

Market Review

International Equities (as measured by the MSCI EAFE Index) declined for a second consecutive quarter, finishing down more than 14% for the period. Persistent inflation, rising interest rates, and fears of a possible recession weighed heavily on stocks. Emerging Markets equities held up better than Developed Markets as a group, buoyed by China, where equity returns were positive despite ongoing COVID-19 related restrictions. Within Developed Markets, the Asia/Pacific, Japan and United Kingdom regions posted stronger returns for the quarter, while Europe and North America underperformed. Energy and Consumer Staples were the top performing global sectors, supported by higher fuel prices and a rotation to undervalued defensive stocks, respectively. Information Technology and Consumer Discretionary stocks fell off sharply. Larger-cap stocks generally outperformed small-caps, and value stocks outperformed growth-oriented shares.

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 most attractive 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.

Model performance was mixed for the period. Quintile 1 of the model outperformed Quintile 5 in most EAFE regions but both underperformed Quintiles 2 through 4 at the universe level. Valuation was the best performing factor overall, but Quality and Sentiment were also positive across regions. The model performed best in North America and was weaker in Japan.

Performance and Positioning

The Victory RS International Strategy returned -14.76% (net) while its benchmark, the MSCI EAFE Index (net) (the "Index"), returned -14.51%.

Positive stock selection in the Real Estate, Consumer Staples, and Communication Services sectors contributed to relative performance for the period. Stock selection was negative in the Health Care and Industrials sectors. From a regional perspective, positive stock selection in Asia/Pacific ex Japan and Europe aided relative results, while stock selection was negative in Japan and the United Kingdom. Country-level contributors included the Netherlands, Hong Kong, and Switzerland, while additional country detractors included Spain and Germany.

Individual contributors for the period included Hong Kong based property developer CK Asset Holdings Limited and Dutch telecommunications provider Royal KPN NV. The strategy also benefited from not owning Dutch semiconductor firm ASML Holding NV, which declined significantly within the benchmark.

Detractors included Ashtead Group plc, an industrial equipment rental service based in the United Kingdom, as well as Japanese internet retailer ZOZO, Inc., and German industrial technology conglomerate Siemens AG.

Outlook

The World Bank's projection for global growth in 2022 has been revised downward to 2.9%, reflecting a material reduction from its 4.1% projection at the start of the year. Inflation concerns, exacerbated by the Russian invasion of Ukraine in February, have put central banks on a path of aggressive rate hikes expected to slow economic growth, spurring fears of a recession. The central question for equity investors is how much these dynamics are already reflected in share prices, as valuations have fallen significantly, especially for growth-oriented companies.

That said, what is most important is to stay the course and be true to our quality-oriented investment process. We anticipate a prolonged period of elevated 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 10 Holdings (%)

as of June 30, 2022

Holding	Rep. Account
Nestle S.A.	4.49
Roche Holding Ltd. Dividend Right Cert.	3.84
Toyota Motor Corp.	3.18
LVMH Moët Hennessy Louis Vuitton SE	2.81
Novartis AG	2.48
Novo Nordisk A/S Class B	2.44
Shell PLC	2.43
BHP Group Ltd.	2.12
HSBC Holdings Plc	2.11
Diageo plc	1.98

Region Allocation (%)

as of June 30, 2022

Region	Rep. Account
Asia/Pac x Japan	12.38
Europe	44.76
Japan	21.34
United Kingdom	17.62
[ETF]	0.50
Other	1.54
Cash	1.86

Performance

Average Annual Returns (%) as of June 30, 2022

RS International Composite	QTD	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception (July 2013)
Gross of Fees	-14.66	-21.13	-17.73	1.61	4.27	-	5.19
Net of Fees	-14.76	-21.32	-18.14	1.14	3.76	-	4.54
MSCI EAFE Index (Net)	-14.51	-19.57	-17.77	1.07	2.20	-	-

Performance returns for periods of less than one year are not annualized.

Past performance cannot guarantee future results. Returns include reinvestment of dividends and capital gains. Returns are expressed in U.S. dollars.

Holdings are as of the date shown and are subject to change.

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.

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 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. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all recommendations of security selection is available by request for the previous 12 months. Furthermore, 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.

The RS International Composite combines data-driven discipline with fundamental analysis in seeking to capture information inefficiencies in non-U.S. companies across the market capitalization spectrum in order to provide a consistent, diversified return stream over market cycles. The benchmark is the MSCI EAFE Index (Net). The composite was created per inception date in Performance Table above.

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. Net-of-fees returns reflect gross performance less investment management fees. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the

period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual 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.

1 The MSCI EAFE Index (Net) 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.

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.

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