

USAA Investment Management Company
USAA Managed Portfolios - UMP[®] Program
(Appendix 1)

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March 30, 2018

This wrap fee program brochure (Brochure) provides information about the qualifications and business practices of USAA Investment Management Company (IMCO) and the USAA Managed Portfolios - UMP[®] program (UMP or the Program). If you have any questions about the contents of this Brochure, please contact us at 877-314-2255. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about IMCO also is available on the SEC's website at adviserinfo.sec.gov.

IMCO is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended. Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser's skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory service to its clients.

ITEM 2 – MATERIAL CHANGES

This Brochure dated March 30, 2018, is an update to our last filing dated March 31, 2017. IMCO is required to identify and discuss material changes made to this Brochure since its last annual update filed on March 31, 2017. Accordingly, you should be aware of the following material changes:

March 30, 2018 Update: This Brochure has been revised to reflect that a new type of model portfolios is expected to be available in 2018 through the Wrap offering within the Program that will be constructed of exchange traded funds (ETFs) that are created and managed by a USAA affiliate (USAA ETFs, which are described more fully herein) as well as unaffiliated ETF and mutual funds. Also, this Brochure has been revised to reflect that the Digital Investment Adviser (DIA) offering within the Program may in the future include USAA ETFs. In addition, this Brochure has been enhanced to provide additional information regarding DIA’s use of algorithms.

Specifically, this Brochure has been amended at Item 4 under the subsections “Overview of the Program” and “Investment Options” to describe that model portfolios offered through Wrap Program will and DIA may, in the future, invest in USAA ETFs. In addition, this Brochure has been amended at Item 4 in the section “Fees and Minimums” to describe the mechanics of the Credit Amount with respect to any future investments in USAA ETFs for Program Accounts. Item 6 of the Brochure has been amended at the subsections “Investment Strategy and Asset Allocation,” “Program Investments,” and “Investment Management” to describe the potential use of USAA ETFs in Wrap Program and DIA and the process of reviewing USAA ETFs for their initial and ongoing inclusion in the Program’s model portfolios. This Brochure has also been amended at Item 9 under the section “IMCO’s Relationship with Affiliates” to disclose the relationship IMCO maintains with the USAA ETF Trust. Item 9 in the section “Conflicts of Interest” has been amended to disclose the conflicts of interest that using USAA ETFs in the Wrap Program and DIA will create and the ways that IMCO will seek to mitigate them. Lastly, this Brochure has been modified throughout to enhance certain disclosures regarding the automated nature of the DIA Program, mutual fund share class selection conflicts of interest, the strategic nature of the UMP portfolio management, investment risks, Custom Program Account minimums for purchasing certain securities, and the thresholds under which IMCO will convert Custom Program Accounts to Wrap Program Accounts.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’s fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. Our Brochure may be requested by calling 877-314-2255.

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ITEM 4 – SERVICES, FEES, AND COMPENSATION

OVERVIEW OF THE PROGRAM

The USAA Managed Portfolios - UMP[®] program (UMP or the Program) is a managed account program offered by USAA Investment Management Company (IMCO, we, our, or us), an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). We are also a registered broker-dealer, member of the Financial Industry Regulatory Authority (FINRA), and member of the Securities Investor Protection Corporation (SIPC). IMCO is an indirect wholly-owned subsidiary of United Services Automobile Association (USAA), a diversified financial services institution.

The Program offers several investment options which 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. Specifically, the Program has three offerings:

- (1) **Digital Investment Adviser (DIA)**— a digital investment advisory platform offered through www.usaa.com and the USAA mobile application (collectively, the Site) that offers model portfolios comprised of exchange traded funds (ETFs) and money market mutual funds;
- (2) **Wrap**— a traditional managed account platform that offers model portfolios that may be comprised of mutual funds, money market funds, and/or ETFs, depending on the type of account selected (as discussed further below); and
- (3) **Custom**— a managed account platform that offers model portfolios with a wide range of underlying assets, including stocks and bonds.

The Program is designed to provide investment strategies appropriate for different investors by opening brokerage accounts through USAA Financial Advisors, Inc. (FAI) and IMCO and carried by National Financial Services, LLC, a Fidelity Investments Company (NFS) (each, a Program Account) and to provide investment management services for the assets in each Program Account. We may recommend the same or substantially similar strategies to different investors with substantially similar investment objectives. You may place reasonable restrictions, or make reasonable modifications to existing restrictions, regarding the management of your Program Account by submitting a written request to us. Any reasonable restriction you may wish to impose regarding the management of your Program Account is subject to our review and approval. We will not accept any restrictions that are inconsistent with the Program's stated investment strategy or philosophy or that are inconsistent with the nature or operation of the Program. Further, restrictions on the underlying holdings of a mutual fund or ETF will not be considered "reasonable" under the Program nor will requests to purchase a particular security. If there is a change from one Program offering (DIA, Wrap, or Custom) or a model within an offering to a different UMP offering and/or model, any reasonable restriction will be automatically lifted. You may request a reasonable restriction on the newly selected offering or model by submitting a written request to us. Accounts with investment restrictions may perform differently than accounts without restrictions;

performance may be lower or higher for accounts with restrictions than those without restrictions. If you choose to request or eliminate a restriction placed on your Program Account, please contact a USAA-affiliated financial advisor at: 866-998-2350 for DIA clients, and 800-531-1345 for Wrap and Custom clients. Any requests to impose or change a restriction made via telephone will be confirmed in writing by IMCO. Program Account clients may submit written requests for restrictions to us: (i) by mail at USAA Investment Management Company, Attn: USAA Managed Portfolios, P.O. Box 659453, San Antonio, Texas 78265; or (ii) by facsimile to 800-292-8177. If we determine that a restriction request is reasonable, and therefore accept a restriction on Program Accounts, you should be aware that performance of your Program Account with restrictions will differ from, and may be lower than, the performance of similar unrestricted Program Accounts. We may, in our discretion, hold the amount that would have been invested in the restricted security in cash, invest it in substitute securities, or invest it across other securities in the strategy that are not restricted.

The following is an overview of each of the DIA, Wrap, and Custom offerings.

DIA. DIA is intended for clients who have a long-term investment horizon (five or more years) and who seek low-cost, passive investments with trading activity and rebalancing as needed to maintain alignment with the intended target asset allocation. DIA is designed to lower the cost of investing by automating key aspects of the investment management process. DIA is intended for clients who are interested in interacting with us through the Site as clients primarily communicate with us through electronic means, such as by e-mail or the Site.

DIA's proprietary automated tool (the Tool) allows users to filter through available model portfolios based on risk tolerance. Specifically, the Tool asks users to select their risk tolerance level and, based on that information, generates a model portfolio aligned with the selected risk tolerance. Users are able to accept the model portfolio generated by the Tool or select a different model portfolio available under the Program. While the Tool generates a model portfolio based on your selected risk tolerance, the decision of whether to invest in a particular model portfolio is solely your decision. Once you select a model portfolio, and fund your Program Account, we will purchase securities according to the Strategic Allocation (defined below) associated with your selected model portfolio and continue to manage your DIA Program Account based on that selection. Model portfolios in DIA are comprised of globally diversified sets of low-cost ETFs. While human investment personnel are responsible for creating, monitoring, and revising the model portfolios, the Tool automatically maps a user to a particular model portfolio for consideration based on the information a client provides (discussed further below).

Except for cash and money market mutual fund portions of a DIA Program Account, the model portfolios available in DIA will be comprised exclusively of ETFs. Currently, the ETFs comprising the model portfolios consist of unaffiliated ETFs; however, in the future, it is contemplated that certain ETFs comprising the model portfolios used in DIA will be USAA ETFs, which are a series of ETFs of the USAA ETF Trust that are sponsored and managed by USAA Asset Management Company (AMCO), an investment adviser registered with the SEC and an affiliate of IMCO (USAA ETFs). USAA ETFs and USAA Mutual Funds (defined below) are collectively referred to throughout this brochure as USAA Funds.

The investment advice provided through DIA is highly reliant on the information you provide through the Site. Therefore, it is important that the information you initially provide on the Site is accurate and complete, that you immediately update any changes in your information, and that you revisit your model portfolio selection if the information or your financial circumstance changes. IMCO will not independently verify any information you provide through the Site. The Tool considers the information you provide through the Site in making a model portfolio recommendation, but the decision to select and invest in a particular model portfolio is yours. IMCO does not consider your personal client information in managing your Program Account on an ongoing basis (except with respect to any reasonable restrictions placed on the management of your Program Account), but rather it manages your Program Account in accordance with the model portfolio you selected. We will not provide you advice regarding any of your assets that are held outside of your DIA Program Account. Please refer to Item 5 – “Account Requirements and Types of Clients” for a description of the requirements to participate in the DIA offering.

Wrap & Custom. The Wrap and Custom offerings are intended for clients seeking model portfolios with a broad array of investment options in their Program Accounts, including actively managed mutual funds and passively managed ETFs. Wrap Program Accounts offered under the Program include the following options:

- (1) **USAA Fund Wrap Program Accounts**— Wrap Program Accounts that invest through model portfolios consisting primarily of affiliated USAA Mutual Funds (these are a series of mutual funds of the USAA Mutual Fund Trust that are sponsored and managed by AMCO);
- (2) **Marketplace Fund Wrap Program Accounts**— Wrap Program Accounts that invest through model portfolios consisting primarily of unaffiliated mutual funds (that is, mutual funds not affiliated with IMCO or USAA; also known as third-party mutual funds); and
- (3) **ETF Wrap Program Accounts**— Wrap Program Accounts that invest through model portfolios consisting primarily of third-party ETFs.
- (4) **Blend Wrap Program** – Wrap Program Accounts that invest through model portfolios consisting primarily of USAA ETFs as well as third-party ETFs and mutual funds. This Wrap Program Account is not available as of the date of this Brochure, but is anticipated to be available in 2018.

To determine whether a Wrap or Custom Program Account is appropriate for you, a USAA-affiliated financial advisor will review your individual financial situation, including your investment objectives, risk tolerance, planned investment time horizon, certain federal income tax considerations, and other information that you provide in the UMP questionnaire and Account Application required to open a Wrap or Custom Program Account (collectively, a Questionnaire). You will ultimately elect the type of Program Account you would like. You may complete a Questionnaire by contacting us at 877-314-2255 or by visiting our website at usaa.com. A USAA-affiliated financial advisor also may assist you with the completion of your Questionnaire over the telephone or in person. USAA’s affiliated financial advisors are discussed in the “USAA-Affiliated Financial Advisors” subsection below.

If your Program Account has assets of \$500,000 or greater, you may elect to have your Wrap Program Account treated as a “Custom Program Account.” Custom Program Accounts have higher fees, generally due to the expanded manager oversight, investment options, and services available to these accounts. The differences between Custom Program Accounts and Wrap Program Accounts are described in greater detail throughout this Brochure

If a USAA-affiliated financial advisor determines that a Wrap or Custom Program Account is appropriate for you after reviewing your Questionnaire, they will provide you with your recommended model portfolio (discussed further in the “Investment Options” section below), including your Strategic Allocation (defined below). The model portfolio recommended to you is based on an evaluation of your Questionnaire and any additional information or reasonable restrictions that you provide to us. While we recommend a model portfolio for you, the decision of whether to accept or reject that recommendation and whether to invest in a particular model portfolio is solely your decision.

We will not provide you advice regarding any of your assets that are held outside of your Wrap or Custom Program Account; however, if you inform your USAA-affiliated financial advisor of such assets, they may consider those assets in connection with the recommendation of what they believe to be the most appropriate model portfolio for you. The USAA-affiliated financial advisor will rely on the information you provide when making their initial model portfolio recommendation, and we will rely on such information during our initial allocation of investments in your Wrap or Custom Program Account, as well as the ongoing management of your Wrap or Custom Program Account. Therefore, it is important that the information you provide in the Questionnaire is accurate and complete. Unless you object in a follow-up communication, our investment management team will proceed to invest your Program Account in accordance with the approach set forth in the Questionnaire.

Please refer to Item 5 – “Account Requirements and Types of Clients” for a description of the requirements to participate in the Wrap and Custom offerings.

All Programs. Clients participating in a Program that invests in USAA Funds should understand that AMCO, an affiliate of IMCO, will receive compensation for the management of the USAA Funds. Therefore, IMCO will have an indirect financial incentive to include the USAA Funds in the model portfolios and recommend such investments to clients. We address this conflict of interest by crediting back the management fees AMCO collects in connection with USAA Funds held in Program Accounts, as discussed below under “Fee Schedules,” by disclosing the conflict of interest to clients, and by complying with our obligation to act consistent with our fiduciary duty.

INVESTMENT OPTIONS

General. IMCO serves as the Overlay Portfolio Manager (OPM) for the Program and is responsible for determining the strategic and tactical asset allocations, asset types (for example, stocks, bonds, mutual funds, and ETFs), and Style Managers (defined below) for each model portfolio to the extent applicable. The model portfolios offered in the Program are designed to help you invest your money in an appropriate and professionally managed portfolio of investments based on your risk tolerance and our asset allocation principles.

The model portfolio presented to each client for consideration includes specific investments that fill the model portfolio's strategic asset allocation (Strategic Allocation). The Strategic Allocation is the allocation we will use when current and expected near-term market conditions approximate what we believe to be the long-term risks and returns of each of the broad asset classes (*i.e.*, equity and fixed-income). The Strategic Allocation represents the allocation we feel is the optimal mix of asset classes for your model portfolio. The Strategic Allocation is based on our long-term view of asset class returns, standard deviations, and correlations. You are not able to substitute or change investments within a model portfolio, except through the imposition of an investment restriction that IMCO determines to be reasonable. IMCO may change the investments underlying a model portfolio over time, and as such, your portfolio holdings will not necessarily hold the initial investments identified at the time you selected your model portfolio.

Each Program Account will be separately managed by IMCO without regard to other Program Accounts and assets that an IMCO client may hold, either through the Program or outside of USAA. IMCO manages each Program Account according to the offering selected (DIA, Wrap, or Custom) and the specific account type and model portfolio selected. IMCO does not look across all strategies that a member may hold in an attempt to coordinate a client's Program Accounts or manage them collectively for a different strategy. Therefore, IMCO can provide no assurance regarding the volatility of the "total package" of Program Accounts held by a UMP client.

Actual Program Account holdings and performance will differ from model portfolio holdings and performance based on a variety of factors, including but not limited to, the length of time the account has been under IMCO's management, account size, and individual account restrictions. We will determine the cash allocation of a Program Account in our sole discretion.

DIA. DIA offers six (6) model portfolios that provide access to different investment styles ranging from Conservative to Very Aggressive. The model portfolios are designed to accommodate a variety of investment goals, time horizons, and risk tolerances. As stated above, the Tool asks users to select their risk tolerance level and, based on that information, generates a model portfolio aligned with the selected risk tolerance. Users are able to accept the model portfolio generated by the Tool or select a different model portfolio available under the Program. While the Tool generates a model portfolio based on your selected risk tolerance, the decision of whether to invest in a particular model portfolio is solely your decision. Once you select a model portfolio, IMCO will continue to manage your DIA Program Account based on that selection.

DIA does not consider your personal client information in managing your Program Account on an ongoing basis (except with respect to any reasonable restrictions placed on the management of your Program Account), but rather it manages your Program Account in accordance with the model portfolio you selected. As such, it is important that you revisit your model portfolio selection if the information or your financial circumstances change. We will manage your DIA Program Account on a discretionary basis using the Strategic Allocation associated with your selected model portfolio; however, your actual Program Account holdings may differ from the stated Strategic Allocation over time. These deviations are discussed in the "Model Portfolio Asset Allocation" subsection in Item 6 below. The following model portfolios are offered to DIA Program Accounts: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, Aggressive, and Very Aggressive.

Each model portfolio contains a Strategic Allocation, as well as specific ETFs and a USAA money market mutual fund to fill such asset allocation. IMCO retains the right to remove or replace a particular ETF from a model portfolio, in its sole discretion, without providing you prior notice or obtaining your consent. See the “Review of Accounts” subsection in Item 9 below for a discussion of the factors considered in changing an ETF within a model portfolio. If an ETF is removed from a model portfolio, a replacement ETF will be added to the model portfolio. Any DIA Program Accounts invested in an ETF that is removed from the account’s selected model portfolio will be sold out of the removed ETF and into the replacement ETF over time, as determined by IMCO. IMCO reserves the right to change the model portfolios offered through DIA, in its sole discretion.

Further, IMCO will rebalance your DIA Program Account if the asset allocation within your Program Account differs from the Strategic Allocation of your selected model portfolio by pre-determined percentages established by IMCO in its sole discretion. Any cash held in your DIA Program Account, including cash contributed to your Program Account awaiting investment, will be held in a USAA money market fund. IMCO may, in its sole discretion and without notice, delay rebalancing in DIA Program Accounts for any reason.

As noted above, the ETFs available through DIA are currently created and managed by third parties, but in the future, IMCO may offer ETFs that are created and managed by AMCO, an IMCO affiliated investment adviser. Please see the “Conflicts Related to USAA ETF Investments” subsection in Item 9 for information about conflicts of interest related to USAA ETFs.

DIA Program Accounts are managed in the same manner as Wrap and Custom Program Accounts by the PRT and MRT. Please see the section entitled “Investment Management” in Item 6 below for additional information.

Wrap and Custom. Wrap and Custom offer seven (7) primary model portfolios that provide a range of investment styles ranging from 100% Fixed-Income to Very Aggressive. Each different Strategic Allocation associated with a model portfolio is designed to accommodate a variety of investment goals, time horizons, and risk tolerances. Some model portfolios are available only to Custom Program Accounts, and within each model portfolio, the types of assets and Program services offered will vary between Wrap Program Accounts and Custom Program Accounts. Each model portfolio contains a Strategic Allocation, as well as specific investments to fill such asset allocation. USAA Fund Wrap Program Accounts, Marketplace Fund Wrap Program Accounts, and ETF Wrap Program Accounts generally provide the same range of investment styles; however, each type of account varies in the types of investments that can be used to implement the model asset allocation. Specifically, USAA Fund Wrap Program Accounts are comprised primarily of USAA Mutual Funds. However, a USAA Fund Wrap Program model portfolio may invest in a non-USAA Mutual Fund to seek exposure to an asset class or investment strategy that is not currently available through a USAA Mutual Fund. Marketplace Fund Wrap Program Accounts are comprised of primarily third-party mutual funds as well as USAA Mutual Funds. The ETF Wrap Program Accounts are primarily third-party ETFs, but may include either USAA money market funds or USAA Treasury Money Market Trust. IMCO anticipates that it will additionally offer Blend Wrap Program Accounts that will be comprised primarily of USAA ETFs as well as third party ETFs and mutual funds. IMCO may allocate exposure to alternative investment strategies in both Wrap and Custom

Program Accounts. See Item 6 and the sections titled “*Investment Strategy and Asset Allocation*” and “*Program Investments*” for additional information regarding the different types of securities used in each type of account. Please see the “Selecting Between USAA and non-USAA Mutual Funds” and “Selecting Between USAA and third-party ETFs” subsections in Item 6 below for information about how we determine whether to include USAA Funds, or comparable non-USAA Funds in Program Accounts, and the “Conflicts Related to USAA Mutual Fund Investments” and “Conflicts Related to USAA ETF Investments” subsections in Item 9 for information about conflicts of interest related to USAA Funds.

Based upon the information that you provide in your Questionnaire and to your USAA-affiliated financial advisor, and for Wrap Program clients, the type of Wrap Program Account selected, we will provide you a model portfolio recommendation. You then can accept our model portfolio recommendation or select a different model portfolio. Once you select a model portfolio, we will manage your Program Account on a discretionary basis using the Strategic Allocation associated with your selected model portfolio. However, your actual Program Account holdings may deviate from the stated Strategic Allocation. These deviations are discussed in the “Model Portfolio Asset Allocation” subsection in Item 6 below. The following model portfolios are offered to Wrap and Custom Program Accounts: 100% Fixed-Income (available only in Custom Program Accounts), Conservative, Moderately Conservative, Moderate, Moderately Aggressive, Aggressive, and Very Aggressive.

Without limitation, model portfolios available in the Wrap offerings may include one or more of the following securities: ETFs and mutual funds, which include USAA ETFs and USAA Mutual Funds, money market mutual funds, and ETFs and mutual funds that may concentrate exposure to real estate investment trusts (REITs), commodities, or hedging strategies.

Without limitation, model portfolios available in the Custom offerings may include one or more of the following securities: individual stocks, bonds, mutual funds (including USAA mutual funds, money market mutual funds, and mutual funds that may concentrate exposure to REITs, commodities, or hedging strategies), certificates of deposit (CDs) (including CDs offered by USAA Federal Savings Bank (USAA FSB) and USAA Savings Bank (USB), each an affiliate of IMCO), ETFs (including USAA ETFs and ETFs that may concentrate exposure in REITs, commodities, or hedging strategies), and/or American Depositary Receipts (ADRs).

For Wrap and Custom Program Accounts, certain USAA Mutual Funds are available only in the Program and are not offered to the general public. We may restrict or expand the types of securities in which the Program invests at our sole discretion, and without prior notice to you. For Wrap and Custom Program Accounts owned by natural persons, IMCO will allocate the cash portion of an account to a USAA money market fund; for Wrap and Custom Program Accounts owned by non-natural persons such as institutions, IMCO will allocate the cash portion of an account to the USAA Treasury Money Market Trust.

In addition to expanded model portfolio options, assets in Custom Program Accounts may, in whole or in part, be subject to investment recommendations from one or more affiliated or third-party investment adviser (each, a Style Manager). IMCO has entered into investment advisory agreements with certain Style Managers pursuant to which the Style Managers provide investment

recommendations to the Portfolio Management Team (PMT) based on the Style Managers' model portfolios (each, a Strategy). A Strategy may account for the investment management recommendations for some or all of a particular model portfolio. Style Managers do not have discretionary authority to implement trades in Custom Program Accounts; however, IMCO will generally implement Style Manager recommended transactions in Custom Program Accounts without changes (subject to any reasonable restrictions placed on the management of a Program Account).

IMCO may change the Style Managers and investment options available for any model portfolio, and the minimum asset levels required, at its sole discretion at any time. Currently, AMCO, a registered investment adviser affiliated with IMCO, serves as a Style Manager within the Program. Please refer to Item 6 for a more detailed discussion of the due diligence process associated with selecting and monitoring AMCO as a Style Manager and the "Conflicts of Interest" section in Item 9 for a discussion of the conflicts of interest associated with offering affiliated Style Managers in the Program.

FEATURES OF YOUR PROGRAM ACCOUNT

Account Administration and Custody. IMCO serves as investment manager for the Program and provides investment advice to your Program Account. IMCO will perform certain Program services for you, including, but not limited to, the implementation of our discretionary management trading instructions pursuant to the selected model portfolio and Style Manager recommendations (where applicable), as well as certain related services. We will also facilitate custodial services and certain brokerage-related services through NFS.

IMCO serves as an introducing broker-dealer to NFS, and NFS then serves as the clearing broker-dealer. IMCO, as an introducing broker-dealer, will open a brokerage account in your name, which will be custodied by NFS, located at 200 Seaport Boulevard, Boston MA, 02210. NFS, as clearing broker-dealer, will provide custody, trade execution, clearing, and other brokerage-related services for Program Accounts on behalf of IMCO.

Participation in the Program requires that you grant us discretionary authority over your Program Account. With respect to DIA, this discretion includes the ability to implement the selected model portfolio for your Program Account, as well as the authority to select the ETFs comprising each model portfolio and change the ETFs within a particular model portfolio, where appropriate. In addition, in the event an asset other than cash is contributed in-kind to your DIA Program Account, IMCO's discretion permits the liquidation of that asset in order to buy securities in accordance with your selected model portfolio.

With respect to the Wrap and Custom offerings, our discretionary authority includes the ability to manage your Program Account in accordance with the selected model portfolio, the authority to select the investments underlying particular model portfolios, and the authority to hold or sell the securities that you transfer into your Wrap or Custom Program Account. As a general matter, we will liquidate any investments you transfer into your Wrap or Custom Program Account that are not part of our recommended model portfolio and use the proceeds of such sales to buy the appropriate securities and investments to construct your Wrap or Custom Program Account.

We will activate your Program Account and begin placing trades in accordance with your selected model portfolio's Strategic Allocation when you have provided us with all necessary documentation, we have verified all of your transferred assets, and you have met your initial investment threshold. Additional information about funding is provided in the "Opening and Funding an Account" subsection below.

Opening and Funding an Account Generally. In order to open a DIA, Wrap, or Custom Program Account, you must have a legal U.S. mailing and physical address. In order to open and maintain a DIA Program Account, you must provide us with your email address, and we must be able to verify that the email address is valid. Participation in the Program requires that you agree to the terms and conditions contained in the USAA Managed Portfolios Investment Advisory Agreement (Agreement) and sign the Account Application. Continued participation in the Program further requires that you maintain a legal U.S. mailing and physical address. Non-U.S. residents may not open a Program Account even though they may be U.S. citizens or lawful residents of a non-U.S. jurisdiction.

Most, but not all, Air/Army Post Office (APO), Fleet Post Office (FPO), diplomatic post office (DPO), and other U.S. government addresses (APO, DPO, FPO, and U.S. government addresses, collectively, the "Government Addresses"), and certain U.S. territories, are considered U.S. After initial Program enrollment, if either the mailing or physical address used in connection with your Program Account is changed to a non-U.S. address (excluding most Government Addresses and certain U.S. Territories as determined by us), we will, at any time and in our sole discretion, either resign as investment adviser and close your UMP Program Account, or modify your right to access some or all Program Account features and/or services. If your Program Account is closed, you will have the option to either transfer the assets in the Program Account to another broker-dealer or liquidate the assets. If we chose to modify your rights to access Program Account features and/or services, such modifications may include, but not be limited to, restrictions limiting the purchase of certain securities. By opening and maintaining a Program Account with us, you acknowledge that we do not solicit offers to buy or sell securities, or any other product or service, to any person in any jurisdiction where such offer, solicitation, purchase, or sale would be unlawful under the laws of such jurisdiction.

You may electronically sign the Account Application by accessing our Site and completing the Account Application online. In order to enroll in DIA, you must complete the Account Application on our Site. Wrap and Custom clients also may request that paper copies of the Agreement, this Program Brochure, and our disclosure documents be mailed to their mailing address of record.

We will not open your Program Account until we receive and accept your signed Account Application, which incorporates the terms and conditions of the Agreement by reference. If your Program Account is not fully funded with a minimum initial investment threshold (as described below) within 120 calendar days of opening a Program Account, then we may close your Program Account and in our sole discretion either: (1) convert your Program Account assets to an IMCO like-titled self-directed brokerage account in your name, or (2) sell the securities in your Program Account and send you a check for the proceeds at the address on record for your Program Account.

DIA Program Account Funding Process. After opening a Program Account, DIA clients must fund their Program Account by depositing cash or transferring existing securities positions into their DIA Program Account. In the event securities are transferred or contributed to fund a DIA Program Account, IMCO will liquidate those securities in order to purchase securities in accordance with the selected model portfolio once the Program Account is activated. A fixed fee of \$25.00 will be charged in connection with sales related to liquidating those securities if the DIA Program Account balance, after funding, will be less than \$25,000. This fee will be charged every time a DIA Program Account is funded with securities and we have to liquidate some or all of those securities, so long as the overall DIA Program Account balance, after funding, remains below \$25,000. In addition, there may be tax consequences associated with such liquidations. You should consult with your tax advisor as to potential tax consequences. Initial cash contributions will be held in a USAA money market fund until we activate the Program Account. We will activate your DIA Program Account, begin investment management, and begin purchasing ETFs in accordance with your selected model portfolio's Strategic Allocation when: (i) you have provided us all necessary documentation (as determined in our sole discretion), (ii) we have verified availability of all your transferred assets, and (iii) you have met your initial investment threshold. The initial investment threshold for DIA is \$2,000. Please call us at 866-998-2350 in order to speak to our help center regarding the procedure for opening and funding your Program Account.

Once we begin actively managing your DIA Program Account, we will use the contributions within your Program Account to begin purchasing the ETFs that comprise your selected model portfolio. Please note that when funding your DIA Program Account, once we purchase ETFs on your behalf, you may receive taxable distributions from the ETFs out of earnings that have accrued prior to your purchase(s). As such, you may be "buying a dividend," particularly if new ETFs are purchased for your DIA Program Account immediately prior to the time that many ETFs make significant year-end distributions. You should consider the tax implications of distributions that may soon be payable on ETFs that may be purchased for your DIA Program Account when making a decision regarding the timing of funding your Program Account. Consult with your tax advisor as necessary.

Wrap and Custom Account Funding Process. With respect to clients opening a Wrap or Custom Program Account, you may fund your Program Account by depositing cash or transferring securities "in kind" to your Wrap or Custom Program Account. Initial securities contributions will be held unmanaged, and initial cash contributions may be held in a money market fund until we activate the Program Account. We will activate your Wrap or Custom Program Account, begin discretionary investment management, and begin placing trades to move your holdings toward your selected model portfolio Strategic Allocation when: (i) you have provided us all necessary documentation (as determined in our sole discretion), (ii) we have verified availability of all your transferred assets, and (iii) you have met your initial investment threshold. Initial investment thresholds are as follows: (i) for Wrap Program Accounts, the value of your Wrap Program Account is equal to or greater than \$25,000 and (ii) for Custom Program Accounts, the value of your Custom Program Account is equal to or greater than \$500,000. In Custom Program Accounts with fixed-income securities, it may take six to eight weeks to invest in certain fixed-income instruments, such as state and municipal bonds, if such instruments are in short supply. We may hold a portion of your portfolio in cash or a short-term investment until such fixed-income trading can be completed. Please speak to a USAA-affiliated financial advisor if you have any questions regarding funding your Program Account.

Once we begin actively managing your Wrap or Custom Program Account, we will sell all non-cash holdings which are not a part of your model portfolio and will use the resulting assets to begin creating your portfolio. While the time required for these processes will vary, and will depend on various factors, including your transferred assets, market conditions, and the composition of your model portfolio, it will generally take no less than two business days, but may take longer. Please speak to a USAA-affiliated financial advisor if you have any questions regarding the initial investment process.

Unless otherwise agreed, all assets, including securities, transferred to your Wrap or Custom Program Account will be subject to management by us and included in creating your portfolio. However, for assets, including securities, you transfer to us that are not readily tradable (in our sole discretion), we will not: (i) manage those assets, (ii) apply an Account Fee (see FEES AND MINIMUMS section below for definition) to those assets, nor (iii) include the market value of those assets to your initial investment threshold (this may delay the activation of your Wrap or Custom Program Account due to not meeting the initial investment threshold). For securities you transferred into your Program Account that we deem, in our sole discretion, as worthless, we may engage in a principal transaction with you by purchasing the securities directly from you. In such a circumstance, we believe that removal of the worthless securities from your Wrap or Custom Program Account would be necessary to more efficiently manage your Wrap or Custom Program Account. Additional information on principal transactions and worthless securities in a Program Account is available in the “BROKERAGE; Worthless Securities” subsection in Item 6 below.

Tax Implications and “Wash Sales.” You should understand that all or a portion of your securities may be sold either at the initiation of or during the course of the management of your account under the programs. Please note that when funding your Program Account, once we purchase new securities, you may receive taxable distributions from the securities, mutual funds, or ETFs out of earnings that have accrued prior to your purchase(s). You should consider the tax implications of distributions that may soon be payable on mutual funds and ETFs that may be purchased for your Program Account when making a decision regarding the timing of funding your Program Account.

We may sell securities that you transfer into your Program Account as part of the initial funding process or at a later date (In-Kind Securities) without regard to the tax consequences to you. You understand and agree that if you fund your Program Account in whole or in part through the transfer of In-Kind Securities or make any subsequent deposit of In-Kind Securities into your Program Account, you may incur taxes or contingent deferred sales charges when such assets are sold. Additionally, factors such as limited liquidity and limited pricing transparency and quotations may impact the price obtained when the assets are sold. IMCO does not monitor your household’s accounts nor does it monitor any accounts for members of your household maintained outside the Program to ensure that transactions in the same security or a substantially similar security do not create a “wash sale”. You are responsible for monitoring your (and your spouse's) accounts outside of the Program to ensure that transactions in the same security or a substantially similar security as one traded from your Program Account do not create a “wash sale.” A wash sale is the sale at a loss and purchase of the same security or substantially similar security within 30 days of each other. If a wash sale transaction occurs, the IRS may disallow or defer the loss for current tax reporting purposes. More specifically, the wash sale period for any sale at a loss consists of 61 calendar days:

the day of the sale, the 30 days before the sale, and the 30 days after the sale. The wash sale rule has the effect of postponing losses on a sale, if replacement shares are bought within these time periods.

You are responsible for all tax liabilities arising from Program Account transactions, and you are encouraged to seek the advice of a qualified tax professional. You are responsible for paying any tax liability associated with your account as well as the timely filing of the applicable tax forms with the Internal Revenue Service (“IRS”). IMCO does not employ tax professionals and has not and will not provide tax advice to you.

USAA-Affiliated Financial Advisors. Each USAA-affiliated financial advisor is a broker-dealer registered representative of FAI, our affiliated registered broker-dealer, and may be a registered investment adviser representative of IMCO. USAA-affiliated financial advisors are available to respond to any questions you might have regarding your Program Account and will act as liaison between you and our PMT. On an ongoing basis, USAA-affiliated financial advisors are available to provide you with account services concerning your Wrap or Custom Program Account, as well as discuss changes in your Wrap or Custom Program Account investments. DIA clients may contact certain USAA-Affiliated Financial Advisors through calling the DIA help center at 866-998-2350 to receive certain assistance with the Tool and to ask limited questions regarding DIA.

On at least an annual basis, we will contact you to conduct a review of your investment strategy to ensure it remains consistent with your financial situation and objectives. For DIA clients, you will receive a notification for a digital periodic review of your investment strategy on at least an annual basis. For Wrap and Custom clients, by accessing your Program Account through digital channels on the Site, you may elect that electronic notifications be sent to you more frequently than annually (for example, quarterly) so that you may conduct a digital periodic review of your investment strategy. Whether we initiate the review or you do, your model portfolio allocation review will occur at least annually. In addition, Wrap and Custom clients will receive a reminder on your monthly Program Account statement to notify a USAA-affiliated financial advisor of any change in your financial situation, including restrictions on your Program Account, or individual needs. DIA clients will receive a reminder through DIA Quarterly Communications (defined below) to either update your information on the Site or notify a USAA-affiliated financial advisor of any change in your financial situation, including restrictions on your Program Account, or individual needs.

Termination of Program Services. You may terminate Program services at any time. We retain the right in our sole judgment to terminate or amend the Agreement upon written notice to you. We also reserve the right to terminate Program services if we believe that the rendering of our advisory services is no longer appropriate for you (for instance, including but not limited to, if your Account balance falls below the relevant minimum investment discussed above, we are notified of your death, or we determine your Program Account is abandoned) or you change your mailing or physical address to a non-U.S. address (excluding certain Government Addresses). With respect to clients participating in the DIA offering, we reserve the right to terminate your DIA Program Account if you do not maintain a valid email address with us. Additional information on termination of Program services is available in the “Terminations; Amendments” section of the Agreement.

FEES AND MINIMUMS

Program Account Minimums. DIA Program Accounts are subject to a minimum account size of \$2,000 and a minimum annual Account Fee of \$10. Wrap Program Accounts are subject to a minimum account size of \$25,000 and a minimum annual Account Fee of \$275.

Custom Program Accounts are subject to a minimum account size of \$500,000 and a minimum annual Program Fee of \$275. Certain types of securities and asset allocation models within the Custom Program require different minimums. The specific minimums are below.

Custom Program Minimum - Stocks		
Asset Allocation	Initial Account Minimum to Purchase Individual Stocks	Market Value of Account Where Individual Stocks Will Be Sold and Replaced with Mutual Funds (conservative model) or converted to Wrap Marketplace (all others)
100% Fixed	N/A	N/A
Conservative	\$ 875,000	\$ 625,000
Moderate Conservative	\$ 500,000	\$ 350,000
Moderate	\$ 500,000	\$ 350,000
Moderate Aggressive	\$ 500,000	\$ 350,000
Aggressive	\$ 500,000	\$ 350,000
Very Aggressive	\$ 500,000	\$ 350,000

Custom Program Minimum - Corporate Bonds		
Asset Allocation	Initial Account Minimum to Purchase Individual Corporate Bonds	Market Value of Account Where Individual Bonds Will Be Sold and Replaced with Mutual Funds (all models except conservative) or converted to Wrap Marketplace (conservative model)
100% Fixed	\$ 500,000	\$ 350,000
Conservative	\$ 628,205	\$ 440,000
Moderate Conservative	\$ 777,778	\$ 545,000
Moderate	\$ 1,020,833	\$ 715,000
Moderate Aggressive	\$ 1,289,474	\$ 903,000
Aggressive	\$ 1,750,000	\$ 1,225,000
Very Aggressive	N/A	N/A

Custom Program Minimum – Municipal Bonds		
Asset Allocation	Initial Account Minimum to Purchase Individual <u>Municipal</u> Bonds	Market Value of Account Where Individual Bonds Will Be Sold and Replaced with Mutual Funds (all models except conservative) or converted to Wrap Marketplace (conservative model)
100% Fixed	\$ 500,000	\$ 350,000
Conservative	\$ 512,821	\$ 411,000
Moderate Conservative	\$ 634,921	\$ 518,000
Moderate	\$ 833,333	\$ 698,000
Moderate Aggressive	\$ 1,052,632	\$ 910,000
Aggressive	\$ 1,428,571	\$ 1,305,000
Very Aggressive	N/A	N/A

Information about the Account Fee. We will charge you an asset-based Program fee (Account Fee) for Program Account services we provide to you. The Program Account services we provide, and the fees that comprise the Account Fee you will be charged, will vary depending on the type of your Program Account— DIA Program Account, Wrap Program Account, or Custom Program Account.

For DIA and Wrap Program Accounts, the Account Fee is the Program Fee. The Program Fee covers services which include portfolio construction, asset allocation, the ongoing management of your Program Account, ongoing communications to keep you informed about your Program Account, and certain brokerage-related services. Program Fees are calculated on the average daily balance of the total market value of the assets in your Program Account, including cash balances and money market fund shares and, when applicable, are prorated based on the number of days the Program Account is actively managed. The Program Fee is assessed monthly in arrears.

For Custom Program Accounts, the Account Fee is the Program Fee plus the Investment Management Fee. The Program Fee and Investment Management Fee Schedules are listed below under “Fee Schedules.” The Investment Management Fee covers the investment management fees and additional services associated with expanded manager oversight, individual equity securities (such as stocks) and fixed-income instruments (such as bonds), and any selected Style Manager(s). Clients should understand that where an affiliated Style Manager is selected for use within a Custom Program Account, IMCO receives the Investment Management Fee and a portion of that fee is paid to AMCO (see Style Manager Fee Schedule below), IMCO’s affiliate, to compensate it for expenses associated with the provision of model portfolios. This creates a financial incentive for IMCO or your USAA-affiliated financial advisor to recommend an affiliated Style Manager over third-party Style Managers. Clients should understand that the Account Fee is the same regardless of whether their Custom Program Account uses affiliated or third-party Style Managers.

AMCO Style Manager Fee Schedule		
Custom Program Account Strategy	Custom Program Account Strategy Style	Fee Rate
Core Equity	U.S. Large Cap Core Equity	5 bps
Dividend Equity	U.S. Large Cap Dividend Equity	5 bps
Taxable Fixed-income	Investment Grade Taxable Bond	26 bps
Tax-Exempt Fixed-income	Investment Grade Tax-Exempt Bond	26 bps

As discussed above, DIA Program Accounts may be funded with securities. If securities are transferred or contributed to fund a DIA Program Account, IMCO will liquidate any of those securities that do not comprise a portion of the recommended DIA Program Account. A fixed fee of \$25.00 will be charged in connection with sales related to liquidating those securities if the DIA Program Account balance, after funding, is less than \$25,000. This fee will be charged every time the DIA Program Account is funded with securities and IMCO has to liquidate some or all of those securities, so long as the overall DIA Program Account balance, after funding, remains below \$25,000.

For all Program Accounts, we will provide discretionary investment management, ongoing management of your Program Account assets, communications to keep you informed about your Program Account, and certain brokerage-related services. Through our contractual relationship with NFS, we also facilitate, and NFS will provide, custodial, trade execution, clearing, and other brokerage-related services to your Program Account. Except for the fee for liquidating securities in DIA Program Accounts described above, these services provided by and through us are covered by the Program Fee, described below. In all events, 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.

Except where explicitly noted, Account Fees are generally not negotiable; however, we reserve the right to credit a portion of the applicable Account Fee in limited circumstances including in connection with promotional efforts. As with other programs of this type, participation in the Program may cost you more or less than purchasing these services separately. For example, if there is heavy trading activity in your Program Account and high custodial charges, the Account Fee may cost you less than if you purchased advisory and custodial services separately and were charged brokerage commissions for each trade. Conversely, little trading activity and low custodial fees could result in the Account Fee exceeding the cost of the services being charged separately.

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. Should you close your Program Account, or if certain events require us to place your Program Account in restricted status (for example, change to a non-U.S. address, death or court order), we will cease active management and will assess the applicable Account Fee due for the period your Program Account assets were actively managed in the Program. We will deduct Account Fees directly from your Program Account on a monthly basis in arrears.

For purposes of calculating the program fees and determining performance, IMCO will value a security listed on a national securities exchange as of the valuation date at the closing or last sale price on the principal market where the security is traded. IMCO uses a mutual fund’s net asset value as determined by the fund. For any other securities or investments in your account, such as bonds, IMCO values the securities in a manner determined in good faith to reflect fair value. The actual prices at which you could buy or sell the securities may be different from the prices used to calculate the fee or performance. Any such valuation is not a guarantee of the value of the assets in your account. In computing the value of securities in your account, IMCO may use a pricing service or other independent evaluator, as well as other independent sources that we believe to be reliable. IMCO does not guarantee the accuracy of any valuation.

Fee Schedules.

DIA Program Accounts. For DIA Program Accounts, the Account Fee is the Program Fee, as detailed in the DIA Program Fee Schedule table below.

DIA Program Fee Schedule			
Value of Account Assets	Maximum Annual Gross DIA Program Fee Rate	Minimum Credit Amount	Maximum Annual Net Program Fee Rate*
\$2,000 Up To \$10,000,000*	0.55%	0.05%	0.50%
Over \$10,000,000	Negotiable	0.05%	Negotiable

The Program Fee for all DIA Program Accounts will be calculated using the “DIA Program Fee Schedule” shown above. The Program Fee is derived by deducting a credit amount (the Credit Amount, described below), from the applicable annual gross DIA Program Fee (described above).

The Credit Amount is calculated as the greater of: (i) an amount equal to 0.004% (monthly) of the value of your Program Account (0.05% on an annual basis) or (ii) the sum of (a) the actual investment management/advisory fees and securities lending fees including any performance adjustment (but not other fund expenses such as transfer agency fees) paid to AMCO or its other affiliates during the month by USAA Funds that are attributable to the shares of such funds held in your Program Account, plus (b) Rule 12b-1 fees paid to IMCO or an affiliate during that month that are attributable to the shares of non-USAA Mutual Funds held in your DIA Program Account.

DIA Program Accounts may pay a lower negotiated Account Fee based on the application of a “breakpoint.” You receive the lower breakpoint only on the assets contributed above the breakpoint level in the DIA Program Fee Schedule above.

Wrap Program Accounts. For Wrap Program Accounts, the Account Fee is the Program Fee, as detailed in the Wrap Program Fee Schedule table below. The Program Fee may be negotiated under certain circumstances.

Wrap Program Fee Schedule			
Value of Combined Fixed-Income/Equity Account Assets	Maximum Annual Gross Program Fee Rate	Minimum Credit Amount	Maximum Annual Net Program Fee Rate*
Up To \$125,000*	2.20%	1.10%	1.10%
\$125,001-\$250,000	2.10%	1.10%	1.00%
\$250,001-\$500,000	1.95%	1.10%	0.85%
\$500,001-\$1,000,000	1.85%	1.10%	0.75%
\$1,000,001-\$2,000,000	1.75%	1.10%	0.65%
\$2,000,001-\$10,000,000	1.60%	1.10%	0.50%
Over \$10,000,000	Negotiable	1.10%	Negotiable

The Program Fee for all Wrap Program Accounts will be calculated using the “Wrap Program Fee Schedule” shown above. The Program Fee is derived by deducting a credit amount (the Credit Amount, described below) from the applicable annual gross Program Fee (described above).

The Credit Amount is calculated as the greater of: (i) an amount equal to 0.092% (monthly) of the value of your Program Account (1.10% on an annual basis) or (ii) the sum of (a) the actual investment management/advisory fees and securities lending fees including any performance adjustment (but not other fund expenses such as transfer agency fees) paid to AMCO or its other affiliates during the month by USAA Funds that are attributable to the shares of such funds held in your Program Account, plus (b) Rule 12b-1 fees paid to IMCO or an affiliate during that month that are attributable to the shares of non-USAA Mutual Funds held in your Wrap Program Account.

Wrap Program Accounts may pay a lower Account Fee based on the application of the “breakpoints.” You receive the lower breakpoint only on the assets contributed above each breakpoint level in the Wrap Program Fee Schedule above.

Example Account Fee Calculation for Wrap Program Account. The example calculation below is provided to illustrate how a Wrap Program Account would be charged an Account Fee. In this example, the Program Account is a Wrap Program Account, and therefore, only the Wrap Program Fee Schedule is assessed.

For a Wrap Program Account with a \$2,250,000 average daily balance in combined equity/fixed-income assets, the annual Program Fee would be calculated as follows:

Example Account Fee Calculation for Wrap Program Account

Wrap Account Average Daily Balance		Program Fee Rate		Account Fee Tiers
\$125,000	X	1.10%	=	\$1,375.00
\$125,000	X	1.00%	=	\$1,250.00
\$250,000	X	0.85%	=	\$2,125.00
\$500,000	X	0.75%	=	\$3,750.00
\$1,000,000	X	0.65%	=	\$6,500.00
\$250,000	X	0.50%	=	\$1,250.00
Average Daily Balance \$2,250,000		Blended Program Fee 0.72%		Total Account Fee \$16,250.00

In this example, the annual Account Fee and Program Fee for a Wrap Program Account with \$2,250,000 would be \$16,250.00, with an effective annual Account Fee and Program Fee rate of approximately 0.72%.

Custom Program Accounts. For Custom Program Accounts, the Account Fee is the sum of the Program Fee plus the Investment Management Fee. The Account Fee will be charged in a single fee. The Program Fee is generally based on the Custom Program Fee Standard Schedule, except Custom Program Accounts that are invested 100% in Fixed-Income Securities, which use the 100% Fixed-Income Allocation Custom Program Fee Schedule. The Program Fee may be negotiated under certain circumstances in IMCO’s sole discretion.

The Investment Management Fee covers the investment management fees and additional services associated with expanded manager oversight, investment options, and any selected Style Manager(s), and is described below. As previously noted, Clients should understand that where an affiliated Style Manager is selected for use within a Custom Program Account, IMCO receives the Investment Management Fee and a portion of that fee is paid to AMCO, IMCO’s affiliate, to compensate it for expenses associated with the provision of the model portfolios. This creates a financial incentive for IMCO or your USAA-affiliated financial advisor to recommend affiliated Style Managers over third-party Style Managers. Please refer to “Information about the Account Fee” above and “Conflicts of Interest” in Item 9 for additional information regarding how this conflict of interest is addressed. The Investment Management Fee is assessed monthly in arrears and is calculated by multiplying the average daily balance of equity holdings (including, for example, individual securities, REITs, and equity ETFs) and fixed-income holdings (including for example, individual bonds, CDs, ETNs, and fixed-income ETFs) in a Custom Program Account by the appropriate marginal Investment Management Fee rate for that asset class. When applicable, the Investment Management Fee is prorated based on the number of days the account is actively managed. The Investment Management Fee is not applied to mutual funds, money market funds, or cash balances.

Custom Program Fee Standard Schedule*			
Value of Combined Fixed-Income/Equity Account Assets	Maximum Annual Gross Program Fee Rate	Minimum Credit Amount	Maximum Annual Net Program Fee Rate*
Up To \$125,000*	2.20%	1.10%	1.10%
\$125,001-\$250,000	2.10%	1.10%	1.00%
\$250,001-\$500,000	1.95%	1.10%	0.85%
\$500,001-\$1,000,000	1.85%	1.10%	0.75%
\$1,000,001-\$2,000,000	1.75%	1.10%	0.65%
\$2,000,001-\$10,000,000	1.60%	1.10%	0.50%
Over \$10,000,000	Negotiable	1.10%	Negotiable

* For Custom Program Accounts that are 100% allocated to fixed-income assets, the 100% Fixed-Income Allocation Custom Program Fee Schedule shown below applies. See below.

100% Fixed-Income Allocation Custom Program Fee Schedule*

Value of 100% Fixed-Income Account Assets	Maximum Annual Gross Program Fee Rate	Minimum Credit Amount	Maximum Annual Net Program Fee Rate*
Up To \$500,000*	1.60%	1.10%	0.50%
\$500,001-\$1,000,000	1.50%	1.10%	0.40%
\$1,000,001-\$2,000,000	1.40%	1.10%	0.30%
\$2,000,001-\$10,000,000	1.30%	1.10%	0.20%
Over \$10,000,000	Negotiable	1.10%	Negotiable

* 100% Fixed-Income model portfolio available only to Custom Program Accounts.

UMP Custom Program Investment Management Fee Schedule*

Custom Program Account Assets	Marginal Equity Rate	Marginal Fixed-Income Rate
Up To \$500,000 ±	0.60%	0.25%
\$500,001- \$1,000,000	0.50%	0.20%
\$1,000,001-\$2,000,000	0.40%	0.15%
\$2,000,001-\$10,000,000	0.25%	0.10%
Over \$10,000,000	Negotiable	Negotiable

* UMP Investment Management Fee applicable only to Custom Program Accounts.

The Account Fee for all Custom Program Accounts will be calculated using: (i) either the “ Custom Program Fee Standard Schedule” or the “100 % Fixed-income Allocation Custom Program Fee Schedule,” depending on total account asset allocation (*i.e.*, whether the allocation is 100% fixed-income), and (ii) the “UMP Investment Management Fee Schedule,” as all are respectively shown above.

The Program Fee is derived by deducting a credit amount (the Credit Amount, described above), from the applicable annual gross Program Fee (described above).

The Credit Amount is calculated as the greater of: (i) an amount equal to 0.092% (monthly) of the value of your Program Account (1.10% on an annual basis) or (ii) the sum of (a) the actual investment management fees including any performance adjustment (but not other fund expenses such as transfer agency fees) paid to AMCO or an affiliate during the month by USAA Mutual Funds that are attributable to the shares of such funds held in your Program Account, plus (b) Rule 12b-1 fees paid to IMCO or an affiliate during that month that are attributable to the shares of non-USAA Mutual Funds held in your Program Account.

Program Accounts may pay a lower Account Fee based on the application of the “breakpoints.” You receive the lower breakpoint only on the assets contributed above each breakpoint level in the Program Fee and Investment Management Fee charts above.

Example #1 Account Fee Calculation for Custom Program Account. The example calculation below is provided to illustrate how a Custom Program Account would be charged an Account Fee. In this example, the Program Account is a Custom Program Account, and therefore, both the Program Fee and the Investment Management Fee are assessed.

For a Custom Program Account with a \$2,250,000 average daily balance and an asset allocation of 60% equity and 40% fixed-income, the Account Fee would be equal to the Program Fee (for both equity and fixed-income) plus the Investment Management Fee (separately for equity and fixed-income), and would be calculated as follows:

Example #1 - Program Fee using Custom Program Fee Standard Schedule				
Wrap Account Average Daily Balance		Program Fee Rate		Program Fee Tiers
\$125,000	X	1.10%	=	\$1,375.00
\$125,000	X	1.00%	=	\$1,250.00
\$250,000	X	0.85%	=	\$2,125.00
\$500,000	X	0.75%	=	\$3,750.00
\$1,000,000	X	0.65%	=	\$6,500.00
\$250,000	X	0.50%	=	\$1,250.00
Average Daily Balance \$2,250,000		Blended Program Fee 0.72%		Total Program Fee \$16,250.00

Example #1 - Custom Investment Management Fee (or IM Fee)									
Equity Allocation (60%)					Fixed-Income Allocation (40%)				
Wrap Account Avg Daily Balance		Marginal Equity Rate		IM Fee Tiers	Wrap Account Avg Daily Balance		Marginal Fixed-Income Rate		IM Fee Tiers
\$125,000	x	0.60%	=	\$750.00	\$125,000	x	0.25%	=	\$312.50
\$125,000	x	0.60%	=	\$750.00	\$125,000	x	0.25%	=	\$312.50
\$250,000	x	0.60%	=	\$1,500.00	\$250,000	x	0.25%	=	\$625.00
\$500,000	x	0.50%	=	\$2,500.00	\$400,000	x	0.20%	=	\$800.00
\$350,000	x	0.40%	=	\$1,400.00	\$0	x	0.15%	=	\$0
\$0	x	0.25%	=	\$0	\$0	x	0.10%	=	\$0
Average Daily Balance		Blended Equity Fee		IM Fee	Average Daily Balance		Blended Fixed Inc Fee		IM Fee
\$1,350,000		0.51%		\$6,900.00	\$900,000		0.23%		\$2,050.00
Total Investment Management Fee = \$6,900+ \$2,050 = \$8,950									

Total Account Fee and Total Blended Account Fee Rate	
Total Account Fee (Program Fee + IM Fee)	Total Blended Account Fee Rate
(\$16,250 + \$6,900 + \$2,050) = \$25,200	(\$16,250 + \$6,900 + \$2,050 = \$25,200 ÷ \$2,250,000) = 1.12%

In this example, the Program Fee would be \$16,250, with an effective Program Fee rate of approximately 0.72%, and the Investment Management Fee would be \$8,950 (\$6,900 + \$2,050), with an effective Investment Management Fee for the equity assets at a rate of approximately 0.51% and for the fixed-income assets of approximately 0.23%.

In this example, the Account Fee for a Custom Program Account with \$2,250,000 would be \$25,200 (\$16,250 + \$6,900 + \$2,050), with an effective blended Account Fee rate of approximately 1.12%.

Example #2 Account Fee Calculation for Custom Program Account 100% Fixed-income. The example calculation below is provided to illustrate how a Custom Program Account with a 100% fixed-income allocation would be charged an Account Fee. In this example, the Program Account is a Custom Program Account, and therefore, both the Program Fee and the Investment Management Fee are assessed.

For a Custom Program Account with a \$2,250,000 average daily balance and an asset allocation of 100% fixed-income, the Account Fee would be equal to the Program Fee (based solely on the 100% Fixed-Income Custom Program Fee Schedule shown above) plus the Investment Management Fee, and would be calculated as follows:

Example #2 - Program Fee using 100% Fixed-Income Allocation			
Custom Program Fee Schedule			
Wrap Account Average Daily Balance		Program Fee Rate	Program Fee Tiers
\$500,000	X	0.50%	= \$2,500.00
\$500,000	X	0.40%	= \$2,000.00
\$1,000,000	X	0.30%	= \$3,000.00
\$250,000	X	0.20%	= \$500.00
Average Daily Balance \$2,250,000		Blended Program Fee 0.36%	Total Program Fee \$8,000.00

Example #2 - Custom Investment Management (IM) Fee									
Equity Allocation (0%)					Fixed-Income Allocation (100%)				
Wrap Account Avg Daily Balance		Marginal Equity Rate		IM Fee Tiers	Wrap Account Avg Daily Balance		Marginal Fixed-Income Rate		IM Fee Tiers
\$0	x	0.60%	=	\$0	\$500,000	x	0.25%	=	\$1250.00
\$0	x	0.50%	=	\$0	\$500,000	x	0.20%	=	\$1,000.00
\$0	x	0.40%	=	\$0	\$1,000,000	x	0.15%	=	\$1,500.00
\$0	x	0.25%	=	\$0	\$250,000	x	0.10%	=	\$250.00
Average Daily Balance		Blended Equity Fee		IM Fee	Average Daily Balance		Blended Fixed Inc Fee		IM Fee
\$0		0.0%		\$0	\$2,250,000		0.18%		\$4,000.00
Total Investment Management Fee = \$0+ \$4,000 = \$4,000									

Total Account Fee and Total Blended Account Fee Rate	
Total Account Fee (Program Fee + IM Fee)	Total Blended Account Fee Rate:
$(\$8,000 + \$0 + \$4,000) = \$12,000$	$(\$8,000 + \$0 + \$4,000 = \$12,000 \div \$2,250,000)$ $= 0.53\%$

In this example, the Program Fee would be \$8,000, with an effective Program Fee rate of approximately 0.36%, and the Investment Management Fee would be \$4,000 (\$0 + \$4,000), with an effective Investment Management Fee rate of approximately 0.18%.

In this example, the Account Fee for a Custom Program Account with \$2,250,000 would be \$12,000 (\$8,000 + \$4,000), with an effective Blended Account fee rate of approximately 0.53%.

Householding of Account Fees. You may qualify for lower Account Fees based on the cumulative assets that you maintain in Wrap and Custom Program Accounts in your household. DIA Program Accounts are not eligible for householding. For the purposes of this Brochure and the Agreement, “householding” shall mean aggregating eligible Program Accounts in order to qualify for more favorable Account Fees. Upon your request we will make a reasonable effort to household Wrap and/or Custom Program Accounts of persons with the same last name (or a different last name, if a spouse) and the same address. Eligible assets include those held in Wrap and Custom Program Accounts. Traditional IRA, Roth IRA, SEP-IRA, and Simple IRA accounts (collectively IRA accounts) are eligible. However, in determining Program Accounts eligible for decreased Account Fees based on householding assets, an IRA account may be grouped only with Program Accounts registered in the name of the IRA or in the name of any of the following members of the IRA account owner’s family: the IRA account owner’s spouse, child or such child’s spouse, grandchild or such grandchild’s spouse, parent, grandparent, brother, or sister (or spouse of the brother or sister). For Wrap or Custom Program Accounts where ownership is registered to a trust or custodial account or other fiduciary account, you as fiduciary are responsible for complying with your legal responsibilities and fiduciary obligations. We are not responsible for identifying Program Accounts eligible for householding consolidation and will household Program Accounts with different or multiple owners only upon your specific request. We may household other Program Accounts at our sole discretion, including Wrap and Custom Program Accounts owned by a single individual. Certain Wrap or Custom Program Accounts may not be eligible for householding consolidation, including but not limited to corporate accounts, Keoghs, 401(K)s, 403(b)s, investment clubs, estate accounts, and partnerships. The assets of Wrap or Custom Program Accounts that are part of a household are not commingled and retain account ownership rights and responsibilities.

You are responsible for contacting a USAA-affiliated financial advisor to request enrollment in UMP householding and to confirm eligibility. Except as specifically stated above, IMCO will not automatically enroll you in UMP householding or check eligibility. Please contact a USAA-affiliated financial advisor at 800-531-1345 for more information or to provide instructions with respect to householding eligible Wrap or Custom Program Accounts.

You are responsible for reviewing your Program Account statements, and for consulting with other members of your household who may have Wrap or Custom Program Accounts with us to determine whether we should update or change your householding status. We are not responsible for any claimed error in determining your householding status. If there are other Wrap or Custom Program Account owners in your household, you understand and acknowledge that we may use information about your household account assets to explain and determine the applicable household Account Fees to you and those other holders of Wrap or Custom Program Accounts in your household. If you do not want such account information shared with other members of your household who hold Wrap or Custom Program Accounts, you should not elect to household your Account Fees.

LEGACY ACCOUNTS

Fees for USAA Legacy Accounts. On October 27, 2012, the Private Investment Management (PIM), Strategic Fund Adviser (SFA), and Global Opportunities Portfolios (GOP) investment advisory programs (Legacy Accounts) were terminated, and all Legacy Accounts were converted to UMP Program Accounts. These Legacy Accounts may pay different fees than the UMP fees shown above. The three Legacy Accounts also may pay different fees according to account type, as described below. At IMCO's sole discretion, the fee structure for the Legacy Accounts may be changed at any time. In certain circumstances, if your Program Account registration type changes, then we may require you to move from a Legacy Account fee structure to a UMP Program Account fee structure. Such a move would generally increase the fee you would pay under the UMP Program. Please contact a USAA-affiliated financial advisor for more information on how a change in registration type could change the fees you pay under the UMP Program.

Information about the PIM Legacy Account Fee. We will charge you a single PIM Legacy Account Fee covering discretionary investment management, ongoing management of your Program Account assets, communications to keep you informed about your Program Account, and certain brokerage-related services. Through our contractual relationship with NFS, we also facilitate, and NFS will provide, custodial, trade execution, clearing, and other brokerage-related services to your Program Account. These services provided by and through us are covered by the PIM Legacy Account Fee. Except where explicitly noted, our PIM Legacy Account Fees are not negotiable; however, we reserve the right to waive a portion of the applicable PIM Legacy Account Fee in limited circumstances including in connection with promotional efforts.

We will deduct PIM Legacy Account Fees directly from your Program Account on a monthly basis in arrears. The applicable PIM Legacy Account Fee is calculated on the average daily balance based upon the market value of the assets in your Program Account, including cash balances and money market fund shares and, when applicable, is prorated based on the number of days the Program Account is actively managed. Should you close your Program Account, we will cease active management upon notice from you, and we will assess the applicable PIM Legacy Account Fee due for the period your Program Account assets were actively managed in the Program.

PIM Legacy Account Fee

EQUITY AND BALANCED Program Accounts	
Average Assets	Annual Program Fee
First \$1 million	1.20%
Next \$2 million	0.85%
Next \$3 million	0.70%
Next \$4 million	0.45%
Amounts above \$10 million	Negotiable

FIXED-INCOME only Program Accounts	
Average Assets	Annual Program Fee
First \$1 million	0.65%
Next \$2 million	0.55%
Next \$7 million	0.40%
Amounts above \$10 million	Negotiable

You may pay a lower PIM Legacy Account Fee based on the application of the “breakpoints.” You receive the lower breakpoint only on the assets contributed above each breakpoint level in the charts above. You may qualify for more favorable PIM Legacy Account Fee based on the total assets in Program Accounts in your household. For more information about householding fees, including sharing account information, limitations for IRA, retirement, and fiduciary accounts please see the section entitled “Householding of Account Fees” above.

Fees Related to Mutual Fund and ETF Investments. With respect to assets held in shares of USAA Funds, we will rebate your PIM Legacy Account Fee in an amount at least equal to the management fees that AMCO receives from USAA Funds held in your Program Account. If AMCO waives advisory fees on USAA Funds held in your Program Account, any advisory fee (or portion thereof) waived by AMCO will not reduce your PIM Legacy Account Fee rebate amount. We may, in our discretion, decide not to rebate management fees for USAA Funds held in non-retirement Program Accounts. All other fees described in each respective USAA Fund prospectuses will still apply.

Information about the SFA Legacy Account Fees and GOP Legacy Account Fees. We will charge you a single SFA Legacy Account Fee or GOP Legacy Account Fee covering discretionary investment management, ongoing management of your Program Account assets, communications to keep you informed about your Program Account, and certain brokerage-related services. Through our contractual relationship with NFS, we also facilitate, and NFS will provide, custodial, trade execution, clearing, and other brokerage-related services to your Program Account. These services provided by and through us are covered by the SFA Legacy Account Fee and the GOP Legacy Account Fee, as applicable. Except where explicitly noted, our SFA Legacy Account Fees and GOP Legacy Account Fees are not negotiable; however, we reserve the right to waive a portion of the applicable SFA Legacy Account Fee and GOP Legacy Account Fee in limited circumstances including in connection with promotional efforts.

We will deduct SFA Legacy Account Fees and GOP Legacy Account Fees, as applicable, directly from your Program Account on a monthly basis in arrears. The applicable SFA Legacy Account Fee and GOP Legacy Account Fee are calculated on the average daily balance based upon the market value of the assets in your Program Account, including cash balances and money market fund shares and, when applicable, is prorated based on the number of days the Program Account is actively managed. Should you close your Program Account, we will cease active management upon notice from you, and we will assess the applicable SFA Legacy Account Fee or GOP Legacy Account Fee due for the period your Program Account assets were actively managed in the Program.

SFA Legacy Account Fee

USAA Strategic Fund Adviser Marketplace Portfolios (SFA Marketplace Portfolios)			
\$ Value of SFA Program Assets	Maximum Annual Gross SFA Management Fees	Minimum Credit Amount	Maximum Annual Net Management Fees
First \$125,000	1.96%	0.91%	1.05%
Next \$125,000	1.81%	0.91%	0.90%
Next \$250,000	1.56%	0.91%	0.65%
Next \$500,000	1.31%	0.91%	0.40%
Over \$1,000,000	1.16%	0.91%	0.25%

USAA Strategic Fund Adviser USAA Portfolios / USAA Global Opportunities Portfolio (SFA USAA Portfolios) (GOP)			
\$ Value of SFA Program Assets	Maximum Annual Gross SFA Management Fees	Minimum Credit Amount	Maximum Annual Net Management Fees
First \$125,000	1.80%	1.10%	0.70%
Next \$125,000	1.75%	1.10%	0.65%
Next \$250,000	1.60%	1.10%	0.50%
Next \$500,000	1.40%	1.10%	0.30%
Over \$1,000,000	1.30%	1.10%	0.20%

The SFA Legacy Account Fee (referred to also as the “SFA Legacy Net Program Fee”) and the GOP Legacy Account Fee (referred to also as the “GOP Legacy Net Program Fee”) will be calculated by deducting a credit amount (Credit Amount), as described below, from the applicable annual gross SFA Legacy Account Fees or GOP Legacy Account Fees, as applicable, indicated above. The maximum annual SFA Legacy Net Program Fee is 1.05% for the SFA Marketplace Portfolios, and 0.70% for the SFA USAA Portfolios, as reflected in the Fee Schedules above. The maximum annual GOP Legacy Net Program Fee is 0.70%, as reflected in the Fee Schedule above.

As noted, to calculate your SFA Legacy Net Program Fee or GOP Legacy Net Program Fee, your gross SFA Legacy Account Fee or GOP Legacy Account Fees, as applicable, is reduced by a Credit Amount. The Credit Amount may reflect: (1) investment management fees received by AMCO from the USAA Mutual Funds and USAA ETFs held in your Program Account; and (2) Rule 12b-1 and/or service fees received by IMCO from non-USAA Mutual Funds held in your Program Account, as follows:

The Credit Amount for the SFA Marketplace Portfolios is calculated as the greater of: (i) an amount equal to 0.076% (monthly) of the value of your Program Account (0.91% on an annual basis) or (ii) the sum of (a) the actual investment management fees including any performance adjustment (but not other fund expenses such as transfer agency fees) paid to AMCO or an affiliate during the month by USAA Mutual Funds and USAA ETFs that are attributable to the shares of such funds held in your Program Account, plus (b) Rule 12b-1 and/or service fees paid to IMCO or an affiliate during that month that are attributable to the shares of non-USAA Mutual Funds held in your Program Account.

The Credit Amount for the SFA USAA Portfolios and GOP is calculated as the greater of: (i) an amount equal to 0.092% (monthly) of the value of your Program Account (1.10% on an annual basis) or (ii) the actual investment management fees including any performance adjustment (but not other fund expenses such as transfer agency fees) paid to AMCO or an affiliate during the month by USAA Mutual Funds and USAA ETFs that are attributable to the shares of such funds held in your Program Account.

You may pay a lower SFA Legacy Net Program Fee or GOP Legacy Net Program Fee based on the application of the “breakpoints.” You receive the lower breakpoint only on the assets contributed above each breakpoint level in the charts above. You may qualify for more favorable SFA Legacy Net Program Fee or GOP Legacy Net Program Fee based on the total assets in Program Accounts in your household. For more information about householding fees, including sharing account information, limitations for IRA, retirement and fiduciary accounts, please see the section entitled “Householding of Account Fees” above.

Fees Related to Mutual Fund and ETF Investments. Mutual funds may charge a fee, known as a redemption fee, for the redemption of fund shares that were purchased shortly before redemption. If redemption fees are caused by IMCO’s decision to redeem fund shares held in your Program Account, you will not be charged separately for such fees. If, however, you transfer mutual fund shares into your Program Account that carry a contingent deferred sales charge (CDSC) and we decide to sell those shares as part of our routine management, then you will be charged the applicable CDSC in addition to the Account Fee described in the “Fee Schedules” subsection above.

As described above, investment management fees paid to AMCO by USAA Funds are included in the Credit Amount and deducted from your Program Fee. With respect to assets held in shares of third party Mutual Funds and ETFs, your Program Fee will not be reduced by the amount of the management fees for those funds. IMCO does not receive distribution fees (12b-1 fees) in connection with mutual funds or ETFs that IMCO purchases on your behalf for the Program. If you fund a retirement Program Account with third party mutual funds that pay 12b-1 fees, we will either: (a) sell your shares of that fund before we begin active management of your Program Account, or

(b) for PIM legacy accounts, if we hold that fund in your Program Account for a limited period of time before selling it, we will rebate your Program Account with any 12b-1 fees that IMCO received from that mutual fund during that period. If IMCO elects to retain such third party mutual funds in your Program Account and receives 12b-1 fees in connection with your investment in such mutual fund, 12b-1 fees from any such mutual fund generally are included in the Credit Amount used for determining your Program Fee.

We or our affiliates are compensated for providing transfer agency, shareholder servicing, distribution, and/or custodial services to certain USAA Mutual Funds held in your Program Account. These other underlying USAA Mutual Fund expenses still apply, and your Program Fee will not be reduced by amounts received by us or our affiliates for these services. We or our affiliates are also compensated for providing administrative and operating services to USAA ETFs. These other underlying USAA ETF expenses still apply, and your Program fee will not be reduced by amounts received by us or our affiliates for these services. For a description of the fees paid by a USAA Fund, see the prospectus for that fund. You may invest directly in some of the funds included in your Program Account outside of the Program without incurring an Account Fee, but you will not receive the active management services we provide, and you may be subject to transaction and redemption charges, if applicable.

With respect to mutual funds, IMCO strives to select the lowest, eligible cost share class of your mutual fund. However, in certain circumstances IMCO will not invest in the lowest share class for which your Program Account is eligible. As a result, you should not assume that you will be invested in the share class with the lowest available expense ratio. For additional information, see the Conflicts of Interest section.

ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

MINIMUM INVESTMENT TO FUND AN ACCOUNT

To open a DIA Program Account, you must contribute at least \$2,000 in cash or securities. To open a Wrap Program Account, you must contribute at least \$25,000 in cash or securities. To open a Custom Program Account, you must contribute at least \$500,000 in cash or securities. If your balance falls below the minimum investment amount, we reserve the right to charge a minimum annual Account Fee (Minimum Account Fee) of \$10 for DIA clients and \$275 for Wrap and Custom clients, or close your Program Account. A fee for liquidating securities used to fund a DIA Program Account may also apply if the DIA Program Account balance is less than \$25,000. Please see the “Minimums; Fees” and “Termination; Amendments” sections of the Agreement for details regarding additional fees and closing of Program Accounts. The minimum initial investment and balance requirements are not negotiable; however, we may waive the minimum initial investment and/or balance requirements in our sole discretion.

TYPES OF CLIENTS

DIA. DIA is available only to individual investors with individual accounts, joint accounts, IRAs, Roth IRAs, and Uniform Gift/Transfer to Minor Act Accounts (UGMA/UTMA). If your balance falls below \$2,000, we reserve the right to charge a DIA Minimum Account Fee of \$10, or to close

your Program Account. Please see the “Minimums; Fees” and “Termination; Amendments” sections of the Agreement for details regarding additional fees and closing of Program Accounts. The minimum initial investment and balance requirements are not negotiable; however, we may waive the minimum initial investment and/or balance requirements in our sole discretion.

Wrap and Custom. Individual and institutional investors may participate in the Wrap and Custom offerings, and may be used for IRAs, individual accounts, joint accounts, and other non-retirement accounts, trusts, estates, charitable organizations, pension accounts, UGMA/UTMA, and profit sharing accounts. If your balance falls below the minimum investment amount, we reserve the right to charge a Wrap/Custom Minimum Account Fee of \$275, or to close your Program Account. In the event you have a Custom Program Account and the balance in your account falls below a certain threshold amount, we may convert your relationship from a Custom Program Account to a Wrap Program Account in our sole discretion. Before we convert an account from a Custom Program Account to a Wrap Program Account we will notify you that we intend to convert your Program Account and provide you an opportunity to either add additional assets to your Program Account or terminate your Program Account. In the event we convert your Custom Program Account to a Wrap Program Account, we will liquidate some or all of your current holdings to convert your account to a Wrap Program Account and an appropriate model portfolio, and such liquidation may result in a taxable event to you. Please see the “Minimums; Fees” and “Termination; Amendments” sections of the Agreement for details regarding additional fees and closing of Program Accounts.

ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

INVESTMENT STRATEGY AND ASSET ALLOCATION

Program Investment Strategy Overview. The Program generally uses a strategic asset allocation approach to attempt to meet your investment objectives over the long term. Asset allocation is a strategy that aims to balance risk and return by apportioning a portfolio’s assets among several asset classes according to an individual’s investment objectives, risk tolerance, and time horizon. Your allocation may include equity and fixed-income (including money market fund) assets. The Program also tends to be strategic in nature and generally is not designed to take advantage of short-term market conditions. While trading may occur in connection with model construction or manager selection, trading most commonly occurs when there are contributions/withdrawals, rebalances to the portfolio when it deviates from the allocation (e.g., due to market movement), or adjustments to the allocations. Under IMCO’s discretionary trading authority, we have the ability to delay or manage trading in response to market instability at any time and without notice. Market instability would be evidenced by extreme instances of elevated localized volatility (i.e., minute-to-minute spikes in implied volatility), insufficient or unstable market depth, price dislocation, incomplete execution, fast markets, and rapidly widening bid-ask spreads. See the “Model Portfolio Asset Allocation” section for further details on investment strategies.

DIA Program Accounts will be allocated to affiliated or unaffiliated ETFs and USAA money market funds. We may allocate Wrap Program Account assets to affiliated or unaffiliated mutual funds, ETFs, and/or money market funds. For Custom Program Accounts in addition to mutual funds and ETFs, we may allocate individual securities such as, stocks, bonds, CDs, ADRs, and/or REITs. The Program Accounts primarily (and DIA and Wrap Program Accounts entirely) rely on modern

portfolio theory, which attempts to maximize a client's expected return based on a predetermined level of risk through diversification, as opposed to individual security selection.

USAA Fund Wrap Program Account models primarily invest in USAA Mutual Funds, but may also invest in ETFs. USAA Marketplace Fund Wrap Program Account models generally invest in both USAA and non-USAA Mutual Funds, but may also invest in ETFs. ETF Wrap Program Accounts allocate assets only to third-party ETFs, and either USAA money market mutual funds or USAA Treasury Money Market Trust. The Blend Wrap Program Accounts will be comprised primarily of USAA ETFs as well as third party ETFs and mutual funds. All Wrap Program Account models invest in USAA money market funds or the USAA Treasury Money Market Trust.

Direct investments in bonds (for example, corporate, government, and agency), stocks, ADRs, and CDs will be considered for inclusion only in Custom Program Accounts. For Custom Program Accounts, the equity allocation may include among others, domestic equity (primarily large- and mid-cap common stocks), small-cap stocks, mutual funds (including those with exposure to REITs, commodities, and hedging strategies), ADRs, and ETFs (including exposure to international and emerging markets). Fixed-income exposure may be subdivided between taxable and tax-exempt strategies and can include individual corporate, government, and agency bonds, ETFs, CDs, and mutual funds (including money market funds). Any money market funds in your Custom Program Account will always be USAA Mutual Funds.

With respect to model portfolios created by IMCO, such models are created with varying risk and potential return profiles, by utilizing the investment vehicles described in this Brochure and selecting different allocations within and between the broad equity and fixed-income asset classes.

Model Portfolios. Descriptions of the model portfolios offered in UMP are below. All model portfolios are intended for investors with a medium to long investment time horizon. Please note that although some model portfolios are designed to minimize risk (and therefore offer diminished potential returns on your investment), all investments in securities involve a risk of loss, including the loss of all of the money you initially invest.

DIA Program Accounts (and when available, Wrap Blend Program Accounts) offer model portfolios that invest their fixed-income allocation in taxable bonds while USAA Fund Wrap, Marketplace Fund Wrap, ETF Wrap, and Custom Program Accounts offer both taxable and tax-exempt strategies.

Taxable strategies invest primarily in bonds whose interest income is subject to federal and state taxes, including but not limited to corporate, government, agency, taxable municipals, and CDs.

Tax-Exempt strategies invest primarily in bonds whose interest income is exempt from federal taxes as well as potentially state and local taxes, including but not limited to general obligation and revenue bonds. In certain circumstances, tax-exempt bond mutual funds and ETFs can invest in taxable municipal bonds which will create taxable income. In addition, any capital gains realized are considered taxable income. The tax-exempt strategy models also invest in taxable equity investments in the same manner as the taxable strategy models. Therefore, a tax-exempt model will still be subject to taxation.

- *100% Fixed-Income.* Primarily seeks to generate income with lower volatility and risk to principal by investing all Program Account assets in fixed-income assets. Generally appropriate for investors who may have a limited time horizon for investment or who are very sensitive to risk, and who are willing to forgo potential returns on their investment. This model portfolio is only available for Custom Program Accounts.
- *Conservative.* Seeks conservative levels of return with lower volatility and risk to principal by investing primarily in fixed-income assets. Generally appropriate for investors who may have a limited time horizon for investment or who are sensitive to risk.
- *Moderately Conservative.* Seeks modest returns with some volatility and risk to principal by investing primarily in fixed-income assets, but with a significant percentage invested in equity assets. Generally appropriate for investors who may have a slightly longer time horizon for investment or who are sensitive to risk.
- *Moderate.* Seeks higher returns with increased volatility and risk to principal, including increased risk of loss of a portion of the money invested, by investing in a roughly proportionate mix of fixed-income and equity assets. Generally appropriate for investors who may have a slightly longer time horizon for investment and who are less sensitive to risk.
- *Moderately Aggressive.* Seeks increased returns with greater risk to principal, including greater risk of loss of a significant amount of the money invested, by investing a majority of Program Account assets in equity assets. Generally appropriate for investors who have a longer time horizon for investment and who are more comfortable with increased investment risk.
- *Aggressive.* Seeks higher returns with substantial risk to principal, including significantly greater risk of loss of a significant amount of the money invested by investing a significant portion of Program Account assets in equity assets. Generally appropriate for investors who have a longer time horizon for investment and who are comfortable with increased investment risk.
- *Very Aggressive.* Very aggressively seeks higher returns with significant risk to principal, including significant risk of loss of a majority of the money invested, by investing substantially all Program Account assets in equity assets. Generally appropriate for investors who have a longer time horizon for investment and who are comfortable with greatly increased investment risk, including the risk of loss of a substantial amount of the principal invested.

MODEL PORTFOLIO ASSET ALLOCATION

DIA. We will manage your DIA Program Account in accordance with your selected model portfolio. Each model portfolio allocates assets among ETFs and USAA money market funds based on the Strategic Allocation associated with the model portfolio you have selected. In the future, the model portfolios in DIA may consist of USAA ETFs. As noted above, DIA's human investment personnel may change the ETFs underlying a particular model portfolio if appropriate, based on performance, cost or any other factor in its sole discretion.

Wrap and Custom. We will manage your Wrap or Custom Program Account using the Strategic Allocation associated with your selected model portfolio. Although the Programs are not designed for short-term changes in the market, we may adjust the mix of asset classes (tactical shift) based on shorter-term financial considerations. We have recommended your particular model portfolio based on your primary investment objective, time horizon, and risk tolerance as you indicated in your Questionnaire and with respect to Wrap clients, also based upon the selected account type (*i.e.*, whether you have elected to be in the USAA Fund Wrap Program, Marketplace Fund Wrap Program, the ETF Wrap Program, or (when available) Blend Wrap Program Accounts). Any change to the Strategic Allocation of your model portfolio will be communicated to you in writing.

In order to take advantage of market opportunities, and to attempt to reduce the volatility and risk associated with a static asset allocation model, we may make tactical adjustments to your Strategic Allocation that we believe are appropriate for your risk tolerance and our view of current market conditions and opportunities. Your “Current Tactical Allocation” is your long-term Strategic Allocation modified to reflect our view of current market conditions and opportunities. 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 make adjustments to your asset allocation as needed in the event your Program Account experiences what we deem to be a material drift away from the target Strategic Allocation. The number of reallocations that are made will vary from year to year based on our views of market conditions and the overall market cycle. Additionally, we may be limited in our ability to make asset allocation adjustments due to frequent trading restrictions or redemption fee policies of the underlying mutual fund companies. In limited circumstances, when appropriate, we may invest up to 100% of your portfolio in money market mutual funds, treasury money market trusts, or other cash equivalents. When a reallocation has been made in your Program Account, the reallocation will be reflected in your periodic statements.

We manage the asset allocation strategies for the Program Accounts by actively monitoring certain factors that we believe influence the overall market cycles. These factors include, but are not limited to, economic factors such as growth rates and inflation rates, the geopolitical environment and global monetary and fiscal policies, and securities market factors such as corporate profits, valuation levels, yields of short-term and long-term bonds, and technical conditions.

PROGRAM INVESTMENTS AND INVESTMENT RISKS

Your Program Account will be comprised of various investments that we will select in order to build the equity and/or fixed-income components of your Program Account in accordance with the account type and model portfolio that you have chosen. The types/categories of investments that may be included in your Program Account will vary depending upon whether you have a DIA Program Account, Wrap Program Account, or a Custom Program Account. The chart below shows the types of investments that may be included in DIA, Wrap, and Custom Program Accounts. As depicted in the chart, DIA invests only in ETFs and USAA money market funds, Wrap Program Accounts will be constructed using a narrow range of possible investments, depending on the type of Wrap Program Account Selected, and Custom Program Accounts offer a wider array of possible investments from which we will construct your Program Account.

Investment Type/Category	DIA	Wrap Program				Custom
		USAA Fund	Marketplace	ETF	Blend	
Mutual Funds		X	X		X	X
Money Market Funds	X	X	X	X	X	X
ETFs	X	X	X	X	X	X
Stocks (Equities)						X
Bonds (Fixed-income)						X
CDs						X
ADRs						X
REITs						X

As discussed above, we anticipate offering model portfolios in the Blend Wrap Program that will be comprised primarily of USAA ETFs while using third party ETFs for their tactical asset allocation. The cash portion of any Program Account receiving advice pursuant to such model portfolio will be allocated to either the USAA money market fund or USAA Treasury Money Market Trust, as applicable.

Each of the types of investments/categories set forth in the chart above is described more fully below. Depending upon whether you have a DIA Program Account, your Program Account assets (for Wrap and Custom Program Accounts), and your selected model portfolio, various investments will be selected to build the equity and fixed-income components of your Program Account, and all types of investments/categories shown above will not necessarily be held in your Program Account at any one time.

Risks are also discussed with each type of investment/category below. Any investment involves risk, and there is no assurance that your investment objective will be achieved. Investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). The Program Accounts will experience daily fluctuations due to the financial markets and other factors. Each Program Account has its own investment style, which may involve one or more of the non-exclusive risks summarized below. The risks of the Program Account directly correspond to the risks of the underlying mutual funds and ETFs in which the Program Account invests. By investing in the underlying funds, the Program Account has exposure to the risk of many different areas of the market. The degree to which the risks described below apply to the Program Account varies according to the Program Account’s asset allocation. For instance, the more the Program Account is allocated to equity funds, the greater the risk associated with equity securities.

Mutual Funds. A mutual fund is a company that pools money from investors and invests that money in securities or other assets, such as stocks, bonds, money market instruments, or a combination of these and possibly other investments. The combined holdings of a mutual fund, known as the portfolio, are generally managed by one or more investment advisers. Mutual funds can be an effective way of diversifying a portfolio within a particular asset allocation category;

mitigating risks, such as credit risk, associated with direct investments in securities; or investing when market conditions or other factors make direct investments in securities comparatively less attractive. The investment risks associated with each mutual fund is available in each mutual fund's prospectus, which you should read carefully. Mutual funds generally are subject to market risk and management risk, which is the risk of the fund's portfolio manager judgment. Additionally, mutual funds are subject to liquidity risk, which is the risk that the fund's investments generally cannot expect to be sold or disposed of in the ordinary course of business within seven days at approximately the value ascribed to such securities.

For purposes of this Brochure and describing the Program Accounts, mutual funds are categorized into those mutual funds that are USAA Mutual Funds and those that are non-USAA Mutual Funds. The PMT puts eligible USAA Mutual Funds and non-USAA Mutual Funds (as described below) through a review process to determine those that will be included in the model portfolios. The PMT subjects the eligible USAA and non-USAA Mutual Funds to a periodic screening based on objective, quantitative factors such as performance history, risk metrics, stability and continuity of fund management, fund asset size, expense ratios, and other current public information on the funds and their management. Additional subjective, qualitative analysis such as a review of the fund's underlying philosophy, process, people, style consistency, fund availability, future market and/or economic expectations, and overall fit within the recommended model portfolio is also considered.

- ***Non-USAA Mutual Funds.*** Non-USAA Mutual Funds eligible for inclusion in Wrap and Custom Program Accounts include those mutual funds available through IMCO's broker-dealer mutual fund supermarket that are no-load (*i.e.*, no sales charge) or load waived with no (or a waived) redemption and transaction fees.
- ***USAA Mutual Funds.*** As previously described, USAA Mutual Funds are those funds of the USAA Mutual Funds Trust, a series of mutual funds managed by AMCO, an investment adviser registered with the SEC and an affiliate of IMCO. The USAA Mutual Funds are eligible for inclusion in, and are generally included in, Wrap and Custom Program Accounts (other than ETF Wrap Program Accounts). Depending upon certain factors in the mutual fund selection process, such as the ability to find a non-USAA Mutual Fund that meets the investment criteria and that permits investment by Wrap and Custom Program Accounts, we may invest a significant portion, or all, of your Wrap or Custom Program Account in USAA Mutual Funds (other than ETF Wrap Program Accounts).
- ***USAA Money Market Mutual Fund and USAA Treasury Money Market Trust.*** For Wrap and Custom Program Accounts owned by natural persons, IMCO will allocate the cash portion of a Program Account to a USAA money market mutual fund; for Wrap and Custom Program Accounts owned by non-natural persons such as institutions, IMCO will allocate the cash portion of a Program Account to the USAA Treasury Money Market Trust. We will determine the cash allocation of a Program Account in our sole discretion.

If the liquidity of a money market mutual fund significantly decreases (as during a time of significant market stress), the board of trustees of the money market mutual fund may impose a temporary fee on redemptions, referred to as a "liquidity fee," or impose a temporary halt to redemptions, referred to as a "redemption gate." The USAA Treasury Money Market Trust board of trustees has determined that it will not impose such fees or gates. For UMP clients allocated to

the a money market mutual fund, you should be aware that if liquidity fees or redemption gates were to be imposed, it could impact the ability to settle transactions in your Program Account and result in extra fees or delays in liquidating your assets in the money market mutual fund.

- ***Selecting Between USAA and non-USAA Mutual Funds.*** If a USAA Mutual Fund and another similar non-USAA Mutual Fund (described further in the non-USAA Mutual Funds subsection below) are being considered for investment in a model portfolio, we may recommend or select the USAA Mutual Fund for inclusion in your Wrap or Custom Program Account even if the USAA Mutual Fund has lower performance or higher fees relative to the non-USAA Mutual Fund against which it is being compared, based on factors such as the PMT’s conviction regarding a particular fund’s strategy or future performance. Therefore, using the USAA Mutual Fund may result in a material difference in your Wrap or Custom Program Account performance. Information about conflicts of interest related to the USAA Mutual Funds and certain non-USAA Mutual Funds is provided in the “Potential and Actual Conflicts of Interest” subsection below.

Exchange-Traded Funds. An ETF is a type of investment company that is traded on an exchange. Index ETFs invest primarily in a basket of securities included in a particular market index. Index ETFs typically seek to provide investment results that, before fees and expenses, generally correspond to the price and yield performance of the underlying benchmark index. Actively-managed ETFs have portfolio management teams that make decisions on the underlying portfolio allocation and does not generally follow a passive investment strategy. You will indirectly bear the fees and expenses charged by the ETFs in addition to the Account Fees.

DIA Program Accounts, ETF Wrap Program Accounts, and Blend Wrap Program Accounts will invest almost exclusively in index and actively-managed ETFs. Other Program Accounts may also invest in ETFs to gain efficient exposure to a particular broad-based index, a particular market capitalization such as small-cap stocks, style such as value or growth stocks, country, or economic sector such as real estate or technology. ETFs typically offer lower operating expenses, broader diversification opportunities, and greater investment flexibility than comparable traditional mutual funds, in part, because they trade like stocks on an exchange. ETFs are chosen based on a number of factors, including tracking error versus the underlying index they are designed to represent (for Index ETFs), portfolio expenses, the reputation of the firm sponsoring the ETF, and the overall impact of the ETF on the entire portfolio. Additionally, trade volumes are monitored to ensure there is appropriate liquidity in any chosen ETF.

Investing in an ETF exposes you to risks of the ETF’s holdings in direct proportion to the allocation of assets that comprise the ETF. The risks associated with each ETF is available in each ETF’s prospectus, which you should read carefully. Additionally, a client’s positions in ETFs are subject to a number of risks associated with the management and market conditions of the ETF. These include (but are not limited to): (i) Delisting—An ETF may be delisted and liquidated at the discretion of its issuer. Should a client hold a position in an ETF when it is delisted, such client may be subject to costs associated with the ETF’s liquidation, counterparty risk against the issuer, and additional taxes due to cash distributions from the liquidation. (ii) Market Maker Instability—The supply and demand of ETF shares are kept in balance by its authorized participants. The authorized participants of an ETF may, purposefully or by mistake, destabilize the supply-demand balance of an ETF, causing tracking error of the ETF to its constituent instruments that may negatively affect

the value of an entity's position in the ETF. (iii) Hidden Illiquidity— The liquidity of an ETF is determined not only by the ETF's own market liquidity but how easy or difficult it is to transact in the ETF's constituent instruments. If one or more of an ETF's constituent instruments becomes difficult to buy or sell, the ETF may become difficult to transact or experience tracking error that negatively affects the value of positions held in the ETF.

Shares of ETFs are bought and sold in the secondary market at market prices. Although an ETF is required to calculate its net asset value (NAV) on a daily basis, at times the market price of an ETF's shares may be more than the NAV (trading at a premium) or less than the NAV (trading at a discount). Given the differing nature of the relevant secondary markets for ETFs, one ETF may trade at a larger premium or discount to NAV than shares of another ETF depending on the markets where such ETFs are traded. The risk of deviation from NAV for an ETF generally is heightened in times of market volatility or periods of steep market declines. For example, during periods of market volatility, securities underlying an ETF may be unavailable in the secondary market, market participants may be unable to calculate accurately the NAV per share of an ETF, and the liquidity of an ETF may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of an ETF. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of an ETF. As a result, under these circumstances, the market value of shares of an ETF may vary substantially from the NAV per share of such ETF, and the client may incur significant losses from the sale of ETF shares.

Selecting Between USAA and third-party ETFs. As previously described, third-party ETFs or unaffiliated ETFs are those exchange traded funds that are not affiliated with IMCO or its affiliates. USAA ETFs are those funds of the USAA ETF Trust, a series of ETFs managed by AMCO, an investment adviser registered with the SEC and an affiliate of IMCO. The Blend Wrap Program will invest in USAA ETFs as well as third party mutual funds and ETFs. Additionally, in the future, DIA model portfolios may also include USAA ETFs. If a USAA ETF and another similar third-party USAA ETF (described in this brochure generally as third-party ETFs or unaffiliated ETFs) are being considered for investment in a model portfolio, we may recommend or select the USAA ETF for inclusion in your Wrap Program Account even if the USAA ETF has lower performance or higher fees relative to the third-party ETF against which it is being compared, based on factors such as the PMT's conviction regarding a particular fund's strategy or future performance. The selection process is described above. Therefore, using the USAA ETF may result in a material difference in your Wrap Program Account performance. Information about conflicts of interest related to the USAA Mutual Funds and certain non-USAA Mutual Funds is provided in the "Conflicts of Interest" subsection below.

Exchange-Traded Notes. Program Accounts may invest in ETNs for purposes of exposure to alternative assets classes, including but not limited to, short equity or volatility. ETNs are a type of unsecured, subordinated debt security. This type of debt security differs from other types of bonds because most ETN returns are based upon the performance of a market index minus applicable fees, no period coupon payments are distributed, and no principal protections exist. The purpose of ETNs is to create a type of security that combines both the aspects of bonds and ETFs. Similar to ETFs, ETNs are traded on a major exchange during normal trading hours. However, investors also can hold the ETN until maturity. At that time, the issuer will give the investor a cash amount that would

be equal to the principal amount (subject to the day's index factor). ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark or strategy remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political, or geographic events that affect the referenced underlying asset. When a Program Account invests in ETNs it will bear its proportionate share of any fees, taxes, and expenses borne by the ETN.

Equity Securities. We may invest a portion of the equity component of your Program Account in individual stocks either directly or indirectly. Our equity investment style can be characterized as primarily a bottom-up approach to stock selection focusing on individual stock analysis, with consideration to top-down factors (such as industry, geography, or size) and industry weightings. Through our bottom-up approach, we carefully analyze the fundamentals of individual stocks and choose companies that offer superior long-term earnings growth and sound fundamentals. Style Managers may have different investment philosophies and utilize different stock selection techniques than these. Note that we do not presently make initial public offerings of securities available to Program Accounts.

Equity securities are subject to stock market risk. A company's stock price in general may decline over short or even extended periods, regardless of the success or failure of the company's operations. Stock markets tend to run in cycles, with periods when stock prices generally go up and periods when stock prices generally go down. Equity securities tend to be more volatile than debt securities. In addition, to the degree a Program Account invests in foreign securities, there is a possibility that the value of the investments in foreign securities will decrease because of unique risks, such as currency exchange-rate fluctuations; foreign market illiquidity; emerging market risk; increased price volatility; uncertain political conditions; exchange control regulations; foreign ownership limits; different accounting, reporting, and disclosure requirements; difficulties in obtaining legal judgments; and foreign withholding taxes. Investments in emerging-market countries generally are more volatile than investments in developed markets. Emerging-market countries are less economically diverse and mature than more developed countries and tend to be politically less stable. The equity portion of Program Accounts may generally invest in securities of companies of any market capitalization and is subject to mid- and small-cap company risk, which is the greater risk of investing in smaller, less well-known companies, as opposed to investing in established companies with proven track records. Mid- and small-cap companies also may have limited product lines, markets, or financial resources. Securities of such companies may be less liquid and more volatile than securities of larger companies or the market in general and, therefore, may involve greater risk than investing in the securities of larger companies.

Fixed-income Securities. The fixed-income component of a Program Account may directly or indirectly use high-quality investment-grade government, government agency, municipal, and corporate bonds (including convertible bonds) to earn a competitive rate of return while attempting to minimize credit and default risk. We may also invest in bonds rated below investment grade (sometimes referred to as junk or high-yield bonds) either directly or through mutual fund holding such securities which may produce higher current income but generally involve a higher amount of

credit risk. The fixed-income component of the model portfolio also may include purchasing preferred stock if purchased for the purpose of generating additional income and if not convertible into common stock.

The fixed-income securities are subject to credit risk, which is the possibility that an issuer of a fixed-income security will fail to make timely interest and/or principal payments on its securities or that negative market perceptions of the issuer's ability to make such payments will cause the price of that security to decline. Bonds may also decline in value due to a decline in the rating or financial health of the issuer of the bonds, among other factors. IMCO accepts some credit risk as a recognized means to enhance investment return. All fixed-income securities varying from the highest quality to the very speculative have some degree of credit risk. High-yield securities generally entail greater economic, credit, and liquidity risk than investment-grade securities. Their prices may be more volatile, especially during economic downturns and financial setbacks or liquidity events.

The market value of fixed-income securities will fluctuate because of changes in interest rates, changes in the supply of and demand for fixed-income securities, and other market factors. Bond prices generally are linked to the prevailing market interest rates. In general, when interest rates rise, bond prices fall; and conversely, when interest rates fall, bond prices rise. The price volatility of a bond also depends on its maturity. Generally, the longer the maturity of a bond, the greater is its sensitivity to interest rates. To compensate investors for this higher interest rate risk, bonds with longer maturities generally offer higher yields than bonds with shorter maturities. Program Accounts may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

Certificates of Deposit (CDs). For Custom Program Accounts, we may invest in CDs for purposes of principal preservation and income and as an interim investment before other investment opportunities arise. A CD is a special type of deposit account with a bank or thrift institution that typically offers a higher rate of interest than a regular savings account. A number of banks offer their CDs through brokerage firms. These CDs, referred to as "brokered CDs," may be more complicated than those offered directly from a bank. Brokered CDs generally have predefined terms, but often are longer-term deposits than CDs offered at banks. They often pay coupon income at intervals and their maturities may vary from three months to 20 years. While brokered CDs carry the same FDIC insurance benefits as bank CDs, their structure more closely resembles that of a traditional bond than a bank CD. Brokered CDs trade in the secondary market at prevailing prices, which may be more or less than the original investment. We may invest in CDs offered by USAA FSB and USB (collectively Affiliated Bank CDs), which may offer lower interest rates than those available from other banks. Information about conflicts of interest related to Affiliated Bank CDs is provided in the "Conflicts Related to Affiliated Bank CD Investments" subsection below. Investments in CDs are subject to inflation risk, which means inflation can grow at a faster rate than the fixed interest rate of the CD, early withdrawal risk if the CD is withdrawn before maturity, and risk that the issuing bank fails.

American Depositary Receipts (ADRs). For Custom Program Accounts, ADRs may be used to provide portfolio exposure to international equities. ADRs are equity securities issued in the U.S. or European markets that represent a non-U.S. company's home-country shares. ADRs offer U.S.

investors a convenient way to invest in a foreign company by holding a domestic security that is cleared and settled in the U.S. ADRs are negotiable U.S. securities that are created when a broker purchases the non-U.S. company in the local stock market and delivers those shares to an American Depository Bank, in the foreign country. The depository bank then issues ADRs representing ownership in the non-U.S. company. Many ADRs are listed on U.S. stock exchanges and represent some of the world's best known companies. ADRs may be exposed to risks not typical of domestic investments such as currency exchange rate fluctuations, political and economic risks, and regulatory risks associated with exchange controls or other foreign laws or restrictions.

Real Estate Investment Trusts (REITs). For Custom Program Accounts, REITs may be used to provide portfolio exposure to the real estate market. A REIT is a company that invests generally in assets of real estate and is granted special tax consideration. A company that qualifies as a REIT is permitted to deduct dividends paid to its shareholders from its corporate taxable income. In order to qualify as a REIT, a company must distribute at least 90% of its taxable income to shareholders. Like other corporations, REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges like shares of common stock in other firms. There is a risk that the value of an investment in REITs will decrease because of a decline in real estate values. Investing in REITs may subject the Program Account to many of the same risks associated with the direct ownership of real estate, such as rental income fluctuation, depreciation, property tax value changes and differences in real estate market values. Additionally, REITs are dependent upon the capabilities of the REIT's manager(s), have limited diversification, and may be particularly sensitive to economic downturns or changes in interest rates, real estate values, cash flows of underlying real estate assets, occupancy rates, zoning laws, and tax laws. Because REITs are pooled investment vehicles that incur expenses of their own, a Program Account will indirectly bear its proportionate share of those expenses.

Cash or cash equivalents. We may also hold a portion of your portfolio in cash, cash equivalents, or short-term trading instruments to meet investment minimums for a particular security, take advantage of investment opportunities, meet distribution requests, or fulfill Program Account fees. For example, in Custom Program Accounts with fixed-income securities, it may take six to eight weeks to invest in certain fixed-income instruments, such as municipal bonds, if such instruments are in short supply. The opportunity for investment returns may be negatively affected by the percentage of a portfolio's overall allocation to cash or cash equivalents.

ADDITIONAL PROGRAM MATERIAL RISKS

Management Risk. The Program Accounts depend on IMCO's judgment about markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the Program Accounts. The Program Accounts could experience losses if these judgments prove to be incorrect, such as inaccuracies or limitations in the quantitative analysis or models. Additionally, legislative, regulatory, or tax developments may affect the investments or investment strategies available. The Program accounts are also subject to the risk that the asset allocations will not produce the intended results. Also, as the Program Accounts are based on model portfolios, the assumptions made in the construction of the models may limit their effectiveness.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of- service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

Reliance on Client Information. With respect to the DIA offering, the model portfolio generated by the Tool is highly reliant on the accuracy of the information provided through the Tool. If a client were to provide IMCO with inaccurate information, this could materially impact the quality and applicability of the model portfolio generated by the Tool and the ongoing management of your DIA Program Account. Therefore, it is important that the information you initial provide on the Site is accurate and complete and that you update that information immediately upon any changes and revisit your model portfolio selection if the information or your financial circumstance changes. In addition, the model portfolio is limited in scope in that the Tool identifies a model portfolio associated with the risk profile you select. There may be additional information or other financial circumstances not considered by the Tool based on the questions asked at the time a client establishes their investment goals that would inform the investment advice provided by IMCO through the Tool. Also, IMCO does not consider your personal client information in managing your Program Account on an ongoing basis (except with respect to any reasonable restrictions placed on the management of your Program Account), but rather it manages your Program Account in accordance with the model portfolio you selected.

Reliance on Technology. The offerings within the UMP Program are dependent upon various computer and telecommunication technologies, many of which are provided by or are dependent on third parties. For instance, as rebalancing, trading, and monitoring of client accounts are implemented through technology dependent automation. The successful operation of the Program, and the DIA Tool in particular, could be severely compromised by system or component failure, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as “hacking”), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunication systems or operations could have a material adverse effect on Program Accounts. Such a material adverse effect may have a heightened impact on DIA Program Accounts given the automated nature of the advice provided under DIA.

Hypothetical Performance and Projected Returns. Projected returns are hypothetical, do not reflect actual investment results, and are not guarantees of future results. Such projected performance is subject to a number of limitations and assumptions designed to determine the

probability or likelihood of a particular investment outcome based on a range of possible outcomes. It is possible that any of those assumptions may prove not to be accurate. In addition, performance of your Program Account may differ materially from investment gains and avoidance of investment losses projected, described, or otherwise referenced in forward-looking statements, and the projected returns associated with any particular asset allocations or portfolio may not materialize.

INVESTMENT MANAGEMENT

Portfolio Manager and the Adviser Governance Committee. As IMCO serves as the Portfolio Manager (PM) for the Program, the IMCO Adviser Governance Committee (AGC) is responsible for general investment strategy oversight of the Program. Oversight includes, but is not limited to, review and approval of mutual funds, ETFs, and Style Managers that may be included in the Program, as well as changes to model portfolio strategic allocations. The AGC meets on a regular basis and is responsible for reviewing and evaluating the PMT recommendations for the Program (see subsection immediately below for explanation of PMT). The AGC relies on a wide range of economic factors to help determine the economic outlook of the securities markets. The AGC evaluates domestic and international market information for the purpose of determining the Program's asset allocation strategy. Certain members of the AGC may also be members of the Manager Research Team (MRT), which is responsible for conducting research on and discussing the recommendation of ETFs, mutual funds and Style Managers to be included in the Program. In addition, through participation in the MRT, certain members of the AGC are responsible for conducting research on and discussing the recommendation of subadvisers for certain USAA Funds. Please see the "Conflicts of Interest" section below for more information regarding USAA Fund investment management.

Portfolio Manager and PMT. The Portfolio Manager manages the Program on a day to day basis and is responsible for the discretionary management of assets in UMP, including leading and overseeing research conducted by the PMT. The PMT makes recommendations as to the Strategic Allocations, investment options, and Style Managers (applicable only for certain Custom Program Accounts) for each model portfolio. The PMT also makes tactical investment decisions for Wrap and Custom Program Accounts. The PMT meets on a regular basis and evaluates domestic and international market information for the purpose of determining each model portfolios' asset allocation strategies and investments. The PMT may review manager recommendations from the MRT and tactical asset allocation adjustment recommendations from an internal asset allocation team. The PMT also reviews and implements buy and sell recommendations from Style Managers. Certain PMT members may also be members of the MRT and participants in the internal asset allocation team. In addition, through participation in MRT, certain PMT members are responsible for conducting research on and discussing the recommendation of subadvisers for certain USAA Mutual Funds. Please see the "Conflicts of Interest" section below for more information regarding USAA Funds investment management.

Each PMT member must have received a formal education in a field related to economics, finance or law or other appropriate field and have investment-related experience. A bachelor's degree is required and an M.B.A. or other advanced degree in an appropriate field is preferred. Each PMT member must have at least three years of direct experience as an analyst or manager of individual portfolios, a fund, or group of funds or similar experience.

Manager Research Team. The MRT conducts research on, monitors, and discusses recommendations on ETFs, mutual funds and Style Managers to be included in each of the model portfolios. The MRT did not conduct initial research in determining whether to include AMCO as a Style Manager in the Program because AMCO is an affiliate and the investment strategies it provides were already available in the Program. Prior to AMCO's designation as a Style Manager, the relevant investment strategies were already being offered as discretionary strategies managed by IMCO. The MRT subjects AMCO to the same review and monitoring process as third-party Style Managers in order to evaluate ongoing inclusion in the Program. MRT is also responsible for conducting research on the particular mutual funds and ETFs available within the Program, including affiliated USAA Funds. MRT conducts the same due diligence process for both affiliated and unaffiliated products. The PMT uses the information generated in the MRT to recommend and select ETFs, mutual funds and Style Managers to be included in each of the model portfolios. Each ETF, mutual fund or Style Manager selected for a model portfolio represents a portion of the different investment styles, types of securities within the equity component, and maturity length and investment grade for bond funds. ETFs, mutual funds and/or Style Managers are included in model portfolios with the intention of diversifying the model portfolios' investments, while, depending on the model, providing an appropriate variety of exposure to equities, fixed-income maturities and yields, alternative investments, and investment management styles. In addition, the MRT is responsible for recommending the subadvisers for certain USAA Mutual Funds. Please see the "Conflicts of Interest" section below for more information regarding USAA Funds investment management.

Sources of Information. Our PMT members and the MRT obtain and use information from both primary and secondary sources. Sources include a variety of publicly available market and economic information and industry research. Domestic and international market information may be used to evaluate each marketplace. Capital market data includes aggregate corporate earnings, the prices of securities, yields of intermediate and long-term bonds, and the overall price volatility of the stock, bond, and cash markets. A broad range of economic factors is used to help determine the economic strength and potential of the securities markets. Monetary and fiscal policies also are studied to identify their impact on the economy and, in turn, on the securities markets. The information obtained is analyzed in making allocation decisions within and between asset classes as well as the purchase and sale of specific investments.

ETF Managers. The PMT members and MRT use multiple research tools and resource databases to provide initial and ongoing screening of ETFs based on objective, quantitative factors such as performance history, risk metrics, fund asset size, trading volume, expense ratios, tracking error versus the ETF's benchmark (for Index ETFs), and other current public information on the ETF and the ETF provider. They then perform a subjective, qualitative analysis such as a review of the ETF's underlying philosophy, process, style consistency, the reputation of the firm sponsoring the ETF, future market and/or economic expectations, and overall fit within a particular model portfolio. Members of the AGC and MRT may meet with certain ETF providers to obtain a more thorough understanding of the strategy's philosophy.

Mutual Fund Managers. The PMT members and MRT use multiple manager research tools and resource databases to provide initial screening of mutual fund managers based on objective, quantitative factors such as performance history, risk metrics, stability and continuity of fund

management, fund asset size, advisory fees, expense ratios, and other current public information on the funds and their management. They then perform a subjective, qualitative analysis such as a review of the fund's underlying philosophy, process, people, style consistency, fund availability, future market and/or economic expectations, and overall fit within a particular model portfolio. Members of the AGC and MRT may meet with certain mutual fund managers to obtain a more thorough understanding of the manager's philosophy.

Style Managers. Style Managers provide subadvisory services for select Custom Program Accounts by furnishing investment recommendations to the PMT for one or more model portfolios based on the Style Manager's investment model (Strategy). As noted above, AMCO, an affiliate of IMCO, serves as a Style Manager within the Program. Please refer to "Conflicts of Interest" in Item 9 for a discussion of the conflicts of interest associated with AMCO serving as a Style Manager within the Program.

The PMT is responsible for implementing each Strategy based on the advice provided by the Style Manager, and generally implements the recommendations without change. An example of an exception to this policy includes, but is not limited to, when Style Manager recommendations are inconsistent with client-requested Program Account investment restrictions.

The PMT selects Style Managers for participation in UMP with the goal of providing clients with access to additional professional investment advice and to make available a choice of various investment styles and corresponding risk levels. The PMT and MRT use multiple manager research tools and resource databases to provide initial screening of prospective managers based on objective, quantitative factors such as performance history, risk metrics, stability and continuity of management, asset size, advisory fees, and other current public information on the manager. They then perform a subjective, qualitative analysis such as a review of the manager's underlying philosophy, process, people, style consistency, future market and/or economic expectations, and overall fit within a particular model portfolio. Members of the MRT may meet with managers to obtain a more thorough understanding of the manager's philosophy. As noted above, the MRT did not conduct initial research in determining whether to include AMCO as a Style Manager in the Program. In addition, although the MRT generally subjects AMCO to the same review and monitoring process as third-party Style Managers in order to evaluate ongoing inclusion in the Program, from time to time the MRT may use different factors in evaluating affiliated Style Managers, or may use the same factors for affiliated and third-party Style Managers, but give different weight to those factors in evaluating affiliated Style Managers. It is unlikely that AMCO will ever be replaced as a Style Manager. In the event the MRT were considering removing AMCO as a Style Manager due to performance, AMCO would likely make internal changes, including potential personnel or management decisions.

BROKERAGE

The PMT is authorized to place trades with and through IMCO (as an introducing broker-dealer) and NFS (as a clearing broker-dealer) if the PMT reasonably believes that the quality of the execution of the transactions is at least comparable to what could be obtained through other qualified broker-dealers. The PMT may place trades relating to your Program Account with and through IMCO and with NFS, or any other qualified broker-dealer, subject to our obligation to obtain best execution. You will not be charged separate commissions on such transactions.

In many cases, UMP portfolio transactions may be executed in an aggregated transaction as part of concurrent authorizations to purchase or sell the same security for numerous Program Accounts, which may have similar investment objectives. IMCO will utilize average pricing in aggregated transactions. The overriding objective for IMCO is to assure fair and equitable treatment of all Program Accounts.

IMCO does not currently engage in soft dollar transactions; however, IMCO may engage in soft dollar transactions to obtain any research or brokerage service or products that provides lawful and appropriate assistance to IMCO in the performance of its obligations related to its investment advisory clients or the accounts for which it trades. If IMCO enters into any soft dollar transaction, such transaction will seek to qualify for the safe harbor under section 28(e) of the Securities and Exchange Act for eligible research and brokerage services.

When selecting broker-dealers to effect securities transactions, IMCO seeks to provide best execution for its clients. For equity trades, IMCO generally uses NFS, IMCO's clearing broker-dealer. Consistent with IMCO's policy of obtaining the best overall terms for such transactions, IMCO may give preference to those broker-dealers that provide IMCO with research and/or brokerage services in soft dollar transactions. Upon written request from a client to IMCO, IMCO will provide the client with the source and nature of any compensation received in connection with that client's particular transaction, including any soft dollar transactions. IMCO will also follow its best execution review and monitoring procedures for any transactions entered into under a soft dollar arrangement. IMCO's acceptance of soft dollars does not directly vary the cost of participation in the Program since members pay an asset-based fee that includes trading costs. For the avoidance of doubt, Program Accounts will not be charged a separate or additional commission in addition to the Account Fee on transactions even if IMCO or NFS is charged commissions by a broker-dealer for effecting trades.

Worthless Securities. In the event that any securities in your Program Account become worthless and removal of those securities is necessary to more efficiently manage your Program Account consistent with our fiduciary duty, we may purchase them from your Program Account for \$0.01 per lot. IMCO in its sole discretion may initiate this option.

IMCO generally does not take a position on the opposite side of a transaction in which a client may be engaged (*i.e.*, sell securities to or buy securities from clients— so called “principal trading”). However, we may engage in a principal transaction with you where you hold worthless securities in your Program Account. In this circumstance, we will engage in a principal transaction with you only with appropriate client consent. Note the following regarding our purchasing of worthless

securities from you: (i) there are no known markets for these securities, (ii) transactions will create Form 1099 reporting, and (iii) positions purchased from your Program Account will appear on your account activity page online and on your next available UMP account statement as a trade transaction.

PROXY VOTING POLICIES AND PROCEDURES

The UMP Investment Advisory Agreement allows IMCO to vote on proposals presented to shareholders of securities held in the relevant accounts, unless a client notifies IMCO in writing that he or she does not consent to IMCO voting as a proxy for that client. For those clients who did not object to IMCO voting on their behalf, IMCO generally votes those shares in a manner to maximize the value of clients' investments and in accordance with proxy voting procedures. IMCO has adopted written proxy voting policies and procedures to govern its exercise of proxy voting for advisory accounts for which it has voting discretion. We have retained Institutional Shareholder Services, Inc. (ISS) to receive proxy statements, provide voting recommendations, vote shares according to our instructions, and to keep records of our votes on behalf of advisory clients. ISS has developed a set of criteria for evaluating and making recommendations on proxy voting issues (for example, elections of boards of directors, mergers, and reorganizations). These criteria and general voting recommendations, as customized by us with respect to certain matters, are set forth in the ISS Proxy Voting Guidelines (ISS Voting Guidelines). However, for those accounts for which we have voting discretion, we retain the authority to determine the final vote for securities and mutual funds held in your account. On your behalf, IMCO will receive all proxy voting materials for your Program Account. You will not receive any proxy voting materials for your UMP Program Account.

To avoid the appearance of any improper influence on our voting decisions, we generally will follow the voting recommendations of ISS, except as briefly described below. Before any voting deadline, ISS will provide us with a summary of the proposal and a recommendation based on the ISS Voting Guidelines. In evaluating ISS's recommendations, and in situations where ISS does not provide a recommendation, we may consider information from many sources, which may include a fund's portfolio manager or sub- adviser, the AGC, shareholder groups, Style Managers, and other sources. We believe that the recommendation of management should be given weight in determining how to vote on a particular proposal. Also, conflicts of interest may arise and IMCO seeks to reasonably identify and address such conflicts. In all cases in which there is deemed to be a material conflict of interest, IMCO will seek to resolve the conflict in the clients' best interests. After a reasonable inquiry and analysis, we may determine that it would be in our client's best interests to vote the shares contrary to ISS's recommendation. Any such vote will be determined by the Portfolio Managers and ratified by the AGC. For those matters where an ISS Voting Guideline differs from our philosophy, the AGC will instruct ISS on how to vote.

Copies of our complete proxy voting policies and procedures and the ISS Voting Guidelines are available upon request by calling us at 877-314-2255 or writing us at USAA Investment Management Company, Attn: USAA Managed Portfolios, P.O. Box 659453, San Antonio, Texas 78265. Information regarding how we voted proxies for securities and mutual funds in your Program Account also is available upon request by calling or writing us at the number and address listed above.

CLASS ACTION SUITS

IMCO will not render any advice or take any action with respect to securities or other property currently or formerly held in client Program Accounts or the issuers thereof that become the subject of any legal proceedings, including bankruptcies and class actions.

SIDE-BY-SIDE MANAGEMENT AND PERFORMANCE-BASED FEES

IMCO does not charge a performance fee or otherwise receive compensation based on performance with respect to its management of Program Accounts or other wrap fee or asset allocation program accounts that it manages. The management fees that AMCO receives from certain of the USAA Mutual Funds apply a performance adjustment that adjusts the base fees that AMCO receives from those funds. Performance-based fees can create a conflict of interest by incentivizing advisers to favor accounts that charge performance-based fees over those that do not. However, because of the range of fees that AMCO and IMCO receive across the various USAA Mutual Funds, the Program, and other accounts that IMCO manages, IMCO does not believe that the application of the performance adjustment to the base fee AMCO receives from certain USAA Mutual Funds incentivizes IMCO to favor those funds over other funds or over Program or other accounts to which a performance adjustment is not applied.

ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Generally, limited client-specific information is communicated by IMCO or its affiliates to the PMT. Such information is communicated to the PMT on a regular basis for the purpose of allowing the PMT to effectively manage Program Accounts. IMCO does not share information that is client-specific with any Style Manager other than its affiliate AMCO.

ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Wrap and Custom clients are permitted to contact members of the PMT upon request through a USAA-affiliated financial advisor, although direct client contact with the PMT is limited and requires the presence of a member of the sales and service staff of FAI. Clients will not generally have direct access to an unaffiliated Style Manager, absent the Style Manager's consent.

ITEM 9 – ADDITIONAL INFORMATION

IMCO'S BUSINESS ACTIVITIES

IMCO engages in three primary areas of business. First, IMCO provides investment advisory services to: (1) individuals and other entities through the UMP Program; (2) the USAA FSB Trust Services Department, an affiliated corporate client; and (3) The Board of Trustees of the College Savings Plans of Nevada and Ascensus Investment Advisors, LLC (formerly Upromise Investment Advisors, LLC) with respect to the USAA 529 College Savings Plan. IMCO has delegated the investment advisory and management services to AMCO.

Second, IMCO is a broker-dealer that serves as the distributor for, and provides servicing to, the USAA Funds advised by AMCO. Also, as an introducing broker-dealer, IMCO offers an online brokerage operation and facilitates through NFS brokerage execution, settlement, transaction processing, and custodial services for its affiliate FAI. IMCO and FAI act as introducing broker-dealers, and NFS acts as the clearing broker-dealer with respect to certain IMCO or FAI-initiated brokerage transactions, including transactions for certain IMCO clients and Program Accounts. In addition, NFS serves as the custodian and clearing broker-dealer for Program Accounts.

IMCO'S RELATIONSHIPS WITH AFFILIATES

Various direct or indirect subsidiaries or affiliates of USAA are engaged in investment advisory, brokerage, banking, financial planning, or insurance businesses. From time to time, in addition to IMCO, the Program or its clients may have material business relationships with the following companies: USAA, a diversified financial services company; FAI, a registered broker-dealer and member of FINRA/SIPC and subsidiary of USAA Financial Planning Services Insurance Agency, Inc. (FPS), an insurance agency; USAA Life Insurance Company and its affiliates; USB, a Nevada chartered financial institution; USAA FSB, a federal savings bank; AMCO, a registered investment adviser, and USAA Transfer Agency Company (d/b/a USAA Shareholder Account Services) (SAS).

IMCO compensates FPS and FAI for distribution and servicing provided by FAI in connection with IMCO's UMP program.

IMCO acts as introducing broker-dealer for Program Accounts, and NFS acts as the clearing broker-dealer for Program Accounts. FAI, our affiliated broker-dealer, provides certain services to IMCO that aid in IMCO's role as introducing broker-dealer. All customer brokerage account and client Program Account funds and securities are held or maintained by NFS, the custodian. IMCO compensates FPS and FAI in connection with distribution and servicing brokerage accounts opened at IMCO and distribution services FAI provides in connection with the USAA Mutual Funds advised by AMCO. IMCO also reimburses FPS and FAI for administrative costs related to such distribution and servicing functions.

IMCO is affiliated with USAA FSB through USAA's bank holding company. IMCO provides the following services to USAA FSB: it serves as a sub-adviser to an asset allocation program (similar to the Program services offered to Custom Program Accounts), which is offered by USAA FSB Trust Department to clients of the Trust Department; it provides certain administrative and record keeping services related to brokerage sweep agreements; and it acts as sales agent for the distribution of USAA FSB CDs and USAA USB's CDs. USAA FSB compensates IMCO for these services pursuant to written agreements.

IMCO is affiliated with AMCO, a registered investment adviser. AMCO acts as the investment adviser for the USAA Funds, Style Manager within the Program, and adviser for investment portfolios of the USAA insurance companies and other affiliated corporate clients. Additionally, IMCO is affiliated with SAS, which provides transfer agency and shareholder services to USAA Mutual Funds Trust.

CONFLICTS OF INTEREST

General. IMCO, together with its affiliated entities, in its capacity as an investment adviser and broker-dealer, is routinely engaged in various securities transactions and trading activities for various clients that, in certain instances, create conflicts of interest among its duties to you and its duties to other clients. We may receive research services, remuneration, compensation, or other consideration for directing client orders to particular broker-dealers or market centers for execution. The source and nature of any compensation received in connection with a client's particular transaction will be furnished upon written request to us. Additionally, IMCO and its affiliates, where appropriate, may recommend to Program clients that they buy or sell securities or investment products in which IMCO or an affiliate has some financial interest, including the USAA Funds.

IMCO also may buy or sell securities for itself or its affiliates that it also recommends to or purchases for Program clients. IMCO may take a position on the opposite side of a transaction in which a client may be engaged (*i.e.*, sell securities to or buy securities from clients—so called “principal trading”) in limited circumstances and with appropriate client consent. Generally, we will engage in a principal transaction with you only where you hold worthless securities in your Program Account and removal of those securities is necessary to more efficiently manage your Program Account, consistent with our fiduciary duty, provided we have your consent to such transactions.

In its capacity as an investment adviser, IMCO may be offered the opportunity from time to time to invest in the equity securities of issuers engaged in initial public offerings (IPOs). In no event will IMCO invest in equity IPOs for its own behalf or the proprietary accounts of any affiliate. Furthermore, IMCO does not make investments in IPOs available to clients of UMP, including investment in IPOs recommended by Style Managers.

On behalf of UMP clients, IMCO may purchase securities on the secondary market of companies for which USAA and its affiliates may own a material financial interest. IMCO has a potential conflict of interest in purchasing such securities for clients because certain USAA affiliates could benefit financially from the related trading and share price. We address this conflict of interest by disclosing it to clients and by complying with our obligation to act consistent with our fiduciary duty.

Conflicts Related to USAA Mutual Fund Investments. We and our affiliates receive compensation for investment management and other services performed for the USAA Mutual Funds, including non-management fees such as transfer agency and shareholder servicing fees. The USAA Mutual Funds also provide payment to IMCO or its affiliates for administrative and other services that are necessary for the proper administration of the funds. This compensation exceeds amounts IMCO and its affiliates may receive from non-USAA Mutual Funds . The credit amount applied to your Program Fee with respect to USAA Mutual Funds does not eliminate this differential. Furthermore, because the corresponding expenses incurred by IMCO and its affiliates with respect to USAA Mutual Funds and non-USAA Mutual Funds generally will differ, IMCO and its affiliates may receive more net compensation from USAA Mutual Funds included in UMP in comparison to net compensation from non-USAA Mutual Funds .

On behalf of UMP clients, IMCO offers clients access to certain proprietary USAA Mutual Funds and non-USAA Mutual Funds, or non-proprietary funds. IMCO is under no obligation, nor does IMCO assume any obligation, to recommend proprietary USAA Mutual Funds over non-proprietary funds in the selection of mutual funds for client portfolios. Nevertheless, IMCO monitors and oversees client allocations to all mutual funds in a manner consistent with its fiduciary duty to clients. IMCO has a conflict of interest in offering proprietary USAA Mutual Funds and non-proprietary funds because IMCO, AMCO, and other IMCO affiliates may generally earn more money from your investments in proprietary USAA Mutual Funds than from your investments in non-proprietary funds. We address this conflict of interest by disclosing it to clients and by monitoring client accounts to ensure that client account investments are suitable in light of matters such as their investment objectives and financial circumstances. We also track all underperforming mutual funds, whether proprietary or not, to determine whether they remain as appropriate investments in the models. However, we may decide to recommend, or to continue recommending, a USAA Mutual Fund over a non-proprietary fund, even if the USAA Mutual Fund does not perform as well as the non-proprietary fund based on factors such as the PMT's conviction regarding a particular fund's strategy or future performance. In addition, certain members of the MRT and AGC may be responsible for conducting research on and discussing the recommendation of subadvisers for certain USAA Mutual Funds.

Pursuant to an agreement between IMCO and AMCO, IMCO receives compensation from AMCO for services related to distribution and servicing of USAA Mutual Funds offered through IMCO. IMCO has a conflict of interest in offering USAA Mutual Funds within UMP because IMCO earns compensation from your investments in USAA Mutual Funds. We address this conflict of interest by disclosing it to clients and by establishing the agreement with AMCO in a manner consistent with IMCO's fiduciary duty.

Conflicts Related to USAA ETF Investments. We and our affiliates will receive compensation for investment management and other services performed for the USAA ETFs, including non-management fees, such as administrative and operative service fees and securities lending fees. The receipt of such compensation creates a conflict of interest in that IMCO will have an indirect financial incentive to recommend USAA ETFs over third-party ETFs.

We address this conflict of interest by (a) crediting back the management fees AMCO collects as discussed above under, "Fee Schedules," (b) disclosing the conflict of interest to clients, and (c) by complying with our obligation to act consistent with our fiduciary duty, which includes monitoring and overseeing client allocations and tracking all underperforming ETFs, whether proprietary or not, to determine whether they remain as appropriate investments in the models. However, we may decide to recommend, or to continue recommending, a USAA ETF over a non-proprietary ETF, even if the USAA ETF does not perform as well as the non-proprietary ETF based on factors such as the PMT's conviction regarding strategy or future performance. In addition, certain members of the MRT and AGC are responsible for conducting research on and discussing the recommendation of subadvisers for certain USAA ETFs.

Pursuant to an agreement between IMCO and AMCO, IMCO, as broker-dealer, provides services related to distribution and servicing of USAA ETFs. IMCO has a conflict of interest in offering USAA ETFs within UMP because IMCO's affiliates earn compensation from your investments in

USAA ETFs. We address this conflict of interest by disclosing it to clients, by establishing the agreement with AMCO in a manner consistent with IMCO's fiduciary duty, and not compensating IMCO for distribution and servicing.

Conflicts of Interest Related to AMCO as Style Manager. AMCO, an affiliate of IMCO, serves as a Style Manager within the Program. Clients should understand that where an affiliated Style Manager is selected for use within a Custom Program Account, IMCO receives the Investment Management Fee and a portion of that fee is paid to AMCO, IMCO's affiliate, to compensate it for expenses associated with the provision of model portfolios. This creates a financial incentive for IMCO or your USAA-affiliated financial advisor to recommend an affiliated Style Manager over third-party Style Managers. Clients should understand that the Account Fee they pay is the same regardless of whether their Custom Program Account uses affiliated or third-party Style Managers and there is no impact on the compensation received by their USAA-affiliated financial advisors. In addition, there is not significant overlap between the strategies offered by affiliated and third-party Style Managers, so it is unlikely that IMCO or your USAA-affiliated financial advisor would be in a position of deciding between offering an affiliated and third-party Style Manager for the same strategy. We address this conflict of interest by disclosing it to clients and by recommending Style Managers, whether affiliated or unaffiliated, in a manner consistent with IMCO's fiduciary duty.

Conflicts of Interest Related to Fidelity No Transaction Fee Funds Agreement. IMCO has entered into an agreement with Fidelity whereby Fidelity offers certain mutual funds to IMCO without imposing transaction fees on IMCO (NTF Funds). Clients are not directly impacted by this agreement, however since IMCO is responsible for the payment of trading expenses in the Program, IMCO has a financial incentive to use NTF Funds in an effort to increase its revenues. This creates a financial incentive for IMCO to recommend or use such NTF Funds over other funds that are available to IMCO. IMCO may take this into account when selecting securities available under the Program, but IMCO will only select or recommend securities that it believes are in the best interest of the client.

Conflicts Related to Affiliated Bank CD Investments. USAA FSB and USB each offer CDs that may be purchased in your Program Account. USAA FSB and USB each derive a benefit from such deposits by using the proceeds in their other operations such as to make loans and other investments for their own accounts.

Conflicts Related to Mutual Fund Share Class Selection. Many mutual funds offered multiple share classes, including those expressly designed for, or made available to, clients in fee-based advisory programs. IMCO strives to select the lowest, eligible cost share class of your mutual fund. However, in certain circumstances IMCO will not invest in the lowest share class for which your Program Account is eligible. Furthermore, IMCO purchase or hold a share class that bears 12b-1 fees when a less costly share class of the same fund is available. As a result, you should not assume that you will be invested in the share class with the lowest available expense ratio. Since mutual fund fees and expenses are paid from fund assets, higher fees and expenses results in lower returns. IMCO has a conflict of interest because it has a financial incentive to select funds and share classes that provide more overall revenue (in the form of 12b-1 fees) to IMCO and its affiliates over funds

and share classes that provide less or no revenue. We address this conflict of interest by crediting back the 12b-1 fees IMCO and its affiliates collect (if any) in connection with mutual funds held in Program Accounts as discussed in “Fee Schedules,” disclosing the conflict of interest to clients, and by complying with our obligation to act consistent with our fiduciary duty.

Potential Conflicts of Interest Related to NFS. IMCO uses NFS, a Fidelity Investments Company, to execute all trades equity trades. NFS also serves as the custodian for the Program. There is no direct link between IMCO’s use of NFS as a clearing broker-dealer and the investment advice IMCO provides to its clients under the Program. IMCO also offers Fidelity mutual funds on its broker-dealer supermarket. Similarly, Fidelity currently offers the USAA Funds on its own broker-dealer supermarket platform. IMCO has a potential conflict of interest in using NFS as an executing and clearing broker-dealer because the inclusion of the USAA Funds on Fidelity’s supermarket platform could influence IMCO’s decision to use NFS’ brokerage services. We address this conflict of interest by disclosing it to clients and by complying with our obligation to seek best execution in a manner consistent with IMCO’s fiduciary duty.

CLIENT REFERRALS

Certain IMCO affiliates, including FAI acting through its registered representatives, refer USAA members to IMCO for advisory services through UMP. Such affiliates are compensated by IMCO for such referrals. Those referrals are treated as cash solicitation services and therefore the affiliation between the referring affiliate and IMCO is fully disclosed. FAI also will facilitate the opening of Program Accounts or send UMP fulfillment packages to prospective investment advisory clients of IMCO and will provide client service on behalf of IMCO to those USAA members who have Program Accounts.

IMCO does not directly pay any individual person, including employees of its affiliates, for referrals of USAA members to IMCO or recommendations to USAA members with respect to investment products, such as UMP, offered by IMCO. However, pursuant to a referral agreement, IMCO does compensate FPS and FAI for the referral and sales activity of FAI in connection with UMP. Certain FAI representatives may receive non-cash rewards, such as team meals or conference participation, for meeting individual and/or team performance goals. Certain FAI representatives who perform at a particularly high level as determined by their individual performance and/or other criteria selected by management may be chosen to participate in a recognition program that includes, among other things, a trip the focus of which is on developing financial and/or military acumen in order to better serve our members.

INVESTMENT ADVISER CODE OF ETHICS

IMCO has adopted an Investment Code of Ethics (Code). The Code incorporates policy statements regarding insider trading and political contributions, among others. The purpose of the Code is to establish minimum standards of ethical conduct for personnel, guard against conflicts of interest, such as those described above, and ensure compliance with the federal securities laws. All personnel must certify that they have received, read, understood, and agree to comply with the Code.

The Code also is designed to ensure that USAA personnel with access to information regarding the portfolio transactions in, or recommendations made for, accounts we manage, including Program Accounts, do not misuse such information for their benefit. Accordingly, the Code, among other things, establishes trading blackout periods applicable to such personnel for securities being purchased or sold for accounts we manage, and requires such personnel to periodically report their securities transactions and holdings to IMCO's Office of Compliance. The Code also requires all personnel obtain prior written approval to open a brokerage account outside of USAA selected from a designated broker list and to report all brokerage accounts in which they have a beneficial interest. We receive duplicate trade confirmations for each such account. In addition, the Code requires certain personnel to hold securities purchased for a minimum period of time. For example, the Code requires all Access Persons that hold shares in any USAA Funds, except money market and short-term bond funds, to hold the shares for at least 30 days. Finally, the Code is overseen by the Investment Code of Ethics Committee and enforced by the Office of Enterprise Compliance.

A complete copy of the Code is available upon request by calling 877-314-2255.

REVIEW OF ACCOUNTS

Selection and Monitoring of Investments. In addition to selecting the investments for the Program, the PMT monitors the investments in Program Accounts. If a change in Program Account holdings includes the selection of a new ETF, mutual fund or similar investment, we will send you a copy of the prospectus or disclosure document, as applicable and as required by law, for any such new assets purchased. We may decide to buy or sell particular holdings for a number of reasons, including:

- The need to respond to the weighting of a particular asset class, industry sector, or fund sector that the team believes has too much or too little representation in a model portfolio.
- The decision to realign your asset allocation to restore it to the model portfolio Strategic Allocation in response to drift caused by differences in portfolio performance within the investments included in your Program Account.
- The decision to divest from an individual security due to a change in business prospects, valuation, or the existence of a better investment opportunity.
- A change in the fundamental attractiveness of a particular mutual fund or ETF. If a mutual fund or ETF changes management, closes to new investors, or otherwise becomes unavailable or inappropriate, we may redeem the mutual fund position or sell the ETF position and buy a mutual fund, ETF or other security that we believe offers better potential.
- As appropriate with the model portfolio, a strategic decision to move from a one asset type to another, *e.g.*, from a mutual fund to an ETF.
- A change in your personal or financial situation. Any change in your personal circumstances or long-term goals at any time might warrant a change in your investment strategy and model portfolio. Please contact a USAA-affiliated financial advisor or log into the Site at any time to inform us of any relevant changes or notify your representative when he or she contacts you periodically.

- We may take into consideration the federal income tax consequences of holding or selling securities as part of our investment management services. Specifically, for all Program Accounts, IMCO will manage sell transactions by utilizing a tax-sensitive lot disposal method to minimize capital gains in client accounts. Over time, this process will be implemented for each type of Program Account. If you are in a high income bracket or have highly appreciated securities (the sale of which would result in substantial realized capital gains), taxes can have a considerable impact on your portfolio's total return. It is important to note, however, we believe the tax impact of an investment decision should not override a decision to buy or sell a security when we believe it will maximize your Program Account's performance.

Note, however, we generally do not take federal income tax consequences into consideration in connection with purchases and sales of securities made during the initial set-up and funding of your Program Account. (Additional tax disclosure in connection with Program Account set-up is provided in the subsection "Opening and Funding an Account"). In addition, we do not actively manage for federal Alternative Minimum Tax considerations, local taxes, foreign taxes on non-U.S. investment, or estate taxes. We rely on information provided by you and do not offer tax advice. We do not invest in tax-deferred products such as variable insurance products.

In addition to monitoring Program Account investments, the PMT also monitors Style Manager performance in Custom Program Account Portfolios. The PMT, through consultation with the MRT and approval of AGC, may decide to remove a Style Manager from the Program due to poor performance, changes in management or if the Style Manager becomes otherwise inappropriate or unavailable.

TIMELY COMMUNICATIONS

DIA. DIA clients will have access to information regarding their Program Account, including performance information, via the Site and the DIA Tool interface (DIA Dashboard). In addition, DIA clients will receive the following periodic communications:

- **Periodic Custodial Statement.** Either monthly or quarterly, depending upon activity in your DIA Program Account, you will receive a custodial account statement from the account custodian NFS showing Program Account. You should compare the account activity shown on the custodial statement with account activity on the Site.
- **DIA Quarterly Communication.** Each calendar quarter, you will receive an electronic communication from IMCO that includes, but is not limited to, instructions on how to contact IMCO if there have been any changes in your financial situation or investment objectives or if you wish to impose or modify any reasonable restrictions on the management of your DIA Program Account, and information on how to obtain information regarding your DIA Program Account holdings on the Site.
- **Annual Review Communication.** At least once a year, you will be contacted electronically with a request that you review your current financial information and investment objectives, and whether you wish to impose or modify any reasonable

restrictions on the management of your DIA Program Account. If these have changed or if the information on record requires updating, please contact a USAA-affiliated financial advisor to discuss whether adjustments to your model portfolio are necessary or recommended.

Wrap and Custom. Wrap and Custom clients will receive the following personal communications, which may also be viewed through our digital channels on the Site:

- **Monthly Electronic Performance Statement.** You will receive electronically a monthly Wrap or Custom Program Account performance statement on your usaa.com account. Your monthly electronic performance statement from us will show your Wrap or Custom Program Account performance, asset allocation, additions and withdrawals, and fees charged to your Wrap or Custom Program Account. You will receive this electronic performance statement regardless of your document delivery preference – that is, paper or electronic.
- **Periodic Custodial Statement.** Either monthly or quarterly, depending upon activity in your Wrap or Custom Program Account, you will receive a custodial account statement from the account custodian showing Program Account holdings, cost basis, transactions, trades and share transfers. We request that you compare the electronic monthly performance statement to the custodial account statement.
- **Quarterly Performance Statement.** Each calendar quarter, you will receive a statement showing monthly performance as described above that may also include market commentary from the manager providing additional insight on market trends that may have an impact on your portfolio, and information regarding your Program Account holdings. We request that you compare your Program Account holdings in the quarterly performance statement to the account statement provided separately by the account custodian. You will receive this Quarterly Performance Statement according to your document delivery preference – that is, paper or electronic.
- **Annual Review.** At least once a year, you will be contacted with a request that you review your current financial information and investment objectives, and whether you wish to impose or modify any reasonable restrictions on the management of your Wrap or Custom Program Account. If these have changed or if the information on record requires updating, please contact a USAA-affiliated financial advisor to discuss whether adjustments to your model portfolio are necessary or recommended.

FINANCIAL INFORMATION

IMCO is required to provide you with specific financial information or disclosures about IMCO's financial condition. Regarding this requirement, IMCO has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

DISCIPLINARY INFORMATION

IMCO is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IMCO or the integrity of IMCO's management. IMCO has no information responsive to this Item.