

Munder Multi-Capitalization Strategy

Quarterly Commentary



A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2024

Investment Philosophy

The Munder Multi-Capitalization Strategy invests in companies that we believe have potential for superior earnings growth, return on invested capital, and positive earnings/price momentum combined with a reasonable valuation over a wide spectrum of market capitalizations. We are confident that this combination of characteristics positions the Strategy for strong competitive performance. These are the characteristics that have historically contributed to the Strategy's successful long-term record, and we firmly believe they should continue to serve our investors well.

Market Overview

The Munder Multi-Capitalization Strategy outperformed its Russell 3000® Index benchmark by 17 basis points (bps) net and 40 bps gross in the fourth quarter. Relative return was generated from both sector allocation and stock selection. Stock selection was positive in every sector except for Financials, Health Care, and Consumer Discretionary. The Strategy's average sector allocation during the quarter was close to benchmark weight, with the exceptions being overweights in Communication Services and Health Care and an underweight in Consumer Staples. The strategy has no exposure to Utilities.

Within the Russell 3000® Index benchmark, Russell 3000® Growth Index outperformed Russell 3000® Value Index during the quarter, as mega-cap growth stocks resumed their torrid pace after underperforming in Q3. In relation to the Russell 3000® Index benchmark, mid-cap stock performance lagged and small-caps were worse. The Strategy's style factor exposure to Growth was the largest positive contributor to performance, while Earnings Yield was a modest detractor.

The Strategy's stock selection was most positive in the Consumer Staples and Communication Services sectors. Within the Communication Services sector, Netflix and Alphabet were the biggest standouts in the quarter. Alphabet outperformed after reporting strong growth across its core advertisement and Google Cloud businesses. Netflix surprised investors by reporting strong engagement and revenue guidance despite upcoming price increases. Within Consumer Staples, BellRing Brands outperformed by reporting strong volume growth and earnings while maintaining relatively steady pricing.

Stock selection lagged in Consumer Discretionary and Health Care. Within Consumer Discretionary, Wingstop, Inc. lagged the market after reporting same-store sales growth slightly below elevated expectations. An underweight position in Tesla hurt performance as the stock rallied on possible benefits from the U.S. election outcome. Within Health Care, HCA Healthcare underperformed after a strong run earlier in the year due to weaker Q3 earnings and newfound reimbursement uncertainty heading into 2025.

On an individual basis, the top positive active contributing stocks were Broadcom and Netflix. Broadcom was the top performer after its Q3 earnings showed broad-based strength across its artificial intelligence chip offerings. As mentioned, Netflix outperformed on strong earnings and guidance that suggested a strong 2025 ahead. The top negative active contributing stocks were the previously highlighted Wingstop, Inc. and HCA Healthcare. Both names contributed about 40 bps of underperformance, and while we continue to hold HCA Healthcare on solid fundamentals, we trimmed our position in Wingstop as we remain cautious on its growth prospects.

At quarter-end, the Strategy was overweight in the Health Care and Communication Services sectors and underweight in Consumer Discretionary, Consumer Staples, and Utilities (no exposure).

Overall, the Strategy's market capitalization was approximately 5% greater than the benchmark on a weighted market-cap basis. The Strategy continued to have positive exposure to earnings yield, profitability, growth and price momentum.

Top 5 Contributors (% Rep. Account)	
Broadcom Inc.	0.89
Amazon.com, Inc.	0.67
NVIDIA Corporation	0.56
Alphabet Inc. Class A	0.49
Netflix, Inc.	0.46

Top 5 Detractors (% Rep. Account)	
Wingstop, Inc.	-0.43
HCA Healthcare Inc.	-0.40
Eli Lilly and Company	-0.28
Nu Holdings Ltd. Class A	-0.23
D.R. Horton, Inc.	-0.19

Top Ten Holdings (Rep. Account)		Sector
Apple Inc.		Information Technology
Microsoft Corporation		Information Technology
NVIDIA Corporation		Information Technology
Amazon.com, Inc.		Consumer Discretionary
Alphabet Inc. Class A		Communication Services
Meta Platforms Inc. Class A		Communication Services
Broadcom Inc.		Information Technology
Eli Lilly and Company		Health Care
Visa Inc. Class A		Financials
Netflix, Inc.		Communication Services
Total % of Portfolio		37.70%

Investment Performance (%)	QTR	YTD	ANNUALIZED RETURNS					
			1 Year	3 Year	5 Year	10 Year	Since Inception*	
Munder Multi-Capitalization Composite (Gross)	3.03	27.10	27.10	9.59	15.24	12.86	12.15	
Munder Multi-Capitalization Composite (Net)	2.80	25.96	25.96	8.58	14.19	11.82	11.29	
Russell 3000® Index	2.63	23.81	23.81	8.01	13.86	12.55	–	

Source: Zephyr.

*Since inception results are as of July 1, 2003. A GIPS® Report is available upon request. Past performance does not guarantee future results.

Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

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. The composite net-of-fees returns shown reflect gross performance less actual investment management 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 Munder Multi-Capitalization Composite includes all fee-paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Munder Multi-Capitalization Strategy. The Strategy focuses on companies with above-average earnings growth and strong earnings momentum, combined with reasonable valuations and strong investor sentiment. The composite creation date is July 2003.

The benchmark of the composite is the Russell 3000® Index. The Russell 3000® Index is a market-capitalization-weighted index that measures the performance of the 3,000 largest U.S. stocks by market capitalization and covers 98% of the investable U.S. equity universe.

Characteristics, Top Ten Holdings and Sector Diversification source: FactSet Research Systems, Inc. The top ten holdings and sector diversification are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. 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. This material should not be construed as a recommendation to buy or sell any security.

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.

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.

Index returns are provided to represent the investment environment during the periods shown. Index performance does not reflect management fees, transaction costs or expenses that would be incurred with an investment. One cannot invest directly in an index.

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.

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

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