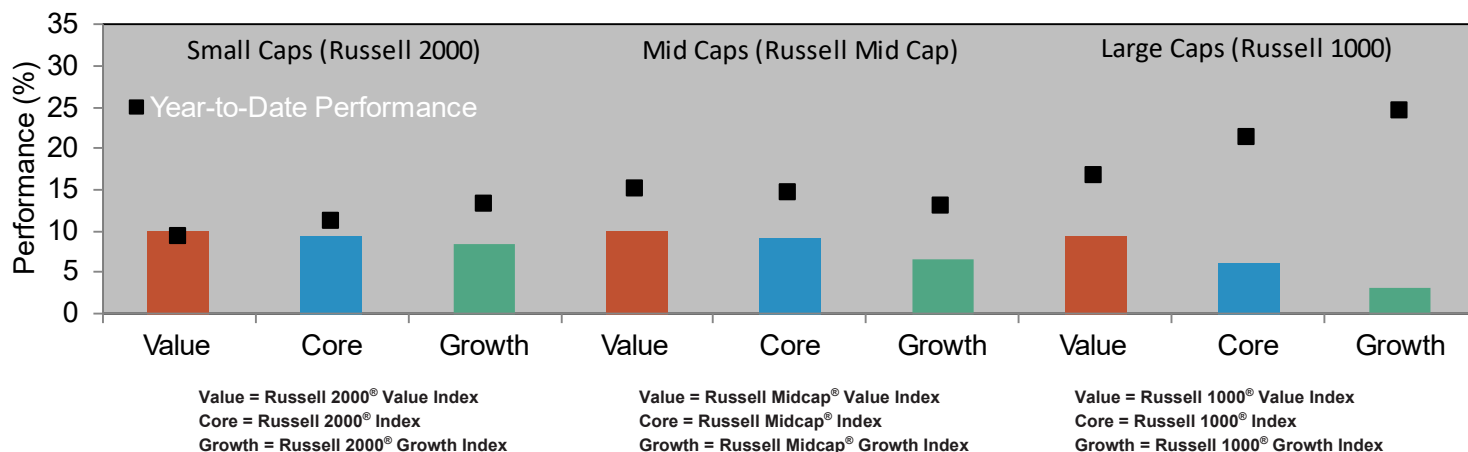


## Quarterly Highlights

- The Victory RS Growth Fund (Class A Shares, without sales charge) returned 2.23% for the three months ended September 30, 2024, underperforming the Russell 1000® Growth Index,<sup>1</sup> which returned 3.19%.
- The Fund's underperformance relative to the benchmark was largely driven by stock selection within the Consumer Discretionary and Consumer Staples sectors; stock selection in the Technology and Financial Services sectors offset a portion of the underperformance.
- Despite the challenging performance over the past few years for growth, large-cap growth stocks have outperformed their large-cap value counterparts over 5, 10, and 15 years as of September 30, 2024, per Russell.

## Market Performance / Fundamentals Snapshot

### Q3 2024 Market Performance



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

The U.S. equity market continued its recent strong performance run in the third quarter. The S&P 500® Index,<sup>2</sup> the most popular proxy for our domestic market, clocked in a gain of 5.9%, ending September at yet another record high. Despite strong overall gains for the headline index, market leadership shifted markedly beneath the surface during the quarter as investors finally began rotating out of large-cap tech stocks and into smaller, less-recognized names. Investors seemed to have become less enamored with momentum and all things related to artificial intelligence, and in turn favored the laggards with more attractive relative valuations. Market breadth improved during the quarter with greater participation across industries, investment styles, and the cap spectrum. Utilities and real estate were sector leaders, far outpacing communication services and technology. Energy was the only sector in the red during the third quarter.

The catalyst for this broadening participation can be largely attributed to the start of a new Federal Reserve easing cycle. Although investors had long been anticipating the arrival of rate cuts, the timing continued to be pushed out as the Fed awaited a clear signal that inflation was in check. The turning point came

during the summer with some tame inflation data, along with a July jobs report that showed easing of tight labor markets. Finally, at the September FOMC meeting, the Fed cut the federal funds rate by 50 basis points,<sup>3</sup> more than many pundits were expecting. This was the first rate cut since 2020, and the easing of monetary conditions may have provided a catalyst for more interest-rate-sensitive small-caps and other areas of the market.

Despite the continued strong quarterly returns, it's important to acknowledge that stocks endured a bout of volatility this past quarter, especially during August. Investors were caught off guard by what looked like rapidly slowing economic growth, some downward earnings revisions, and the unwinding of the Japanese yen-carry trade thanks to an unanticipated rate hike by the Japanese central bank. These factors, along with fears of a possible recession, rocked that market for a short spell. But when August was finally over, stocks had finished the month little changed. And then in September, stocks resumed their march higher, even in the face of elevated geopolitical tensions and an escalation of the war in the Middle East.

In terms of investment styles, value stocks bested growth stocks during the third quarter, though both styles clocked in with solid gains. The Russell 3000® Growth Index<sup>4</sup> returned 3.4% during the

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third quarter, bringing its year-to-date gains to an impressive 24.0% (as of the end of the third quarter). In contrast to recent quarters, small-cap growth stocks led the way as the Russell 2000® Growth Index<sup>5</sup> increased 8.4%. Large- and mid-cap growth stocks also participated in the rally. The Russell 1000® Growth Index rose 3.2% during the third quarter, while the Russell Midcap® Growth Index<sup>6</sup> rose 6.5% during the same period.

Growth stocks have had a solid year, and now smaller-cap names appear to be participating. However, ample risks remain. There is uncertainty about near-term economic growth, and there is no guarantee that the Fed will continue to ease rates aggressively. Geopolitical issues are continuing, and a looming U.S. presidential election also provides possible headwinds. Nevertheless, we see many exciting growth companies, especially small- and mid-cap names. Our team continues to focus on identifying potential opportunities within secular growth, and we believe many smaller innovative companies are priced attractively compared to the broader market even after the impressive third quarter gains.

Moreover, we are convinced that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact. That trend, along with new emerging technologies (including artificial intelligence), is poised to have a significant impact in the years ahead, particularly among growth-oriented investment styles.

### Investment Strategy

The Victory RS Growth Fund (the “Fund”) 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, we believe, 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, Paul Leung, and Trevor Martin. The six co-portfolio managers, as well as two research analysts, serve as sector specialists and are supported by two 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 Victory RS Growth Fund (Class A Shares, without sales charge) returned 2.23% for the three months ended September 30, 2024, underperforming the Russell 1000® Growth Index, which returned 3.19%. The Fund’s underperformance relative to the benchmark was largely driven by stock selection within the Consumer Discretionary and Consumer Staples sectors; stock selection in the Technology and Financial Services sectors offset a portion of the underperformance. Despite the challenging performance over the past few years for growth, large-cap growth stocks have outperformed their large-cap value counterparts over 5, 10, and 15 years as of September 30, 2024, per Russell.

### Top Detracting Sector: Consumer Discretionary

The largest detractor from performance within Consumer Discretionary was Domino’s Pizza (0.62% ending weight), a global manager of a network of company-owned and franchise-owned pizza stores. Domino’s suffered in the third quarter from a slowdown in same-store sales (SSS), while exceeding revenue and earnings expectations. The quarter was in-line, but expectations were high and the forward outlook disappointed relative to expectations. The combination of these factors caused the shares to underperform. We continue to hold a smaller position and expect the company to rebound in the balance of 2024.

### Top Contributing Sector: Technology

Within the Technology sector, one of the largest drivers of outperformance this quarter was ServiceNow, Inc. (1.94% ending weight), a provider of software solutions engaged in the provision of end-to-end workflow automation platforms for digital businesses. Its Now Platform cloud-based solution is embedded with artificial intelligence (AI) and machine learning (ML). ServiceNow had strong second quarter results and is levered to the secular AI theme, which we continue to believe has great long-term prospects. As such, we continue to hold a sizable position.

### Market and Strategy Outlook

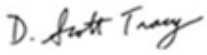
We are optimistic about the health of the domestic economy for the balance of 2024 and are excited about the prospect that the U.S. economy remains strong and that the Federal Reserve has finally begun to cut their benchmark rate. While the full impact on the economy from the multi-year rate hiking campaign is as yet unclear, any healthy pullback in economic activity, if coupled with solid consumer and business spending, could augur a very favorable backdrop for growth stocks. We remain especially optimistic about worker productivity against a healthy and resilient employment backdrop, which should help corporate profit momentum. Certain segments of the economy appear well positioned to continue to grow, while company valuations vary significantly across styles.

In the current investment landscape, there is a notable opportunity for secular growth companies outside of the mega-cap growth category. Despite their relative underperformance since November 2020, smaller-cap secular growth companies have displayed continued strength in their underlying fundamentals. We expect this fundamental strength to persist and are optimistic that the valuation gap of smaller companies will narrow with that of their larger-cap peers.

Overall, while the interest rate and inflation picture is getting clearer and improving, the engineering of a soft landing for the economy remains unclear. As such, we believe that opportunities will emerge in sectors and industries that demonstrate secular resilience

through the cycle and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive relative to cyclicals due to their strong and consistent fundamentals and potential for continued outperformance.

**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



Trevor Martin, CFA  
Co-Portfolio Manager

### Sector Allocation<sup>7</sup>

As of September 30, 2024

Sector	% of Portfolio
Technology	60.32%
Consumer Discretionary	16.17%
Health Care	8.46%
Financial Services	6.82%
Producer Durables	4.10%
Consumer Staples	2.25%
Materials & Processing	1.00%
Cash / Other Assets and Liabilities	0.45%
Energy	0.42%
Utilities	0.00%

### Top 10 Holdings<sup>8</sup>

As of September 30, 2024

Holding	% of Portfolio
Microsoft Corporation	11.56%
NVIDIA Corporation	10.99%
Apple Inc.	10.71%
Meta Platforms Inc. Class A	5.93%
Alphabet Inc. Class C	5.15%
Eli Lilly and Company	4.63%
Amazon.com, Inc.	4.45%
Visa Inc. Class A	3.00%
Tesla, Inc.	2.67%
Target Corporation	2.37%

### Performance

Average Annual Returns as of September 30, 2024

Victory RS Growth Fund (Class A – RSGRX)	Third Quarter 2024	1-Year	3-Year	5-Year	10-Year	Since Inception (5/12/92)
without sales charge	2.23%	43.68%	9.97%	16.63%	13.35%	10.90%
with maximum sales charge (5.75%)	-3.65%	35.39%	7.82%	15.26%	12.68%	10.76%
Russell 1000 <sup>®</sup> Growth Index <sup>1</sup>	3.19%	42.19%	12.02%	19.74%	16.52%	12.79%

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns 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](http://www.vcm.com).** Returns include reinvestment of dividends and capital gains. Performance returns for periods of less than one year are not annualized. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which Fund performance would have been lower. Other share classes are available.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.18%/1.10%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2025.

**Carefully consider the 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](http://www.vcm.com/prospectus). Read it carefully before investing.**

**All investing involves risk, including potential loss of principal.** In addition to the normal risks associated with investing, investments in mid-size companies can typically exhibit higher volatility. 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. 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. 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. Information technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation.

- 1 The Russell 1000<sup>®</sup> Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000<sup>®</sup> 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 S&P 500<sup>®</sup> Index is a market-capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- 3 A basis point is one-hundredth of a percentage point (0.01%) and is abbreviated as "bp" (singular) or "bps" (plural).

- 4 The Russell 3000<sup>®</sup> Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000<sup>®</sup> 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 2000<sup>®</sup> Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000<sup>®</sup> Index (which consists of the 2,000 smallest-cap companies in the Russell 3000<sup>®</sup> Index) with higher price-to-book ratios and higher forecasted growth values.
- 6 The Russell Midcap<sup>®</sup> Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap<sup>®</sup> Index with higher price-to-book ratios and higher forecasted growth values.
- 7 The Fund'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.

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.

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