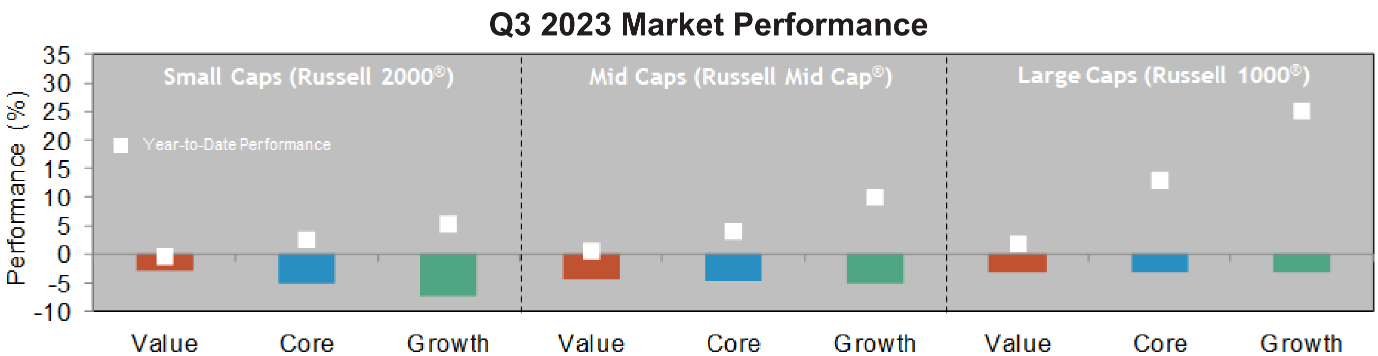
VICTORY RS MID CAP GROWTH FUND
QUARTERLY COMMENTARY

As of September 30, 2023

Quarterly Highlights

- The Victory RS Mid Cap Growth Fund (Class A Shares, without sales charge) returned -7.42% for the three months ended September 30, 2023, underperforming the Russell Midcap® Growth Index,[1] which returned -5.22%.
- Fund performance relative to the benchmark was negatively impacted by stock selection in the Health Care and Financial Services sectors; underperformance was partially offset by performance within the Consumer Staples sector.
- This period's absolute performance was hindered in part by the relative performance of secular mid-cap growth stocks as mid growth, as defined by the Russell MidCap® Growth Index, underperformed mid-cap value, as defined by the Russell MidCap® Value Index,[2] -5.22% vs. -4.46%.
- We continue to believe technology-oriented companies are 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 have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of September 30, 2023, per Russell.

Market Performance / Fundamentals Snapshot



Value = Russell 2000® Value Index	Value = Russell Midcap® Value Index	Value = Russell 1000® Value Index
Core = Russell 2000® Index	Core = Russell Midcap® Index	Core = Russell 1000® Index
Growth = Russell 2000® Growth Index	Growth = Russell Midcap® Growth Index	Growth = Russell 1000® Growth Index

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

In the third quarter of 2023, the domestic stock market began on a strong note, rallying during the month of July across various investment styles. Small-cap stocks stood out, as defined by the Russell 2000® Index,[3] delivering an impressive 6.12% return, while large-cap stocks marked their fifth consecutive month of gains, with the Russell 1000® Index[4] returning 3.44%. Corporate earnings and economic growth continued to surpass expectations, contributing to the overall strength of the market early in the quarter. Every sector within the Russell 1000® Index delivered positive returns during July, thus highlighting the impressive breadth of performance.

However, as the quarter progressed, equity markets flipped, and there was a significant move lower across most styles in early August. This dip was triggered by renewed concerns regarding the U.S. government's escalating debt levels, ultimately leading to the (questionable) downgrade of the U.S. government's credit rating by Fitch Ratings. Those disagreeing with Fitch were clearly not aided by the threat of a U.S. government shutdown heading into quarter-end. The turmoil (some might say self-inflicted turmoil), along with continued concerns over elevated inflation and the impact of higher interest rates, resulted in a less-than-stellar overall quarter for equities. Fixed income wasn't spared, either, as yields continued to march higher. Small-cap growth stocks were the worst performing style across U.S. equity markets, with the Russell 2000® Growth Index[5] down 7.32%, while small-cap value stocks were the best performing U.S. equity style, with the Russell 2000® Value Index[6] retreating only -2.96%. Meanwhile, 10-year interest rates moved from 3.82% to 4.57% during the quarter.

For the first three quarters of the year, large-cap growth stocks were the best performers within U.S. equity markets, with the Russell 1000® Growth Index[7] surging by 24.98%. By comparison, small-cap value stocks were laggards, with the Russell 2000® Value Index down 0.53% year-to-date. Why have growth stocks consistently outperformed this year? We think it simply reflects the better-than-expected operations and earnings among growth-oriented companies. That said, we also acknowledge that valuations of many large-cap growth stocks may have gotten ahead of themselves. As a result, small-cap stocks, especially within the small growth style box, now appear especially attractive when compared to other market segments, in our opinion. Despite their recent challenges, many well-funded and well-run small-cap growth stocks have been resilient in the face of rising rates when analyzed by their underlying fundamentals. Our team is intensely focused on identifying potential opportunities within secular growth, and we believe many of these are priced attractively compared to the broader market.

We firmly believe that the multi-year underperformance of small growth companies positions them favorably over the long term, setting them up to potentially outperform their value counterparts. We are convinced that we are still in the early stages of a secular shift that is transforming how consumers, businesses, and employees interact, especially after witnessing extensive technological advancements and acceptance during the initial stages of the pandemic. What was once a test run of certain products and technologies has become mainstream and standard operating procedure for many companies. Furthermore, new emerging technologies such as artificial intelligence are poised to have a significant impact in the years ahead, particularly among growth-oriented investment styles.

Investment Strategy

The Victory RS Mid Cap 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 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 Fund 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 Victory RS Mid Cap Growth Fund (Class A Shares, without sales charge) returned -7.42% for the three months ended September 30, 2023, underperforming the Russell Midcap® Growth Index, which returned -5.22%. Fund performance relative to the benchmark was negatively impacted by stock selection in the Health Care and Financial Services sectors; underperformance was partially offset by performance within the Consumer Staples sector. This period's absolute performance was hindered in part by the relative performance of secular mid-cap growth stocks as mid growth, as defined by the Russell MidCap® Growth Index, underperformed mid-cap value, as defined by the Russell MidCap® Value Index, -5.22% vs. -4.46%. We continue to believe technology-oriented companies are 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 have outperformed their mid-cap value counterparts over 5, 10, and 15 years as of September 30, 2023, per Russell.

Top Detracting Sector: Health Care

Within the Health Care sector, the largest underperformer was Apellis Pharmaceuticals, Inc. (1.00% ending weight), a clinical-stage biopharmaceutical company focused on inhibiting the complement system, a part of the immune response, through its lead candidate, APL-2, showing promising results in treating geographic atrophy (GA) and paroxysmal nocturnal hemoglobinuria (PNH). The company's encouraging data in Phase II trials for GA would address a significant unmet medical need and has potential to compete with existing therapies for PNH, supported by positive Phase 1/2 trials and a strategic launch strategy. The company struggled in the most recent quarter due to concerns about rare adverse events linked to their drug Syfovre. The company aims to address these concerns through analysis, risk mitigation, and reducing event rates, which would be vital to restoring confidence and influencing Syfovre's adoption.

Top Contributing Sector: Consumer Staples

Within the Consumer Staples sector, one of the largest drivers of outperformance was BellRing Brands, Inc (1.50% ending weight), an operator of three major brands in the convenient nutrition sector, including Premier Protein as part of their specialized ready-to-drink (RTD) beverages. We own BellRing due to its strong market position, with Premier Protein leading the shakes/RTD sub-category, aligning with the growing trends of health, convenience, and snacking in the $17B U.S. convenient nutrition market, and its attractive financial profile with solid growth potential, high customer loyalty, and innovative products. The stock performed exceptionally well during the most recent quarter given strong execution, leveraging effective brand strategies and market investments to drive a substantial 20.3% increase in net sales, showcasing their adeptness in market responsiveness and strategic management.

Market and Strategy Outlook

Spurred by renewed concerns due to ever-higher interest rates, a rebound in energy prices, and relentless political infighting within the United States that led to another downgrade and the threat of a government shutdown, investor uncertainty has once again ticked higher in recent months despite the strong economic data. Markets sold off across investment styles and asset classes during the quarter, creating what we view as an abundance of opportunity. Certain areas of the economy appear better positioned to adapt and grow, while company valuations vary significantly across styles. We remain optimistic about the productivity of workers and consumers as well as the business investment environment as we approach year-end, despite renewed concerns over how the monetary policy may pan out.

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 anticipate this strength to persist, despite investors taking a pause on what had been a steady bounce back through the first half of the year given better-than-expected execution and performance. Conversely, more cyclical companies may face headwinds as valuations have caught up to fundamentals after a strong run since late 2020.

Overall, while uncertainty remains, the market environment as we head into the final quarter of the year remains tricky, though we believe that resolved logistical issues and the anticipation of reaching peak interest rates sooner rather than later will influence investment decisions and that opportunities will emerge in sectors and industries that demonstrate resilience and sustained growth. We feel that secular growth companies within the growth universe are particularly attractive due to their strong 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

Sector Allocation[8]

As of September 30, 2023

Sector	% of Portfolio
Technology	26.8%
Health Care	19.5%
Producer Durables	17.2%
Financial Services	11.8%
Consumer Discretionary	12.1%
Energy	4.9%
[Cash]	3.2%
Consumer Staples	2.6%
Materials & Processing	2.0%
Utilities	0.0%

Top 10 Holdings[9]

As of September 30, 2023

Holding	% of Portfolio
Synopsys, Inc.	2.98%
Trade Desk, Inc. Class A	2.70%
Dexcom, Inc.	2.33%
West Pharmaceutical Services, Inc.	2.26%
MSCI Inc. Class A	2.10%
Dynatrace, Inc.	2.09%
FirstCash Holdings, Inc.	2.08%
Lattice Semiconductor Corporation	2.04%
Clean Harbors, Inc.	2.01%
Confluent Inc. Class A	2.00%

Performance

Annualized Returns as of September 30, 2023

Victory RS Mid Cap Growth Fund (Class A – RSMOX)	Third Quarter 2023	1-Year	3-Year	5-Year	10-Year	Since Inception (7/12/95)
Without sales charge	-7.42%	8.25%	-4.85%	0.22%	5.70%	8.17%
With maximum sales charge (5.75%)	-12.72%	2.06%	-6.71%	-0.95%	5.08%	7.94%
Russell Midcap® Growth Index[1]	-5.22%	17.47%	2.61%	6.97%	9.94%	9.26%

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. 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.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.41%/1.21%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 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 potential loss of principal. In addition to the normal risks associated with investing, investments in small and mid-size companies 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. Technology companies may be adversely affected by economic downturns, short product cycles, aggressive pricing, market 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. 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.

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 2000® Index is a market-capitalization-weighted index that measures the performance of the 2,000 smallest-cap companies in the Russell 3000® Index.

4 The Russell 1000® Index is a market-capitalization-weighted index that measures the performance of the 1,000 largest-cap companies in the Russell 3000® Index.

5 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.

6 The Russell 2000® Value 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 lower price-to-book ratios and lower forecasted growth values.

7 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.

8 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.

9 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.

Distributed by Victory Capital Services, Inc., an affiliate of Victory Capital Management Inc., the Fund's investment adviser.

V17.079 // 3Q 2023 RS Mid Cap GRO Fund

VictoryFunds®