



Commentary

For the quarter ended December 31, 2024, the Victory Fund for Income (Class A shares, net asset value) had a total return of -0.14%. The Fund's benchmark index, the Bloomberg U.S. 1-5 Year Government Bond Index, had a total return of -0.81%.

Equity markets were slightly to strongly positive, depending on the index, despite rising rates in the fourth quarter, with the Dow Jones Industrial Average up 0.5%, the S&P 500® Index up 2.4%, and the Nasdaq Composite up 6.2%. The U.S. Federal Reserve implemented two well-telegraphed interest rate cuts of 0.25% each. The U.S. Treasury yield curve continued to steepen nearly two-tenths of a percent, with the 2s/10s spread (the difference between the 10-year yield and the 2-year yield) at +0.33%. Yields for U.S. Treasury bonds maturing in two years rose 0.60%, fives rose 0.82%, tens rose 0.79%, and the long bond yield rose 0.66%. Bond prices move opposite yields.

With higher rates, fixed income suffered. All sectors had negative total returns for the fourth quarter. Nearly all fixed income sectors had strongly positive excess returns in the fourth quarter (excess versus duration-neutral U.S. Treasury bonds) except for mortgage-backed securities. Corporate bonds had the most positive returns relative to U.S. Treasury bonds. CMBS (commercial mortgage-backed securities) had the next most positive returns relative to duration-neutral U.S. Treasury bonds. ABS (asset-backed securities) and agency debentures also had strong positive returns relative to duration-neutral U.S. Treasury

bonds. Within the mortgage market, Ginnie Mae (GNMA) led Freddie Mac (FHLMC), which led Fannie Mae (FNMA). All had negative total returns, and yet only GNMA had positive excess returns versus duration-neutral U.S. Treasury bonds.

Like most bond sectors in a rising rate environment, GNMA had negative total return in the fourth quarter. Despite GNMA's negative total return and our large allocation to GNMA pass-through bonds (76.9%), we managed to significantly outperform our short government benchmark by owning securities that deliver high reliable income, including our U.S. Treasury (20.6%) and GNMA structured bonds (2.5%), both of which had strong positive total return contribution. We continue to selectively buy or create high-coupon GNMA platinum pools as opportunities arise.

Ongoing strength in the labor market and inflation above the Fed's 2% target means the Fed should remain vigilant. Absent any exogenous shocks, we think economic strength may persist. No matter the weather, the goal of our strategy remains consistent as we seek to deliver high, reliable income and preservation of capital.

Investment Performance (%)

Average Annual Returns as of December 31, 2024

Victory Fund for Income (Class A – IPFIX)	Q4 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Expense Ratio Gross	Net
A Shares, without sales charge	-0.14	4.05	4.05	0.76	0.65	1.07	2.95	0.97	0.91
A Shares, with sales charge (max. 2.25%)	-2.40	1.69	1.69	0.00	0.21	0.85	2.86	0.97	0.91
Bloomberg U.S. 1-5 Year Government Bond Index	-0.81	3.32	3.32	0.65	1.01	1.34	–	–	–

*Since inception results are as of September 16, 1987.

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. 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 October 31, 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 the potential loss of principal. Fixed income securities are subject to interest rate, inflation, credit 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. 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. The market value of a security issued on a when-issued, to-be-announced (TBA) or delayed-delivery basis may change before the delivery date, which may adversely impact the Fund's net asset value. There is also the risk that a party fails to deliver the security on time or at all. The fund 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 Fund. 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.

The Bloomberg U.S. 1-5 Year Government Bond Index seeks to measure the performance of U.S. Treasuries and Agencies with less than five years to maturity. 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.

The LSEG Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.

The LSEG Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible category wins the LSEG Lipper Fund Award.

Victory Fund for Income, R6 was selected from among 13 funds and 52 share classes in the GNMA fund category over three years for the period ending November 30, 2023.

Victory Fund for Income, R6 was selected from among 13 funds and 49 share classes in the GNMA fund category over five years for the period ending November 30, 2023.

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