

## Market Review

Global Equities (as measured by the MSCI All Country World Index) registered solid gains in the first quarter of 2024, gaining 8.20% for the period and adding to strong gains in 2023. The continued advance was fueled by encouraging economic data and the prospect of lower interest rates, as well as ongoing enthusiasm around artificial intelligence. Information Technology, Communication Services, Energy and Financials were the top performing global sectors, while laggards included Real Estate, Utilities and Materials. Japan was the top performing region, as corporate reforms, the normalization of interest rates and depreciation of the yen attracted investors. North America also advanced strongly, fueled by strong earnings and price appreciation among several of the “Magnificent Seven” in the U.S. Emerging Markets underperformed Developed economies at the group level, weighed down by weak growth prospects in China and election uncertainty in South Africa, and despite strong market performance in Turkey and Taiwan, among others. Growth stocks generally outperformed value stocks for the period, and large-cap stocks outperformed smaller-cap stocks.

## 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, with all three factors contributing. Overall returns were also positive across regions, and underlying Quality, Valuation and Sentiment factor spreads were also mostly positive. The model was stronger in Asia/Pacific ex Japan, North America, Japan and Europe and weaker (but still positive) in Emerging Markets and the United Kingdom.

## Performance and Positioning

The RS Global Strategy returned +8.83% (net) for the period, outperforming its benchmark, the MSCI All Country World Index (net) (the “Index”), which returned +8.20%.

Positive stock selection in the Industrials, Utilities and Communication Services sectors contributed to positive active performance for the period. Stock selection was negative in the Energy and Materials sectors. By region, stock selection was positive in North America and Japan and negative in Emerging Markets and the United Kingdom. Country-level contributors included the United States, Spain and Denmark, while detractors included Taiwan, Canada and Belgium.

Individual contributors to relative performance included graphics processing chip manufacturer NVIDIA Corporation, electrical utilities provider Constellation Energy Corporation, and pharmaceutical producer Eli Lilly and Company, all based in the United States.

Detractors from relative returns included U.K.-based metals and mining multinational Rio Tinto Plc, U.S. quick service restaurant chain McDonald’s Corporation, and Belgian semiconductor device manufacturer Melexis NV.

## Outlook

While the prospect of lower interest rates provided a tailwind for equities in the first quarter, many are now questioning whether the market has become overvalued, particularly the narrowly-led U.S. Indeed, the U.S. currently trades at a significant price-to-earnings premium relative to other developed markets, which argues for embracing thoughtful diversification. Inflation persists in several regions and with varying levels of economic resilience, which may mean that rate cuts are farther away than investors hoped. Interest rates remain high in the meantime, which is likely to dampen earnings in many sectors. Additional risks to the macro outlook include the ongoing wars in Ukraine and Gaza, which could threaten economic stability across borders, as well as a potentially contentious elections cycle.

That said, what is most important for us is to stay the course and be true to our quality-oriented investment process. We remain keenly aware of 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 10 Holdings (%)**

as of March 31, 2024

Holding	Rep. Account
Microsoft Corporation	5.10
Apple Inc.	4.02
NVIDIA Corporation	3.86
Alphabet Inc. Class C	2.82
Amazon.com, Inc.	2.41
Meta Platforms Inc. Class A	2.36
Eli Lilly and Company	2.00
Mastercard Incorporated Class A	1.86
JPMorgan Chase & Co.	1.71
McDonald's Corporation	1.62

**Region Allocation (%)**

as of March 31, 2024

Region	Rep. Account
Asia/Pac x Japan	5.41
Emerging	5.22
Europe	12.37
Japan	6.04
North America	61.59
United Kingdom	3.51
[ETF]	0.50
Other	3.01
Cash	2.34

**Performance**

Average Annual Returns (%) as of March 31, 2024

RS Global Composite	QTD	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception (July 2013)
Gross of Fees	8.97	8.97	28.23	10.23	13.97	12.00	12.65
Net of Fees	8.83	8.83	27.60	9.68	13.43	11.34	11.97
MSCI All Country World Index (Net)	8.20	8.20	23.22	6.96	10.92	8.66	–

**Past performance cannot guarantee future results.** Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings.

Holdings are subject to change and should not be construed as a recommendation to buy or sell individual securities.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all holdings for the previous 12 months, each holding's contribution to the strategy's performance, and the calculation methodology used to determine the holdings' contribution to performance is available on request. Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

The RS Global Composite includes all discretionary accounts invested in the Global Strategy. The Strategy combines data-driven discipline with fundamental analysis in seeking to capture information inefficiencies in global companies across the market capitalization spectrum in order to provide a consistent, diversified return stream over market cycles. The composite creation date is September 2013 and the composite inception date is August 2013.

Composite and benchmark returns are presented net of non-reclaimable withholding taxes, if any. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns reflect gross performance less investment management fees. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard

fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

The benchmark of the composite is the MSCI ACWI Index (Net). The MSCI ACWI Index is a free-float-adjusted, market-capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

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Victory Capital claims compliance with the Global Investment Performance Standards (GIPS®).

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