

### Market Environment

International small-cap equities rose in the first quarter despite looming U.S. trade tariff announcements and the emergence of DeepSeek, a cost-efficient artificial intelligence model developed by a Chinese start-up. For the quarter, the S&P<sup>®</sup> Developed Ex-U.S. SmallCap Index rose 3.2%, while the Victory Trivalent International Small-Cap Fund (Class A shares at NAV) outperformed the benchmark. There was wide dispersion among country returns in the Index, with European equities posting the strongest gains on improving sentiment over the possibility of a ceasefire in Ukraine. Portugal advanced 22.9% as global rating agency S&P upgraded its credit rating on a more positive outlook. Spain was up 18.8% as its economy expanded more than expected due to strong consumption, increased tourism, and higher exports. Austria rose 16% as its centrist parties agreed to form a coalition government. Germany gained 8.6% following Parliament's approval of a robust infrastructure and defense spending plan, bolstering the stability of a fragile transatlantic alliance. On the downside, Israel fell 7.2% after escalating its conflict with Hamas following a tentative ceasefire. Ireland and Australia were down 2.3% and 2.1%, respectively, as their export-driven economies face heightened uncertainty over global trade tensions.

Seven of the 11 economic sectors advanced, with the more defensive Communication Services sector leading the way, up 10.8%. The Financials sector gained 10.6%, driven by strong performance in the banking industry. Materials advanced 9.8%, supported by higher metals prices. On the other end of the spectrum, Consumer Discretionary and Health Care fell 3.4% and 2.8%, respectively.

### Portfolio Review

Security selection was positive as excess returns were generated in four of five regions and seven of the 11 economic sectors. From a style perspective, the Fund's overall exposure to value, business momentum and quality factors contributed to relative performance, with value generating the strongest signal. At the sector level, notable outperformance was generated in Industrials, with the largest impact coming from two defense companies. Italian aerospace & defense contractor Leonardo rose after multiple European governments pledged to boost military spending. Korean railway and military equipment manufacturer Hyundai Rotem surged on the back of strong export orders and deliveries to Poland. Relative performance was also strong in Health Care, supported by a position in PharmaResearch. The Korean biopharmaceutical company exceeded revenue and operating profit expectations, driven by robust sales of its flagship product, Rejuran, which ranks among the top global skin boosters.

On the downside, Consumer Discretionary saw relative

underperformance, mainly due to three holdings. Online rail ticketing platform Trainline was the top detractor as the U.K. government plans to explore consolidating regional ticketing apps. However, this does not seem to be a major threat to Trainline's business based on competitive positioning and historical alternatives. Japanese bowling and game operator Round One declined as near-term cost increases seem to be outpacing price increases. Hong Kong-based shoe manufacturer Yue Yuen Industrial declined as the order outlook from major Original Equipment Manufacturer (OEM) customers was cautious amid tariff and demand uncertainties.

### Market Outlook

International equities started the year with positive momentum as investors look to diversify away from U.S. market concentration into the broader global economy, drawn by attractive valuations and solid fundamentals. Market volatility has recently surged following U.S. tariff announcements, which risk disrupting global supply chains and eroding business confidence. As the next earnings season approaches, we anticipate forward guidance to reflect increased corporate uncertainty provided tariffs remain in place. It remains unclear whether the tariffs will act as a bargaining tool for more bilateral trade agreements or escalate into a wider global trade conflict. Despite the heightened uncertainty, Europe offers some counterbalancing tailwinds. The European Central Bank (ECB) cut rates for the sixth time in nine months to stimulate economic activity as inflation continues to slow. European countries are taking proactive steps in response to concerns that the U.S. may limit future aid to Ukraine. Germany's ambitious infrastructure and defense spending plan could provide a much-needed boost to the country's economy. European defense spending, which is also benefiting countries like Japan due to high demand, is projected to continue growing as nations focus on rearming. Japan has also seen significant developments, with its largest wage increase since 1993 following decades of stagnant wage growth. The artificial intelligence (AI) sector has cooled in recent months, especially after DeepSeek's groundbreaking AI model raised concerns about the long-term costs of AI development. Despite short-term challenges, AI is expected to continue its transformative role across various industries and will be a crucial long-term driver of productivity and economic growth. From a valuation perspective, international small-cap stocks are still trading at lower earnings multiples compared to historical averages, and they remain attractively priced relative to both U.S. and international large-cap stocks. We continue to be guided by our bottom-up analysis and will evaluate upcoming earnings and outlook statements to refine our positioning. We believe there are still opportunities for relative outperformance, particularly within the diverse segment of international small-cap equities.

Top 5 Contributors	Return	Contribution to Absolute Return(%)
Dundee Precious Metals Inc.	46.5	0.32
Bankinter SA	39.8	0.30
Hyundai Rotem Co.	82.0	0.29
Leonardo SpA	78.0	0.26
Indra Sistemas, S.A. Class A	63.1	0.26
Top 5 Detractors	Return	Contribution to Absolute Return(%)
Trainline Plc	-35.2	-0.15
Methanex Corporation	-29.5	-0.15
ROUND ONE Corporation	-20.9	-0.14
Magellan Financial Group Ltd.	-28.6	-0.14
BE Semiconductor Industries N.V.	-24.9	-0.13

Top Ten Holdings	% Fund
Celestica Inc.	1.13
Sanwa Holdings Corporation	1.11
Swissquote Group Holding Ltd.	1.07
Bankinter SA	1.03
Dundee Precious Metals Inc.	0.98
Coca-Cola HBC AG	0.91
Buzzi Spa	0.88
Beazley Plc	0.86
Euronext NV	0.83
PSP Swiss Property AG	0.83
<b>Total</b>	<b>9.63</b>

### Investment Performance (%)

Average Annual Returns as of March 31, 2025

Victory Trivalent International Small-Cap Fund	Ticker	Inception Date	Q1 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (8/17/07)	Expense Ratio	
										Gross	Net
A Shares, without sales charge	MISAX	8/17/07	5.22	5.22	3.65	2.48	11.55	5.57	4.31	1.69	1.35
A Shares, with sales charge (max. 5.75%)	MISAX	8/17/07	-0.83	-0.83	-2.31	0.47	10.23	4.94	3.96	1.69	1.35
I Shares	MISIX	8/17/07	5.32	5.32	4.09	2.88	11.97	5.99	4.75	1.19	0.97
S&P Developed Ex-U.S. SmallCap Index (Net)	-	-	3.18	3.18	0.97	-0.16	9.77	4.67	-	-	-

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](http://www.vcm.com).** Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. 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 October 31, 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](http://www.vcm.com/prospectus). Read it carefully before investing.**

Other share classes are available. Not all share classes are available to all investors.

**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. Investments in smaller companies typically exhibit higher volatility. 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.

Fund holdings are subject to change and should not be considered purchase recommendations.

There is no assurance that the securities mentioned remain in the

Fund's portfolio or that securities sold have not been repurchased. Top holdings do not reflect cash, money market instruments or options/futures contracts holdings. The most currently available data regarding portfolio holdings can be found on our website, [www.vcm.com](http://www.vcm.com).

**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. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

**The S&P Developed Ex-U.S. SmallCap Index** seeks to measure the stocks representing the lowest 15% of float-adjusted market cap in each developed country, excluding the U.S.

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