CORNERSTONE FUNDS QUARTERLY COMMENTARY

As of March 31, 2026

Victory Cornerstone Equity Fund // Victory Cornerstone Aggressive Fund // Victory Cornerstone Moderately Aggressive Fund // Victory Cornerstone Moderate Fund // Victory Cornerstone Moderately Conservative Fund // Victory Cornerstone Conservative Fund

Market Commentary

As we entered a new year, there were lingering concerns about the economy, job growth, and whether or not the Fed would continue cutting interest rates. Despite these questions, 2026 began on the upswing. Sentiment was positive, and the S&P 500®, the most popular proxy for our domestic stock market, headed higher and recorded new all-time highs early in the quarter.

But in late February, the narrative changed overnight when the U.S. launched military actions in Iran. The immediate result was a spike in oil prices and sharp sell-off in equities. The VIX—a measure of volatility—jumped, and the sell-off deepened when it appeared this conflict might persist. Economists worried that any sustained oil price shock would work its way into consumer prices, and a resurgence of inflation would keep the Federal Reserve from lowering interest rates. Thus, it's no surprise that the U.S. equity market, as measured by the S&P 500®, declined by more than 4.3% during the first quarter. Although the price of oil has receded from its peak and equities rallied sharply on the last day of the quarter, the path forward remains unclear.

International stocks also faced headwinds during the quarter, but they continued to outperform domestic stocks (as was the case last year). The MSCI ACWI ex-USA Index declined by a modest 0.71% during the first quarter compared to the more severe pullback in domestic stocks.

It was also notable that investors rotated out of large-cap tech stocks and into lower-valued segments of the market. In fact, there has been a clear shift in market leadership and a significant disparity among equity sectors and styles. For example, Technology and Communications Services stocks pulled back, while Energy, Basic Materials, and Industrials were among the winners during the first quarter. Investors were clearly favoring value-oriented strategies and small caps. The Russell 3000® Growth Index declined by 9.5% during the first quarter, while the Russell 3000® Value Index actually delivered positive returns of 2.2% during the same period.

Fixed income markets also experienced their share of volatility. Treasury yields were trending lower early in the year; however, yields reversed course and headed higher after the Mideast conflict began.

The total return for Bloomberg U.S. Aggregate Bond Index, the default benchmark typically used to portray broad bond market performance, was basically unchanged during the quarter. Short-term and high-quality bonds fared best in the risk-off environment.

Fund Performance and Positioning

Given the elevated volatility and challenging market conditions, performance was mixed for the Cornerstone Series of Funds during the first quarter. However, one of our guiding investment philosophies—our slight bias towards higher-quality stocks and a value-oriented investment style—proved beneficial. We believe this approach helps us better manage risk over the long term and across variable market environments. Another key factor that boosted first quarter performance was security selection in equities across all regions—including in our allocation to international stocks. In terms of fixed income, our tilt toward shorter duration bonds also proved beneficial in the face of rising long-term Treasury yields.

Partially offsetting the positive contributions was our slightly overweight equities versus fixed income allocation. Equities faced headwinds in an environment of uncertainty and elevated volatility. Our broad diversification that includes a tactical allocation to gold—which had been a tailwind in recent quarters—also detracted from performance. After logging new all-time highs, the price of gold reversed course and sold off sharply in the latter part of the first quarter.

Looking Ahead

Higher oil prices, geopolitical turmoil, and rising inflation and uncertainty regarding interest rate cuts do not make a conducive backdrop for stocks. As long as the Iran conflict and oil prices are dominating the headlines, we would expect volatility to remain elevated as we head deeper into the second quarter. At this point there is no clarity on how long energy markets may be disrupted, and nobody knows to what extent the oil price shock will reverberate through the economy. Upcoming inflation readings are likely to be elevated, and this could keep the Federal Reserve on the sidelines.

In times like these we like to remind investors to focus on the long term and avoid reacting impulsively. While we continue to watch near-term energy markets, inflation, and Federal Reserve policy, we will still manage portfolios for the long term and with an appropriate balance between risks and potential rewards. We remain committed to broad diversification and our strict valuation discipline, and during periods of elevated volatility, we aim to establish or add to positions whenever fundamentals and prices appear favorable.

Past performance does not guarantee future results. For current performance of the Cornerstone Funds visit www.vcm.com.

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. Neither **diversification** nor **asset allocation** assures a profit or protects against loss. The Funds will reflect the risks and incur the expenses of the underlying funds in which they invest. The Adviser may be subject to conflicts of interest in allocating the Funds' assets among affiliated Underlying Funds or ETFs (Affiliated Funds), unaffiliated Underlying Funds, or a combination of both. The Adviser may have an incentive to allocate the Fund's assets to those Affiliated Funds for which the net advisory fees payable to the Adviser are higher than the fees payable by other Affiliated Funds, or unaffiliated Underlying Funds. The Adviser or its affiliates receive fees for managing and administering the Affiliated Funds, which also creates a conflict of interest. **Fixed income** securities are subject to interest rate, inflation, credit, prepayment, 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. Investments in smaller companies typically exhibit higher volatility. **International investments** can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from U.S. investments. **Emerging markets** involve heightened risks related to the same factors as well as greater volatility, reduced liquidity, different governmental controls and taxation, and less diversified economies. 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. Technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation. Precious metals and minerals industries can be significantly affected by global economic, financial, and political developments. Investments in companies related to precious metals and minerals may fluctuate in price substantially over short periods of time, so the Fund's share price may be more volatile than other types of investments. The value of your investment is also subject to geopolitical risks such as wars, terrorism, trade disputes, 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 views expressed are as of the date noted and are subject to change at any time based on market or other conditions. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any portfolio.

Discussion based on the Fund share class.

Holdings are subject to change and should not be construed as investment advice or a recommendation to buy, sell, or hold any security.

Indexes are unmanaged; their returns include reinvestment of dividends and other income but do not reflect management fees, transaction costs or expenses. It is not possible to invest directly in an index. **Past performance does not guarantee future results.**

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