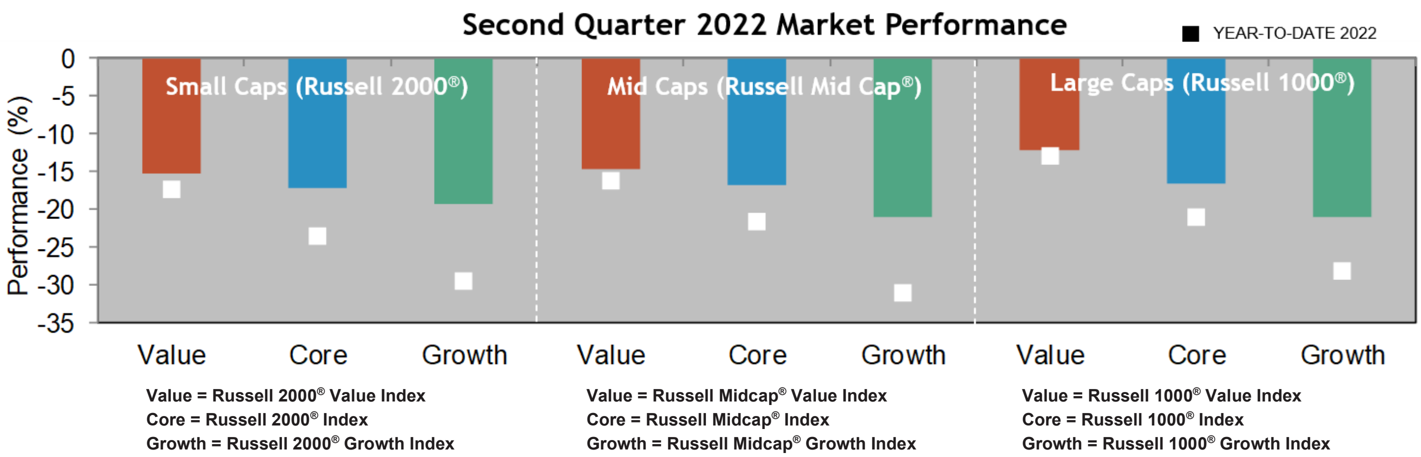
RS LARGE GROWTH STRATEGY QUARTERLY COMMENTARY

As of June 30, 2022

Quarterly Highlights

- The RS Large Cap Growth Strategy returned -21.33% gross (-21.43% net) for the three months ended June 30, 2022, underperforming the Russell 1000® Growth Index,[1] which returned -20.92%.
- Strategy performance relative to the benchmark was negatively impacted by stock selection in the Producer Durables, Health Care, and Consumer Staples sectors; underperformance was partially offset by stock selection within the Technology and Financial Services sectors.
- This period's relative performance in part reflects the continued challenging environment for secular growth stocks as large growth, as defined by the Russell 1000® Growth Index, returned -20.92%, while large-cap value stocks, as defined by the Russell 1000® Value Index,[2] returned -12.21%.
- Large-cap growth stocks had their second consecutive challenging period as the Russell 1000® Growth Index returned -20.92%, the second worst performance after mid-cap growth) of any U.S. equity style in the period. Despite this performance, large-cap growth stocks have outperformed their large-cap value counterparts over 3, 5, 10, and 15 years as of June 30, 2022, per Russell.

Market Performance / Fundamentals Snapshot



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

Is inflation permanent, or have we seen the worst of it? Is the recent spike in interest rates going to cause the economy to grind to a halt, or are real rates (which after consideration of inflation are near record lows) going to prolong the economic cycle? Does the near-record-low unemployment reflect the strength of the economy, or are the recently announced layoffs across the technology industry a sign that things have changed? Is Russia's invasion of Ukraine the beginning stage of a more dire global war, or does it reflect developed nations truly coming together for the first time to protect freedom? Are stocks cheap, as multiples have in some cases hit global financial lows, or do these multiples reflect earnings that won't be achievable? These are intriguing questions and interesting times for investors.

Although nobody can answer these with absolute certainty, we can definitively say that the current investment landscape is as polarizing as we have experienced in years, and global markets have reflected this uncertainty with extreme bouts of volatility. Although we continue to see a normalization of economic activity following the rollout of COVID-19 vaccinations, inflation concerns and the Federal Reserve's "Fed's" new monetary policy shift (i.e., their willingness to aggressively raise rates to combat inflation irrespective of potential consequences impacting the underlying economy) have weighed on all areas of the global equity and bond markets. In fact, investors' lingering concerns over elevated inflation—evidenced by some of the highest year-over-year Consumer Price Index readings in decades—pushed the Bloomberg U.S. Aggregate Bond Index[3] to its worst two quarters since 1980. Meanwhile, growth indices continued to materially underperform other areas of the equity market during the second quarter.

The future path of inflation is anyone's guess, and it is likely the most important issue weighing on markets today. Global logistics that were already challenged have been further pressured by the disruption caused by Russia's invasion of Ukraine and will likely impact global energy and food supply chains for years. However, retailers that put in record orders given the outsized demand from consumers just six months ago are now sitting on excess inventory, making it likely we'll see a near-term decline in pricing pressure for goods. That could provide some relief for battered markets. Plus, there are a number of other reasons to be optimistic with regard to the economy and investment opportunity domestically. An uptick in COVID-19 cases in the United States this spring has not been met with higher hospitalizations or deaths, meaning we've likely seen the true transition of the coronavirus from pandemic to endemic.

Corporate operations (and earnings) appear poised to do well in the face of the challenging macro environment, and the much-reduced valuations offer potentially intriguing buying opportunities. So while periods of elevated volatility may continue, we see pockets of opportunity in areas with underlying economic strength that, for the moment, are being largely ignored by investors.

The underlying theme for U.S. equity markets to start the year has been that value-oriented stocks with pricing power, such as those within the energy, utilities, and consumer staples sectors, had been the place to allocate and have materially outperformed growth-oriented secular stocks (defined as stocks that are taking market share from legacy companies, and thus are less sensitive to short-term economic output). We have rarely experienced a similar period of sustained large-cap versus small-cap or small-value versus small-growth outperformance, which appears to have been driven more by sentiment and multiple expansion/contraction of small growth stocks rather than by relative fundamentals. In our opinion, this makes small growth very attractive relative to other segments of the market. It's also good to remember that over the longer term, growth-oriented stocks have continued to shine across market caps, with the Russell 3000® Growth Index[4] outperforming the Russell 3000® Value Index[5] over 3, 5, 10, and 15 years.

Although we expect this cyclical versus secular and large-cap versus small-cap tug-of-war to continue, we believe the longer-term outperformance of growth versus value, which has been supported by stronger underlying fundamentals, will come back, especially given the recent repricing of valuations of smaller-cap growth stocks. Technology-oriented growth companies have excelled and were largely insulated from the economic slowdown that took place in 2020 relative to more traditional value companies within the industrial, financial, and materials sectors. Although it appeared that growth stocks were perhaps a bit ahead of themselves from a relative valuation standpoint at the depths of the economic slowdown, this is clearly no longer the case. In fact, we see intriguing opportunities in this segment of the market.

Taking a longer-term view, we still believe that we are in the early stages of a secular shift that is altering how consumers, businesses, and employees will interact following the massive "test run" of technology-aided solutions we witnessed during the earlier days of the pandemic. This may have forever changed how people work, shop, and communicate from home—things people now take for granted even as we now exit the strange economic environment caused by the pandemic.

Investment Strategy

The RS Large Cap Growth Strategy (the "Strategy") is guided by our philosophy that sustainable earnings growth drives long-term share price appreciation. Our investment process is focused on finding innovative companies whose core business can continue to grow over time.

The team seeks companies with products and services that are growing organically, creating new markets or taking market share from existing companies. We are focused on finding companies whose business values can appreciate regardless of the underlying market environment. The Strategy is led by the team's chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. The five co-portfolio managers, as well as two research analysts, serve as sector specialists and are supported by three associates, drawing on strong relationships with industry experts and company management teams. Together, we conduct over 2,000 company meetings each year through in-person meetings, conference calls, and trade shows. We then back up our findings through discussions with industry leaders and third-party sources. We are long-term investors and seek to establish definable "anchor points," which are quantifiable metrics that help determine a company's potential long-term growth trajectory. Anchor points arise from our 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 us measure a company's progress as it executes its business strategy, regardless of what is taking place in the overall market, and help prevent distractions caused by short-term stock price movements and inevitable market volatility.

Performance Review

The RS Large Cap Growth Strategy returned -21.33% gross (-21.43% net) for the three months ended June 30, 2022, underperforming the Russell 1000® Growth Index,[1] which returned -20.92%. Strategy performance relative to the benchmark was negatively impacted by stock selection in the Producer Durables, Health Care, and Consumer Staples sectors; underperformance was partially offset by stock selection within the Technology and Financial Services sectors. This period's relative performance in part reflects the continued challenging environment for secular growth stocks as large growth, as defined by the Russell 1000® Growth Index, returned -20.92%, while large-cap value stocks, as defined by the Russell 1000® Value Index,[2] returned -12.21%. Large-cap growth stocks had their second consecutive challenging period as the Russell 1000® Growth Index returned -20.92%, the second worst performance after mid-cap growth) of any U.S. equity style in the period. Despite this performance, large-cap growth stocks have outperformed their large-cap value counterparts over 3, 5, 10, and 15 years as of June 30, 2022, per Russell.

Top Detracting Sector: Producer Durables

Within the Producer Durables sector, the largest driver of relative underperformance was Power Transmissions Equipment producer Generac Holdings Inc. (0.83% ending weight). Generac is a leading global designer and manufacturer of power generation equipment and other power products serving residential, light commercial, and industrial markets. We initially purchased Generac given their shift to a more holistic power storage and generation company, large organic growth runway, market leadership within the standby generator market, and vast distribution network. The stock underwhelmed in the most recent period despite reporting a solid quarter and an increased fiscal year guide, which we felt was notable given the weakening sector sentiment in consumer durable goods. In our view, the underperformance was likely driven by the supply chain issues that remain a persistent margin headwind rather than by demand, which has remained strong.

Top Contributing Sector: Technology

The largest contributor to outperformance within Technology was Computer Services Software & Systems holding Twitter, Inc. (0.00% ending weight), a global platform for public self-expression and conversation in real time. We initially purchased the stock given Twitter's leadership as the go-to platform for live events and improved engagement and better monetization as the company has integrated premium video into the platform. The stock performed well in the most recent quarter within the portfolio as Twitter reached a definitive agreement to be sold to an entity wholly owned by Elon Musk for $54.20 per share in cash, a 38% premium to the stock's closing price on April 1, which was the last trading day before Elon Musk disclosed a 9% stake in Twitter. We used this as an opportunity to close the position in Twitter.

Market and Strategy Outlook

Given the global impact of the virus and the Russian invasion of Ukraine on corporate fundamentals, fiscal/monetary response, global logistics, inflation, consumer behavior, and societal norms, we believe investors should expect all companies to feel some level of direct and indirect effects over the next few quarters and years. As a result, global equity markets are likely to experience higher levels of volatility (both to the upside and downside) and divergence as new companies emerge, while others struggle to retain their previous leadership. We feel this will create an abundance of opportunities across sectors, industries, and markets in coming quarters and years as the economy and markets transition and recover.

We do not have a clear view or projection as to how large or prolonged any impact from the coronavirus or Ukraine invasion will be given the uncertainty regarding the continued unfoldment of events abroad and the resulting economic impact, politicization, and potential scale of incremental or contractionary fiscal and monetary stimulus, but we do believe there are clear pockets of the economy that remain better positioned than others to adjust to any future state given the ability of their workers to remain productive and end-customer demand to remain steady irrespective of the forward economic environment.

Within the growth universe, the current opportunity set appears especially pronounced for secular growth companies, rather than those more cyclical in nature, given the continued strength in underlying fundamentals and relative underperformance by secular growth companies since early November of 2020, when market leadership abruptly shifted from companies with better long-term sustainable growth opportunities to areas that had been more challenged by COVID-19 or that could benefit from inflationary pressures experienced over the past year. As a result, we believe we can now allocate to companies with clear paths of outsized growth with much improved relative valuations as compared to fall of 2020.

Thank you for your continued investment.

Sector Allocation (Representative Account)[6]
As of June 30, 2022

Sector	% of Portfolio
Technology	48.4%
Consumer Discretionary	18.1%
Health Care	12.5%
Financial Services	10.1%
Consumer Staples	3.9%
Producer Durables	3.4%
Energy	2.0%
Materials & Processing	1.4%
Utilities	0.0%
[Cash]	0.3%

Top 10 Holdings (Representative Account)[7]
As of June 30, 2022

Holding	% of Portfolio
Microsoft Corporation	13.65%
Apple Inc.	10.88%
Alphabet Inc. Class C	8.30%
Visa Inc. Class A	4.95%
Amazon.com, Inc.	4.63%
Vertex Pharmaceuticals Incorporated	3.71%
Tesla Inc.	3.21%
ServiceNow, Inc.	2.67%
Constellation Brands, Inc. Class A	2.43%
Jazz Pharmaceuticals Public Ltd. Co.	2.40%

Composite Performance
Average Annual Returns as of June 30, 2022

RS Large Cap Growth Composite	Second Quarter 2022	1-Year	3-Year	5-Year	10-Year	Since Inception (5/31/09)
Gross of fees	-21.33%	-22.55%	7.59%	10.79%	13.46%	14.21%
Net of fees	-21.43%	-22.93%	7.06%	10.19%	12.69%	13.33%
Russell 1000® Growth Index[1]	-20.92%	-18.77%	12.58%	14.29%	14.80%	15.40%

Returns include reinvestment of dividends and capital gains. Performance returns for periods of less than one year are not annualized.

Past performance does not guarantee future results.

Composite and benchmark returns are 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 one-twelfth 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.

Index returns are provided to represent the investment environment during the periods shown. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses that would be incurred with an investment. One cannot invest directly in an index.

1 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.

2 The Russell 1000® Value 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 lower price-to-book ratios and lower forecasted growth values.

3 The Bloomberg U.S. Aggregate Bond Index is generally considered to be representative of U.S. investment grade bond market activity.

4 The Russell 3000® Growth Index is a 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.

5 The Russell 3000® Value Index is a 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 lower price-to-book ratios and lower forecasted growth values.

6 The Representative Account'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.

7 Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

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 opinions are as of the date indicated 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 RS Large Cap Growth Composite invests principally in equity securities of large-capitalization growth companies. The benchmark is the Russell 1000® Growth Index. The composite was created in June 2009.

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.

A complete list of all recommendations of security selection is available by request for the previous 12 months. 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. This information should not be relied upon as research or investment advice regarding any security in particular.

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