VICTORY RS SCIENCE AND TECHNOLOGY FUND QUARTERLY COMMENTARY

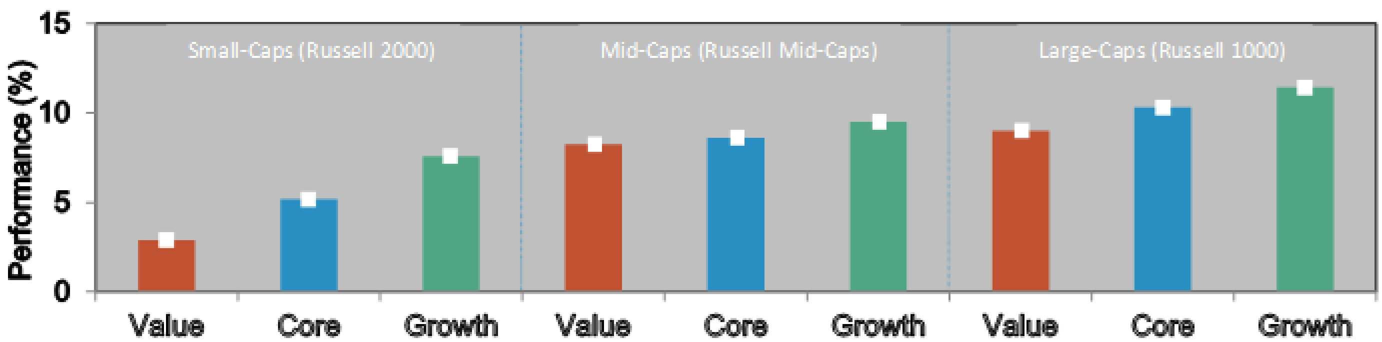
As of March 31, 2024

Quarterly Highlights

- The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 12.31% for the three months ended March 31, 2024, underperforming the S&P North American Technology Sector Index™[1], which returned 15.31%.
- The Fund's underperformance in the quarter was largely attributed to the Fund's allocation to biotech and Health Care sector stocks, which materially underperformed the Technology sector.
- Technology holdings outperformed, despite the Fund's allocation to smaller-cap technology stocks.
- 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, 2024.

Market Performance / Fundamentals Snapshot

Q1 2024 Market Performance



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

The U.S. stock market continued its strong momentum in the first quarter of 2024. The iconic S&P 500® Index,[4] the most popular proxy for the domestic market, clocked in with an impressive return of 10.56% during the first quarter. The market's strong run reflects solid economic growth, low unemployment and surprising payroll data, and a consumer that continues to spend, albeit at a slightly lower rate than last year. All this has been fueling corporate earnings and, ultimately, share prices.

It's interesting to note that equities continued to push higher during the quarter in the face of rising yields. The rally in stocks at year-end was largely fueled by the expectation that the Federal Reserve would be more accommodative, perhaps as early as March. But inflation data continued to be higher than the Federal Reserve's target, and this has pushed out expectations for interest rate cuts until June or beyond. Not surprisingly, yields across the curve moved higher during the first quarter, with the 10-year Treasury yield ending March at approximately 4.2%. Nevertheless, equities shrugged off these changing rate-cut expectations. Stocks also seemed unfazed by ongoing geopolitical turmoil and high energy prices that could make inflation "sticky" and keep the Federal Reserve on the sideline for longer.

In terms of investment styles, the Russell 3000® Growth Index[5] clocked in with impressive gains of 11.23%, thanks largely to the ongoing excitement surrounding artificial intelligence, as well as performance of the Technology and Communication Services sectors. Large-cap stocks once again assumed the leadership position, as the Russell 1000® Growth Index rose 11.41% during the first quarter. Small-cap growth stocks, as measured by the Russell 2000® Growth Index, also returned an impressive 7.58% during the quarter, while the Russell Midcap® Growth Index[6] delivered a return of 9.50%.

While many growth-oriented investors continue to gravitate toward large-cap stocks, we have been encouraged to see the wider participation of more small- and mid-cap growth stocks in the market rally, which we began to see in earnest late last year. Our team continues to focus on identifying potential opportunities within secular growth, and we believe many of these smaller companies are priced attractively compared to the broader market, even after solid first quarter performance.

Moreover, we are convinced that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact, especially after witnessing extensive technological advancements and acceptance during the initial stages of the pandemic. What was once a test run of certain products and technologies has become mainstream and standard operating procedure for many companies. Furthermore, new emerging technologies such as artificial intelligence are 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 12.31% for the three months ended March 31, 2024, underperforming the S&P North American Technology Sector Index™, which returned 15.31%. The Fund's underperformance in the quarter was largely attributed to the Fund's allocation to biotech and Health Care stocks, which materially underperformed the Technology sector. Technology holdings outperformed, despite the Fund's allocation to smaller-cap technology. 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 March 31, 2024.

Top Detracting Sector: Health Care

Within the Health Care sector, one of the largest drivers of relative underperformance was Tools & Diagnostics holding Exact Sciences, Inc. (1.02% ending weight). Exact Sciences is an industry leader in non-invasive oncology diagnostics, which are used to detect the presence of cancer and inform treatment decisions. We purchased Exact Sciences because their primary product, Cologuard, is a recurring high-margin revenue stream that has just 11% market penetration and limited near-term competition. In the most recent period, Exact Sciences was a detractor following typically conservative 2024 guidance and the announced retirement of longtime CFO Jeff Elliott. The company also periodically suffers from competitive rumors around blood-based screening for colon and other cancers. This was a factor that weighed on shares in 1Q24 as private startup Freenome was set to release data on its blood-based assay in early April, and investors didn't want to take on this event risk (it ultimately underwhelmed). We continue to hold the position given the company's exposure to a large total addressable market (TAM), first mover advantage, operational leverage due to automation gains and scale, and new product cycle with Cologuard 2.0 providing better detection at higher margins.

Top Contributing Sector: Technology

Within the Technology sector, one of the top performing stocks in the quarter was Semtech (2.38% ending weight). Semtech Corp. (SMTC) is a global supplier of high-performance analog and mixed-signal semiconductor solutions for the enterprise computing, communications, consumer, and industrial end markets. We purchased Semtech as an opportunity following their acquisition of Sierra Wireless and the arrival of a new CEO, Paul Pickle, who has a proven track record in the semiconductor space of optimizing product portfolios, expanding operating margins, and improving execution. Semtech was a strong performer in 1Q24, driven by accelerating demand for their data center connectivity and PON products to support generative AI applications, in addition to a solid Q1 result which demonstrated improving gross margins and stability in their non-data center end markets which had been under pressure over the past year from the weaker macro environment. We continue to hold the position given we are still in the early innings of the long-term margin opportunity and Semtech's leadership position within certain semiconductor ICs used to enable high-speed optical modules in the data center should continue to benefit from a multi-year AI investment cycle that is not fully reflected in the stock currently.

Market and Strategy Outlook

We are optimistic about the health of the domestic economy in 2024 and are excited about the prospect that the U.S. economy remains strong and that the Federal Reserve is done hiking interest rates. While the full impact on the economy from the rate hiking campaign is as yet unclear, any healthy pullback in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. We remain especially optimistic about worker productivity against a healthy and resilient employment backdrop, which should help corporate profit momentum. Certain segments of the economy appear well positioned to continue to grow, while company valuations vary significantly across styles.

In the current investment landscape, there is a notable 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 with that of their larger-cap peers.

Overall, while interest rate and inflation uncertainty remains, we believe that opportunities will emerge in sectors and industries that demonstrate resilience through the cycle and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive relative to cyclicals due to their strong and consistent 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[7]

As of March 31, 2024

Sector	% of Portfolio
Technology	56.16%
Healthcare-Biopharma	19.79%
Healthcare-Other	9.24%
Consumer Discretionary	8.22%
Financial Services	4.83%
Cash / Other Assets and Liabilities	0.94%
Producer Durables	0.50%
[Other]	0.33%

Top 10 Holdings[8]

As of March 31, 2024

Holding	% of Portfolio
Microsoft Corporation	7.89%
NVIDIA Corporation	7.37%
Meta Platforms Inc. Class A	6.35%
Amazon.com, Inc.	4.69%
Varonis Systems, Inc.	2.83%
Vertex Pharmaceuticals Incorporated	2.74%
MACOM Technology Solutions Holdings, Inc.	2.47%
AppLovin Corp. Class A	2.39%
ServiceNow, Inc.	2.39%
Semtech Corporation	2.38%

Performance

Average Annual Returns as of March 31, 2024

Victory RS Science and Technology Fund (Class A – RSIFX)	First Quarter 2024	1-Year	3-Year	5-Year	10-Year	Since Inception (11/15/95)
without sales charge	12.31%	33.96%	-8.18%	6.95%	12.5%	10.47%
with maximum sales charge (5.75%)	5.87%	26.29%	-9.98%	5.69%	11.83%	10.24%
S&P North American Technology Sector Index[1]	15.31%	52.97%	13.65%	21.25%	20.19%	12.56%
S&P 500® Index[4]	10.56%	29.88%	11.49%	15.05%	12.96%	10.00%

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 1.48%/1.47%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2024.

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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 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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