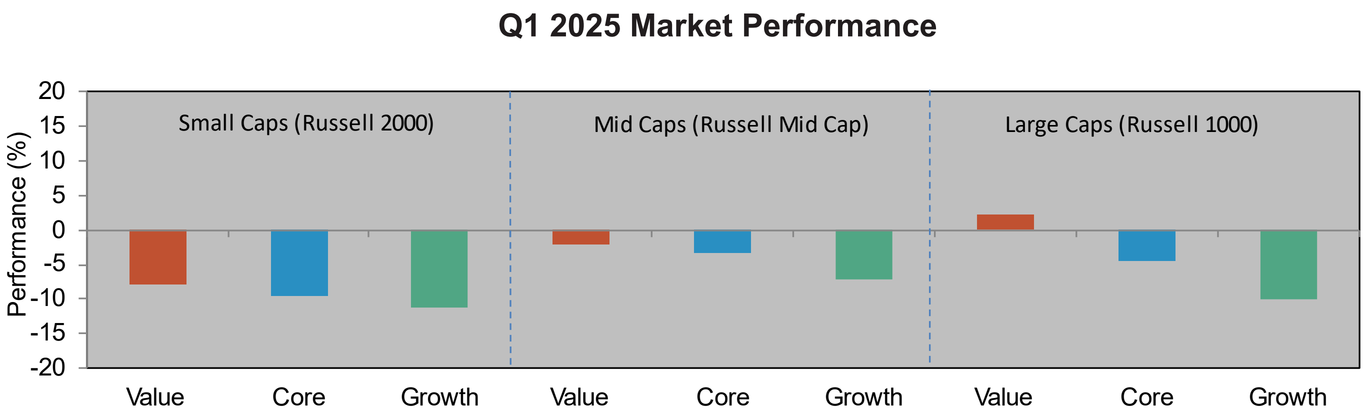
VICTORY RS SCIENCE AND TECHNOLOGY FUND QUARTERLY COMMENTARY

As of March 31, 2025

Quarterly Highlights

- The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned -14.91% for the three months ended March 31, 2025, underperforming the S&P North American Technology Sector Index™,[1] which returned -11.43%.
- The Fund's underperformance in the quarter was largely attributed to the Fund's investment in Technology sector stocks, as well as the Fund's positioning in smaller-cap Health Care holdings.
- We believe the 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 March 31, 2025.

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

After two consecutive years of impressive 20%-plus annual returns for the broad market (as measured by the S&P 500® Index[4]), the bellwether large-cap index shed 4.3% during the first quarter. The tech-heavy Nasdaq Composite fared even worse, losing 10.3% during the quarter. This was the worst performance for these indexes since the second and third quarters of 2022, respectively.

The sharp decline in stocks and subsequent elevated volatility comes as no real surprise. In fact, the pullback began in earnest in December 2024 after post-election euphoria—and the expectation for pro-business policies—was largely replaced by declining investor sentiment. Investors wondered about President Trump's commitment to installing and enforcing a wide range of tariffs. Was this a negotiating tactic given the steep trade imbalance that the U.S. has with most other countries? Would this encourage the repatriation of supply chains and boost domestic manufacturing? Or would this type of intervention usher in a new era of elevated inflation, put the brakes on global trade, and act as a headwind for corporate profits? The market despises such uncertainty, and thus we are not entirely surprised that investors became more risk-averse during the first quarter.

Monetary policy and the trajectory of interest rates have also been pain points for U.S. investors. Tariffs are, in effect, a form of taxation, and to the extent possible, future higher costs are likely to be passed on to consumers. This could have a ripple effect in terms of inflation. The Federal Reserve has already signaled intentions to slow-roll future interest rate cuts, and if future CPI readings suggest the re-emergence of inflation, the Fed may be inclined to take an even slower path with regard to monetary policy.

In terms of investment styles, growth stocks underperformed their value counterparts during the first quarter. The uncertainties surrounding interest rates, as well as the strong run that many high-growth names had enjoyed over the past several years, made them somewhat vulnerable to a pullback. The Russell 3000® Growth Index[5] declined 10.0% during the first quarter. Large-cap growth stocks, represented by the Russell 1000® Growth Index, also pulled back by approximately 10% during the quarter as momentum finally seemed to be waning for the "Magnificent Seven." Growth stocks also stumbled further down the cap spectrum. The Russell Midcap® Growth Index[6] declined 7.1% for the quarter, while small-cap growth stocks represented by the Russell 2000® Growth Index declined 11.1% during the same period.

Despite the turmoil and uncertainty, we like to remind investors that volatility also breeds opportunity. We think this is especially true for active managers in the growth space with a long time horizon and a commitment to a proven investment philosophy. We acknowledge that headwinds linger, and "uncertainty" appears to be the theme of the moment. Nevertheless, we see many exciting growth companies—especially among the cohort of small- and mid-cap names—that ended the first quarter with attractive relative valuations, in our opinion. Our team continues to focus on identifying potential opportunities within secular growth, and we believe that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact. That trend, along with new emerging technologies (including artificial intelligence), is poised to have a significant impact in the years ahead, particularly among growth-oriented investment styles.

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 -14.91% for the three months ended March 31, 2025, underperforming the S&P North American Technology Sector Index™, which returned -11.43%. The Fund's underperformance in the quarter was largely attributed to the Fund's investment in Technology sector stocks, as well as the Fund's positioning in smaller-cap Health Care holdings. We believe the 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 March 31, 2025.

Top Detracting Sector: Technology

Technology was a negative contributor in the quarter, underperforming the benchmark. Within Technology, Reddit (RDDT) (2.11% ending weight) was a top detractor in the period. Reddit's 4Q24 results were strong, as was their 1Q25 guide, but the company experienced a sell-off following a very strong 2024 period, partially due to what we believe was a temporary disruption in their Daily Active User (DAU) momentum, which is partially fueled by traffic from Google (GOOGL). Reddit continues to be an increasing share of Internet traffic, driving advertising opportunity. It remains differentiated by its high growth, high margins and high cash flow. We continue to hold a position in this unique, long-term growth story.

Top Outperforming Sector: Financial Services

Within the Financial Services sector, one of the largest drivers of relative outperformance was Financial Data Services holding Visa Inc. (VISA) (2.11% ending weight). Visa Inc. is an American multinational payment card services corporation. It facilitates electronic funds transfers throughout the world, most commonly through Visa-branded credit cards, debit cards and prepaid cards. Fundamentals remained very strong in the first quarter, as Visa, Inc. had a strong quarterly earnings report and 2025 outlook due to persistent strength in the domestic U.S. consumer. Visa benefits from inflationary tailwinds, a shift from paper currency to electronic payments, and a resilient consumer that uses their Visa cards for everyday, less discretionary items. We continue to hold the position.

Market and Strategy Outlook

We remain cautiously optimistic about the health of the domestic economy and are excited about the prospect that the Federal Reserve has finally begun to meaningfully cut their benchmark rate to a more accommodative stance. U.S. employment remains strong, and the outlook for solid earnings growth in 2025 remains in place. While the full impact on the economy and employment from the recently announced tariffs is as yet unclear, a slightly slower pace in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. In addition, the potential for more deregulation, continued onshoring and re-shoring, and stronger GDP growth could make the U.S. a relative safe haven. Certain segments of the economy appear well positioned to continue to meaningfully outgrow GDP, while company valuations have become increasingly compelling for long-term investors.

In the current investment landscape, there continues to be a compelling opportunity for secular growth companies outside of the mega-cap growth category. Despite their relative underperformance since November 2020, smaller-cap secular growth companies have displayed continued strength in their underlying fundamentals. We expect this fundamental strength to persist and are optimistic that the valuation gap of smaller companies will narrow substantially with that of their larger-cap peers.

Overall, while we believe the interest rate and inflation picture is getting somewhat clearer, the engineering of a soft landing for the economy remains unclear. As such, we believe that opportunities will emerge in sectors and industries that demonstrate secular resilience through the cycle and sustained growth. We feel that secular growth companies within the growth universe are especially attractive relative to cyclicals due to their strong and consistent fundamentals and potential for outperformance.

Thank you for your continued investment.

Steve Bishop
Portfolio Manager

Chris Clark, CFA
Portfolio Manager

Paul Leung
Portfolio Manager

Sector Allocation[7]

As of March 31, 2025

Sector	% of Portfolio
Technology	56.17%
Healthcare-Biopharma	17.86%
Consumer Discretionary	10.32%
Financial Services	6.66%
Healthcare-Other	6.43%
Producer Durables	1.67%
[Other]	0.73%
Cash / Other Assets and Liabilities	0.17%
Health Care	0.00%
Energy	0.00%

Top 10 Holdings[8]

As of March 31, 2025

Holding	% of Portfolio
Meta Platforms Inc. Class A	8.22%
Microsoft Corporation	7.68%
NVIDIA Corporation	7.63%
AppLovin Corp. Class A	5.32%
Amazon.com, Inc.	4.62%
Eli Lilly and Company	4.25%
Netflix, Inc.	3.59%
Fair Isaac Corporation	3.12%
ServiceNow, Inc.	2.73%
Varonis Systems, Inc.	2.65%

Performance

Average Annual Returns as of March 31, 2025

Victory RS Science and Technology Fund (Class A – RSIFX)	First Quarter 2025	1-Year	3-Year	5-Year	10-Year	Since Inception (11/15/95)
without sales charge	-14.91%	0.70%	2.47%	8.83%	11.59%	10.12%
with maximum sales charge (5.75%)	-19.80%	-5.10%	0.47%	7.55%	10.94%	9.90%
S&P North American Technology Sector Index[1]	-11.43%	4.53%	12.17%	21.42%	19.07%	12.28%
S&P 500® Index[4]	-4.27%	8.25%	9.06%	18.59%	12.50%	10.80%

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. Other share classes are available.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.49%/1.49%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2025.

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. 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market 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.

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 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.

5 The Russell 3000® Growth Index is an unmanaged 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.

6 The Russell Midcap® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap® Index with higher price-to-book ratios and higher forecasted growth values.

7 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.

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

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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