Gain an **Active Edge**

VICTORY income investors®
A VICTORY CAPITAL® INVESTMENT FRANCHISE

Passive Fixed Income Doesn't Mean Passive Risk

PASSIVE FIXED INCOME RISKS:

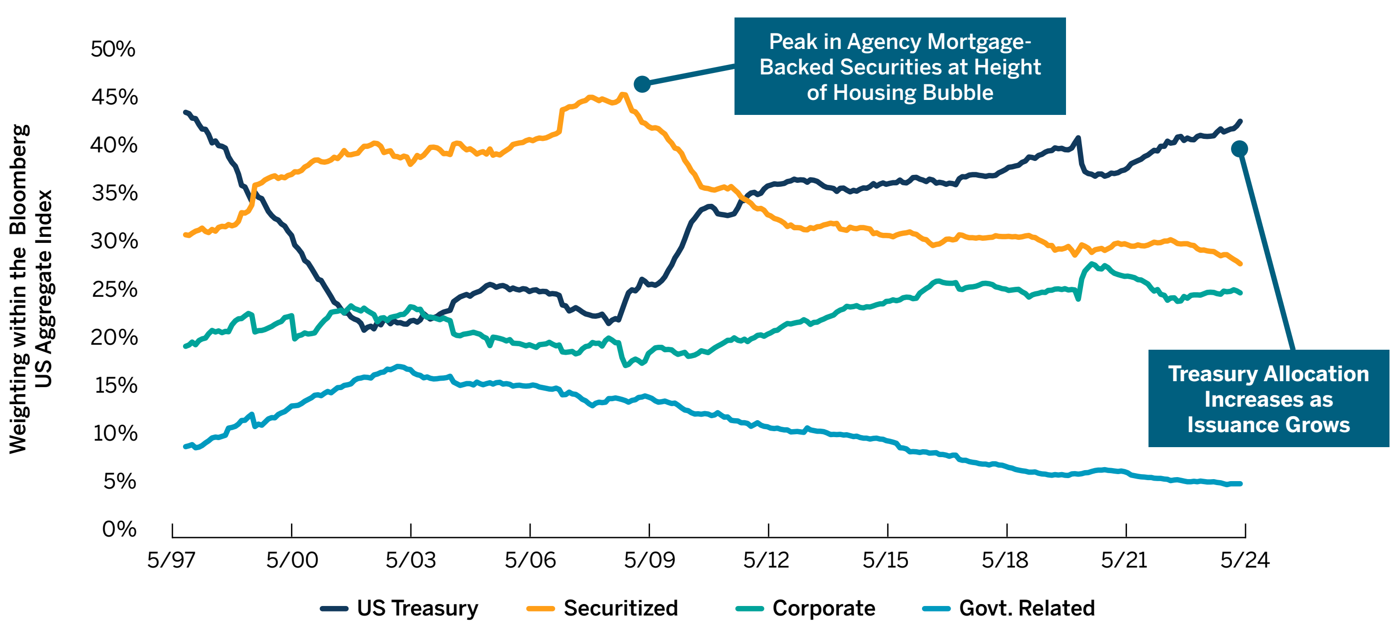
The composition of many fixed income index funds is issuance driven:[1]
The Bloomberg U.S. Aggregate Index's (Bloomberg Agg) largest allocations are to issuers with the most outstanding debt.

A fixed income index fund could limit the opportunity set:
The Bloomberg Agg includes only approximately half of the U.S. bond market, potentially excluding attractive bonds.

Index-oriented strategies disregard fundamental research:
Active fixed income managers with a fundamental research approach can mitigate concentration risks presented by issuance driven allocations.

[1]The Bloomberg U.S. Aggregate Index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS that meet the index inclusion requirements. Bond issues that meet the inclusion requirements are weighted in the index according to the amount outstanding and the market price.

Bloomberg Agg Composition



Source: Bloomberg as of 5/31/2024

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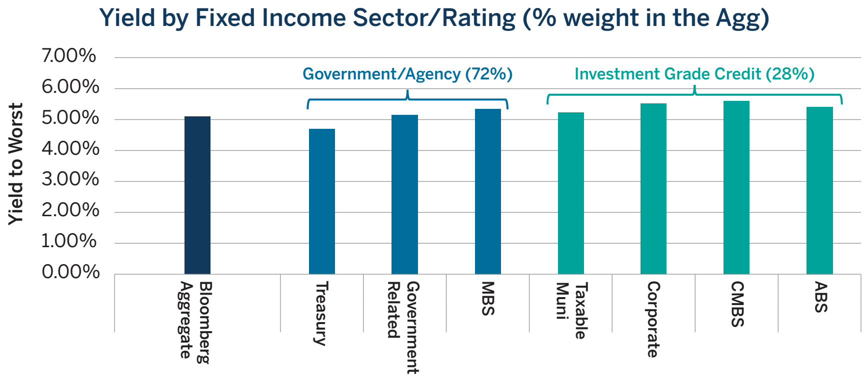


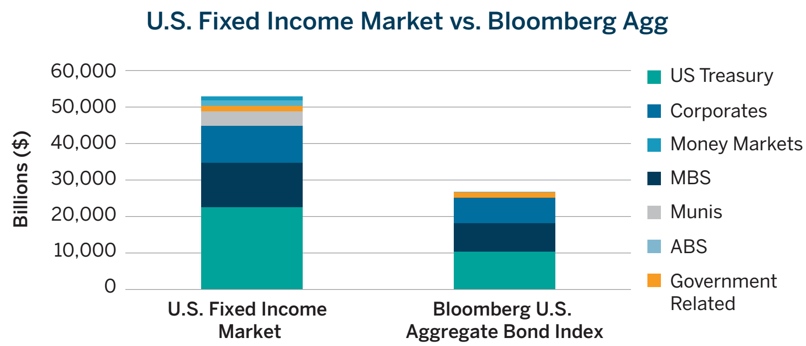
Source: Bloomberg as of 5/31/2024

Approximately 70% of the Bloomberg Agg is allocated to low yielding sectors, with lower income potential.

Active fixed income can strategically allocate across asset classes to improve income opportunities in varying market environments.

With the U.S. fixed income market at approximately $52 trillion in total assets, and the Bloomberg Agg at approximately $26 trillion, there is a world of opportunity not included in the index.

Many broad fixed income indexes may omit segments of the market. For example, the Bloomberg Agg does not hold certain structured products or municipal bonds, which can present attractive opportunities.



Source: Bloomberg and SIFMA as of 12/31/2021, the latest year complete data is available

Active fixed income managers using a research- and fundamentals-driven method to sourcing investments can provide greater potential returns than a passive approach and help investors Gain an **Active Edge**.

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class. Interested parties are strongly encouraged to seek advice from qualified tax and financial experts regarding the best options for your particular circumstances.

The Bloomberg U.S. Aggregate Bond Index measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasurys, government-related and corporate securities, MBS, ABS and CMBS.

Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index.

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.

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.

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.

Yield to Worst (YTW) is the lowest possible yield received on a bond, absent default.

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