

VICTORY DIVERSIFIED STOCK FUND QUARTERLY COMMENTARY



A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of March 31, 2024

Investment Philosophy

The Victory Diversified Stock Fund invests in companies that we believe demonstrate strong earnings growth, a healthy return on invested capital, and positive earnings/price momentum combined with a reasonable valuation over a wide spectrum of market capitalizations. We are confident that this combination of characteristics positions the Fund for strong competitive performance. These are the characteristics that have historically contributed to Munder's successful long-term record, and we firmly believe they should continue to serve our investors well.

Market Overview

In the first quarter, the Victory Diversified Stock Fund A-Shares (*without sales charge*) outperformed its S&P 500® Index benchmark by 152 basis points* (bps). Positive relative return was generated from stock selection, as the effect from sector allocation was minimal. On a sector basis, stock selection was positive in Industrials, Health Care, Consumer Discretionary, and Finance. The Fund's average sector allocation was close to benchmark weight, with the exceptions being a Financials sector overweight and a Technology sector underweight. The Fund had no Utilities exposure during the quarter.

Within the S&P 500® Index benchmark, the S&P 500® Growth Index outperformed the S&P 500® Value Index, continuing a trend from last year, driven by price gains in the large-cap sector. The Fund's style factor exposure to price momentum was the largest contributor to performance. Style exposure to small-cap stocks offset some of the price momentum returns as large-cap stocks continue their multi-quarter price performance gains.

The Fund's stock selection was positive in the Health Care and Industrials sectors. Within the Health Care sector, both of our GLP-1 drug stocks (Eli Lilly and Novo Nordisk) performed well on continued strong demand for weight-loss drugs. Medpace Holdings performed well as orders continue to come in better than expected and as optimism that biotech research spending will accelerate strengthens. In Industrials, Comfort Systems and Emcor Group performed well on solid earnings growth driven by artificial intelligence (AI) growth, which requires significant infrastructure in electrical and mechanical facilities as well as data center infrastructure. Saia performed well on improving volume demand from the Yellow Corp. liquidation.

Stock selection was weak in Technology and Communication Services. Within Technology, a few of our small-cap semiconductor holdings lagged due to lowered earnings expectations as the inventory correction cycle did not improve as expected this quarter. In addition, the style was modestly underweight Nvidia Corp., which rallied 82% during the quarter on AI chip demand, which penalized relative returns. Within Communication Services, both The New York Times Company and Yelp reported modestly disappointing earnings and both stocks retreated in the quarter. We view current investor concerns as temporary and continue to hold both positions.

On an individual basis, the top positive active contributing stocks were Comfort Systems and Emcor Group. As mentioned earlier, both stocks performed well on solid earnings growth driven by AI and demand for data center infrastructure. The top negative active contributing stocks were Nvidia and Amphastar Pharmaceuticals. Nvidia was a stellar performer, but the Fund was modestly underweight the stock during the quarter. Amphastar declined on concerns regarding a weak sales launch of its diabetes nasal spray Baqsimi, which it acquired from Eli Lilly in late 2023. We continue to own both securities in the portfolio.

At quarter-end, the Fund is overweight Health Care and Financials and underweight Technology, Consumer Staples, and Utilities (no exposure). Overall, the Fund's market capitalization is approximately 6% lower than the benchmark on a weighted market-cap basis. The Fund continues to have positive exposure to earnings yield, profitability, growth, and momentum.

*A basis point is 1/100 of a percent.

Top 5 Contributors (%)	Contribution to Absolute Return
NVIDIA Corporation	1.81
Microsoft Corporation	0.87
Eli Lilly and Company	0.82
EMCOR Group, Inc.	0.76
Comfort Systems USA, Inc.	0.59
Top 5 Detractors (%)	Contribution to Absolute Return
Apple Inc.	-0.63
Amphastar Pharmaceuticals, Inc.	-0.44
Yelp Inc	-0.27
Tesla, Inc.	-0.13
MGP Ingredients, Inc.	-0.13

Top Ten Holdings	% Fund
Microsoft Corporation	7.24
NVIDIA Corporation	4.70
Alphabet Inc. Class C	4.41
Apple Inc.	4.27
Amazon.com, Inc.	3.66
Eli Lilly and Company	2.80
Meta Platforms Inc Class A	1.93
Visa Inc. Class A	1.71
Cadence Design Systems, Inc.	1.57
EMCOR Group, Inc.	1.53

Investment Performance (%)

Average Annual Returns as of March 31, 2024

Victory Diversified Stock Fund (Class A – SRVEX)	Q1 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (10/28/89)	Expense Ratio	
								Gross	Net
A Shares, without sales charge	12.08	12.08	31.10	12.73	15.20	10.70	10.50	1.07	1.07
A Shares, with sales charge (max. 5.75%)	5.64	5.64	23.55	10.53	13.84	10.04	10.31	1.07	1.07
S&P 500® Index	10.56	10.56	29.88	11.49	15.05	12.96	–	–	–

Source: Victory Capital data analyzed through Zephyr

Past performance does not guarantee future results. The performance quoted represents past performance and current performance may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, visit www.vcm.com. Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year is annualized. Other share classes are available. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower. High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2024.

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.

In addition to the normal risks associated with investing, 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. Information technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in mid-cap companies typically exhibit higher volatility. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. The value of your investment is also subject to geopolitical risks such as wars, terrorism, 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 opinions are as of the date noted 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. Fund holdings are subject to change and should not be considered purchase recommendations. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased. Top holdings do not reflect cash, money market instruments or options/futures contracts holdings. The most currently available data regarding portfolio holdings can be found on our website, www.vcm.com.

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

The S&P 500® Index is a market-capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.

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