

Market Commentary

Global equities finished the fourth quarter well into positive territory, trimming the extent of their losses for the full year. The market's gains were achieved in October and November, when signs that inflation had peaked alongside less hawkish commentary from U.S. Federal Reserve Chairman Jerome Powell raised hopes that the central bank would end its interest rate hiking cycle in early 2023. Indeed, both the Fed and the European Central Bank raised their benchmark overnight lending rates by a more modest 50 basis points in mid-December. Also supporting sentiment, the Chinese government began to ease the zero-COVID policy that had weighed on global economic growth for much of 2022. However, stocks retreated into year-end as investors focused on the impact of higher rates on economic growth and corporate earnings in the coming year.

Global stocks returned 9.76% in the quarter, as gauged by the MSCI All Country World Index. Within the Index, 10 of 11 sectors were in positive territory, with only consumer discretionary posting a small loss.

Fund Performance and Positioning

Against this backdrop, the USAA Capital Growth Fund registered a positive quarterly return while outperforming its benchmark, the MSCI All Country World Index.

Security selection was the principal driver of outperformance, while sector allocation also proved additive. Selection within consumer discretionary led positive contributions to the Fund's relative performance. There were no material detractors in terms of sector weights or selection within sectors. In country terms, selection within the U.S. accounted for the bulk of the Fund's outperformance.

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. In addition to the normal risks associated with investing, 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. 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.

Discussion based on the Fund share class. Other classes are available and may have different performance characteristics.

Holdings, if any, are subject to change without notice and should not be considered purchase recommendations.

Victory Capital Management does not give financial, tax or legal advice, and nothing contained herein should be construed as such advice.

The MSCI All-Country World Index (ACWI) is a free float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed and emerging markets. An index is unmanaged and not available for direct investment; therefore, its performance does not reflect the expenses associated with the active management of an actual portfolio.

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