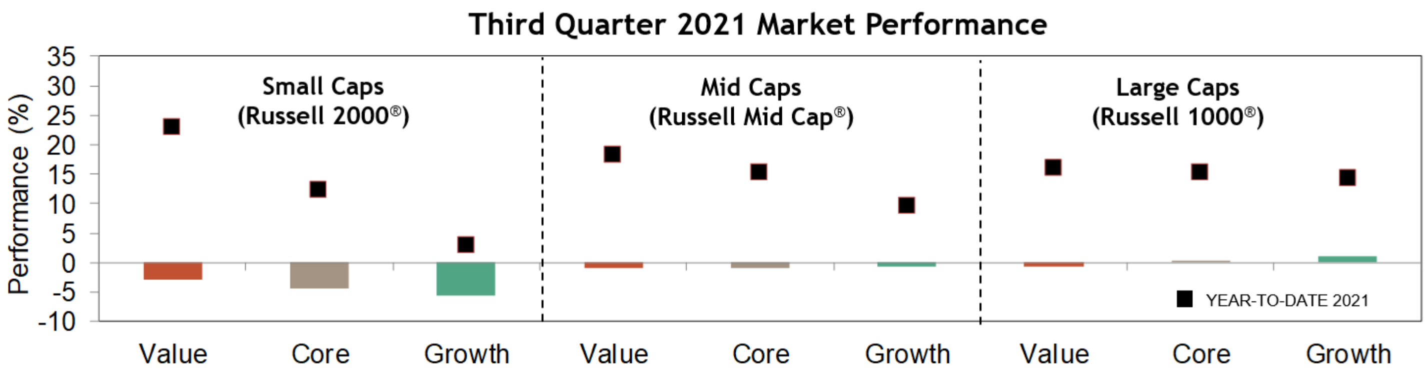
RS MID CAP GROWTH STRATEGY QUARTERLY COMMENTARY

As of September 30, 2021

Quarterly Highlights

- The RS Mid Cap Growth Strategy returned -1.63% gross (-1.80% net) for the three months ended September 30, 2021, underperforming the Russell Midcap® Growth Index,[1] which returned -0.76%.
- Fund performance relative to the benchmark was negatively impacted by stock selection in the Technology sector; underperformance was partially offset by strong performance within the Financial Services sector.
- We continue to believe technology-oriented companies are materially better positioned for the longer term, especially following the massive "test run" of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services.
- Mid-cap growth stocks continued to outperform the Russell Midcap® Value Index,[2] returning -0.76% vs. -1.01%; mid-cap growth stocks have outperformed their mid-cap value counterparts over 3, 5, 10, and 15 years as of September 30, 2021, per Russell.

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
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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

U.S. equity markets exhibited mixed performance in the third quarter as the global economy appeared to be coming to an inflection point. We have seen a normalization of economic activity following the successful rollout of COVID-19 vaccinations and now the pending expiration of emergency measures that were introduced to bridge the challenged economy. These included robust unemployment benefits that not only supported millions of out-of-work employees, but also led to record levels of personal income despite the pandemic. Also supportive was the Federal Reserve's accommodative monetary policy that has largely ignored any concerns of elevated inflation.

Will the economy continue to normalize and grow? The underlying fundamentals of corporate America, along with bullish investor sentiment, helped drive the initial rebound. More recently, news that an outsized infrastructure deal may finally be poised to become reality after years of speculation may serve as a new driver of growth. However, as the quarter ended, it remained questionable whether the infrastructure plan would ultimately pass. Investors were also grappling with the notion that inflation concerns were perhaps overblown, as recent data appears to show the elevated inflation was largely transitional in nature. All this continues to play out in the push and pull in the markets.

An underlying theme for U.S. equity markets to start the year was that value-oriented cyclical stocks (defined as those with fundamentals that are closely tied to short-term economic output) had 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) since vaccinations were approved last winter. This theme has almost entirely reversed course within large-caps, as large growth was the best performing style within U.S. equity markets for the second straight quarter. However, a similar reversal has not yet been seen in the small-cap space. In fact, small-cap secular growth has continued to struggle, and small growth has been the worst performing style within U.S. equity markets, also for the second straight quarter.

This cyclical versus secular and large-cap versus small-cap tug-of-war has also taken place within indices, as many sectors that lagged the first 10 months of 2020 led markets higher in the fourth quarter of 2020 and first quarter of 2021 across market caps, including energy, producer durables, materials & processing, and consumer staples. Market leadership within large-caps has since shifted as growth-oriented technology within the Russell 1000® Growth Index[3] has driven its outsized outperformance since the end of the first quarter. Meanwhile, the Russell 2000® Growth Index[4] has continued to be challenged by its exposure to innovation within health care and technology. We have rarely experienced a similar period of sustained large-growth versus small-growth outperformance, which appears to have been driven by sentiment and multiple expansion rather than by 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[5] outperforming the Russell 3000® Value Index[6] over 3, 5, 10, and 15 years.

We believe this longer-term outperformance of growth versus value has been supported by stronger underlying fundamentals, as technology-oriented growth companies have excelled and were insulated from the economic slowdown that took place in 2020 relative to more traditional value companies within the industrial, financial, and materials sectors. While it appeared that growth stocks were perhaps a bit ahead of themselves from a relative valuation standpoint at the depths of the economic slowdown, we also believe that the market has once again started to differentiate between pockets of the economy that are materially better off over the secular horizon given their ability to take market share, which we believe will allow small growth stocks to catch up to their large growth brethren. It appears 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. This may have forever changed how people work, shop, and communicate from home—things people now take for granted even as we exit the strange economic environment caused by the pandemic.

Investment Strategy

The RS Mid 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 grow from a mid-capitalization company to a large-cap company 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 four 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 Mid Cap Growth Strategy returned -1.63% gross (-1.80% net) for the three months ended September 30, 2021, underperforming the Russell Midcap® Growth Index,[1] which returned -0.76%. Fund performance relative to the benchmark was negatively impacted by stock selection in the Technology sector; underperformance was partially offset by strong performance within the Financial Services sector. We continue to believe technology-oriented companies are materially better positioned for the longer term, especially following the massive "test run" of technology-aided solutions people have leveraged to work, shop, and communicate from home, which we believe has permanently sped up the adoption of these new technologies at the expense of legacy products and services. Mid-cap growth stocks continued to outperform the Russell Midcap® Value Index,[2] returning -0.76% vs. -1.01%; mid-cap growth stocks have outperformed their mid-cap value counterparts over 3, 5, 10, and 15 years as of September 30, 2021, per Russell.

Top Detracting Sector: Technology

Within the Technology sector, one of the largest drivers of relative underperformance was RingCentral (2.67% ending weight), a provider of software-as-a-service solutions for businesses to support modern communications. We initially purchased the stock in early 2014 given the thesis that RingCentral operates in a huge ~$50 billion global market (with approximately $15 billion in the United States alone) that was only 10% penetrated by cloud offerings. The company has executed well due to their industry-leading technology driven by a large research and development budget which, combined with aggressive marketing, has allowed the company to take market share. In late 2019 RingCentral announced a commercial agreement with Avaya Holdings Corp., a global leader in communications, whereby RingCentral gained access to Avaya's installed base of 100 million customers in exchange for a new RingCentral product on Avaya's Cloud Office. Despite the strong results in the third quarter, highlighted by another quarter of revenue acceleration, the stock underwhelmed as investors have viewed competition as being elevated, which has elicited fear that the company will not be able to grow and price as well as they have in the past. We believe these fears are unwarranted.

Top Contributing Sector: Financial Services

The largest driver of relative outperformance was financial services holding Lightspeed Commerce Inc. (1.03% ending weight), a leading cloud-POS provider, with over 47K retail and restaurant SME locations in over 100 countries. We initially purchased Lightspeed given its 50% organic high-quality growth that is made up of 90% recurring revenue. The company appears to have a durable moat given that they target complex small market businesses with high SKU counts, and the market opportunity is vast and expanding given the company's broad market product roadmap. The company performed exceptionally well in the quarter, with revenues that grew 78% reflecting the reopening and share gains and guidance that was raised well ahead of their beat

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on an ever-increasing base. The payments business is growing rapidly as well and should help margins scale higher for the foreseeable future.

Market and Strategy Outlook

Given the outsized impact of the virus globally on corporate fundamentals, fiscal/monetary response, global logistics, 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 months 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, and 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 will be given the uncertainty regarding its continued spread, economic impact, politicization, and the potential scale of incremental fiscal and monetary stimulus not yet announced, 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 companies since early November, when market leadership abruptly shifted from companies with better long-term sustainable growth opportunities to areas that had been more challenged by COVID-19, especially those labeled as reopening plays. 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 last fall.

Thank you for your continued investment.

D. Scott Tracy, CFA
CIO, Co-Portfolio Manager

Steve Bishop
Co-Portfolio Manager

Melissa Chadwick-Dunn
Co-Portfolio Manager

Chris Clark, CFA
Co-Portfolio Manager

Paul Leung, CFA
Co-Portfolio Manager

Sector Allocation (Representative Account)[7]

Sector	% of Portfolio
Technology	34.2%
Health Care	18.8%
Consumer Discretionary	17.1%
Producer Durables	11.3%
Financial Services	8.3%
Materials & Processing	4.1%
Energy	1.9%
Consumer Staples	1.5%
Utilities	0.0%
[Cash / Other]	2.8%

Top 10 Holdings (Representative Account)[8]

Holding	% of Portfolio
West Pharmaceutical Services, Inc.	3.07%
RingCentral, Inc. Class A	2.67%
Palo Alto Networks, Inc.	2.67%
Avantor, Inc.	2.63%
Synopsys, Inc.	2.59%
Chipotle Mexican Grill, Inc.	2.21%
Lululemon Athletica Inc.	2.16%
Match Group, Inc.	2.06%
Charles River Laboratories Int'l, Inc.	1.99%
Wix.com Ltd.	1.90%

Performance

Average Annual Returns as of September 30, 2021

RS Mid Cap Growth Composite	Third Quarter 2021	1-Year	3-Year	5-Year	10-Year	Since Inception (7/12/95)
Gross of fees	-1.63%	24.76%	14.40%	16.28%	16.72%	11.85%
Net of fees	-1.80%	23.89%	13.61%	15.43%	15.73%	10.57%
Russell Mid Cap® Growth Index[2]	-0.76%	30.45%	19.14%	19.27%	17.54%	11.03%

Returns include reinvestment of dividends and capital gains Performance returns for periods of less than one year are not annualized. Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained.

Performance quoted represents past performance and does not guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value.

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Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and net of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. 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 II 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. One cannot invest directly in an index.

1 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.

2 The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap® Index with lower price-to-book ratios and lower 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 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.

5 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.

6 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.

7 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.

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

The opinions are those of the authors 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 Mid Cap Growth Composite invests principally in equity securities of mid-capitalization growth companies. The benchmark is the Russell Mid-Cap Growth Index. The composite was created in January 1996.

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.

Victory Capital claims compliance with the Global Investment Performance Standards (GIPS®). To receive a presentation that complies with the requirements of GIPS® standards, please go to www.vcm.com.

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