VICTORY GLOBAL ENERGY TRANSITION FUND QUARTERLY COMMENTARY

As of September 30, 2022

PERFORMANCE UPDATE

The Victory Global Energy Transition Fund (Class A Share without sales charge) generated a return of 1.0% in the third quarter of 2022. The Fund's Class Y Share posted a return of 1.1%. During the quarter, the S&P North American Natural Resources Sector Index declined -2.2% and the MSCI World Commodity Producers Index (gross) declined -1.9%.

The Fund (Class A Share without sales charge) generated a return of 24.3% year-to-date (YTD), aided by returns in North American Natural Gas, Base Metals and a lack of exposure to Precious Metals. The S&P North American Natural Resources Sector Index YTD reported returns of 13.4% and the MSCI World Commodity Producers Index (gross) at 11.3%. Stock selection in Base Metals and a heavier weighing to North American Natural Gas drove most of the relative outperformance YTD.

MARKET COMMENTARY

A lot has been written about inflation lately. And, while we are reluctant to add to the growing discourse on this topic, since much of it, unfortunately, has not been terribly additive to the existing understanding of the many factors that impact price levels, we feel compelled to do so given our expertise in the natural resource sector and our extensive research into the energy transition.

To help investors assess the longer-term outlook for commodity price inflation, we think that it is instructive to look at the factors that drove commodity prices lower over the previous decade. We believe the decline in commodity prices over the 2012-2020 period was caused by a reduction in supply costs for many commodities. In our opinion, the downward shift in supply costs was driven by a number of factors, including 1) abundant capital availability, 2) the declining cost of capital, 3) a period of relative geopolitical stability, 4) increasing globalization, 5) favorable demographic trends, 6) limited efforts to reduce carbon emissions, 7) a lack of capital discipline among producers, 8) service cost deflation, 9) technological innovation (shale oil and gas), and 10) significant reinvestment opportunities. The decline in supply costs over this period helped create a benign environment for inflation, despite the increase in money supply and the relatively low level of unemployment, one that was uniquely favorable for the consumers of basic materials and uniquely challenging for the owners of natural resources.

However, when we evaluate the factors that will impact supply costs for most commodities going forward, we believe that it is likely that commodity prices will need to increase substantially over the next decade. While cyclically weak demand may temporarily mask the underlying increase in supply costs (what we will call transitory disinflation), we believe commodity prices will follow supply costs higher over time.

We believe that the actions of central banks as well as governmental and institutional policymakers are compounding the structural supply challenges facing many commodities by discouraging investment and increasing the cost of capital. The lower levels of reinvestment will likely exacerbate the structural inflationary pressures when cyclical demand returns to more normal levels.

In a lot of ways, the environment from 1990 to 2020 was unusually favorable for growth. Declining interest rates, abundant capital availability, increasing globalization, limited geopolitical conflicts, favorable demographic trends, improved productivity, and relatively benign inflation created a favorable backdrop for economic growth with few concerns about sustained inflation.

However, many of these trends appear to be in the early innings of a multi-year/decade reversal. Chief among them is the availability and cost of energy and basic materials. Spare capacity continues to trend lower for most commodities, above-ground inventories are dangerously low (particularly given the ongoing war in Ukraine), and supply costs are trending higher.

Add growing geopolitical conflicts, deglobalization, shifting demographics, the rising cost of capital, inventory exhaustion, and the growing demand for clean energy and the materials needed to support the energy transition, and it seems clear that the longer-term outlook for supply costs and commodity inflation has changed dramatically.

Going forward, we expect commodity price inflation to pose a much greater risk to economic growth and investors. While we believe that commodity prices will remain highly cyclical, including a potential downturn over the next few quarters, and while there will be significant differentiation between commodities, driven in large part by the energy transition, we believe that commodity prices will generally trend higher over time due to the structural increase in supply costs for most commodities.

SUMMARY

The current environment is hindering the supply response needed to support continued economic growth and address one of the world’s most pressing concerns, climate change, by limiting capital availability for producers of the commodities necessary for decarbonization efforts. Without more investment to produce commodities necessary for the energy transition and increased engagement from shareholders, commodity price inflation will only get worse over time, and carbon emissions will continue to increase.

The risks associated with a secular increase in commodity price inflation remain underappreciated by most investors. Capital constraints and resource exhaustion should drive prices higher, not lower, over the coming years. This runs counter to the experience of the past decade, and as a result, investors still are reluctant to embrace this potential outcome.

This skepticism is reflected in the public equity markets, as valuations in many resource-related areas are still extraordinarily attractive. Over time, we expect commodity prices to reflect economic realities and we expect stock prices for structurally advantaged producers to rise accordingly. Until then, we remain excited to deploy capital into what we believe to be one of the most fundamentally attractive setups in recent memory with the prices of the securities in our opportunity set not reflecting, in our opinion, the scarcity of the commodities based on years of underinvestment and the needs of the energy transition.

We thank you, as always, for your continued partnership.

Best Regards,

MacKenzie Davis, CFA   Ken Settles, CFA   Brian Lively

SECTOR ALLOCATION[6]
(as of September 30, 2022)

	% of Portfolio
Communication Services	—
Consumer Discretionary	—
Consumer Staples	—
Energy	33.28
Financials	—
Health Care	—
Industrials	0.86
Information Technology	—
Materials	52.79
Real Estate	—
Utilities	5.12
Cash/ Other Assets and Liabilities	7.95
ETF	—

TOP 10 HOLDINGS[7]
(as of September 30, 2022)

	% of Portfolio
Turquoise Hill Resources Ltd.	22.87
Whitecap Resources Inc.	10.52
Cameco Corporation	9.18
First Quantum Minerals Ltd.	6.79
Linde plc	5.28
Newmont Corporation	5.22
NextEra Energy, Inc.	5.12
Enterprise Products Partners L.P.	5.10
Iluka Resources Limited	4.75
Norsk Hydro ASA	3.61

AVERAGE ANNUAL TOTAL (%) RETURNS (as of September 30, 2022)

Victory Global Energy Transition Fund Class A – RSNRX / Class Y - RSNYX)	Q3 2022	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception*	Expense Ratio (%) Gross	Net
Class A (without sales charge)	0.97	24.31	30.13	52.07	3.32	-1.62	5.89	1.79	1.48
Class A (with sales charge, max 5.75%)	-4.84	17.17	22.63	49.09	2.11	-2.20	5.66	1.79	1.48
Class Y (without sales charge)	1.06	24.62	30.58	52.58	3.66	-1.30	0.24	1.21	1.15
MSCI World Commodity Producers Index™ [1]	-1.88	11.27	20.63	10.42	5.99	2.69	—	—	—
S&P North American Natural Resources Sector Index™ [2]	-2.15	13.37	22.59	11.36	4.80	2.00	—	—	—
S&P 500® Index[3]	-4.88	-23.87	-15.47	8.16	9.24	11.70	—	—	—
S&P GSCI Commodity TR® [4]	-10.31	21.80	23.64	12.19	7.75	-3.95	—	—	—
S&P Global Natural Resources Index™ [5]	-4.58	-5.89	1.00	9.13	5.71	3.38	—	—	—

**The inception date for Class A is 11/15/95 and Class Y is 5/1/07.*

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 are annualized. 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- and triple-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 April 30, 2023.

(%) RETURNS FOR MAJOR COMMODITIES

COMMODITY PERFORMANCE (Average Annual Price Returns as of September 30, 2022)	Q3 2022	YTD	1-YR	3-YR	5-YR
Crude Oil	-25.84	6.08	6.24	76.99	54.62
Natural Gas	-2.14	67.54	14.70	117.54	121.45
Copper	-7.25	-21.10	-15.42	28.20	17.92
Gold	-7.99	-7.43	-4.08	30.71	30.29
Corn	-15.61	13.94	25.98	90.11	104.49

Source: FactSet.

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.

Not all share classes are available to all investors.

All investing involves risk, including the potential loss of principal. 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 small- and mid-cap 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. As a non-diversified fund, the Fund may invest a larger portion of its assets in a smaller number of issuers making the Fund more susceptible to economic or credit risks than a diversified fund. Investments in companies in natural resources industries may involve risks including changes in commodities prices, changes in demand for various natural resources, changes in energy prices, and international political and economic developments. 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.

Any discussions of specific securities should not be considered a recommendation to buy or sell those securities. Fund holdings will vary.

Except as otherwise specifically stated, all information and portfolio manager commentary, including portfolio security positions, are as of September 30, 2022.

[1] **The MSCI World Commodity Producers Index™ (MSCI-WCP)** captures the global opportunity set of commodity producers in the energy, metal and agricultural sectors. Constituents are selected from the equity universe of MSCI World, the parent index, which covers large- and mid-cap securities across developed markets.

[2] **The S&P North American Natural Resources Sector Index™** is a modified cap-weighted index designed as a benchmark for U.S.-traded securities in the natural resources sector. The index includes companies involved in the following categories: extractive industries, energy companies, owners and operators of timber tracts, forestry services, producers of pulp and paper, and owners of plantations. Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index and, unlike the Fund, the index does not incur fees or expenses.

[3] **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.

[4] **The S&P Goldman Sachs Commodity Index (GSCI)** is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity markets. The index weights each commoidty in the index by world production, and adjusts for futures trading volume, in aim to achieve a pure measure of investable world commodity market beta. You may not invest in the index and, unlike the Fund, it does not incur expenses.

[5] **The S&P Global Natural Resources Sector Index™** includes 90 of the largest publicly traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across three primary commodity-related sectors: agribusiness, energy, and metals & mining. You may not invest in the index and, unlike the Fund, it does not incur expenses.

[6] The Fund's holdings are allocated to each sector based on their Global Industry Classification Standard (GICS®) classification. If a holding is not classified by GICS, it is assigned a GICS designation by SailingStone Capital Partners. Cash includes short-term investments and net other assets and liabilities.

[7] Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities. Percentages are listed including cash portion of portfolio.

SailingStone Capital Partners LLC is the subadviser to the Fund. The Fund is distributed by Victory Capital Services, Inc., member FINRA, an affiliate of Victory Capital Management Inc., the fund's investment adviser.

3Q 2022 VC Global Energy Transition Fund COM

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