USAA Managed Portfolios

USAA Managed Portfolios — UMP® (UMP) provides you with a professionally managed, broadly diversified portfolio to help you achieve your long-term financial goals. The UMP program focuses on managing your portfolio and strives to meet your investment goals so you can spend time on the most important parts of your life. This discretionary account program offers you a simple way to invest for your future using a diversified mix of mutual funds, and exchange traded funds (ETFs) as well as individual stocks and bonds if you have a qualifying level of assets.
Portfolio model selections driven by your goals

At USAA, we understand your portfolio goals translate directly to your life goals. Building a portfolio that provides for both growth opportunities and broad diversification requires significant time, desire and expertise.

UMP is a managed account program consisting of three different advisory offerings — UMP Wrap, Custom and Digital Investment Adviser. Each offering has distinct features and services that are described below. For UMP Wrap and Custom, your USAA financial advisor will support you by reviewing your individual goals, investment time horizon, tax bracket and risk tolerance. Once we know more about you, we will help you select one of our UMP portfolios.

UMP Wrap Account Program

With an initial investment of just $25,000, you will receive:

- Guidance to help you select from among several broadly diversified investment portfolios based on your goals, risk tolerance and other factors
- Support from USAA Investment Management Company’s Chief Investment Officer and a team of investment professionals who monitor market changes and economic conditions with the specific model portfolios in mind. As necessary, the team will make adjustments to maintain consistency with portfolio objectives
- An asset allocation that is monitored and reallocated or rebalanced as needed
- A Manager Research Team that researches, recommends and monitors mutual funds and ETFs
- The ability to perform periodic account reviews with a USAA financial advisor to evaluate your personal financial situation and help ensure your UMP account strategy continues to be appropriate for your investment objective
- Year-end tax and monthly performance statements
UMP Custom Account Program

With an initial investment of $500,000, you will receive:

In addition to all of the benefits of the UMP Wrap Account Program, if you have investable assets of $500,000 or more, you are eligible for a UMP Custom account program which gives you access to a broader array of investment strategies. These strategies are furnished by 3rd party Style Managers that specialize in investment models of individual securities that may include US large cap, dividend focused stocks, international developed, taxable/tax-exempt bonds and/or other strategies.

The UMP Manager Research Team will conduct research into, monitor and recommend 3rd party Style Managers to be included in each UMP Custom model portfolio and the Portfolio Management Team will be responsible for implementing these strategies within your Custom account program.

UMP Digital Investment Adviser Program

With an initial investment of just $2,000, you will receive:

For members that prefer a digital experience and seek low-cost, passive index ETF investments, we offer the Digital Investment Adviser (DIA) program. DIA accounts utilize an automated tool available through usaa.com or the mobile app that generates a model portfolio that’s aligned for your selected risk tolerance. Members are able to accept the model portfolio generated by the DIA automated tool or select a different model portfolio available under the Program. The investment advice provided through DIA is reliant on the information you provide. DIA is designed for members who are interested in interacting with USAA primarily through electronic channels such as our website and by e-mail.
Our People
The professionals behind the scenes
Our UMP portfolio management team is comprised of highly trained, experienced investment professionals dedicated to creating, monitoring and managing your portfolio. For additional information on the team’s experience and investment knowledge, see the UMP Program Brochure Supplement.

Our Philosophy
Manage your success
Our disciplined approach to portfolio management stems from our military values, which are the reason we have earned our members’ business and their trust. We are investment managers who invest according to a consistent, research-focused philosophy and process that seek to offer the greatest potential opportunity to benefit our members.

Our Process
Core competencies
By leveraging rigorous research in equity, fixed-income and alternative asset classes, our Portfolio Managers develop critical insights into portfolio construction. To build multi-asset class portfolios, we leverage our core competencies of asset allocation, security selection, manager selection and risk management.

Portfolio model selections driven by your goals
The UMP Program Brochure

This document provides certain highlights regarding investing in UMP and is for information purposes only. A full description of UMP’s features, investment selection, risks, expenses and fees can be found in the UMP Brochure. You should review the UMP Brochure carefully before investing.

You can access a copy of the UMP Brochure by:

1. Selecting this UMP Brochure link if viewing an electronic copy of this document.
2. Entering the phrase “UMP Brochure” in the Search bar on usaa.com.
3. Requesting your USAA financial advisor mail a copy of the UMP Brochure to you.

Choice of Offerings

UMP Wrap, Custom or Digital Investment Adviser

The UMP Wrap offering requires a minimum account size of $25,000 and consists of three types of model portfolios:

- **USAA Fund Wrap Program Accounts** — invests primarily in affiliated USAA Mutual Funds
- **Marketplace Fund Wrap Program Accounts** — invests primarily in Mutual Funds that are unaffiliated with USAA, also known as third-party mutual funds
- **ETF Wrap Program Accounts** — invests primarily in Exchange Traded Funds (ETFs) that are unaffiliated with USAA, also known as third-party ETFs
- **Blend Wrap Program Accounts** — invests primarily in affiliated USAA Exchange Traded Funds (ETFs) as well as Mutual Funds that are unaffiliated with USAA, also known as third-party mutual funds

The UMP Custom models can include mutual funds (potentially affiliated or unaffiliated with USAA), ETFs, individual stocks and bonds, among other asset types. The minimum account size for a Custom account is $500,000.

UMP Digital Investment Adviser accounts have a minimum account size of $2,000. Digital Investment Adviser models are composed of passively managed Exchange Traded Funds (ETFs) that are not affiliated with USAA.
Important Features of UMP Wrap & Custom Offerings

Discretionary Account
USAA Investment Management Company (IMCO), a registered investment adviser, has full discretionary authority over the management of your UMP account. This authority includes selling securities transferred into your UMP account, and purchasing the appropriate securities and investments to construct the model portfolio that you selected for your account. We will begin placing trades to move your holdings toward your selected model portfolio target allocation when you have provided us with all necessary documentation, we have verified all your transferred assets, and you have met your minimum account size. IMCO may employ the services of affiliated or 3rd party Style Managers to provide investment recommendation services. These Style Managers do not have discretionary authority to implement trades in your account; however, IMCO will generally implement Style Manager recommended transactions, subject to any reasonable restrictions placed on the management of the account.

Asset Allocation
Our asset allocation strategies include a long-term “Strategic Allocation” to help reduce risk and volatility, and short-term “Tactical Allocation” to maximize what we believe to be timely opportunities in the market. Your Strategic Allocation is an approach based upon multiple factors including, but not limited to, historical and expected future investment returns, interest rates, inflation, as well as asset allocation assumptions. Tactical Allocation strives to take advantage of market opportunities by adjusting your portfolio. We may adjust your current Tactical Allocation periodically when we believe there is a material change in the cyclical direction of the market that presents investment opportunities. We also may periodically rebalance your account as needed in the event your account experiences what we deem to be a material drift away from the target Strategic Allocation.

Volatility and Tolerance for Risk
To determine whether a UMP Wrap or Custom account is appropriate for you, a USAA financial advisor will review your individual financial situation, including your investment objectives, risk tolerance, planned investment time horizon, certain income tax considerations, and other information that you provide.

As part of this conversation, USAA will recommend a UMP portfolio that aligns with your financial situation. The historical returns of various portfolios are available at your request and provide additional information regarding the ranges of volatility experienced since the portfolio inception. Please note that past performance is not a guarantee of future results. Investing in securities products involves risk, including possible loss of principal.

Risk-Based Portfolios
The UMP program offers seven investment model portfolios that provide investment styles ranging from conservative to very aggressive. These model portfolios are designed to help you invest your money in an appropriate, professionally managed portfolio of investments based on your risk tolerance, asset allocation principles and the value of your assets under management.

Time Horizon
All UMP model portfolios are intended for investors with a medium to long-term investment time horizon. We recommend a minimum of five years before making significant withdrawals of principal for reasons other than required minimum distributions from IRAs, or investment income distributions in order to reduce the risk that a substantial market decline may result in the failure to reach the investment objectives for your account.
**Tax Considerations**

The Portfolio Manager may frequently rebalance the model portfolios resulting in tax implications for non-IRA account holders. Additionally, certain security holdings may pay dividends, interest or distribute capital gains periodically which could also result in tax implications for non-IRA account holders.

The sale of securities in UMP Program accounts, including as part of the initial funding, is not tax-managed (i.e., we do not provide a service for developing a phased plan to sell securities over a period of time), and you may therefore recognize a taxable gain, loss, or wash sale when your shares are sold, unless your account is an IRA. You should consult with your tax adviser if you plan to fund your account, in whole or in part, with individual securities or mutual funds.

**Prospectuses Available**

The Summary Prospectus for each mutual fund or ETF included in a client’s portfolio is available for review online through usaa.com. The Statutory Prospectus may be sent to you by mail, if requested. If you choose to open an account, the prospectus for each mutual fund or ETF in your account will be provided to you either by mail, or electronically based on your delivery preferences with USAA’s Investment Management Company.
Summary of UMP Fees

The UMP Program “Account Fee” for DIA, Wrap and Custom accounts is calculated on the average daily balance of the total market value of assets in your account, including cash balances and money market fund shares. This fee covers services which include portfolio construction, asset allocation, the ongoing monitoring and management of your Program account, ongoing communications as well as electronic account servicing to keep you informed about your account, and certain brokerage-related services. Your Program Account will begin accruing Account Fees when we begin active management. You will not be charged Account Fees during the funding process prior to active management. The Program Fee is assessed monthly in arrears. The Account Fee charged to your Program Account does not cover charges resulting from SEC fees, electronic fund and wire transfer fees, and any other charges otherwise agreed to with regard to your Program Account.

For each of the UMP offerings, there is a maximum annual gross Account Fee rate that is reduced by either the greater of an annual credit amount or the sum of the actual investment management/advisory fees (including any performance adjustment) of the USAA Mutual Funds attributable to the shares held in your Program Account that are paid to AMCO or its other affiliates, plus any Rule 12b-1 fees paid to IMCO or an affiliate attributable to the related shares of non-USAA mutual funds held in your Program Account. Please see the UMP Program Brochure for further details regarding fees and expenses, including examples of DIA, Wrap, and Custom Account Fee calculations.

**UMP Wrap Account** (Minimum account size of $25,000)

The maximum annual gross Wrap Program Account Fee is 2.20%, less the minimum annual credit amount of 1.10% resulting in the maximum annual net Program Fee of 1.10%. There is a minimum annual Account Fee of $275. In addition to the Account Fee, you will also indirectly bear the underlying fees and expenses charged by the mutual funds and/or ETFs. Wrap models utilizing ETFs may have lower overall expenses than those using mutual funds.

**UMP Custom Account** (Minimum account size of $500,000)

The maximum annual gross Custom Program Account Fee of 2.20%, less the minimum annual credit amount of 1.10% resulting in the maximum annual net Account Fee of 1.10%. However, for 100% fixed income model portfolios, maximum annual gross Custom Program Account Fee is 1.60%, less the minimum annual credit amount of 1.10%, resulting in the maximum annual net Program Fees of 0.50% for 100% Fixed Income model portfolios.

In addition to the Account Fee and underlying fund expenses (referred to above), Custom accounts are also subject to an Investment Management Fee that covers costs and additional services associated with expanded manager oversight, investment options, and any selected third-party manager(s) that may act as a Style Manager to the Custom Model Portfolio. The Investment Management Fee is not assessed on mutual fund, money market fund, or cash balances in your account. The maximum annual Investment Management Fee is 0.60% (0.60% for equities and 0.25% for fixed income securities). You will also indirectly bear the underlying fees and expenses charged by the mutual funds and/or ETFs in addition to the Account Fee.

**UMP Digital Investment Adviser Account** (Minimum account size of $2,000)

The maximum annual gross DIA Program Account Fee is 0.55%, less the minimum annual credit amount of 0.05%, resulting in the maximum annual net Account Fee of 0.50%. There is minimum annual Program Account Fee of $10. In addition to the Account fee, you will also indirectly bear the underlying fees and expenses charged by the ETFs in addition to the Account Fee. Also, any DIA Program Accounts funded with securities will be assessed a fixed fee of $25.00 for the transfer in and liquidation of those securities if the DIA Program Account balance, after funding, is less than $25,000.00.
Available Breakpoints

UMP Wrap and Custom Program Account and Investment Management Fees have tiered fee schedules with “breakpoints,” or fee reductions that occur at various account asset levels. Your Program Account may receive a lower Account Fee only on the assets contributed above each breakpoint level. Please see the UMP Program Brochure for further details regarding fees and expenses.

Householding of Eligible Accounts for Reduced Fees

You may qualify for lower UMP Wrap and Custom Account Fees based on the cumulative asset value of eligible accounts that have been aggregated for “householding”. You should consult with your USAA financial advisor or see the UMP Program Brochure for more information on the eligibility requirements to determine whether you have accounts that could be aggregated for householding. Please see the UMP Program Brochure for further details regarding fees and expenses.
Investment minimums above $500,000 may be required for 3rd Party Equity or Bond investment managers based on UMP model allocation requirements. Please speak with a USAA Advisor for more details.

This document and any information contained herein is provided for informational purposes only and does not constitute advice, or an offer, solicitation or invitation to buy or sell any securities or related financial investments. It should not be used as a primary basis for making investment decisions. Consider your own financial circumstances and goals carefully before participating in the program. Please review the UMP Program Brochure before making any investment decisions.

USAA Managed Portfolios — UMP® (UMP) is an advisory service of USAA Investment Management Company (IMCO), a registered investment adviser, that is offered through its affiliate, USAA Financial Advisors, Inc. (FAI). UMP’s Digital Investment Adviser (DIA) offering is exclusively offered by IMCO as an investment adviser and serviced by FAI. Brokerage accounts are introduced and brokerage services provided by FAI and IMCO, both registered broker-dealers and Members SIPC. Clearing, custody and other services provided by National Financial Services LLC (NFS), Member NYSE and SIPC. A full description of the UMP program, including the investments, risks and applicable fees, is provided in the UMP Brochure. Information about UMP is also available by calling 1-800-531-1345.

An investor in a managed portfolio will indirectly bear fees and expenses charged by the underlying funds in addition to direct fees and expenses charged by the portfolio as applicable.

USAA or its affiliates do not provide tax advice. Taxpayers should seek advice based upon their own particular circumstances from an independent tax advisor.

Information contained herein is provided for informational purposes only, and is qualified in its entirety by the UMP Form ADV Part 2A Brochure and UMP Client Agreement. Investing in securities products involves risk, including possible loss of principle.

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