VICTORY RS PARTNERS FUND QUARTERLY COMMENTARY

RS Investments®
A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2025

Market Commentary

Investors have much on their minds as we forge ahead into a new year, and it certainly may not feel like blue skies and clear sailing ahead. There are many things that could give investors pause, including the economy, interest rates, valuations, and geopolitics. Nevertheless, it's hard to quibble with the overall performance of domestic equities as we look back on the fourth quarter and the past year. Equities across investing styles and up and down the cap spectrum moved markedly higher, with most popular indexes delivering double-digit returns. The S&P 500® Index,[1] the proxy for the overall domestic stock market, printed new all-time highs in December and delivered a fourth quarter return of 2.7%, bringing the year-to-date return to 17.9%.

What has been the catalyst for the march higher? Once the market digested the (improving) tariff news that temporarily roiled markets early in the year, all eyes became fixed on monetary policy. Investors waited patiently throughout most of 2025 for the Federal Reserve to finally pivot to a more accommodative policy stance, and in September the Fed began a new rate-cut cycle with a modest quarter-point cut. Two more quarter-point cuts came during the fourth quarter in October and December, and investors were clearly in no mood to "fight the Fed." Risk assets moved higher despite some lingering concerns with the economic backdrop. Employment growth in particular remains a sticking point, with total nonfarm payroll employment rising by just 64,000 in November, according to the U.S. Bureau of Labor Statistics. The unemployment rate also continued moving higher, reaching 4.6%.

Of course, sometimes bad news is interpreted as good news, at least according to markets. The troubling labor data seems to have given the Fed cover to lower the federal funds rate despite the fact that inflation remains above their preferred 2% target. That monetary easing, along with continued excitement for all things AI-related, was among the primary catalysts driving major market indexes higher.

In terms of investment styles, value stocks bested their growth counterparts in the fourth quarter. The Russell 3000® Value Index[2] gained 3.8% during the quarter compared to the more modest 1.1% gain delivered by the Russell 3000® Growth Index.[3] Perhaps investors have begun to look more closely at relative valuations? Only time will tell; however, it was encouraging to see value stocks across the cap spectrum delivering positive returns during the fourth quarter. Small-cap value stocks, represented by the Russell 2000® Value Index,[4] were solid performers and increased 3.3% during the fourth quarter. The Russell Midcap® Value Index[5] increased 1.4% during the same period, while large-cap value stocks, as represented by the Russell 1000® Value Index,[6] increased 3.8% during the quarter.

Looking Ahead

These certainly are interesting times for investors, and although there are ample uncertainties and possible headwinds, there are also encouraging signs. In our corner of the market—value-oriented equities—we continue to see many companies with intriguing potential and attractive valuations, in our opinion.

Ironically, one reason for our excitement for value investing is a manifestation of investors' love affair with the AI story, which has been a key theme driving the popular equity indexes ever higher. Yet this dynamic also has resulted in an unusual market. On one hand we see elevated concentration risk, while on the other hand we see intriguing investment opportunities in value-oriented stocks that are being largely ignored. This creates an attractive backdrop for stock pickers in 2026, in our view.

We maintain that this is an exciting time to be a value-oriented investor, and we believe there are a growing number of companies with improving return stories that are now trading at deep discounts to their intrinsic value. The move higher in smaller value-oriented stocks during the third and fourth quarter is particularly encouraging, and we think that we might be on the cusp of a larger rotation.

In this environment, we continue to believe that actively managed, value-oriented approaches should be well positioned. Our team will continue to search for companies with a combination of solid balance sheets, improving ROIC (return on invested capital), and stock prices trading at what we perceive as a discount to intrinsic value. We believe this gives us the best opportunity to generate attractive risk-adjusted returns over longer time periods in all environments. This could become particularly important at a time when many segments of the market appear richly valued.

Performance Review

For the three months ended December 31, 2025, the Victory RS Partners Fund (A shares without sales charge) underperformed its benchmark Russell 2000® Value Index (the "Index") and returned 1.98% versus 3.26% for the Index.

In the fourth quarter, performance was negatively impacted by adverse stock selection in the Health Care and Energy sectors.

Investment Strategy

The RS Value Team seeks to invest in good companies, led by strong management teams, that are attractively valued. Our decision to invest in any company starts with business analysis and an understanding of the company's unit-level economics. Our work on unit-level economics helps us determine the quality and key drivers of the business. We are ROIC-focused investors and seek to invest in companies that we believe have the potential to create shareholder value due to an improvement in the returns of the existing assets or through attractive reinvestment opportunities. We are long-term investors who use our investment time horizon as a key differentiator and are attracted to out-of-favor and/or misunderstood companies in the market.

The next step in our process is to assess the management team. Our evaluation of a company's management team is critical to our investment decision. We regularly meet with management to gauge how they think about their business: Are they focused on (and compensated for) growing earnings at any cost, or do they understand ROIC and how value is created? Additionally, we perform detailed historical analyses of management's capital decisions—looking at acquisitions, asset sales, and measures of

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capital stewardship. This analysis provides us with the conviction to invest with strong management teams that we expect will be able to navigate through short-term market volatility and appear to be poised to deliver long-term shareholder value.

The final step in our analysis is valuation. To the RS Value Team, value investing is buying a business at a discount to what we believe it is actually worth. We determine what a company is worth by assessing a company's current share price versus its expected cash flow streams or long-term net asset value based upon the management team's plan for value creation. ROIC is the lens through which we analyze that value creation. Our research has shown that, over time, stock price performance has a strong correlation to improving ROIC as opposed to traditional valuation measurements like price to earnings (P/E). We seek to invest in companies that we believe can create shareholder value due to an improvement in the returns of the company's existing assets or through attractive reinvestment opportunities. We pay close attention to a company's financial strength, scrutinizing financial statements, and we run various financial models to understand our downside risk. This quantitative analysis gives us confidence in our investment thesis and helps us determine at what stock price we are comfortable investing.

Select Position Review

Below, we review two businesses in an effort to use tangible examples to highlight our investment process.

Sealed Air Corporation (SEE) is a leading global packaging company. The company designs, manufactures and delivers packaging solutions that preserve food, protect goods, and automate packaging processes. Sealed Air delivers its packaging solutions to an array of end markets, including fresh proteins, foods, fluids and liquids, medical and life science, industrials, e-commerce retail, logistics, and omnichannel fulfillment operations.

Our thesis on Sealed Air is that under new leadership the company would exhibit improving ROIC through a combination of margin expansion and volume acceleration driven by company-specific expense discipline and a better go-to-market sales strategy with an improved product offering. Green shoots that management was executing against this opportunity started to unfold in 2025. Given the company's consistent cash flows and strong market position in solid end markets, we've long considered Sealed Air an asset of strategic value. In November 2025 it was announced that private equity firm Clayton, Dubilier & Rice will acquire the company for $42.15 per share.

Encompass Health (EHC) is the leading owner and operator of inpatient rehabilitation facilities (IRFs) in the U.S., with approximately 170 locations that typically operate an average of 50 beds focused on post-acute rehabilitation for complex neurological, cardiac, pulmonary, and surgical patients. We initiated our investment in the summer of 2022, when a COVID-driven nursing shortage was creating historic wage pressure and elevated use of costly staffing agencies; we viewed these pressures as transitory and saw a clear path to higher normalized margins. We were also attracted to the favorable supply-demand dynamics in the IRF market, where demographic-driven demand growth from the 70–75-year-old cohort is being met by a shrinking supply of IRF units as traditional hospitals exit the space. While the thesis has largely been playing out as expected, shares have recently underperformed following lighter-than-expected 3Q patient volumes (total volume growth of ~5% vs. 6–8% long-term target), which we attribute to the timing of bed additions and tough prior-year comparables. Importantly, EHC still exceeded 3Q expectations for revenue, EBITDA, and EPS and raised 2025 guidance. We are maintaining the position, supported by a compelling industry backdrop and capital allocation that should drive further upside to ROIC. This includes management's recent decision to increase 2026 and 2027 new bed addition targets (including 540–590 beds in 2026, or ~5% of current capacity). A significant portion of the bed adds are coming from expansions to existing facilities, which generate 30–40% IRR in year one and thus represent a highly compelling use of EHC's strong free cash flow.

Outlook

The prevailing investor sentiment has transitioned from concerns over tariff-driven deceleration to robust optimism regarding a Federal Reserve easing cycle, fiscal stimulus, and the prospect of deregulation. This enthusiasm is further bolstered by the rapid integration of artificial intelligence (AI), which may drive significant long-term productivity gains and provide a counterweight to softening employment conditions and inflationary pressures. Despite this shift, uncertainties persist concerning global trade tensions and geopolitical risks. Concurrently, the Federal Reserve continues to navigate a delicate balance between inflation levels that remain above the target and a cooling labor market.

We anticipate continued pressure on the housing market driven by persistent affordability challenges. However, the chronic housing shortage—a result of more than a decade of underinvestment following the Great Financial Crisis—should buffer against any meaningful decline in home prices. While inflationary pressures have disproportionately impacted lower-income demographics, consumer balance sheets have generally remained resilient for the majority of the population.

Current indicators suggest a trajectory toward higher structural inflation and elevated interest rates compared to the previous decade, accompanied by an increased risk of economic volatility. As the mid-term elections approach, we expect affordability to remain a central issue, potentially influencing fiscal policy and market sentiment. Consistent with our focus on quality, we strive to mitigate downside risk while participating in market upside. We maintain a positive outlook on the potential for reduced regulatory burdens and a more favorable environment for mergers and acquisitions. Consequently, we continue to identify opportunities to invest in high-quality businesses with robust balance sheets and strong cash flows whose market valuations have detached from our assessment of their underlying fundamentals.

We thank you, as always, for your support.

Sincerely,

RS Value Team

Sector Allocation[7]

As of December 31, 2025

Sector	% of Portfolio
Communication Services	2.16%
Consumer Discretionary	10.26%
Consumer Staples	2.15%
Energy	6.22%
Financials	29.79%
Health Care	4.72%
Industrials	18.47%
Information Technology	6.96%
Materials	3.68%
Real Estate	7.85%
Utilities	4.94%

Source: FactSet.

Top 10 Holdings[8]

As of December 31, 2025

Holding	% of Portfolio
Globe Life Inc.	2.98%
Ameris Bancorp	2.72%
F.N.B. Corporation	2.69%
St. Joe Company	2.62%
UMB Financial Corporation	2.62%
Garrett Motion Inc.	2.56%
Bank of N.T. Butterfield & Son Limited	2.51%
Old National Bancorp	2.47%
Black Hills Corporation	2.42%
V2X Inc.	2.11%

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

Performance

Average Annual Total Returns as of December 31, 2025

Victory RS Partners Fund (Class A – RSPFX)	Fourth Quarter 2025	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception (7/12/95)
without sales charge	1.98%	2.52%	2.52%	10.87%	11.01%	10.68%	10.76%
with maximum sales charge (5.75%)	-3.89%	-3.37%	-3.37%	8.69%	9.70%	10.02%	10.54%
Russell 2000® Value Index[4]	3.26%	12.59%	12.59%	11.73%	8.88%	9.27%	9.39%

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. Performance information for the Fund's Class A shares prior to July 30, 2016, reflects the historical performance of the Class A shares of the RS Partners Fund, a series of RS Investment Trust (the predecessor to the Fund managed by RS Investment Management Co. LLC) (the "predecessor fund"). The Fund's performance has not been restated to reflect any differences in expenses paid by the predecessor fund and those paid by the Fund.

The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.33%/1.33%. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through April 30, 2026. Other share classes are available, but not all share classes are available to all investors.

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. The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, or changes in interest or currency rates. 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. **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. Companies in the **financial services** sector are subject to extensive government regulation that may affect the scope of their activities, the prices they can charge and capital maintenance. The industry is subject to severe competition and can be significantly affected by market conditions, including interest rate changes. To the extent the Fund invests in a **small number of securities**, its value may be more negatively affected by the decline in market value of a particular security than if the Fund invested in a larger number of issuers. 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 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. Any discussions of specific securities should not be considered a recommendation to buy or sell those securities.

Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

1 The S&P 500® 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.

2 The Russell 3000® Value Index is an unmanaged 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.

3 The Russell 3000® Growth Index is an unmanaged 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.

4 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.

5 The Russell Midcap® Value Index is an unmanaged 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. (The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index, which consists of the 1,000 largest U.S. companies based on total market capitalization.)

6 The Russell 1000® Value Index is an unmanaged 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 lower price-to-book ratios and lower forecasted growth values.

7 The Fund's holdings are allocated to each sector based on their GICS classification. If a holding is not classified by GICS, it is assigned a GICS 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.

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