

Market Environment

International equities rose for the fifth consecutive quarter as strong consumer demand has led to a substantial pickup in economic activity and has accelerated the global recovery. Although the reflation trade has favored a value shift, value gave up some ground during the period as growth stocks outperformed. For the quarter, the MSCI ACWI (All Country World) ex USA Index advanced 5.5%, while the Victory Trivalent International Fund – Core Equity (Class A, without load) trailed the benchmark. There was wide dispersion among country returns in the index. Brazil rose 22.9% and was the best performing country on declining coronavirus cases coupled with higher commodity prices. Denmark returned 13.1%, largely driven by rising Health Care stocks. Switzerland advanced 11.5% as its Purchasing Managers' Index hit a record high since it began tracking the data in 1995. France was up 9.1% after raising its growth forecast to 5.8%, 0.4 percentage points higher than the previous estimate. On the downside, Chile declined 14.2% and was the weakest market in the index after its ruling center-right coalition suffered a surprise electoral defeat, increasing uncertainty as the country prepares to draft a new constitution. Japan fell 0.3% after declaring its third state of emergency ahead of the Tokyo Olympics due to surging coronavirus cases.

Ten of the eleven sectors advanced, with Health Care stocks bouncing back 9.9% after a weak first quarter. Energy stocks returned 8.4% as Brent Crude oil prices gained 18.2% and topped \$75 a barrel for the first time since October 2018 on improved demand expectations. Consumer Staples and Information Technology rose 7.7% and 7.0%, respectively. The more defensive Utilities stocks were the laggards, down 0.4%.

Portfolio Review

Overall security selection was negative and accounted for most of the Fund's relative underperformance. Excess returns were generated in one of six regions and four of the eleven economic sectors. From a style perspective, the Fund's overall exposure to value, business momentum and quality factors modestly detracted from performance. Value's underperformance overshadowed minor positive contributions from business momentum and quality. Across sectors, security selection was weakest in the Consumer Discretionary sector due to profit taking in two sizable positions. German auto manufacturer Volkswagen retreated 10.7% after sharp gains in the first quarter on positive reviews of its electrification strategy and concerns that supply chain shortages from semiconductor bottlenecks could impact production. Japanese entertainment and electronics company Sony Group Corporation declined 7.1% after issuing conservative guidance following a strong full-year earnings report. Relative performance was also weak within Information Technology, with the largest impact coming from a position in Lenovo Group Limited. The global market leader in personal computing devices retreated 19.2% after rising 50.7% in the first quarter on concerns over a potential fade in work-from-anywhere induced demand and component shortages.

Notable outperformance was generated within the Health Care and Industrials sectors. Chinese pharmaceutical manufacturer Shanghai Fosun Pharmaceutical Group was the top contributor, up 89.3% after reaching a manufacturing agreement with German vaccine developer BioNTech to produce up to one billion doses of the mRNA coronavirus vaccine. Within Industrials, Samsung Engineering climbed 71.6% as the order outlook from key Middle Eastern clients improved as higher oil prices revived demand for petrochemical plant projects. Deutsche Post was another strong performer in the sector. The German logistics and delivery service provider rose 26.3% as first quarter results and outlook confirmed a strong demand environment, which has led to higher earnings expectations.

Market Outlook

The global appetite for risk has elevated equity markets, and optimism toward the post-pandemic recovery continues to move forward. The global vaccination rollout has improved economic prospects and boosted confidence on pent-up demand expectations. Vaccination rates in Europe have accelerated and will soon catch up with the U.S., while rollouts in Asia are gaining momentum after a slow start. While the emergence of the highly contagious Delta variant is a potential concern, early studies indicate that existing vaccines protect against severe illness from the variant. As economies progress on reopening, inflation worries have come to the forefront and will remain a key focus going forward. Central banks are closely monitoring consumer prices in assessing whether inflation is persistent or transitory due to pandemic-induced supply disruptions coupled with pent-up demand. The European Central Bank recently decided to raise its inflation target to 2% with room to overshoot, signaling no foreseeable adjustments to its current accommodative monetary policy stance. While China has lowered its debt ratio and enjoyed better economic conditions, market regulation and reforms have become more burdensome on foreign business and investment. Overall the near-term outlook for international markets remains favorable, as the European Union increased its growth forecast and the Japanese government expects its economy will return to pre-pandemic levels later this year despite the current lockdown. Opportunities for relative outperformance remain, particularly among the diverse and broad segment of international equities. We continue to be guided by our bottom-up analysis and remain focused on stock selection while adhering to our disciplined country and sector risk exposures.

Top 5 Contributors (%)	Return	Contribution to Absolute Return
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Class H	89.3	0.27
Samsung Engineering Co., Ltd.	71.6	0.26
Swedish Match AB	10.7	0.20
Deutsche Post AG	26.3	0.17
LVMH Moët Hennessy Louis Vuitton SE	18.0	0.14

Top 5 Detractors (%)	Return	Contribution to Absolute Return
Lenovo Group Limited	-19.2	-0.19
Sony Group Corporation	-7.1	-0.12
Volkswagen AG Pref	-10.7	-0.12
Vipshop Holdings Ltd Sponsored ADR	-32.8	-0.11
Itochu Corporation	-11.2	-0.10

Top Ten Holdings	% Fund
Tencent Holdings Ltd.	1.75
Taiwan Semiconductor Manufacturing Co., Ltd.	1.62
Sony Group Corporation	1.60
Nestle S.A.	1.07
Volkswagen AG Pref	1.02
Anglo American plc	1.00
Toyota Motor Corp.	1.00
Novartis AG	0.96
Samsung Electronics Co., Ltd.	0.94
Alibaba Group Holding Ltd. Sponsored ADR	0.92
Total	11.87

Investment Performance (%)

Average Annual Returns as of June 30, 2021

Victory Trivalent International Fund - Core Equity	Ticker	Inception Date	Q2 2021	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Expense Ratio Gross	Expense Ratio Net
A Shares, without sales charge	MAICX	8/16/07	3.86	9.15	30.28	6.86	9.36	5.58	2.07	1.84	0.95
A Shares, with sales charge (max. 5.75%)	MAICX	8/16/07	-2.11	2.83	22.72	4.79	8.06	4.96	1.63	1.84	0.95
I Shares	MICIX	8/16/07	3.96	9.23	30.65	7.28	9.74	6.04	2.53	1.54	0.60
MSCI ACWI ex-USA Index (Net)	-	-	5.48	9.16	35.72	9.38	11.08	5.45	-	-	-

Source: Victory Capital data analyzed through Zephyr.

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 is annualized. Other share classes are available. Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower. Net expense ratio reflects the contractual waiver and/or reimbursement of management fees through October 31, 2021.

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. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments concentrated in a single country, a small number of countries or a specific region typically exhibit higher volatility. Investments in small- and mid-cap companies typically exhibit higher volatility. 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.

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.

Fund holdings are subject to change and should not be considered purchase recommendations. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased. Top holdings do not reflect cash, money market instruments or options/futures contracts holdings. The most currently available data regarding portfolio holdings can be found on our website, www.vcm.com.

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

The MSCI All-Country World ex-USA Index (ACWI ex-USA) is a free float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed markets, excluding the United States, and emerging markets.

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