shift that is altering how consumers, businesses, and employees will interact following the massive "test run" of technology-aided solutions we witnessed during the earlier days of the pandemic, while new technologies such as artificial intelligence are likely to make a material impact in coming years.

Investment Strategy

We remain committed to an intensive approach to fundamental research that focuses on understanding the long-term secular movements within science and technology in tandem with the underlying financial and company-specific fundamentals of the companies we own. The Victory RS Science and Technology Fund (the "Fund") is focused on finding innovative science- and technology-driven investments from across the market-cap spectrum, seeking out companies with strong management teams, high revenue growth, and proprietary technology. Portfolio Manager Steve Bishop was joined in 2016 by two additional portfolio managers who have been a part of the RS Growth team for many years, Chris Clark and Paul Leung. Together, they follow an investment process that centers on finding innovation, competitive advantages, and sustainable earnings growth. Supported by a team of research analysts, the portfolio managers leverage detailed fundamental research and industry contacts to identify the earnings potential of each company, focusing on "anchor points," quantifiable metrics that help determine a company's potential long-term growth trajectory. Anchor points arise from an 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 the team measure a company's progress as it executes its business strategy, regardless of what is taking place in the overall market. These anchor points also help prevent distraction caused by short-term stock price movements and inevitable market volatility.

Performance Review

The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 11.50% for the three months ended June 30, 2023, underperforming the S&P North American Technology Sector Index™, which returned 15.74%. The Fund's underperformance in the quarter was impacted by stock selection within the Technology and Health Care sectors, offset in part by stock selection within the Financial Services sector, as well as the material outperformance of large-cap technology stocks relative to small-cap technology stocks. We believe the recent underperformance of innovative smaller-cap technology and health care stocks over the past two years has created an outsized opportunity for the segment relative to larger-cap technology stocks; current valuations (defined as the forward price-to-earnings, excluding non-earners) of the Russell 2000® Growth Index are near the cheapest since the 1979 inception of the index relative to the Russell 1000® Growth Index (per FactSet). We hold what we believe are innovative companies that are forecast to grow at a much higher rate than the index across market caps, resulting in a much more diversified set of companies than the underlying index; 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. Technology stocks, as represented by the S&P North American Technology Sector Index™, have outperformed the broader U.S. equity market over 5, 10, and 15 years as of June 30, 2023.

Top Detracting Sector: Technology

Within the Technology sector, one of the largest drivers of relative underperformance was Semiconductor & Components holding Impinj, Inc. (1.42% ending weight), a cloud connectivity platform which wirelessly connects individual items and delivers data about the connected items to business and consumer applications. We purchased Impinj given their new advanced products, recurring revenue model, and promising long-term financial outlook supported by a growing market for RAIN RFID technology. In the most recent period Impinj struggled as they experienced customer order and project delays, affecting their ability to meet immediate demand. However, management remains confident in the long-term demand for their products and the widespread adoption of RFID technology, which continues to have limited competition.

Top Contributing Sector: Financial Services

Within the Financial Services sector, the top performing stock in the quarter was Visa Inc. (2.04% ending weight). Visa is a global payments technology company that connects consumers, businesses, banks, and governments in over 200 countries and territories to enable electronic payments. We owned Visa due to its position in the fast-growth electronic payments industry, its strong brand recognition, and its ability to generate consistent revenue and earnings growth. Visa recently posted strong quarterly results, attributed to robust payment volumes across various consumer spending categories, including services, goods, and travel. The majority of these volumes come from everyday debit purchases, ensuring continued stability, while cross-border and card-not-present transactions also remained resilient.

Market and Strategy Outlook

Reduced concerns regarding inflation, logistical issues resulting from the Ukraine-Russia war, and the impact of higher interest rates have eased investor uncertainty in recent months. We expect the recent decrease in market volatility and improved stability in economic data to continue in the coming quarters. As the economy and markets recover, we see abundant opportunity across sectors, industries, and market caps. Certain areas of the economy appear better positioned to adapt and grow, while company valuations vary significantly. We are optimistic about the productivity of workers and consumers, as well as business and residential investment, as we approach year-end.

In the current investment landscape, there is a notable opportunity for secular growth companies within the small-cap growth universe. Despite their relative underperformance since November 2020, smaller-cap secular growth companies have displayed continued strength in their underlying fundamentals. We anticipate this strength to persist, especially given the bounce back in the most recent quarter with better-than-expected execution and performance. Conversely, more cyclical companies may face headwinds as valuations have caught up to fundamentals after a strong run since late 2020.

Overall, while some uncertainty remains, the market environment in the second quarter of 2023 is expected to be more stable. We believe lower inflation, resolved logistical issues, and the anticipation of reaching peak investment rates sooner rather than later will influence investment decisions and that opportunities will emerge in sectors and industries that demonstrate resilience and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive due to their strong fundamentals and potential for continued outperformance.

Thank you for your continued investment.

Steve Bishop
Portfolio Manager

Chris Clark, CFA
Portfolio Manager

Paul Leung
Portfolio Manager

Sector Allocation[8]

As of June 30, 2023

Sector	% of Portfolio
Technology	58.0%
Health Care	29.6%
Financial Services	4.5%
[Cash]	0.2%

Top 10 Holdings[9]

As of June 30, 2023

Holding	% of Portfolio
Microsoft Corporation	7.17%
Vertex Pharmaceuticals Incorporated	4.94%
Meta Platforms Inc. Class A	4.18%
NVIDIA Corporation	3.86%
Amazon.com, Inc.	3.78%
ServiceNow, Inc.	2.57%
Lattice Semiconductor Corporation	2.49%
Monolithic Power Systems, Inc.	2.36%
MACOM Technology Solutions Holdings, Inc.	2.34%
Varonis Systems, Inc.	2.19%

Performance

Average Annual Returns as of June 30, 2023

Victory RS Science and Technology Fund (Class A – RSIFX)	Second Quarter 2023	1-Year	3-Year	5-Year	10-Year	Since Inception (11/15/95)
without sales charge	11.50%	20.31%	-3.99%	4.22%	13.29%	10.03%
with maximum sales charge (5.75%)	5.11%	13.36%	-5.86%	2.99%	12.62%	9.80%
S&P North American Technology Sector Index[1]	15.74%	33.71%	13.05%	16.31%	19.43%	11.79%
S&P 500® Index[10]	8.74%	19.59%	14.60%	12.31%	12.86%	9.59%

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns 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 returns for periods of less than one year are not annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.48%/1.47%. 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 potential loss of principal. In addition to the normal risks associated with investing, investments in small and mid-size companies can 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market competition, and government regulation. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. 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. The Fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell certain securities at an advantageous time or price, which may adversely affect the Fund. Performance may have been meaningfully impacted by investments in initial public offerings (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. 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.

1 The S&P North American Technology Sector Index™ (formerly the S&P GSTI™ Composite Index) is a modified capitalization-weighted index based on a universe of technology-related stocks. "Since inception" return for the S&P North American Technology Sector Index™ reflects, for periods after August 29, 1996, the reinvestment of dividends paid on the securities constituting the index; for periods through August 29, 1996, index return does not reflect the reinvestment of dividends.

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

3 The Russell 1000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

4 The Russell 3000® 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.

5 The Russell 3000® Value 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 lower price-to-book ratios and lower forecasted growth values.

6 The Russell 1000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

7 The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index (which consists of the 2,000 smallest-cap companies in the Russell 3000® Index) with lower price-to-book ratios and lower forecasted growth values.

8 The Fund'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.

10 The S&P 500® Index is a market-capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Except as noted, 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. Distributed by Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc., the Fund's investment adviser.

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