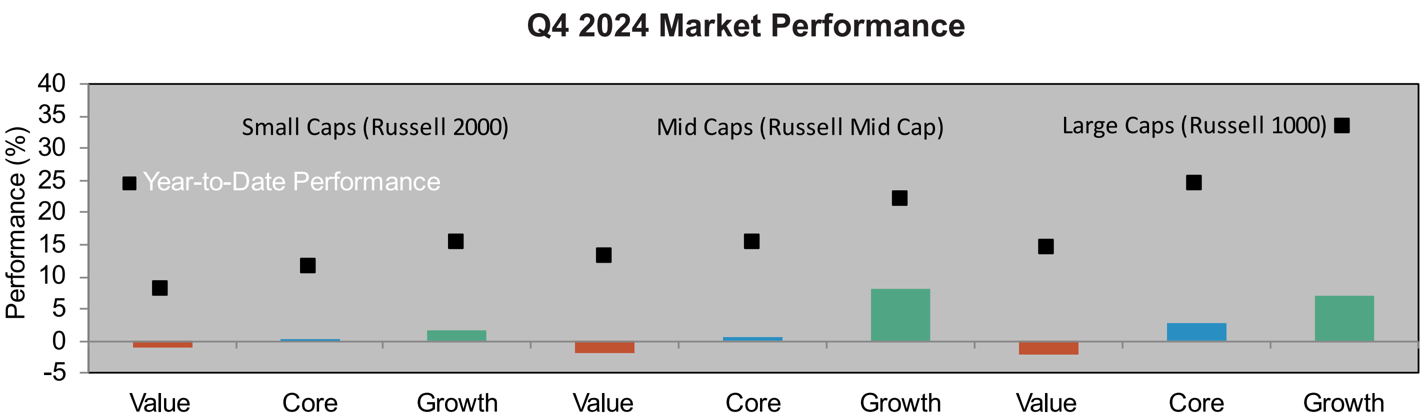
VICTORY RS SCIENCE AND TECHNOLOGY FUND QUARTERLY COMMENTARY

As of December 31, 2024

Quarterly Highlights

- The Victory RS Science and Technology Fund (Class A Shares, without sales charge) returned 8.95% for the three months ended December 31, 2024, outperforming the S&P North American Technology Sector Index™,[1] which returned 5.92%.
- The Fund's outperformance in the quarter was largely attributed to the Fund's investment in Technology sector stocks, as well as the Fund's beneficial positioning in smaller-cap holdings, as we have seen leadership broaden out.
- 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 December 31, 2024.

Market Performance / Fundamentals Snapshot



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 broad market, as measured by the S&P 500® Index,[4] finished the year up 25%, and that comes on the heels of a 23% gain in 2023. Consecutive years of stellar 20%-plus returns have happened only a handful of times throughout history, and thus we believe it's important to maintain perspective despite the lackluster performance of stocks in December. Looking back over the course of the year, domestic stocks demonstrated their resilience despite a few bouts of volatility and steep drawdowns. In the spring, investors were disappointed by the Federal Reserve deferring (but ultimately not canceling) the much-anticipated start of a new rate-cut cycle. Later in the year, market pundits worried that the Fed had waited too long, and the economy was heading for recession. But time and again, stocks showed their resilience and found their footing. Of course, it helped that economic growth has proven to be relatively durable thus far. And perhaps most importantly, the Fed finally began cutting interest rates in September, and by more than many initially expected.

During the fourth quarter, stocks surged again as investors embraced the outcome of U.S. elections in what is generally expected to be a pro-business, lower-tax, lower-regulatory era. But once again as we approached year-end, the debate surrounding monetary policy resurfaced. In the December FOMC meeting, the Fed cut interest rates as anticipated, but Chairman Jerome Powell disappointed the market by suggesting that there may be fewer rate cuts ahead. As a result, December was a rough month for performance.

In terms of our particular area of focus—domestic growth-oriented equities—it was an interesting end to the year. As we pointed out previously, market leadership began to shift markedly during the second half of this year as investors finally began rotating out of

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large-cap tech stocks and into smaller, less-recognized names. Investors seem to be recognizing the long-term potential among the laggards with more attractive relative valuations. Encouragingly, market breadth has improved, with greater participation across industries and further down the cap spectrum.

In terms of investment styles, growth stocks bested value stocks during the fourth quarter, with positive performance across the cap spectrum despite a challenging December. The Russell 3000® Growth Index[5] returned 6.8% during the fourth quarter, bringing its annual gains to an impressive 32.5%. Large-cap and mid-cap growth stocks led the way during the fourth quarter as the Russell 1000® Growth Index rose almost 7.1%, while the Russell Midcap® Growth Index[6] rose 8.1% during the same period. The Russell 2000® Growth Index (representing small-cap growth) clocked in with gains of 1.7% during the fourth quarter.

Looking ahead, there are many lingering questions. The path of future Fed rate cuts is uncertain, as are the impacts on inflation and growth from the policies of the new administration, which are widely considered to be pro-business and regulation-lite. Geopolitical risks are also more abundant in 2025 and are prone to cause volatility. We continually monitor these and other issues to determine how they may impact various sectors of the economy and, more specifically, individual businesses within each industry. However, in a dynamic environment with so many uncertainties, we continue to champion an actively managed style to growth investing. Our focus on fundamentals, valuations, and risk management should be able to identify intriguing opportunities among the cohort of exciting growth companies (especially within the small- and mid-cap arena), in our view. We remain excited about the future and believe there are many smaller innovative companies that are priced attractively compared to the broader market as we move into 2025.

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 8.95% for the three months ended December 31, 2024, outperforming the S&P North American Technology Sector Index™, which returned 5.92%.The Fund's outperformance in the quarter was largely attributed to the Fund's investment in Technology sector stocks, as well as the Fund's beneficial positioning in smaller-cap holdings, as we have seen leadership broaden out. 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 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 December 31, 2024.

Top Outperforming Sector: Technology

Within the Technology sector, one of the largest drivers of relative outperformance was Software holding AppLovin Corp. (6.92% ending weight). AppLovin (APP) is a mobile technology company that provides software and AI solutions to businesses seeking to grow their audiences. Strength in the quarter was attributed to continued strong earnings growth combined with early positive reviews of the applicability of their technology to expand into the e-commerce vertical. AppLovin has continued to maintain high growth, with its advantaged mobile game business driving large EBITDA beats. As such, the stock performance of the past two years has largely come from number revisions. This quarter we saw continued multiple expansion contribute to the strong returns as the market has begun to appreciate the durable nature of its lead in the mobile game advertising market, along with the opportunity it has to expand its AI- and data-fueled software to adjacent advertising markets, including e-commerce. We have taken some profits, but expect APP to continue to grow EBITDA and free cash flow at a rapid clip.

Top Detracting Sector: Health Care

The allocation effect to Health Care was negative in the quarter, underperforming the Technology sector. Within Health Care, Eli Lilly (LLY) (3.31% ending weight) was a top detractor in the period. Eli Lilly's 3Q24 results missed expectations on wholesaler destocking for Mounjaro/Zepbound. LLY saw an unfavorable impact vs. Street expectations for an inventory build. However, underlying volume trends for LLY's business remain healthy. Inventory builds ebb and flow as they try to match the overwhelming demand for obesity treatment medications. With capacity ramping and LLY now increasing its demand-generating activities as a result (sampling, promotion/DTC), our conviction in the name is unwavering. Despite 3Q24 sales at greater than a $17.5 billion annual run rate, obesity marker penetration remains less than 10%. LLY management continues to make smart decisions on increasing Mounjaro/Zepbound supply to meet demand, obesity franchise life-cycle management, and pipeline diversification via smart acquisition (particularly in oncology). We continue to hold a position in this unique, long-term growth story.

Market and Strategy Outlook

We remain optimistic about the health of the domestic economy and are excited about the prospect that the Federal Reserve has finally begun to meaningfully cut their benchmark rate to a more neutral stance. U.S. employment remains strong, and the outlook for solid earnings growth in 2025 is in place. While the full impact on the economy and employment from the multi-year rate-hiking campaign is as yet unclear, a slightly slower pace in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. In addition, the potential for more deregulation, continued onshoring and re-shoring, and stronger CEO confidence could spur improved business conditions. We remain especially optimistic about worker productivity and still-healthy but moderating wage gains, 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 continues to be a compelling 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 substantially with that of their larger-cap peers.

Overall, while we believe the interest rate and inflation picture is getting clearer and improving, the engineering of a soft landing for the economy remains unclear. As such, we believe that opportunities will emerge in sectors and industries that demonstrate secular 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 outperformance.

Thank you for your continued investment.

Steve Bishop
Portfolio Manager

Chris Clark, CFA
Portfolio Manager

Paul Leung
Portfolio Manager

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Sector Allocation[7]

As of December 31, 2024

Sector	% of Portfolio
Technology	59.01%
Healthcare-Biopharma	16.85%
Consumer Discretionary	8.67%
Healthcare-Other	6.55%
Financial Services	6.07%
Producer Durables	1.50%
Cash / Other Assets and Liabilities	0.82%
[Other]	0.54%

Top 10 Holdings[8]

As of December 31, 2024

Holding	% of Portfolio
NVIDIA Corporation	7.88%
Microsoft Corporation	7.19%
Meta Platforms Inc Class A	6.96%
AppLovin Corp. Class A	6.90%
Amazon.com, Inc.	4.44%
Eli Lilly and Company	3.31%
ServiceNow, Inc.	3.03%
Netflix, Inc.	2.86%
Fair Isaac Corporation	2.84%
Reddit, Inc. Class A	2.75%

Performance

Average Annual Returns as of December 31, 2024

Victory RS Science and Technology Fund (Class A – RSIFX)	Fourth Quarter 2024	1-Year	3-Year	5-Year	10-Year	Since Inception (11/15/95)
without sales charge	8.95%	32.92%	-0.15%	8.31%	13.65%	10.82%
with maximum sales charge (5.75%)	2.67%	25.30%	-2.10%	7.03%	12.98%	10.60%
S&P North American Technology Sector Index[1]	5.92%	36.08%	12.33%	21.06%	20.70%	12.86%
S&P 500® Index[4]	2.41%	25.02%	8.94%	14.53%	13.10%	10.94%

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 1.49%/1.49%. 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. 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. 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market competition, and government regulation. 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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