UBND VictoryShares Core Plus Bond ETF

Effective January 1, 2026, the Fund's name changed from VictoryShares Core Plus Intermediate Bond ETF.

VictoryShares®
ETFs from Victory Capital

Quarterly Commentary Q1 2026 | As of March 31, 2026

VICTORY income investors®

Executive Summary

Fixed income markets navigated a quarter defined by geopolitical disruption and shifting monetary policy expectations. Q1 began on constructive footing — inflation continued its gradual descent, credit spreads held near historic tights, and the Fed's patient stance provided a stable backdrop. That narrative unraveled in March as the war in Iran closed the Strait of Hormuz, drove oil prices sharply higher, and forced markets to rapidly reprice both inflation and growth. The 10-year Treasury yield ended the quarter at 4.32%, nearly flat to year-end 2025, but the path there was anything but. Against this backdrop, the VictoryShares Core Plus Intermediate Bond ETF (UBND) outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the quarter ended March 31, 2026.

Market Update & Commentary

Fixed income markets entered 2026 with cautious optimism, and for much of the quarter, that optimism was rewarded. Inflation continued its gradual moderation — December CPI held at 2.7% year-over-year before declining to 2.4% by January — reinforcing the view that the Fed remained on a patient but ultimately easing path. Corporate credit spreads tightened to their narrowest levels since 1998, touching 71 basis points for investment grade, as robust demand and broadly constructive risk sentiment prevailed. The nomination of Kevin Warsh as Fed Chair introduced a new variable: his well-documented opposition to quantitative easing gave markets pause, even as his more recent commentary struck a somewhat more accommodative tone.

The quarter's constructive narrative began to fracture in February. AI-driven disruptions in technology credit, the Supreme Court's ruling against the administration's tariff authority, and the initial U.S./Israel military strikes on Iran competed for investor attention, generating volatility even as headline index returns remained positive. The 10-year Treasury yield drifted to 3.95% by month-end as geopolitical tensions briefly drove a flight-to-safety bid — a move that would prove short-lived.

March crystallized this quarter's themes. The closure of the Strait of Hormuz sent oil prices surging and reignited inflation fears that two months of disinflation had begun to quiet. Yields rose sharply across the curve, with the 10-year climbing 37 basis points from its February trough to end the quarter at 4.32%. In the final week of March, interest rate markets briefly priced in potential hikes before pivoting back to cuts within days — a whipsaw that captured just how rapidly sentiment can shift when geopolitical and macroeconomic forces converge. Chair Powell steadied markets somewhat, signaling the Fed would likely look past short-term, supply-driven inflation shocks so long as long-term expectations remained anchored.

Higher fixed income yields had a steadying influence during the quarter, where higher income, depending on the asset class, offset some or all of the price declines from the move higher in Treasury yields. We think fixed income offers compelling yield and strong diversification benefit in an unsteady market.

	Yield (%)	Spreads (bps*) 03/31/2026	12/31/2025	Δ (+/-)	Returns (%) 3M	1YR
Investment Grade (Moody's Ratings)						
U.S. Treasury	4.1	0	0	0	(0.0)	3.3
U.S. Aggregate	4.6	30	27	+4	(0.0)	4.3
U.S. Credit	5.1	83	73	+10	(0.5)	4.8
Corporate	5.1	89	77	+11	(0.5)	4.8
Aa	4.9	55	48	+7	(0.4)	3.7
A	5.0	74	64	+10	(0.5)	4.8
Baa	5.3	111	97	+13	(0.5)	5.0
Crossover	6.2	181	155	+27	(0.4)	5.7
High Yield (Moody's Ratings)						
U.S. Corporate High Yield	7.6	320	268	+52	(0.5)	7.0
Ba	6.4	196	163	+33	(0.3)	7.1
B	7.9	345	268	+78	(0.6)	7.0
Caa	11.7	711	626	+85	(1.3)	7.4
Ca-D	34.2	3,105	2744	+362	2.3	(2.2)
Structured Product						
U.S. MBS	4.8	24	22	+2	0.4	5.8
ABS	4.4	52	52	+0	0.3	4.7
CMBS	4.7	72	75	-3	0.3	5.4

Source: Bloomberg

* A basis point is one-hundredth of a percentage point (0.01%) and is abbreviated as "bp" (singular) or "bps" (plural).

Portfolio Performance & Positioning

During the quarter, we took advantage of spread widening in sectors that experienced undue widening on the back of artificial intelligence ("AI") disintermediation fears and additional spread widening at the outset of the Iran conflict escalation. Spreads widened slightly over the course of the quarter but still ended close to all-time tights.

Contributors

- Our overweight allocations to Single Family Residential (taxable municipals), Floating Rate Bank Loans & Non Agency CMBS, and non-US Sovereign debt contributed to performance.
- Security selection also contributed to performance, specifically security selection within Basic Industry, Energy & Technology were the best performing sectors. From a credit perspective, our security selection in AAA, A, & BBB rated credits and our allocation to B, BB rated credits most-aided performance.
- Duration added to performance, as the Fund is overweight the belly of the curve (7- and 10-year key rate portions) versus the index, which has more exposure to the long end, which outperformed during the quarter. Our allocation to cash had no impact on performance during the quarter.

Detractors

- Our underweight to Pharmaceuticals and Energy, as well as our Overweight to the Consumer Cyclical, Insurance and Brokers/ Asset Managers detracted from performance for the quarter.
- Security selection within Communications, Capital Goods, and Consumer Non-Cyclical detracted from performance.
- From a credit perspective, our overweight to AAA & AA rated credits also detracted from performance, as did our AA & BB rated credit security selection.

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SECTOR WEIGHTING (%)		
Sector	**UBND**	**BM**
MBS	27.26	24.04
Treasury	15.63	45.95
Industrial	15.23	13.70
ABS	15.11	0.43
Financial Institutions	9.34	7.79
CMBS	7.43	1.43
Derivative	4.24	–
Government Related	3.69	4.30
Bank Loan	1.70	–

Benchmark (BM): Bloomberg U.S. Aggregate Bond Index
Sector weightings are subject to change.

Fund Top 10 Holdings	Weighting (%)
U.S. Government	45.65
Mozart Debt Merger Sub	0.58
Acrisure	0.57
Scfet 2025-1	0.50
Axis 2023-1	0.47
Ryan Specialty Llc	0.45
Open Text Corp	0.44
Ardonagh Midco	0.42
Flutter Entertainment	0.42
Obp 2019-Obp	0.42

Holdings are subject to change and should not be construed as investment advice or a recommendation to buy, sell, or hold any security.

VictoryShares Core Plus Bond ETF (UBND)

Annualized Rate of Return (%)	Quarter	YTD	1 year	3 year	5 year	10 year	S.I.
Net Asset Value (NAV)	-0.01	-0.01	4.76	4.77	–	–	0.91
Closing Market Price	-0.07	-0.07	4.71	4.73	–	–	0.93
Index for Comparison (%)	**Quarter**	**YTD**	**1 year**	**3 year**	**5 year**	**10 year**	**S.I.**
Bloomberg U.S. Aggregate Bond Index	-0.05	-0.05	4.35	3.63	–	–	–

Expense Ratio

Gross	Net
0.45	0.40

Since Inception (S.I.): October 4, 2021

Past performance does not guarantee future results. The performance data 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.victoryshares.com. ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Market price returns are based on the price of the last reported trade on the Fund's primary exchange. If you trade your shares at another time, your return may differ. Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2026. Performance may reflect certain past fee waivers and/or expense reimbursements, without which performance would have been lower.

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 the potential loss of principal. The Fund has the same risks as the underlying securities traded on the exchange throughout the day. ETFs may trade at a premium or discount to their net asset value. **Fixed income securities** are subject to interest rate, inflation, credit, prepayment, and default risk. The bond market is volatile. **Bonds and bond funds** will decrease in value as interest rates rise and vice versa. **Credit risk** refers to the possibility that debt issuers may not be able to make principal and interest payments or may have their debt downgraded by ratings agencies. **High yield securities** may be more volatile, be subject to greater levels of credit or default risk, and may be less liquid and more difficult to sell at an advantageous time or price than higher-rated securities of similar maturity. Mortgage-backed securities ("**MBS**") and asset-backed securities ("**ABS**") are subject to credit, prepayment and extension risk and may react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain MBS and ABS. **International investments** can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from U.S. investments. **Emerging markets** involve heightened risks related to the same factors as well as greater volatility, reduced liquidity, different governmental controls and taxation, and less diversified economies. **Derivatives** may not work as intended and may result in losses. **Large shareholders**, including other funds advised by the Adviser, may own a substantial amount of the Fund's shares. The actions of large shareholders, including large inflows or outflows of cash, may adversely affect other shareholders, including potentially increasing capital gains. The portfolio is also subject to **liquidity risk**, which is the risk that the Adviser may not be able to sell a security at an advantageous time or price, which may adversely affect the portfolio. The value of your investment is also subject to geopolitical risks such as wars, terrorism, trade disputes, 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.

Diversification does not assure a profit or protect against loss. **Duration** measures how sensitive a fixed income investment's price is to interest rate changes, expressed as a number of years. **Average Effective Duration** is the weighted average duration of a portfolio of bonds including embedded options. **Market capitalization** is the total dollar value of all outstanding shares computed as number of shares times current market price. **Market price** is the price of the last reported trade on a fund's primary exchange. **Net asset value or NAV** is a fund's total assets minus its total liabilities, divided by the number of outstanding shares. The **30-Day SEC Yield** is a standard yield calculation developed by the SEC for bond funds. The yield is calculated by dividing the net investment income per share earned during the 30-day period by the maximum offering price per share on the last day of the period. The 30-day SEC yield is designed to show the annualized earning power of the Fund's portfolio securities during the period indicated, assuming the same net investment income each month. **30-Day SEC Yield Unsubsidized** does not reflect any fee waivers/reimbursements/limits in effect. **The Bloomberg U.S. Aggregate Bond Index** (BBg US Aggregate) measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasurys, government-related and corporate securities, MBS, ABS and CMBS.

VictoryShares ETFs and Victory Funds are distributed in the United States by Victory Capital Services, Inc. (VCS), an affiliate of Victory Capital Management Inc., the Funds' adviser.

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