

Market Environment

International small-cap equities were modestly ahead in the first quarter as upbeat corporate earnings and resilient economic data helped offset hawkish views from major central banks. For the quarter, the S&P® Developed Ex-U.S. SmallCap Index advanced 2.1%, while the Trivalent International Small-Capitalization Equity strategy outperformed the benchmark by a solid margin. There was wide dispersion among country returns in the Index. In Europe, Denmark gained 13.4% as fourth quarter GDP accelerated and the country's central bank raised its growth forecast, driven by strength in the pharmaceutical industry. Italy advanced 10.8% as its services sector expanded for a third consecutive month and was supported by a rise in new business. Japan was the strongest market in Asia, up 4.4% as the Bank of Japan signaled an end to its historic negative interest rate policy with inflation moving toward its 2% target. On the other end of the spectrum, Austria was the weakest market, down 14.6% as fourth quarter GDP was lower than expected on slowing household consumption. Singapore fell 7.2% on sluggish economic growth with lower trade and manufacturing activity.

Sector returns were also mixed, with six of eleven sectors finishing in positive territory. Energy gained 8.9% as Brent crude oil prices rose 13.6% on tighter supply and rising tensions in the Middle East. Financials stocks advanced 7.9% and were supported by strength in the banking industry. The more leveraged Utilities and Real Estate sectors were weakest, down 6.8% and 4.0%, respectively, as the prospect of higher-for-longer rates will keep borrowing costs elevated.

Portfolio Review

Positive stock selection was broad-based as excess returns were generated in all five regions and eight of the eleven economic sectors. From a style perspective, the strategy's overall exposure to value, business momentum and quality factors all contributed to relative performance, with business momentum generating the strongest signal. Across sectors, notable outperformance was generated within the Industrials sector and was boosted by two holdings. Korean electric power equipment manufacturer HD Hyundai Electric gained on improving demand related to power grid spending from increased electrification and server spending in both domestic and export markets. Japanese machinery company Ebara rose as year-end results and guidance for 2024 were ahead of expectations on the back of strong demand for LNG plants and an expected recovery in semiconductor-related business. Relative performance was also strong in Information Technology, with the largest impact coming from a sizable position in Celestica. The Canadian electronics manufacturing services company continues to benefit from increasing demand from large hyperscaler clients.

On the downside, security selection lagged in Communication Services and Energy. Within Communication Services, Israeli digital media company Perion Network dropped after issuing 2024 guidance below expectations. Margins are expected to decline this year as the company integrates a recent acquisition and clients invest more in

lower-margin search advertising at the expense of higher-margin display. In Energy, Canadian oil & gas company Parex underperformed after a disappointing trading update where 2024 production guidance was lower than expected. Although security selection in Information Technology was positive, Aixtron was the portfolio's top detractor for the quarter. The German semiconductor equipment company fell after reporting fourth quarter results and forecasting lower margins. Coincident with the results, one of its clients canceled a microLED contract, which exacerbated the negative reaction.

Market Outlook

Investors have grown more optimistic that the global economy can achieve a soft landing amid easing inflation, resilient growth, and corporate profits holding up. While recession risks have receded, slowing growth challenges will linger as the lagged impacts of the tightening cycle are still playing out. Hawkish signals from data-dependent policymakers tempered investors' enthusiasm for earlier interest rate cuts, but the European Central Bank is still expected to commence easing during the second half of the year. The prospect of rate cuts has already improved the mergers and acquisitions landscape after a lull in dealmaking activity last year. In the Eurozone, manufacturing activity is picking up and confidence has strengthened to its highest level since the start of the Ukraine war in February 2022. Confidence also continues to grow in Japan with increased foreign investment spurred by governance reforms, robust corporate earnings, and healthy inflation. Japanese unions recently negotiated their largest wage increases in over three decades, which should stimulate consumer spending. On the commodities front, heightened geopolitical risks have pushed oil prices to a six-month high and may reignite inflation concerns. Risk of escalation in the ongoing Ukraine and Israel-Hamas wars as well as increased political polarization ahead of upcoming elections may contribute to bouts of market volatility. From a valuation standpoint, international small-cap equities are still trading at earnings multiples below historical averages and at an attractive discount relative to both U.S. and international large-cap peers. We continue to be guided by our bottom-up analysis and will digest upcoming earnings and outlook statements to evaluate our positioning. We believe opportunities for relative outperformance remain, particularly among the diverse and broad segment of international small-cap equities.

Representative Account Top 5 Contributors* (%)	Return	Contribution to Relative Return
Celestica Inc.	52.80	0.67
HD Hyundai Electric	108.79	0.38
Fujikura Ltd.	97.52	0.32
Ebara Corporation	54.26	0.31
Rheinmetall AG	77.48	0.27

Representative Account Top 5 Detractors* (%)	Return	Contribution to Relative Return
AIXTRON SE	-38.04	-0.35
Perion Network Ltd.	-27.18	-0.22
CVS Group plc	-42.59	-0.17
BayCurrent Consulting, Inc.	-38.69	-0.16
HUGO BOSS AG	-20.84	-0.12

Representative Account Top 10 Holdings	Country	Sector
Celestica Inc.	Canada	Information Technology
Daido Steel Co., Ltd.	Japan	Materials
Sopra Steria Group SA	France	Information Technology
Arkema SA	France	Materials
Banco BPM SpA	Italy	Financials
Ebara Corporation	Japan	Industrials
Buzzi Spa	Italy	Materials
Fugro NV	Netherlands	Industrials
Tokyo Seimitsu Co., Ltd.	Japan	Information Technology
Bank of Ireland Group Plc	Ireland	Financials
Total % of Portfolio		8.53%

Source: FactSet.

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. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

ANNUALIZED RETURNS

Composite Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception 9.1.07
Trivalent International Small-Capitalization Equity (Gross)	6.38	6.38	15.89	1.38	7.86	6.80	5.58
Trivalent International Small-Capitalization Equity (Net)	6.13	6.13	14.80	0.43	6.84	5.79	4.66
S&P® Developed Ex-U.S. SmallCap Index (Net)	2.05	2.05	8.78	-1.73	4.82	4.24	3.56

DISCLOSURES

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite and benchmark returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting one-twelfth 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 Trivalent International Small-Capitalization Equity Composite includes all fee-paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Trivalent International Small-Capitalization Equity strategy. The strategy focuses on foreign small-cap companies that are characterized by improving business momentum and attractive valuations. The benchmark is the S&P Developed Ex-U.S. SmallCap Index (Net). The composite creation date is September 2007.

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.

Index returns are provided to represent the investment environment during the periods shown. 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.

Holdings do not include cash, money market instruments, options or futures.

The representative account serves as the model against which each Trivalent International Small-Capitalization Equity Strategy account is managed. The representative account is an actual portfolio and the information provided, including performance, will vary for other accounts. The representative account is being used solely as a tool to help demonstrate how performance can be attributed to the investment policies applied in the management of the Trivalent International Small-Capitalization Equity Strategy.

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. 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. This information should not be relied upon as research or investment advice regarding any security in particular.

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

*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. Holdings are as of quarter end and may change at any time.

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