VICTORY RS SMALL CAP EQUITY FUND QUARTERLY COMMENTARY

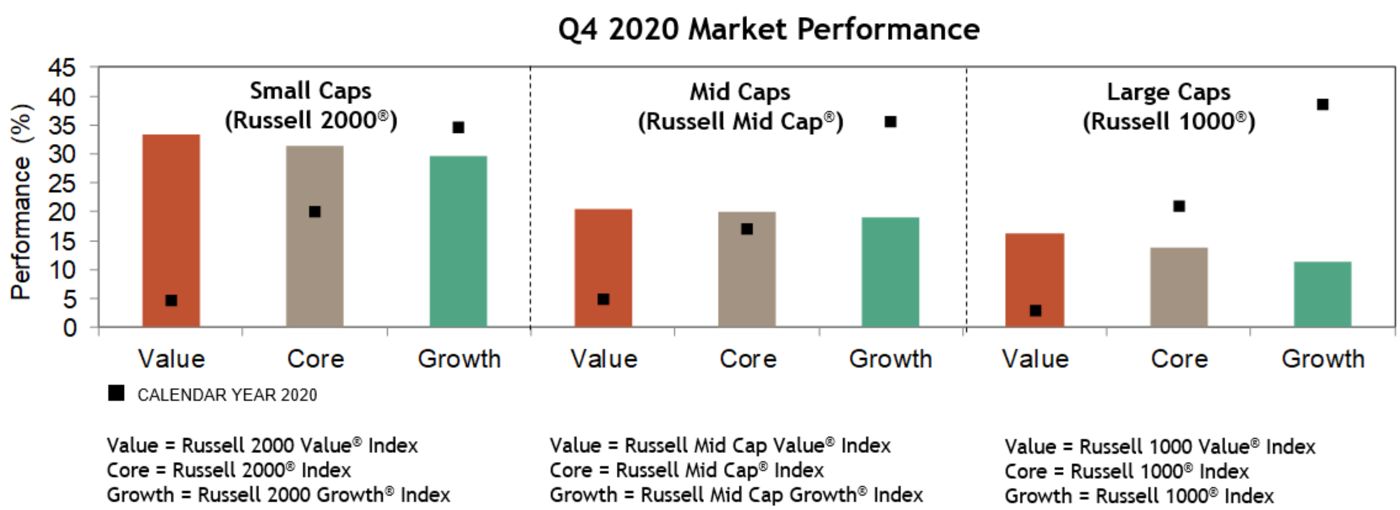
RS Investments®
A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2020

Quarterly Highlights

- The Victory RS Small Cap Equity Fund (Class A Shares, without sales charge) returned 24.63% for the three months ended December 31, 2020, underperforming the Russell 2000® Growth Index,[1] which returned 29.61%.
- Fund performance relative to the benchmark was negatively impacted by stock selection in the Financial Services and Consumer Discretionary sectors; underperformance was partially offset by stock selection within the Materials & Processing and Health Care sectors.
- This period's strong absolute performance reflects continued strength in the underlying fundamentals of the stocks we own, the strong results of a number of vaccination trials that bring hope for normalization in 2021, reduced uncertainty surrounding the presidential election, and the proven ability of a number of companies to execute in the face of the numerous challenges experienced by consumers, employees, and businesses given the COVID-19 virus.
- We believe the massive "test run" of technology-aided solutions as people attempt to work, shop, and communicate from home will speed up the adoption of a number of new technologies at the expense of legacy products and services, even if COVID-19 becomes a reduced risk in the future.
- Small-cap growth stocks have outperformed their small-cap value counterparts over 1, 3, 5, 10, and 15 years, per Russell.

Market Performance / Fundamentals Snapshot



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

It was quite a year for stocks, and growth stocks in particular. Early in the year an emerging pandemic shook the markets globally. Stocks were pummeled during the first quarter by SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2, the virus responsible for COVID-19). But just as quickly, U.S. equity markets rebounded in the second quarter and continued to move sharply higher to start the third quarter before taking a breather in September. And then the year ended with one of the strongest fourth quarter rallies in history.

The massive fiscal and monetary stimulus that helped keep businesses open, people in their homes, and important services funded during the economic downturn has fueled financial markets, along with news of an effective vaccine that was developed faster than most best-case scenarios. On top of that, more political clarity and the expectation of less mercurial policies from a new presidential administration have helped push investor sentiment to a multi-decade level of exuberance. All this appears to have helped bridge the pre-pandemic economy to what is slowly becoming a "new normal" economic environment, highlighted by the view that the markedly improved employment data and all-time-high retail sales in August were just initial signs that the economy would fully rebound in early 2021 despite a severe second wave of COVID-19 that continues to plague many parts of the country.

Stocks were further supported by the expectation of additional fiscal stimulus that would include more direct payments, unemployment insurance, additional small business loans, and aid to airlines. Similar measures convinced investors who had fled risk assets in March en masse to re-enter markets in the spring and summer. Contrary to some skeptical pundits, we view the strong performance, especially within the technology sector, as being justified by relative fundamentals, as the economic and business impact of the coronavirus has clearly not affected all companies

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similarly. What we are now less certain of is whether the late-year outsized performance of value stocks (which have lagged growth stocks consistently in recent years), highlighted by the strongest quarterly return in history for the Russell 2000® Value Index,[2] was justified. We also wonder if the continued dominance of the most popular technology companies will continue or if they have moved too far too fast given current valuations.

Growth-oriented stocks, as measured by the Russell 3000® Growth Index,[3] were up 12.41% during the quarter, underperforming value-oriented stocks, as measured by the Russell 3000® Value Index,[4] which was up 17.21% during the fourth quarter. The recent relative underperformance of growth stocks has only made a small dent in the outsized outperformance of the Russell 3000® Growth Index in the year-to-date period, as the Russell 3000® Growth Index was up 38.26% during 2020 versus an annual gain of only 2.87% for the Russell 3000® Value Index. We believe the year-to-date outperformance of growth has been supported by much stronger underlying fundamentals, as technology-oriented growth companies have excelled and have been insulated from the slowdown relative to more traditional value companies in the industrial, financial, and material sectors. In effect, consumers and businesses are conducting a massive "test run" on technology-aided solutions as people attempt to work, shop, and communicate from home, which may speed up the adoption of a number of new technologies and other software solutions at the expense of legacy products and services.

Small-cap, mid-cap, and large-cap stocks all performed well during the quarter, as measured by the Russell family of indices, but the Russell 2000® Index[5] rebounded on a relative basis, returning 31.37%, sharply outperforming the Russell Midcap® Index,[6] which returned 19.91%, and the Russell 1000® Index,[7] which returned 13.69%. Meanwhile, the Russell 2000® Value Index was the best performing U.S. equity style, up 33.36% during the fourth quarter. This reflects the view that small-cap value companies, which had not participated in the strong performance of U.S. equity markets the first three quarters of the year, were priced too conservatively. From here, we believe the market will further differentiate between pockets of the economy that are materially better off than others given the ability of workers to remain productive remotely. Moreover, we believe that a fundamental shift in how people work, shop, and socialize has occurred and is likely to persist for the long term.

Investment Strategy

The Victory RS Small Cap Equity 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 small-cap company to a mid- or even 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, supported by portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. Scott Tracy is responsible for capital allocation decisions within the fund, supported by the five co-portfolio managers, as well as three research analysts, serving as sector specialists 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 distraction caused by short-term stock price movements and inevitable market volatility.

Performance Review

The Victory RS Small Cap Equity Fund (Class A Shares, without sales charge) returned 24.63% for the three months ended December 31, 2020, underperforming the Russell 2000® Growth Index,[1] which returned 29.61%. Fund performance relative to the benchmark was negatively impacted by stock selection in the Financial Services and Consumer Discretionary sectors; underperformance was partially offset by stock selection within the Materials & Processing and Health Care sectors.

Top Contributing Sector: Health Care

Within the Health Care sector, the largest driver of relative outperformance was the biotechnology industry, led by holding Fate Therapeutics, Inc. (1.34% ending weight). Fate engages in the development of programmed cellular immunotherapies for cancer and immune disorders. We owned Fate given the view that it has the most disruptive technology in the cell therapy space and the best opportunity to achieve a true off-the-shelf therapeutic with drug-like properties in line with broadly used antibody therapeutics. The stock performed exceptionally well in the quarter, driven in part by strong Phase 1 data for their FT516 in combination with rituximab for patients with relapsed/refractory B-cell lymphoma that showed responses to the treatment and suggests there may be a clinical benefit allowing the body's cells to recognize, bind, and kill antibody-coated cancer cells.

Top Detracting Sector: Financial Services

Within the Financial Services sector, the largest driver of relative underperformance was within Consumer Lending, driven in part by PRA Group, Inc. (4.35% ending weight). PRA is a rapidly growing provider of collection services that purchases and collects portfolios of defaulted consumer receivables in addition to offering some third-party contingency services to credit grantors. We initially purchased the stock given their leading best-in-class capabilities in debt collection, an industry with significant barriers to entry given regulatory requirements, as well as the counter-cyclical nature of the business given the increase in supply that a downturn may provide. The stock was challenged in the most recent quarter given the shift in expectation that the supply of collections in the marketplace would be smaller than expected given the stronger than expected economic recovery. We continue to hold the stock and believe the outlook looks bright in 2021 for collections, especially within the European market.

Market and Strategy Outlook

Given the outsized impact of the virus globally, we believe investors should continue to expect all companies to feel some level of direct and secondary economic effects and markets to experience higher levels of volatility despite the outsized market performance to close out the year. As a result, we feel there will continue to be an abundance of opportunities across sectors in coming quarters and years as the economy transitions and new companies take leadership positions. We do not have a clear view or projection as to how large or prolonged the impact from the coronavirus (both direct and indirect) will be given the uncertainty regarding its continued spread, economic impact, politicization, the potential scale of incremental fiscal and monetary stimulus not yet announced, or even the potential transformation of industries and consumer and social norms, but we believe there are clear pockets of the economy that remain better positioned than others given the ability of workers to remain productive (remotely or on-site) and end-customer demand to remain steady irrespective of the forward economic environment.

In this uncertain period, we continue to prefer companies with strong balance sheets, healthy cash flows, and/or what we view to be long-term growth candidates supported by unique competitive advantages and attractive market positioning. We remain as committed as ever to disciplined risk management and spend extensive time speaking with companies and look forward to once again visiting companies in person and seeing their operations from the ground up. We stress-test every investment we own, even as we maintain close contact with company managers, suppliers, and customers in our efforts to closely monitor each company's progress relative to our anchor points. We combine these efforts with our own financial modeling and risk-management tools designed to capture market upside while attempting to minimize downside risks. Working cohesively as a team helps us identify visionary and disciplined companies that we believe will be able to tap new markets and grow their revenues at a healthy pace, regardless of the environment.

In this specific environment, we will focus further on companies with flexible business models that offer innovative products and services that will take market share from legacy companies that will be more strained by the challenging economic conditions. Now is when an active approach should shine. Specifically, our "farm team" approach identifies and monitors premier companies within each relative index, but then waits for a favorable price. This should allow us to upgrade the portfolio to our very best ideas as relative valuations shift, as it is rare that we can own our full "wish list" roster of companies. We are confident that our process will allow us to take advantage of this dynamic environment and will pay off handsomely over time.

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

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Sector Allocation[8]

As of December 31, 2020

Sector	% of Portfolio
Technology	36.3%
Health Care	18.2%
Financial Services	16.0%
Producer Durables	8.0%
Consumer Discretionary	6.1%
Energy	3.9%
Utilities	2.6%
Consumer Staples	1.9%
Materials & Processing	1.3%
[Cash]	2.7%

Top 10 Holdings[9]

As of December 31, 2020

Holding	% of Portfolio
Varonis Systems, Inc.	4.64%
MACOM Technology Solutions Holdings, Inc.	4.33%
ACI Worldwide, Inc.	4.30%
PRA Group, Inc.	4.20%
Lattice Semiconductor Corporation	3.94%
Renewable Energy Group, Inc.	3.86%
Mercury Systems, Inc.	3.73%
PROG Holdings, Inc.	3.46%
Avaya Holdings Corp.	3.40%
Descartes Systems Group Inc.	2.99%

Performance

Average Annual Returns as of December 31, 2020

Victory RS Small Cap Equity Fund (Class A – GPSCX)	Fourth Quarter 2020	1-Year	3-Year	5-Year	10-Year	Since Inception (5/1/97)
without sales charge	24.63%	37.99%	20.52%	19.50%	16.27%	11.66%
with maximum sales charge (5.75%)	17.49%	30.05%	18.17%	18.09%	15.59%	11.38%
Morningstar Small Growth Category Average Return[10]	27.23%	38.68%	18.75%	17.76%	13.69%	10.02%
Russell 2000® Growth Index[1]	29.61%	34.63%	16.20%	16.36%	13.48%	8.75%

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.* Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained.

Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower.

Index performance is shown for illustrative purposes only. Indexes are unmanaged and one cannot invest directly in an index. The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.26%/1.26%. The Adviser has contractually agreed to waive a portion of its management fee and/or reimburse certain expenses through at least April 30, 2021. The Adviser is permitted to recoup advisory fees waived and expenses reimbursed by it for up to three years after the fiscal year in which the waiver or reimbursement took place, subject to the lesser of any operating expense limits in effect at the time of the original waiver or expense reimbursement and at the time of recoupment or reimbursement. This agreement may only be terminated by the Fund's Board of Trustees.

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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. Investments in smaller 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 fund is also subject to liquidity risk, which is the risk that the Adviser may not be able to sell certain securities at an advantageous time or price, which may adversely affect the Fund. 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.

Performance may have been meaningfully impacted by investments in initial public offerings (IPOs). The prices of IPO securities may fluctuate more than prices of equity securities of companies with longer trading histories. Investing in IPOs entails special risks, including limited operating history of companies, limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and high portfolio turnover.

1 The Russell 2000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with higher price-to-book ratios and higher forecasted growth values.

2 The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values.

3 The Russell 3000® Growth Index is a 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 3000® Value Index is a 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.

5 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, which is made up of 3,000 of the largest U.S. stocks.

6 The Russell Midcap® Index is a market-capitalization-weighted index that 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.

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

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.

10 Morningstar category classifications group funds with similar average holdings statistics over the past three years to help investors and investment professionals make meaningful comparisons between funds and to form reasonable peer group comparisons.

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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