

# VICTORY RS INTERNATIONAL FUND QUARTERLY COMMENTARY

As of December 31, 2024

## Market Review

International Equities (as measured by the MSCI EAFE Index) declined 8.11% in the fourth quarter of 2024, erasing most of the year's positive gains. Japan was the top performing EAFE region, registering solid gains in yen terms and supported by export strength as the currency fell against the U.S. dollar. Other Developed regions saw meaningful declines, most notably Europe, where recession fears and political uncertainties weighed on equity prices. All sectors within the MSCI EAFE Index had negative returns for the period, with Financials, Consumer Discretionary and Communication Services declining the least. The Materials and Health Care sectors were the biggest underperformers, with the former hampered by falling metals prices. Value stocks held up better than growth stocks for the period, and smaller-caps and larger-caps suffered equally.

## QVS Factor Performance

The RS Global team's proprietary QVS (Quality, Valuation and Sentiment) Model evaluates over 10,000 global companies in search of the best 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, led by the Sentiment factor, though Quality and Valuation were also positive. Overall returns were also positive across regions, and underlying Quality, Valuation and Sentiment factor spreads were also mostly positive. Among EAFE regions, the model was stronger in Asia/Pacific ex Japan and in Japan, and weaker (but still positive) in the United Kingdom.

## Performance and Positioning

The Victory RS International Fund (the "Fund") returned -8.71% (Class A Shares at net asset value) for the period, while its benchmark, the MSCI EAFE Index (net) (the "Index"), returned -8.11%.

Negative stock selection in the Communication Services, Materials and Industrials sectors detracted from relative performance for the period. Stock selection was positive in the Consumer Staples and Utilities sectors. By region, stock selection was negative in Europe and Asia/Pacific ex Japan and positive in the United Kingdom and Japan. Country-level detractors included France and Belgium, while contributors included Austria and the Netherlands.

Individual detractors from relative results included Danish multinational pharmaceutical provider Novo Nordisk A/S, Australian mining company BHP Group Ltd., and French cosmetics and personal care corporation L'Oréal SA.

Positive contributors to active performance included tobacco company Imperial Brands PLC and full-service bank Barclays PLC, both based in the United Kingdom. Japanese financial services company Mizuho Financial Group was also a positive contributor.

## Outlook

Monetary action of the major central banks is likely to diverge further in 2025 as different regions contend with shifting economic challenges. Economic growth and market returns are also likely to be varied and volatile, which may present both opportunities and risks for investors. Much depends on the trajectory and intensity of U.S. trade policies as the Trump administration takes the helm, which could support both economic growth and inflation concerns.

That said, what is most important 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 Ten Holdings	% Fund
Novo Nordisk A/S Class B	2.93
SAP SE	2.75
Roche Holding Ltd. Dividend Right Cert.	2.66
Novartis AG	2.55
Allianz SE	2.45
Toyota Motor Corp.	2.24
Barclays PLC	2.10
Unilever PLC	2.09
Banco Bilbao Vizcaya Argentaria, S.A.	2.08
Shell Plc	1.96

Region Allocation	% Fund
Europe	44.58
Japan	23.08
United Kingdom	16.57
Asia/Pac x Japan	11.66
Other	2.05
Cash	1.98
[ETF]	0.09

### Investment Performance (%)

Average Annual Returns as of December 31, 2024

Victory RS International Fund (Class A – GUBGX)	Q4 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (2/16/93)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	-8.71	5.39	5.39	2.03	5.04	6.03	5.82	1.41	1.13
A Shares, with sales charge (max. 5.75%)	-13.97	-0.65	-0.65	0.04	3.80	5.40	5.63	1.41	1.13
MSCI EAFE Index (Net)	-8.11	3.82	3.82	1.65	4.73	5.20	–	–	–

Source: Victory Capital data analyzed through Zephyr

**Past performance does not guarantee future results. The performance 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.vcm.com](http://www.vcm.com).** Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Other share classes are available. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which fund performance would have been lower. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2025.

**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](http://www.vcm.com/prospectus). Read it carefully before investing.**

**All investing involves risk, including the potential loss of principal.** 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. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in small- and mid-cap companies typically exhibit higher volatility. 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.

The opinions are as of the date noted and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

The **MSCI EAFE Index** measures the performance of large- and mid-cap

stocks in the developed markets, excluding the U.S. and Canada. The index covers approximately 85% of the free-float-adjusted market capitalization in each country.

Distributed by Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc., the Fund's investment adviser.

©2025 Victory Capital Management Inc.

V17.092 // 4Q 2024 RS Intl Fund COM