USAA®

MUTUAL FUNDS

May 31, 2019

# Annual Report

## USAA Government Securities Fund

| Fund Shares | Institutional Shares | Adviser Shares | R6 Shares |
|---|---|---|---|
| USGNX | UIGSX | UAGNX | URGSX |

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on usaa.com, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by notifying your financial intermediary directly, or if you are a direct investor, by calling (800) 235-8396 or logging on to usaa.com.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by notifying your financial intermediary directly, or if you are a direct investor, by calling (800) 235-8396 or logging on to usaa.com. Your election to receive reports in paper will apply to all funds held with the USAA family of funds or your financial intermediary.

# PRESIDENT'S MESSAGE

*"… long-term investors should never make decisions in haste. They should make thoughtful decisions based on their long-term objectives, time horizon, and risk tolerance."*

**July 2019**

As previously announced, USAA, the parent company of USAA Asset Management Company ("AMCO"), the prior investment adviser to the USAA Mutual Funds, announced that AMCO would be acquired by Victory Capital Holdings, Inc. (Victory Holdings), a global investment management firm headquartered in Cleveland, Ohio (the Transaction). In connection with the Transaction, also as previous announced, shareholders of each USAA Mutual Fund approved a new investment advisory agreement with Victory Capital Management Inc. ("Victory Capital"), an indirect wholly-owned subsidiary of Victory Holdings. The closing of the Transaction occurred on July 1, 2019; and Victory Capital became the investment adviser to each USAA Mutual Fund. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information about changes that took effect on July 1, 2019.**

Softening global economic conditions and escalating trade tensions rattled investors during the 12-month reporting period ended May 31, 2019. When the reporting period began in June 2018, the global economy was expanding across most regions and countries, led by the U.S. In this environment, stocks generally advanced. In the fixed income market, U.S. Treasury yields rose, as the U.S. Federal Reserve ("Fed") continued to tighten monetary policy.

Signs of trouble emerged during the summer of 2018. The U.S. economic expansion continued, but growth in a number of other economies, including some European countries and China, showed a weakening trend. By the autumn of 2018, investors' fears of a global economic slowdown, combined with harsh U.S.-China trade rhetoric and Brexit-related uncertainty in Europe, sparked a surge in market volatility. Global stocks dropped, with most of the decline occurring in December 2018. At the same time, intermediate- and longer-term yields fell, as investors anticipated a change in Fed monetary policy. Indeed, after having raised short-term interest rates four times during 2018, Fed officials announced in January 2019 that they would "pause," retreating from their earlier plan to raise interest rates in 2019. Stocks rallied in response and by April 2019 had recovered most of the ground they had lost. In May 2019, ongoing trade tensions between the United States and China, as well as President Trump administration's threat to impose tariffs on Mexico, drove a renewed decline in stock prices. In the fixed income market, concerns that trade disputes would seriously undermine global economic growth pushed down intermediate- and longer-term yields, which ended the reporting period lower than they started. The yield on the 10-year U.S. Treasury note, which began June 2018 at 2.89%, rose to 3.24% on November 8, 2018—its high point of the period—and fell to 2.13% by May 31, 2019.

In the final months of the reporting period, the Treasury yield curve inverted, which means that shorter-term yields were higher than longer-term yields. A yield-curve inversion warrants attention because it has been a reliable recession indicator. Although recessions do not automatically follow inversions, a downward-sloped yield curve has preceded every U.S. recession since the 1960s. That said, the lag between an inversion and a recession has been inconsistent. At USAA Investments, A Victory Capital Investment Franchise, we have found that during the past six decades, the time between inversion and recession has ranged between six months and two years, with no clear pattern to provide useful guidance. And as I write to you, we see no recession on the horizon. First, the U.S. economy continues to grow, albeit at a slower pace than in 2018. Second, the Fed has made clear its commitment to pause its interest rate hikes, and there is a growing belief in the markets that policymakers may even cut interest rates in 2019. (In early June 2019, after the end of the reporting period, Fed Chair Jerome Powell stated that the U.S. central bank was monitoring the escalation in trade tensions and could potentially respond by cutting interest rates if U.S. economic conditions deteriorate.)

At USAA Investments, our team of portfolio managers will continue to monitor the financial markets, economic conditions, the global trade regime, Fed policy, the direction of longer-term interest rates, and other issues that have the potential to affect your investments. In the meantime, I would advise you to ignore media "noise" about such matters. Media "noise" is meant to provoke an emotional reaction, which can lead to hasty decision-making. In my opinion, long-term investors should never make decisions in haste. They should make thoughtful decisions based on their long-term objectives, time horizon, and risk tolerance. Dollar-cost averaging, in which you invest a set amount on a regular basis, is a strategy that can help you stay on track. Another effective strategy is diversification, which can potentially insulate a portfolio from market turbulence or changes in performance leadership.

If you would like to review your portfolio to confirm that it is properly aligned with your investment plan, please contact one of our financial advisors. You might want to make that call before the summer gets fully underway. When we are traveling and spending time with family and friends, it can be tempting to put off decisions on financial matters.

From all of us at USAA Investments, A Victory Capital Investment Franchise, thank you for the opportunity to help you with your investment needs.

Sincerely,

Brooks Englehardt
President

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*This report is for the information of the shareholders and others who have received a copy of the currently effective prospectus of the Fund, managed by USAA Asset Management Company. It may be used as sales literature only when preceded or accompanied by a current prospectus, which provides further details about the Fund.*

## IRA DISTRIBUTION WITHHOLDING DISCLOSURE

We generally must withhold federal income tax at a rate of 10% of the taxable portion of your distribution and, if you live in a state that requires state income tax withholding, at your state's tax rate. However, you may elect not to have withholding apply or to have income tax withheld at a higher rate. Any withholding election that you make will apply to any subsequent distribution unless and until you change or revoke the election. If you wish to make a withholding election or change or revoke a prior withholding election, call (800) 235-8396.

If you do not have a withholding election in place by the date of a distribution, federal income tax will be withheld from the taxable portion of your distribution at a rate of 10%. If you must pay estimated taxes, you may be subject to estimated tax penalties if your estimated tax payments are not sufficient and sufficient tax is not withheld from your distribution.

For more specific information, please consult your tax adviser.

# MANAGERS' COMMENTARY ON THE FUND

**Donna J. Baggerly**, CFA

**R. Neal Graves**, CFA, CPA

### What were the market conditions during the 12-month reporting period ended May 31, 2019?

Longer-term U.S. Treasury yields ended the reporting period lower than when the reporting period began. When the reporting period began in June 2018, U.S. Treasury yields were increasing overall, as the Fed continued to raise short-term interest rates. Fed officials implemented an interest rate increase at their June 2018 meeting and projected two more interest rate increases during 2018. The Fed then raised interest rates in September 2018, based on U.S. economic strength, a healthy job market with improving wage growth and historically low unemployment, and an inflation rate near policymakers' 2% target. U.S. Treasury yields continued to climb until early November 2018, but then dropped amid worries about the U.S.-China trade dispute, softening global economic growth, the results of the U.S. mid-term elections that resulted in a divided Congress, and a broad flight to quality into U.S. Treasuries as the stock market sold off. Nevertheless, the Fed raised short-term interest rates in December 2018. At the same time, Fed policymakers decreased the number of interest rate increases they planned in 2019 from three to two and stated that future moves would be data dependent. This signaled to the fixed income market that the Fed might "pause" interest rate increases in the future. In March 2019, the Fed remained on hold and said it would maintain a larger balance sheet. (The Fed, which has been trimming its balance sheet by decreasing the reinvestment of maturing holdings of U.S. Treasury and government-sponsored mortgage-backed securities, revealed it would end this “quantitative tightening” by the end of 2019.) In May 2019, ongoing trade issues, including a new dispute with Mexico, fueled a further decline in U.S. Treasury yields as investors worried that trade disruptions could dampen U.S. and global economic growth. At the end of reporting period, the fixed income market was anticipating four Fed rate cuts by 2020, with some observers expecting the first to come in September 2019.

As yields fell, bond prices rose. The U.S. Treasury yield curve flattened, with longer-term yields falling more than shorter- and intermediate-term yields. The two-year U.S. Treasury yield fell 51 basis points to end the reporting period at 1.92%, while the 10-year U.S. Treasury yield dropped 73 basis points to finish the period at 2.13%. (A basis point is 1/100th of a percentage point.) In addition, in the closing weeks of the reporting period, the short end of the U.S. Treasury yield curve inverted, as yields of one year and less rose above two-year yields. Yield curve inversions have preceded many, though not all, U.S. recessions.

Residential mortgage interest rates, which have historically been tied to the 10-year U.S. Treasury yield, fell during the reporting period overall. The interest rate on a 15-year residential mortgage started the period at 4.06%, rose to a high of 4.36% in November 2018, and declined to end the period at 3.46%. The interest rate on a 30-year residential mortgage increased from 4.56% at the beginning of the period to a high of 4.94% during November 2018 and dropped to 3.99% by the end of the period. As for the U.S. housing market, demand was strong at the start of the reporting period, even as residential mortgage rates climbed. Homebuyers were incentivized to purchase houses before rates climbed further. By the fall, the market had softened, as higher mortgage interest rates and home-price appreciation appeared to keep some buyers on the sidelines. The market remained weak, even as mortgage rates declined, perhaps due to concerns about the U.S. economic outlook.

**Past performance is no guarantee of future results.**

## How did the USAA Government Securities Fund (the "Fund") perform during the reporting period?

The Fund has four share classes: Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares. For the reporting period ended May 31, 2019, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares had total returns of 5.56%, 5.65%, 5.37%, and 5.68%, respectively. This compares to a total return of 5.38% for the Bloomberg Barclays U.S. Aggregate Government Intermediate & Mortgage-Backed Securities Index (the Index) and 5.62% for the Lipper Intermediate U.S. Government Funds Index.

Effective July 1, 2019, Victory Capital serves as the Fund's investment adviser. Prior to July 1, 2019, AMCO served as the Fund's investment adviser. The investment adviser provides day-to-day discretionary management for the Fund's assets.

## How did you manage the Fund during the reporting period?

During the reporting period, the Fund benefited from its holdings of longer-duration commercial mortgage-backed securities (CMBS), as longer-term securities outperformed shorter-term securities during the reporting period. For the same reason, investments in longer-duration municipal bonds added to returns. The Fund also was helped by its underweight position in mortgage passthrough securities, which underperformed as market volatility increased and as prepayments increased due to falling mortgage rates. Additionally, the Fund's allocation to shorter-duration U.S. Treasury securities detracted from performance, as did its investments in seasoned higher-coupon shorter-term Ginnie Mae mortgage-backed securities.

During the reporting period, we continued to diversify the Fund, partly through purchases of floating-rate asset-backed securities. We also invested in longer-duration CMBS and municipal bonds as we sought to

Refer to page 5 for benchmark definitions.

decrease the portfolio' exposure to extension risk. (Extension risk is the risk that mortgage prepayments will decelerate, causing the average life of a mortgage to lengthen—or, extend—and become more sensitive to upward interest rate movement.) In addition, we purchased shorter-duration U.S. Treasuries to improve the Fund's liquidity.

Thank you for allowing us to help you manage your investments.

While the value of the USAA Government Securities Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares are not guaranteed by the U.S. government, the Fund endeavors to maintain low-to-moderate fluctuation of share price.

Shares of the USAA Government Securities Fund are not individually backed by the full faith and credit of the U.S. government. • Mortgage-backed securities have prepayment, extension, credit, and interest rate risks. Generally, when interest rates decline, prepayments accelerate beyond the initial pricing assumptions and may cause the average life of the securities to shorten. Also the market value may decline when interest rates rise because prepayments decrease beyond the initial pricing assumptions and may cause the average life of the securities to extend. • As interest rates rise, existing bond prices generally fall; given the historically low interest rate environment, risks associated with rising interest rates may be heightened.

Refer to the Portfolio of Investments for complete list of securities.

# INVESTMENT OVERVIEW

## AVERAGE ANNUAL TOTAL RETURNS AS OF 5/31/19

| | 1 Year | 5 Year | 10 Year | Since Inception* | Inception Date |
|---|---|---|---|---|---|
| Fund Shares | 5.56% | 1.91% | 2.65% | – | – |
| Institutional Shares | 5.65% | – | – | 2.01% | 8/07/15 |
| Adviser Shares | 5.37% | 1.65% | – | 1.76% | 8/01/10 |
| R6 Shares | 5.68% | – | – | 2.55% | 12/01/16 |
| Lipper Intermediate U.S. Government Funds Index** (reflects no deduction for taxes) | 5.62% | 1.92% | 2.93% | – | – |
| Bloomberg Barclays U.S. Aggregate Government Intermediate & Mortgage-Backed Securities Index*** (reflects no deduction for fees, expenses, or taxes) | 5.38% | 2.08% | 2.70% | – | – |

*Since inception returns are shown when a share class has less than 10 years of performance. Total returns for periods of less than one year are not annualized.

**The unmanaged Lipper Intermediate U.S. Government Funds Index is considered representative of intermediate U.S. government funds.

***The unmanaged Bloomberg Barclays U.S. Aggregate Government Intermediate & Mortgage-Backed Securities Index consists of intermediate U.S. Treasury and Agency unsecured notes and securities backed by pools of mortgages issued by U.S. Government Agencies, GNMA, Fannie Mae, or Freddie Mac.

**The performance data quoted represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance data current to the most recent month-end, visit usaa.com.**

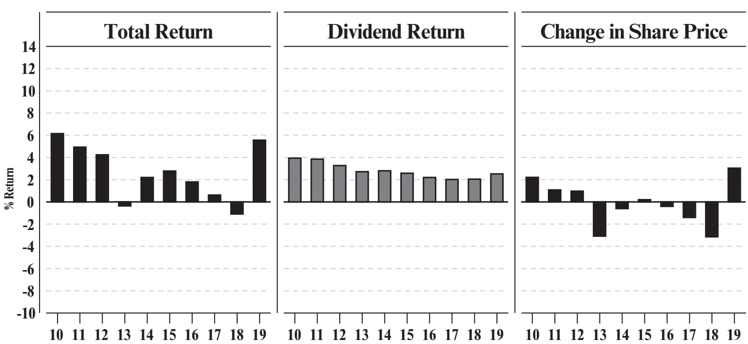
Total return measures the price change in a share assuming the reinvestment of all net investment income and realized capital gain distributions, if any. The total returns quoted do not reflect adjustments made to the enclosed financial statements in accordance with U.S. generally accepted accounting principles or the deduction of taxes that a shareholder would pay on net investment income and realized capital gain distributions, including reinvested distributions, or redemptions of shares.

## Average Annual Compounded Returns with Reinvestment of Dividends – Periods Ended May 31, 2019

| | Total Return | = | Dividend Return | + | Price Change |
|---|---|---|---|---|---|
| 10 Years | 2.65% | = | 2.78% | + | –0.13% |
| 5 Years | 1.91% | = | 2.27% | + | –0.36% |
| 1 Year | 5.56% | = | 2.52% | + | 3.04% |

**The performance data quoted represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance data current to the most recent month-end, visit usaa.com.**

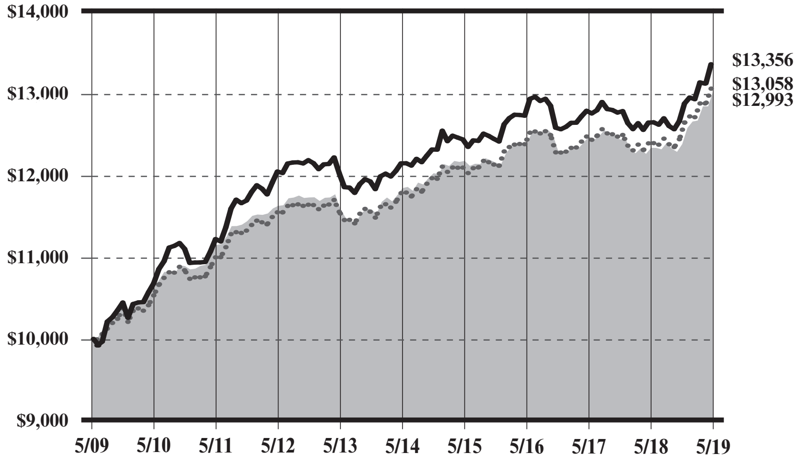
## Annual Total Returns and Compounded Dividend Returns for the 10-Year Period Ended May 31, 2019




**Note the role that dividend returns play in the Fund Shares' total return over time. Share prices and dividend rates will vary from period to period. However, dividend returns generally are more consistent and less volatile than share prices.**

Total return measures the price change in a share assuming the reinvestment of all net investment income and realized capital gain distributions, if any. Dividend return is the net investment income dividends received over the period, assuming reinvestment of all dividends. Share price change is the change in net asset value over the period adjusted for realized capital gain distributions. The returns quoted do not reflect adjustments made to the enclosed financial statements in accordance with U.S. generally accepted accounting principles or the deduction of taxes that a shareholder would pay on distributions (including capital gain distributions), redemptions of shares, or reinvested net investment income.

## GROWTH OF $10,000 INVESTMENT




Lipper Intermediate U.S. Government Funds Index $13,356

Bloomberg Barclays U.S. Aggregate Government Intermediate & Mortgage-Backed Securities Index $13,058

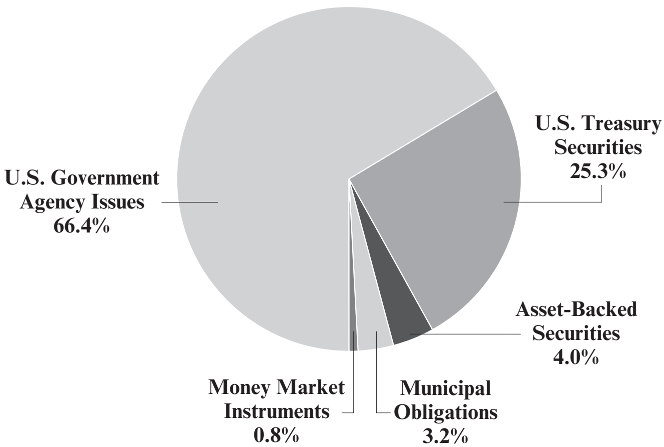
USAA Government Securities Fund Shares $12,993

Data from 5/31/09 through 5/31/19.

The graph illustrates the comparison of a $10,000 hypothetical investment in the USAA Government Securities Fund to the benchmarks listed above (see page 5 for benchmark definitions).

Past performance is no guarantee of future results, and the cumulative performance quoted does not reflect the deduction of taxes that a shareholder would pay on distributions or the redemption of shares. Indexes are unmanaged and you cannot invest directly in an index. The return information for the indexes does not reflect the deduction of any fees, expenses, or taxes, except that the Lipper Intermediate U.S. Government Funds Index reflects the fees and expenses of the underlying funds included in the index.

## ASSET ALLOCATION – 5/31/19




Percentages are of the net assets of the Fund and may not equal 100%.

Refer to the Portfolio of Investments for a complete list of securities.

# SHAREHOLDER VOTING RESULTS

On April 18, 2019, a special meeting of shareholders was held to vote on two proposals relating to the series of the USAA Mutual Funds Trust (Trust). Shareholders of record on February 8, 2019, were entitled to vote on each proposal shown below. The proposals were approved by the shareholders.

The following proposals and voting results pertain to one or more series within the Trust. Votes shown for Proposal 1 are for the Fund, a series of the Trust. Votes shown for Proposal 2 are for all series of the Trust. The effective date of the Proposals was July 1, 2019.

### PROPOSAL 1

To approve a new Investment Advisory Agreement between the Trust, on behalf of the Fund, and Victory Capital, an independent investment adviser. The new Investment Advisory Agreement became effective upon the closing of the Transaction (as defined and discussed in Note 1 to the Financial Statements) whereby AMCO was acquired by Victory Holdings, the parent company of Victory Capital.

| Number of shares voting | | |
|---|---|---|
| **For** | **Against** | **Abstain** |
| 90,885,060 | 2,515,090 | 1,557,725 |

### PROPOSAL 2

Election of two new trustees to the Trust's Board of Trustees to serve upon the closing of the Transaction: (1) David C. Brown, to serve as an "interested trustee" as defined in the Investment Company Act of 1940, as amended (1940 Act); and (2) John C. Walters, to serve as a trustee who is not an "interested person" as is defined under the 1940 Act ("Independent Trustee").

| | Number of shares voting | |
|---|---|---|
| **Trustees** | **For** | **Votes Withheld** |
| David C. Brown | 8,299,565,565 | 820,887,736 |
| John C. Walters | 8,317,935,885 | 802,517,416 |

# DISTRIBUTIONS TO SHAREHOLDERS

The following federal tax information related to the Fund's fiscal year ended May 31, 2019, is provided for information purposes only and should not be used for reporting to federal or state revenue agencies. Federal tax information for the calendar year will be reported to you on Form 1099-DIV in January 2020.

With respect to distributions paid, the Fund designates the following amounts (or, if subsequently determined to be different, the maximum amount allowable) for the fiscal year ended May 31, 2019:

| Qualified Interest Income |
|---|
| $23,383,000 |

For the fiscal year ended May 31, 2019, the Fund hereby designates the maximum amount allowable of its net taxable income as qualified dividends taxed at individual net capital gain rates.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholders and Board of Trustees of USAA Government Securities Fund:**

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of USAA Government Securities Fund (the "Fund") (one of the funds constituting USAA Mutual Funds Trust (the "Trust")), including the portfolio of investments, as of May 31, 2019, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting USAA Mutual Funds Trust) at May 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

## Basis for Opinion

These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust's internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2019, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Victory Capital investment companies since 1995.

San Antonio, Texas
July 23, 2019

# PORTFOLIO OF INVESTMENTS

May 31, 2019

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| | **BONDS (98.9%)** | | | |
| | **ASSET-BACKED SECURITIES (4.0%)** | | | |
| | **Asset Backed Securities (4.0%)** | | | |
| | **Student Loan ABS (4.0%)** | | | |
| $ 2,924 | Navient Student Loan Trust (1 mo. LIBOR + 0.51%) | 2.94%[a] | 6/25/2031 | $ 2,886 |
| 1,508 | Navient Student Loan Trust (1 mo. LIBOR + 1.05%)[b] | 3.48[a] | 6/25/2065 | 1,517 |
| 2,664 | Navient Student Loan Trust (1 mo. LIBOR + 0.75%)[b] | 3.18[a] | 3/25/2066 | 2,682 |
| 4,357 | Navient Student Loan Trust (1 mo. LIBOR + 0.33%)[b] | 2.76[a] | 12/27/2067 | 4,360 |
| 5,157 | Nelnet Student Loan Trust (1 mo. LIBOR + 0.60%)[b] | 3.03[a] | 2/27/2051 | 5,171 |
| 3,292 | Nelnet Student Loan Trust (3 mo. LIBOR + 0.25%) | 2.85[a] | 6/25/2041 | 3,067 |
| 2,979 | PHEAA Student Loan Trust (3 mo. LIBOR + 1.10%)[b] | 3.70[a] | 6/25/2038 | 3,004 |
| 7,000 | SLC Student Loan Trust (3 mo. LIBOR + 0.15%) | 2.76[a] | 12/15/2039 | 6,674 |
| 321 | SLM Student Loan Trust (3 mo. LIBOR + 0.11%) | 2.69[a] | 10/27/2025 | 320 |
| 4,370 | SLM Student Loan Trust (3 mo. LIBOR + 0.14%) | 2.72[a] | 10/25/2028 | 4,350 |
| 3,780 | SLM Student Loan Trust (1 mo. LIBOR + 0.65%) | 3.08[a] | 6/25/2055 | 3,752 |
| 4,732 | SLM Student Loan Trust (3 mo. LIBOR + 0.20%) | 2.78[a] | 1/25/2070 | 4,431 |
| 1,375 | SunTrust Student Loan Trust (3 mo. LIBOR + 0.27%)[b] | 2.85[a] | 10/28/2037 | 1,243 |
| | Total Asset Backed Securities | | | 43,457 |
| | Total Asset-Backed Securities (cost: $43,493) | | | 43,457 |
| | **MUNICIPAL OBLIGATIONS (3.2%)** | | | |
| | **Connecticut (0.5%)** | | | |
| 5,000 | State | 2.92 | 8/01/2023 | 5,066 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| | **Kansas (0.3%)** | | | |
| $ 3,000 | Dev. Finance Auth. | 3.94% | 4/15/2026 | $ 3,249 |
| | **New York (1.3%)** | | | |
| 9,530 | City of New York Transitional Finance Auth. Future Tax Secured Revenue | 2.85 | 8/01/2024 | 9,713 |
| 5,000 | Port Authority of New York & New Jersey | 2.53 | 10/15/2020 | 5,020 |
| | | | | 14,733 |
| | **Texas (1.1%)** | | | |
| 1,530 | City of Houston Combined Utility System Revenue | 3.72 | 11/15/2028 | 1,653 |
| 3,000 | City of Houston Combined Utility System Revenue | 3.82 | 11/15/2029 | 3,240 |
| 3,000 | State | 2.83 | 10/01/2025 | 3,067 |
| 4,000 | State | 3.01 | 10/01/2026 | 4,112 |
| | | | | 12,072 |
| | Total Municipal Obligations (cost: $33,869) | | | 35,120 |
| | **U.S. GOVERNMENT AGENCY ISSUES (66.4%)[c]** | | | |
| | **Government (1.7%)** | | | |
| | **Sovereign (1.7%)** | | | |
| 18,000 | Fannie Mae(+) | 2.13 | 4/24/2026 | 17,958 |
| | **Mortgage Securities (64.7%)** | | | |
| | **Agency Collateral CMO (1.2%)** | | | |
| 3,333 | Fannie Mae(+) | 1.50 | 7/25/2027 | 3,253 |
| 1,587 | Fannie Mae(+) | 1.38 | 9/25/2027 | 1,538 |
| 1,235 | Fannie Mae(+) | 1.50 | 9/25/2027 | 1,189 |
| 1,289 | Fannie Mae(+) | 1.50 | 9/25/2027 | 1,249 |
| 1,428 | Fannie Mae(+) | 1.50 | 10/25/2027 | 1,379 |
| 1,452 | Fannie Mae(+) (1 mo. LIBOR + 0.30%) | 2.73[a] | 4/25/2035 | 1,448 |
| 1,023 | Fannie Mae(+) (1 mo. LIBOR + 0.30%) | 2.73[a] | 8/25/2037 | 1,022 |
| 1,926 | Freddie Mac(+) | 2.00 | 9/15/2026 | 1,899 |
| | | | | 12,977 |
| | **Agency Collateral PAC CMO (0.2%)** | | | |
| 847 | Freddie Mac(+) (1 mo. LIBOR + 0.30%) | 2.74[a] | 3/15/2036 | 844 |
| 1,316 | Freddie Mac(+) (1 mo. LIBOR + 0.55%) | 2.99[a] | 10/15/2041 | 1,326 |
| | | | | 2,170 |
| | **Commercial MBS (35.6%)** | | | |
| 91 | Fannie Mae(+) | 1.65 | 9/25/2019 | 90 |
| 1,479 | Fannie Mae(+) | 3.22[d] | 7/25/2023 | 1,524 |
| 5,000 | Fannie Mae(+) | 2.16 | 10/25/2023 | 4,978 |
| 2,356 | Fannie Mae(+) | 2.71[d] | 6/25/2025 | 2,391 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| $ 1,603 | Fannie Mae(+) | 2.42%(d) | 9/25/2026 | $ 1,614 |
| 4,000 | Fannie Mae(+) | 3.06(d) | 5/25/2027 | 4,144 |
| 6,250 | Fannie Mae(+) | 3.08(d) | 6/25/2027 | 6,491 |
| 2,842 | Fannie Mae(+) | 3.04(d) | 3/25/2028 | 2,931 |
| 8,049 | Fannie Mae(+) | 3.38(d) | 7/25/2028 | 8,514 |
| 2,892 | Freddie Mac(+) | 4.08(d) | 11/25/2020 | 2,945 |
| 4,941 | Freddie Mac(+) | 2.86 | 1/25/2021 | 4,971 |
| 2,250 | Freddie Mac(+) | 2.27 | 3/25/2022 | 2,258 |
| 2,234 | Freddie Mac(+) | 1.69 | 4/25/2022 | 2,215 |
| 4,000 | Freddie Mac(+) | 2.72 | 6/25/2022 | 4,052 |
| 3,000 | Freddie Mac(+) | 2.36 | 7/25/2022 | 3,012 |
| 10,000 | Freddie Mac(+) | 2.31 | 8/25/2022 | 10,029 |
| 5,000 | Freddie Mac(+) | 2.51 | 11/25/2022 | 5,050 |
| 5,000 | Freddie Mac(+) | 2.64 | 1/25/2023 | 5,072 |
| 3,000 | Freddie Mac(+) | 3.32 | 2/25/2023 | 3,114 |
| 3,000 | Freddie Mac(+) | 2.41 | 3/25/2023 | 3,015 |
| 5,000 | Freddie Mac(+) | 3.00 | 1/25/2024 | 5,145 |
| 10,030 | Freddie Mac(+) | 3.49 | 1/25/2024 | 10,541 |
| 3,000 | Freddie Mac(+) | 3.39 | 3/25/2024 | 3,142 |
| 20,000 | Freddie Mac(+) | 2.95 | 7/25/2024 | 20,548 |
| 3,210 | Freddie Mac(+) | 2.60 | 1/25/2025 | 3,243 |
| 3,000 | Freddie Mac(+) | 3.02 | 1/25/2025 | 3,100 |
| 5,000 | Freddie Mac(+) | 3.59 | 1/25/2025 | 5,301 |
| 10,000 | Freddie Mac(+) | 3.28(d) | 6/25/2025 | 10,472 |
| 4,433 | Freddie Mac(+) | 2.20 | 7/25/2025 | 4,409 |
| 4,000 | Freddie Mac(+) | 3.01 | 7/25/2025 | 4,129 |
| 30,000 | Freddie Mac(+) | 3.37 | 7/25/2025 | 31,242 |
| 15,000 | Freddie Mac(+) | 3.75 | 8/25/2025 | 16,063 |
| 20,000 | Freddie Mac(+) | 3.31 | 9/25/2025 | 20,997 |
| 5,000 | Freddie Mac(+) | 3.75 | 9/25/2025 | 5,337 |
| 7,709 | Freddie Mac(+) | 2.85 | 3/25/2026 | 7,797 |
| 5,000 | Freddie Mac(+) | 2.53 | 5/25/2026 | 5,017 |
| 17,000 | Freddie Mac(+) | 2.57 | 7/25/2026 | 17,081 |
| 5,000 | Freddie Mac(+) | 2.65 | 8/25/2026 | 5,046 |
| 2,333 | Freddie Mac(+) | 3.01 | 8/25/2026 | 2,394 |
| 4,500 | Freddie Mac(+) | 3.12(d) | 9/25/2026 | 4,685 |
| 4,000 | Freddie Mac(+) | 3.35(d) | 11/25/2026 | 4,217 |
| 3,000 | Freddie Mac(+) | 3.12 | 6/25/2027 | 3,124 |
| 9,274 | Freddie Mac(+) | 3.19 | 7/25/2027 | 9,694 |
| 2,879 | Freddie Mac(+) | 3.19(d) | 9/25/2027 | 3,007 |
| 5,000 | Freddie Mac(+) | 3.29 | 11/25/2027 | 5,265 |
| 7,000 | Freddie Mac(+) | 3.90 | 4/25/2028 | 7,693 |
| 30,000 | Freddie Mac(+) | 3.93(d) | 7/25/2028 | 33,126 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| $ 13,000 | Freddie Mac(+) | 3.90%(d) | 8/25/2028 | $ 14,303 |
| 5,000 | Freddie Mac(+) | 3.92(d) | 9/25/2028 | 5,519 |
| 10,000 | Freddie Mac(+) | 3.78(d) | 10/25/2028 | 10,905 |
| 9,706 | Freddie Mac(+) | 4.06(d) | 10/25/2028 | 10,810 |
| 12,500 | Freddie Mac(+) | 3.85 | 6/25/2051 | 13,713 |
| | | | | 385,475 |
| | **FGLMC Collateral (11.2%)** | | | |
| 41 | Freddie Mac(+) | 5.00 | 1/01/2021 | 42 |
| 5,526 | Freddie Mac(+) | 3.00 | 3/01/2032 | 5,613 |
| 8,103 | Freddie Mac(+) | 3.00 | 2/01/2033 | 8,227 |
| 7,075 | Freddie Mac(+) | 3.00 | 9/01/2033 | 7,183 |
| 10,066 | Freddie Mac(+) | 3.00 | 10/01/2033 | 10,219 |
| 22,606 | Freddie Mac(+) | 3.50 | 10/01/2033 | 23,254 |
| 13,308 | Freddie Mac(+) | 4.00 | 10/01/2033 | 13,763 |
| 508 | Freddie Mac(+) | 5.50 | 12/01/2035 | 560 |
| 1,423 | Freddie Mac(+) | 4.00 | 9/01/2040 | 1,483 |
| 5,456 | Freddie Mac(+) | 3.50 | 5/01/2042 | 5,611 |
| 4,511 | Freddie Mac(+) | 3.00 | 6/01/2042 | 4,556 |
| 18,422 | Freddie Mac(+) | 4.00 | 7/01/2048 | 19,095 |
| 9,427 | Freddie Mac(+) | 3.50 | 8/01/2048 | 9,639 |
| 4,626 | Freddie Mac(+) | 4.00 | 8/01/2048 | 4,785 |
| 7,116 | Freddie Mac(+) | 4.50 | 9/01/2048 | 7,439 |
| | | | | 121,469 |
| | **FNMA Collateral (4.7%)** | | | |
| 9,417 | Fannie Mae(+) | 1.58 | 1/01/2020 | 9,354 |
| 10,000 | Fannie Mae(+) | 2.63 | 9/01/2021 | 10,078 |
| 20,420 | Fannie Mae(+) | 2.42 | 11/01/2022 | 20,643 |
| 8,265 | Fannie Mae(+) | 2.50 | 4/01/2023 | 8,398 |
| 2,114 | Fannie Mae(+) | 2.54 | 5/01/2023 | 2,151 |
| | | | | 50,624 |
| | **GNMA Collateral (4.8%)** | | | |
| 6 | Government National Mortgage Assn. I | 8.50 | 6/15/2021 | 6 |
| 3 | Government National Mortgage Assn. I | 9.00 | 7/15/2021 | 3 |
| 210 | Government National Mortgage Assn. I | 6.00 | 8/15/2022 | 215 |
| 23 | Government National Mortgage Assn. I | 8.00 | 6/15/2023 | 25 |
| 414 | Government National Mortgage Assn. I | 4.50 | 5/15/2024 | 425 |
| 462 | Government National Mortgage Assn. I | 4.50 | 9/15/2024 | 475 |
| 356 | Government National Mortgage Assn. I | 4.50 | 9/15/2024 | 366 |
| 494 | Government National Mortgage Assn. I | 4.50 | 10/15/2024 | 508 |
| 427 | Government National Mortgage Assn. I | 4.50 | 10/15/2024 | 439 |
| 116 | Government National Mortgage Assn. I | 7.00 | 5/15/2027 | 130 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| $ 104 | Government National Mortgage Assn. I | 8.00% | 5/15/2027 | $ 110 |
| 69 | Government National Mortgage Assn. I | 7.50 | 2/15/2028 | 77 |
| 227 | Government National Mortgage Assn. I | 6.00 | 4/15/2028 | 253 |
| 82 | Government National Mortgage Assn. I | 6.50 | 5/15/2028 | 90 |
| 21 | Government National Mortgage Assn. I | 6.50 | 5/15/2028 | 23 |
| 8 | Government National Mortgage Assn. I | 6.75 | 5/15/2028 | 9 |
| 49 | Government National Mortgage Assn. I | 6.50 | 7/15/2028 | 55 |
| 12 | Government National Mortgage Assn. I | 7.00 | 7/15/2028 | 12 |
| 26 | Government National Mortgage Assn. I | 7.00 | 8/15/2028 | 29 |
| 44 | Government National Mortgage Assn. I | 6.50 | 9/15/2028 | 49 |
| 65 | Government National Mortgage Assn. I | 7.00 | 9/15/2028 | 70 |
| 30 | Government National Mortgage Assn. I | 6.00 | 11/15/2028 | 32 |
| 123 | Government National Mortgage Assn. I | 6.50 | 11/15/2028 | 134 |
| 7 | Government National Mortgage Assn. I | 6.50 | 1/15/2029 | 7 |
| 22 | Government National Mortgage Assn. I | 6.50 | 1/15/2029 | 24 |
| 127 | Government National Mortgage Assn. I | 6.00 | 2/15/2029 | 138 |
| 15 | Government National Mortgage Assn. I | 7.50 | 3/15/2029 | 17 |
| 33 | Government National Mortgage Assn. I | 7.50 | 4/15/2029 | 36 |
| 291 | Government National Mortgage Assn. I | 7.00 | 5/15/2029 | 322 |
| 327 | Government National Mortgage Assn. I | 7.00 | 6/15/2029 | 362 |
| 131 | Government National Mortgage Assn. I | 6.00 | 7/15/2029 | 146 |
| 86 | Government National Mortgage Assn. I | 7.50 | 10/15/2029 | 97 |
| 18 | Government National Mortgage Assn. I | 7.50 | 10/15/2029 | 19 |
| 68 | Government National Mortgage Assn. I | 8.00 | 7/15/2030 | 70 |
| 22 | Government National Mortgage Assn. I | 8.00 | 9/15/2030 | 25 |
| 2 | Government National Mortgage Assn. I | 7.50 | 12/15/2030 | 2 |
| 9 | Government National Mortgage Assn. I | 7.50 | 1/15/2031 | 10 |
| 110 | Government National Mortgage Assn. I | 6.50 | 3/15/2031 | 120 |
| 28 | Government National Mortgage Assn. I | 7.00 | 8/15/2031 | 28 |
| 62 | Government National Mortgage Assn. I | 7.00 | 9/15/2031 | 72 |
| 205 | Government National Mortgage Assn. I | 6.50 | 10/15/2031 | 225 |
| 44 | Government National Mortgage Assn. I | 7.00 | 10/15/2031 | 48 |
| 19 | Government National Mortgage Assn. I | 7.50 | 11/15/2031 | 20 |
| 150 | Government National Mortgage Assn. I | 6.50 | 1/15/2032 | 164 |
| 230 | Government National Mortgage Assn. I | 6.00 | 5/15/2032 | 252 |
| 18 | Government National Mortgage Assn. I | 7.00 | 6/15/2032 | 19 |
| 86 | Government National Mortgage Assn. I | 7.00 | 7/15/2032 | 94 |
| 204 | Government National Mortgage Assn. I | 6.50 | 8/15/2032 | 227 |
| 747 | Government National Mortgage Assn. I | 6.50 | 9/15/2032 | 871 |
| 725 | Government National Mortgage Assn. I | 6.00 | 1/15/2033 | 820 |
| 316 | Government National Mortgage Assn. I | 6.00 | 2/15/2033 | 358 |
| 218 | Government National Mortgage Assn. I | 6.00 | 7/15/2033 | 238 |
| 220 | Government National Mortgage Assn. I | 6.00 | 9/15/2033 | 244 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| $ 1,928 | Government National Mortgage Assn. I | 5.50% | 10/15/2033 | $ 2,133 |
| 850 | Government National Mortgage Assn. I | 5.50 | 12/15/2033 | 940 |
| 483 | Government National Mortgage Assn. I | 5.50 | 7/15/2034 | 534 |
| 1,207 | Government National Mortgage Assn. I | 5.50 | 10/15/2035 | 1,336 |
| 252 | Government National Mortgage Assn. I | 6.00 | 3/15/2037 | 281 |
| 168 | Government National Mortgage Assn. I | 6.00 | 9/15/2037 | 183 |
| 488 | Government National Mortgage Assn. I | 5.50 | 3/15/2038 | 540 |
| 1,039 | Government National Mortgage Assn. I | 5.50 | 4/15/2038 | 1,138 |
| 308 | Government National Mortgage Assn. I | 6.00 | 5/15/2038 | 338 |
| 483 | Government National Mortgage Assn. I | 6.00 | 5/15/2038 | 536 |
| 320 | Government National Mortgage Assn. I | 6.00 | 9/15/2038 | 357 |
| 355 | Government National Mortgage Assn. I | 6.00 | 10/15/2038 | 394 |
| 515 | Government National Mortgage Assn. I | 6.00 | 12/15/2038 | 573 |
| 325 | Government National Mortgage Assn. I | 5.00 | 2/15/2039 | 347 |
| 1,899 | Government National Mortgage Assn. I | 5.50 | 6/15/2039 | 2,091 |
| 3,154 | Government National Mortgage Assn. I | 4.50 | 9/15/2039 | 3,369 |
| 2,184 | Government National Mortgage Assn. I | 4.50 | 11/15/2039 | 2,335 |
| 3,365 | Government National Mortgage Assn. I | 4.50 | 12/15/2039 | 3,599 |
| 9,712 | Government National Mortgage Assn. I | 4.50 | 2/15/2040 | 10,382 |
| 2,007 | Government National Mortgage Assn. I | 4.50 | 3/15/2040 | 2,139 |
| 1,182 | Government National Mortgage Assn. I | 4.50 | 6/15/2040 | 1,262 |
| 709 | Government National Mortgage Assn. I | 4.00 | 7/15/2040 | 744 |
| 1,736 | Government National Mortgage Assn. I | 4.50 | 7/15/2040 | 1,851 |
| 1,089 | Government National Mortgage Assn. I | 4.00 | 8/15/2040 | 1,143 |
| 2,566 | Government National Mortgage Assn. I | 4.00 | 9/15/2040 | 2,693 |
| 2,082 | Government National Mortgage Assn. I | 4.50 | 1/15/2041 | 2,220 |
| | | | | 52,068 |
| | **GNMA2 Collateral (2.6%)** | | | |
| 7 | Government National Mortgage Assn. II | 8.00 | 12/20/2022 | 7 |
| 1,085 | Government National Mortgage Assn. II | 4.50 | 4/20/2024 | 1,131 |
| 213 | Government National Mortgage Assn. II | 8.00 | 8/20/2030 | 255 |
| 237 | Government National Mortgage Assn. II | 7.00 | 9/20/2030 | 276 |
| 121 | Government National Mortgage Assn. II | 6.00 | 3/20/2031 | 134 |
| 48 | Government National Mortgage Assn. II | 7.50 | 4/20/2031 | 57 |
| 76 | Government National Mortgage Assn. II | 6.50 | 5/20/2031 | 89 |
| 56 | Government National Mortgage Assn. II | 6.50 | 7/20/2031 | 64 |
| 146 | Government National Mortgage Assn. II | 6.50 | 8/20/2031 | 166 |
| 212 | Government National Mortgage Assn. II | 6.50 | 4/20/2032 | 248 |
| 221 | Government National Mortgage Assn. II | 6.50 | 6/20/2032 | 257 |
| 322 | Government National Mortgage Assn. II | 6.00 | 8/20/2032 | 364 |
| 289 | Government National Mortgage Assn. II | 6.00 | 9/20/2032 | 329 |
| 273 | Government National Mortgage Assn. II | 5.50 | 4/20/2033 | 299 |
| 917 | Government National Mortgage Assn. II | 5.00 | 5/20/2033 | 982 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| $ 1,107 | Government National Mortgage Assn. II | 5.00% | 7/20/2033 | $ 1,185 |
| 298 | Government National Mortgage Assn. II | 6.00 | 10/20/2033 | 339 |
| 246 | Government National Mortgage Assn. II | 6.00 | 12/20/2033 | 265 |
| 968 | Government National Mortgage Assn. II | 6.00 | 2/20/2034 | 1,103 |
| 929 | Government National Mortgage Assn. II | 5.50 | 3/20/2034 | 1,019 |
| 853 | Government National Mortgage Assn. II | 6.00 | 3/20/2034 | 970 |
| 732 | Government National Mortgage Assn. II | 5.00 | 6/20/2034 | 786 |
| 670 | Government National Mortgage Assn. II | 6.50 | 8/20/2034 | 782 |
| 586 | Government National Mortgage Assn. II | 6.00 | 9/20/2034 | 668 |
| 1,612 | Government National Mortgage Assn. II | 6.00 | 10/20/2034 | 1,834 |
| 127 | Government National Mortgage Assn. II | 6.00 | 11/20/2034 | 137 |
| 3,274 | Government National Mortgage Assn. II | 5.50 | 2/20/2035 | 3,592 |
| 2,871 | Government National Mortgage Assn. II | 5.50 | 4/20/2035 | 3,149 |
| 1,362 | Government National Mortgage Assn. II | 5.50 | 7/20/2035 | 1,508 |
| 1,695 | Government National Mortgage Assn. II | 5.00 | 9/20/2035 | 1,815 |
| 558 | Government National Mortgage Assn. II | 6.00 | 5/20/2036 | 631 |
| 579 | Government National Mortgage Assn. II | 5.50 | 1/20/2037 | 635 |
| 361 | Government National Mortgage Assn. II | 5.00 | 2/20/2037 | 386 |
| 2,019 | Government National Mortgage Assn. II | 4.00 | 11/20/2040 | 2,117 |
| | | | | 27,579 |
| | **UMBS Collateral (4.4%)[e]** | | | |
| 552 | Fannie Mae(+) | 3.50 | 5/01/2021 | 568 |
| 3,497 | Fannie Mae(+) | 3.00 | 2/01/2027 | 3,561 |
| 2,131 | Fannie Mae(+) | 3.00 | 2/01/2027 | 2,170 |
| 760 | Fannie Mae(+) | 5.00 | 12/01/2035 | 816 |
| 234 | Fannie Mae(+) | 5.50 | 11/01/2037 | 255 |
| 359 | Fannie Mae(+) | 6.00 | 5/01/2038 | 401 |
| 1,933 | Fannie Mae(+) | 4.00 | 8/01/2039 | 2,012 |
| 3,460 | Fannie Mae(+) | 3.50 | 1/01/2042 | 3,556 |
| 5,411 | Fannie Mae(+) | 3.50 | 5/01/2042 | 5,562 |
| 4,627 | Fannie Mae(+) | 3.00 | 1/01/2048 | 4,647 |
| 9,322 | Fannie Mae(+) | 3.50 | 2/01/2048 | 9,534 |
| 9,366 | Fannie Mae(+) | 4.00 | 5/01/2048 | 9,711 |
| 4,760 | Fannie Mae(+) | 3.00 | 8/01/2048 | 4,781 |
| | | | | 47,574 |
| | Total Mortgage Securities | | | 699,936 |
| | Total U.S. Government Agency Issues (cost: $694,007) | | | 717,894 |

| Principal Amount (000) | Security | Coupon Rate | Maturity | Market Value (000) |
|---|---|---|---|---|
| | **U.S. TREASURY SECURITIES (25.3%)** | | | |
| | **Notes (25.3%)** | | | |
| $ 6,000 | U.S. Treasury Note | 1.13% | 2/28/2021 | $ 5,910 |
| 8,500 | U.S. Treasury Note | 1.38 | 1/15/2020 | 8,451 |
| 5,000 | U.S. Treasury Note | 1.38 | 6/30/2023 | 4,892 |
| 10,000 | U.S. Treasury Note | 1.50 | 8/15/2020 | 9,924 |
| 20,000 | U.S. Treasury Note | 1.63 | 8/31/2022 | 19,827 |
| 10,000 | U.S. Treasury Note | 1.88 | 7/31/2022 | 9,992 |
| 20,000 | U.S. Treasury Note | 1.88 | 8/31/2024 | 19,925 |
| 3,000 | U.S. Treasury Note | 2.00 | 2/15/2022 | 3,008 |
| 11,000 | U.S. Treasury Note | 2.00 | 11/30/2022 | 11,033 |
| 20,000 | U.S. Treasury Note | 2.00 | 6/30/2024 | 20,049 |
| 4,000 | U.S. Treasury Note | 2.00 | 2/15/2025 | 4,004 |
| 3,000 | U.S. Treasury Note | 2.13 | 6/30/2021 | 3,012 |
| 20,000 | U.S. Treasury Note | 2.13 | 6/30/2022 | 20,134 |
| 5,000 | U.S. Treasury Note | 2.13 | 11/30/2023 | 5,040 |
| 4,000 | U.S. Treasury Note | 2.13 | 11/30/2024 | 4,033 |
| 4,500 | U.S. Treasury Note | 2.13 | 5/15/2025 | 4,532 |
| 5,000 | U.S. Treasury Note | 2.25 | 11/15/2024 | 5,071 |
| 6,000 | U.S. Treasury Note | 2.38 | 4/30/2020 | 6,005 |
| 5,000 | U.S. Treasury Note | 2.63 | 8/31/2020 | 5,029 |
| 20,000 | U.S. Treasury Note | 2.63 | 6/15/2021 | 20,277 |
| 15,000 | U.S. Treasury Note | 2.63 | 7/15/2021 | 15,213 |
| 12,000 | U.S. Treasury Note | 2.75 | 11/30/2020 | 12,122 |
| 10,000 | U.S. Treasury Note | 2.75 | 8/15/2021 | 10,175 |
| 35,000 | U.S. Treasury Note | 2.75 | 9/15/2021 | 35,658 |
| 10,000 | U.S. Treasury Note | 2.88 | 11/15/2021 | 10,227 |
| | Total U.S. Treasury Securities (cost: $270,958) | | | 273,543 |
| | Total Bonds (cost: $1,042,327) | | | 1,070,014 |
| | **MONEY MARKET INSTRUMENTS (0.8%)** | | | |
| | **REPURCHASE AGREEMENTS (0.6%)** | | | |
| 5,746 | Credit Agricole Corp., 2.47%, acquired 5/31/2019 and due on 6/03/2019 at $5,746 (collateralized by $320 of Fannie Mae, 4.00%, due on 1/01/2049; $5,509 of Freddie Mac, 3.50% - 5.00%, due on 9/01/2033 - 5/01/2049; combined market value $5,861)[c] (cost: $5,746) | | | 5,746 |
| | **U.S. TREASURY SECURITIES (0.2%)** | | | |
| | **Bills (0.2%)[g]** | | | |
| 2,500 | U.S. Treasury Bill (cost: $2,496) | 2.41 | 6/27/2019 | 2,496 |
| | Total Money Market Instruments (cost: $8,242) | | | 8,242 |
| | **Total Investments (cost: $1,050,569)** | | | **$1,078,256** |

| ($ in 000s) | VALUATION HIERARCHY | | | |
|---|---|---|---|---|
| **Assets** | **LEVEL 1** | **LEVEL 2** | **LEVEL 3** | **Total** |
| Bonds: | | | | |
| Asset-Backed Securities | $ – | $ 43,457 | $– | $ 43,457 |
| Municipal Obligations | – | 35,120 | – | 35,120 |
| U.S. Government Agency Issues | – | 717,894 | – | 717,894 |
| U.S. Treasury Securities | 273,543 | – | – | 273,543 |
| Money Market Instruments: | | | | |
| Repurchase Agreements | – | 5,746 | – | 5,746 |
| U.S. Treasury Securities | – | 2,496 | – | 2,496 |
| Total | $273,543 | $804,713 | $– | $1,078,256 |

Refer to the Portfolio of Investments for additional industry, country, or geographic region classifications.

The Portfolio of Investments uses the Bloomberg Industry Classification System (BICS), which may differ from the Fund's compliance classification.

At May 31, 2019, the Fund did not have any transfers into/out of Level 3.

# NOTES TO PORTFOLIO OF INVESTMENTS

May 31, 2019

## GENERAL NOTES

Market values of securities are determined by procedures and practices discussed in Note 1A to the financial statements.

The Portfolio of Investments category percentages shown represent the percentages of the investments to net assets, and, in total, may not equal 100%. A category percentage of 0.0% represents less than 0.1% of net assets.

## CATEGORIES AND DEFINITIONS

**Asset-backed and commercial mortgage-backed securities** – Asset-backed securities represent a participation in, or are secured by and payable from, a stream of payments generated by particular assets. Commercial mortgage-backed securities reflect an interest in, and are secured by, mortgage loans on commercial real property. These securities represent ownership in a pool of loans and are divided into pieces (tranches) with varying maturities. The stated final maturity of such securities represents the date the final principal payment will be made for the last outstanding loans in the pool. The weighted average life is the average time for principal to be repaid, which is calculated by assuming prepayment rates of the underlying loans. The weighted average life is likely to be substantially shorter than the stated final maturity as a result of scheduled principal payments and unscheduled principal prepayments. Stated interest rates on commercial mortgage-backed securities may change slightly over time as underlying mortgages paydown.

**Collateralized mortgage obligations (CMOs)** – Collateralized mortgage obligations are debt obligations of a legal entity that are fully collateralized by a portfolio of mortgages or mortgage-related securities. CMOs are issued in multiple classes (tranches), with specific adjustable or fixed interest rates, varying maturities, and must be fully retired no later than its final distribution date. The cash flow from the underlying mortgages is used to pay off each tranche separately. CMOs are designed to provide investors with more predictable cash flows than regular mortgage securities, but such cash flows can be difficult to predict because of the effect of prepayments.

## PORTFOLIO ABBREVIATIONS AND DESCRIPTIONS

| | |
|---|---|
| LIBOR | London Interbank Offered Rate |

## SPECIFIC NOTES

(a) Variable-rate security – interest rate is adjusted periodically. The interest rate disclosed represents the rate at May 31, 2019.

(b) Restricted security that is not registered under the Securities Act of 1933. A resale of this security in the United States may occur in an exempt transaction to a qualified institutional buyer as defined by Rule 144A, and as such has been deemed liquid by USAA Asset Management Company under liquidity guidelines approved by USAA Mutual Funds Trust's Board of Trustees, unless otherwise noted as illiquid.

(c) U.S. government agency issues – Mortgage-backed securities issued by certain U.S. Government Sponsored Enterprises (GSEs) such as the Government National Mortgage Association (GNMA or Ginnie Mae) and certain other U.S. government guaranteed securities are supported by the full faith and credit of the U.S. government. Securities issued by other GSEs, such as Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC) and Federal National Mortgage Association (Fannie Mae or FNMA), indicated with a "+", are supported only by the right of the GSE to borrow from the U.S. Treasury, the discretionary authority of the U.S. government to purchase the GSEs' obligations, or only by the credit of the issuing agency, instrumentality, or corporation, and are neither issued nor guaranteed by the U.S. Treasury. In September of 2008, the U.S. Treasury placed Fannie Mae and Freddie Mac under conservatorship and appointed the Federal Housing Finance Agency (FHFA) to act as conservator and oversee their daily operations. In addition, the U.S. Treasury entered into purchase agreements with Fannie Mae and Freddie Mac to provide them with capital in exchange for senior preferred stock. While these arrangements are intended to ensure that Fannie Mae and Freddie Mac can continue to meet their obligations, it is possible that actions by the U.S. Treasury, FHFA, or others could adversely impact the value of the Fund's investments in securities issued by Fannie Mae and Freddie Mac.

(d) Stated interest rates may change slightly over time as underlying mortgages paydown.

(e) Effective June 3, 2019, UMBS Collateral, new BICS industry, replaces FNMA Collateral, former BICS industry.

(f) Rate represents the money market fund annualized seven-day yield at May 31, 2019.

(g) Rate represents an annualized yield at time of purchase, not coupon rate.

See accompanying notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES
## (IN THOUSANDS)

May 31, 2019

| | |
|---|---|
| **ASSETS** | |
| Investments in securities, at market value (cost of $1,050,569) | $1,078,256 |
| Receivables: | |
| Capital shares sold | 230 |
| USAA Asset Management Company (Note 7) | 7 |
| USAA Transfer Agency Company (Note 7) | 84 |
| Interest | 3,819 |
| Total assets | 1,082,396 |
| **LIABILITIES** | |
| Payables: | |
| Capital shares redeemed | 266 |
| Dividends on capital shares | 27 |
| Accrued management fees | 113 |
| Accrued transfer agent's fees | 8 |
| Other accrued expenses and payables | 159 |
| Total liabilities | 573 |
| Net assets applicable to capital shares outstanding | $1,081,823 |
| **NET ASSETS CONSIST OF:** | |
| Paid-in capital | $1,056,266 |
| Distributable earnings | 25,557 |
| Net assets applicable to capital shares outstanding | $1,081,823 |
| Net asset value, redemption price, and offering price per share: | |
| Fund Shares (net assets of $328,123/33,335 capital shares outstanding, no par value) | $ 9.84 |
| Institutional Shares (net assets of $742,233/75,391 capital shares outstanding, no par value) | $ 9.85 |
| Adviser Shares (net assets of $5,042/512 capital shares outstanding, no par value) | $ 9.84 |
| R6 Shares (net assets of $6,425/653 capital shares outstanding, no par value) | $ 9.84 |

See accompanying notes to financial statements.

## STATEMENT OF OPERATIONS
### (IN THOUSANDS)

Year ended May 31, 2019

| | |
|---|---|
| **INVESTMENT INCOME** | |
| Interest income | $ 27,097 |
| **EXPENSES** | |
| Management fees | 1,218 |
| Administration and servicing fees: | |
| Fund Shares | 484 |
| Institutional Shares | 595 |
| Adviser Shares | 7 |
| R6 Shares | 3 |
| Transfer agent's fees: | |
| Fund Shares | 423 |
| Institutional Shares | 595 |
| R6 Shares | 1 |
| Distribution and service fees (Note 7): | |
| Adviser Shares | 12 |
| Custody and accounting fees: | |
| Fund Shares | 72 |
| Institutional Shares | 128 |
| Adviser Shares | 1 |
| R6 Shares | 1 |
| Postage: | |
| Fund Shares | 22 |
| Institutional Shares | 1 |
| Shareholder reporting fees: | |
| Fund Shares | 22 |
| Institutional Shares | 1 |
| Trustees' fees | 38 |
| Registration fees: | |
| Fund Shares | 16 |
| Institutional Shares | 65 |
| Adviser Shares | 15 |
| R6 Shares | 17 |

| | |
|---|---|
| Professional fees | $ 85 |
| Other | 20 |
| Total expenses | 3,842 |
| Expenses reimbursed: | |
| Adviser Shares | (6) |
| R6 Shares | (10) |
| Net expenses | 3,826 |
| **NET INVESTMENT INCOME** | 23,271 |
| **NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS** | |
| Net realized loss | (457) |
| Change in net unrealized appreciation/(depreciation) | 35,278 |
| Net realized and unrealized gain | 34,821 |
| Increase in net assets resulting from operations | $ 58,092 |

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN NET ASSETS
## (IN THOUSANDS)

Years ended May 31,

| | 2019 | 2018 |
|---|---|---|
| **FROM OPERATIONS** | | |
| Net investment income | $ 23,271 | $ 12,550 |
| Net realized loss on investments | (457) | (137) |
| Change in net unrealized appreciation/(depreciation) of investments | 35,278 | (19,469) |
| Increase (decrease) in net assets resulting from operations | 58,092 | (7,056) |
| **DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS** | | |
| Fund Shares | (7,783) | (7,636) |
| Institutional Shares | (15,121) | (4,719) |
| Adviser Shares | (103) | (98) |
| R6 Shares | (158) | (131) |
| Distributions to shareholders | (23,165) | (12,584) |
| **NET INCREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS (NOTE 6)** | | |
| Fund Shares | (14,972) | (45,928) |
| Institutional Shares | 465,978 | 125,461 |
| Adviser Shares | 89 | (1,119) |
| R6 Shares | (110) | 1,516 |
| Total net increase in net assets from capital share transactions | 450,985 | 79,930 |
| Capital contribution from USAA Transfer Agency Company (Note 7): | | |
| Fund Shares | 1 | – |
| Net increase in net assets | 485,913 | 60,290 |
| **NET ASSETS** | | |
| Beginning of year | 595,910 | 535,620 |
| End of year | $1,081,823 | $595,910 |

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

May 31, 2019

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USAA MUTUAL FUNDS TRUST (the Trust), registered under the Investment Company Act of 1940, as amended (the 1940 Act), is an open-end management investment company organized as a Delaware statutory trust consisting of 47 separate funds. The USAA Government Securities Fund (the Fund) qualifies as a registered investment company under Accounting Standards Codification Topic 946. The information presented in this annual report pertains only to the Fund, which is classified as diversified under the 1940 Act. The Fund's investment objective is to provide investors a high level of current income consistent with preservation of principal.

The Fund consists of four classes of shares: Government Securities Fund Shares (Fund Shares), Government Securities Fund Institutional Shares (Institutional Shares), Government Securities Fund Adviser Shares (Adviser Shares), and Government Securities Fund R6 Shares (R6 Shares). Each class of shares has equal rights to assets and earnings, except that each class bears certain class-related expenses specific to the particular class. These expenses include administration and servicing fees, transfer agent fees, postage, shareholder reporting fees, distribution and service (12b-1) fees, and certain registration and custodian fees. Expenses not attributable to a specific class, income, and realized gains or losses on investments are allocated to each class of shares based on each class' relative net assets. Each class has exclusive voting rights on matters related solely to that class and separate voting rights on matters that relate to all classes. The Institutional Shares are available for investment through a USAA discretionary managed account program and certain advisory programs sponsored by financial intermediaries, such as brokerage firms, investment advisors, financial planners, third-party administrators, and insurance companies. Institutional

Shares also are available to institutional investors, which include retirement plans, endowments, foundations, and bank trusts, as well as other persons or legal entities that the Fund may approve from time to time, or for purchase by a USAA fund participating in a fund-of-funds investment strategy (USAA fund-of-funds). The Adviser Shares permit investors to purchase shares through financial intermediaries, including banks, broker-dealers, insurance companies, investment advisers, plan sponsors, and financial professionals that provide various administrative and distribution services. The R6 Shares are available for investment by participants in employer-sponsored retirement plans where a financial intermediary provides retirement recordkeeping services to plan participants and to endowment funds and foundations.

On November 6, 2018, United Services Automobile Association (USAA), the parent company of USAA Asset Management Company (AMCO or Manager), the investment adviser to the Fund, and USAA Transfer Agency Company, d/b/a USAA Shareholder Account Services (SAS), the transfer agent to the Fund, announced that AMCO and SAS would be acquired by Victory Holdings, a global investment management firm headquartered in Cleveland, Ohio (the Transaction), on July 1, 2019.

A special shareholder meeting was held on April 18, 2019, at which shareholders of the Fund approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital Management, Inc. (Victory Capital), an independent investment management company. In addition, shareholders of the Fund also elected the following two new directors to the Board of the Trust to serve upon the closing of the Transaction: (1) David C. Brown, to serve as an Interested Trustee; and (2) John C. Walters, to serve as an Independent Trustee. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

A. **Security valuation** – The Trust's Board of Trustees (the Board) has established the Valuation and Liquidity Committee (the Committee), and subject to Board oversight, the Committee administers and oversees the Fund's valuation policies and procedures, which are approved by the Board. The Fund utilizes independent pricing services, quotations from securities dealers, and a wide variety of sources and information to establish and adjust the fair value of securities as events occur and circumstances warrant.

The value of each security is determined (as of the close of trading on the New York Stock Exchange (NYSE) on each business day the NYSE is open) as set forth below:

1. Debt securities with maturities greater than 60 days are valued each business day by a pricing service (the Service) approved by the Board. The Service uses an evaluated mean between quoted bid and ask prices or the last sales price to value a security when, in the Service's judgment, these prices are readily available and are representative of the security's market value. For many securities, such prices are not readily available. The Service generally prices those securities based on methods which include consideration of yields or prices of securities of comparable quality, coupon, maturity, and type; indications as to values from dealers in securities; and general market conditions. Generally, debt securities are categorized in Level 2 of the fair value hierarchy; however, to the extent the valuations include significant unobservable inputs, the securities would be categorized in Level 3.

2. Short-term debt securities with original or remaining maturities of 60 days or less may be valued at amortized cost, provided that amortized cost represents the fair value of such securities.

3. Repurchase agreements are valued at cost.

4. In the event that price quotations or valuations are not readily available, are not reflective of market value, or a significant event has been recognized in relation to a security or class of securities, the securities are valued in good faith by the Committee in accordance with valuation procedures approved by the Board. The effect of fair value pricing is that securities may not be priced on the basis of quotations from the primary market in which they are traded and the actual price realized from the sale of a security may differ materially from the fair value price. Valuing these securities at fair value is intended to cause the Fund's NAV to be more reliable than it otherwise would be.

Fair value methods used by the Manager include, but are not limited to, obtaining market quotations from secondary pricing services, broker-dealers, other pricing services, or widely used quotation systems. General factors considered in determining the fair value of securities include fundamental analytical data, the nature and duration of any restrictions on disposition of the securities, evaluation of credit quality, and an evaluation of the forces that influenced the market in which the securities are purchased and sold.

B. **Fair value measurements** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-level valuation hierarchy disclosed in the Portfolio of Investments is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical securities.

Level 2 – inputs to the valuation methodology are other significant observable inputs, including quoted prices for similar securities, inputs that are observable for the securities, either directly or indirectly, and market-corroborated inputs such as market indexes.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement, including the Manager's own assumptions in determining the fair value.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

C. **Investments in securities** – Securities transactions are accounted for as of the date the securities are purchased or sold (trade date). Gains or losses from sales of investment securities are computed on the identified cost basis. Interest income is recorded daily on the accrual basis. Premiums and discounts are amortized over the life of the respective securities, using the effective yield method for long-term securities and the straight-line method for short-term securities.

D. **Federal taxes** – The Fund's policy is to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income and net capital gains, if any, to its shareholders. Therefore, no federal income tax provision is required.

For the year ended May 31, 2019, the Fund did not incur any income tax, interest, or penalties, and has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions. On an ongoing basis, the Manager will monitor the Fund's tax basis to determine if adjustments to this conclusion are necessary. The statute of limitations on the Fund's tax return filings generally remain open for the three preceding fiscal reporting year ends and remain subject to examination by the Internal Revenue Service and state taxing authorities.

E. **Repurchase agreements** – The Fund may enter into repurchase agreements with commercial banks or recognized security dealers pursuant to the terms of a Master Repurchase Agreement. A repurchase agreement is an arrangement wherein the Fund purchases securities and the seller agrees to repurchase the securities at an agreed upon time and at an agreed upon price. The purchased securities are marked-to-market daily to ensure their value is equal to or in excess of the purchase price plus accrued interest and are held by the Fund, either through its regular custodian or through a special "tri-party" custodian that maintains separate accounts for both the Fund and its counterparty, until maturity of the repurchase agreement. Master Repurchase Agreements typically contain netting provisions, which provide for the net settlement of all transactions and collateral with the Fund through a single payment in the event of default or termination. Repurchase agreements are subject to credit risk, and the Fund's Manager monitors the creditworthiness of sellers with which the Fund may enter into repurchase agreements.

Investments in repurchase agreements as presented on the Portfolio of Investments are not net settlement amounts but gross. At May 31, 2019, the value of the related collateral exceeded the value of the repurchase agreements, reducing the net settlement amount to zero. Details on the collateral are included on the Portfolio of Investments.

F. **Securities purchased on a delayed-delivery or when-issued basis** – Delivery and payment for securities that have been purchased by the Fund on a delayed-delivery or when-issued basis can take place a month or more after the trade date. During the period prior to settlement, these securities do not earn interest, are subject to market fluctuation, and may increase or decrease in value prior to their delivery. The Fund maintains segregated assets with a market value equal to or greater than the amount of its purchase commitments. The purchase of securities on a delayed-delivery or when-issued basis may increase the volatility of the Fund's NAV to the extent that the Fund makes such purchases while remaining substantially fully invested.

G. **Indemnifications** – Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties that provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, the Trust expects the risk of loss to be remote.

H. **Use of estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts in the financial statements.

## (2) LINE OF CREDIT

The Fund participates, along with other funds of the Trust and USAA ETF Trust (together, the Trusts), in a joint, short-term, revolving, committed loan agreement of $500 million with USAA Capital Corporation (CAPCO), an affiliate of the Manager. The purpose of the agreement is to provide temporary or emergency cash needs, including redemption requests that might otherwise require the untimely disposition of securities. Subject to availability (including usage of the facility by other funds of the Trusts), the Fund may borrow from CAPCO an amount up to 5% of the Fund's total assets at an interest rate based on the London Interbank Offered Rate (LIBOR), plus 100.0 basis points.

The Trusts are also assessed facility fees by CAPCO in the amount of 14.0 basis points of the amount of the committed loan agreement. Prior to September 30, 2018, the maximum annual facility fee was 13.0 basis points of the amount of the committed loan agreement. The facility fees are allocated among the funds of the Trusts based on their respective average daily net assets for the period.

The Trusts may request an optional increase of the committed loan agreement from $500 million up to $750 million. If the Trusts increase the committed loan agreement, the assessed facility fee on the amount of the additional commitment will be 15.0 basis points.

For the year ended May 31, 2019, the Fund paid CAPCO facility fees of $7,000, which represents 1.1% of the total fees paid to CAPCO by the funds of the Trusts. The Fund had no borrowings under this agreement during the year ended May 31, 2019. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

## (3) DISTRIBUTIONS

The character of any distributions made during the year from net investment income or net realized gains is determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. generally accepted accounting principles. Also, due to the timing of distributions, the fiscal year in which amounts are distributed may differ from the year that the income or realized gains were recorded by the Fund.

The tax character of distributions paid during the years ended May 31, 2019, and 2018, was as follows:

| | 2019 | 2018 |
|---|---|---|
| Ordinary income* | $23,165,000 | $12,584,000 |

As of May 31, 2019, the components of net assets representing distributable earnings on a tax basis were as follows:

| | |
|---|---|
| Undistributed ordinary income* | $ 174,000 |
| Accumulated capital and other losses | (2,278,000) |
| Unrealized appreciation of investments | 27,688,000 |

*Includes short-term realized capital gains, if any, which are taxable as ordinary income.

Net investment income is accrued daily as dividends and distributed to shareholders monthly. Distributions of realized gains from security transactions not offset by capital losses are made annually in the succeeding fiscal year or as otherwise required to avoid the payment of federal taxes.

At May 31, 2019, the Fund had net capital loss carryforwards of $2,278,000, for federal income tax purposes as shown in the table below. It is unlikely that the Board will authorize a distribution of capital gains realized in the future until the capital loss carryforwards have been used.

| Capital Loss Carryforwards | |
|---|---|
| Tax Character | |
| (No Expiration) | Balance |
| Short-Term | $1,533,000 |
| Long-Term | 745,000 |
| Total | $2,278,000 |

**Tax Basis of Investments** – At May 31, 2019, the aggregate cost of investments for federal income tax purposes and net unrealized appreciation/(depreciation) on investments are disclosed below:

| Fund | Tax Cost | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation / (Depreciation) |
|---|---|---|---|---|
| USAA Government Securities Fund | $1,050,569,000 | $29,370,000 | $(1,682,000) | $27,688,000 |

## (4) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales/maturities of securities, excluding short-term securities, for the year ended May 31, 2019, were $508,991,000 and $84,828,000, respectively.

In accordance with affiliated transaction procedures approved by the Board, purchases and sales of security transactions were executed between the Fund and affiliated USAA Funds at the then-current market price with no brokerage commissions incurred. The affiliated transactions executed by the Fund, including short-term securities, during the year ended May 31, 2019 were as follows:

| Purchases | Sales | Net Realized Gain (Loss) |
|---|---|---|
| $20,004,000 | $– | $– |

## (5) SECURITIES LENDING

The Fund, through a securities lending agreement with Citibank, N.A. (Citibank), may lend its securities to qualified financial institutions, such as certain broker-dealers, to earn additional income, net of income retained by Citibank. The borrowers are required to secure their loans continuously with collateral in an amount at least equal to 102% of the fair value of domestic securities and foreign government securities loaned and 105% of the fair value of foreign securities and all other securities loaned. Collateral may be cash, U.S. government securities, or other securities as permitted by SEC guidelines. Cash collateral may be invested in high-quality short-term investments. Collateral requirements are determined daily based on the value of the Fund's securities on loan as of the end of the prior business day. Loans are terminable upon demand and the borrower must return the loaned securities within the lesser of one standard settlement period or five business days. Risks relating to securities-lending transactions include that the borrower may not provide additional collateral when required or return the securities when due, and that the value of the short-term investments will be less than the amount of cash collateral required to be returned to the borrower. The Fund's agreement with Citibank does not include master netting provisions. Non-cash collateral received by the Fund may not be sold or re-pledged except to satisfy borrower default. Cash collateral is listed in the Fund's Portfolio of Investments and Financial Statements while non-cash collateral is not included. At May 31, 2019, the Fund had no securities on loan.

## (6) CAPITAL SHARE TRANSACTIONS

At May 31, 2019, there were an unlimited number of shares of capital stock at no par value authorized for the Fund.

Capital share transactions for the Institutional Shares resulted from purchases and sales by the affiliated USAA fund-of-funds as well as other persons or legal entities that the Fund may approve from time to time. Capital share transactions for all classes were as follows, in thousands:

| | Year Ended May 31, 2019 | | Year Ended May 31, 2018 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| **Fund Shares:** | | | | |
| Shares sold | 3,829 | $ 36,701 | 3,616 | $ 35,139 |
| Shares issued from reinvested dividends | 751 | 7,207 | 720 | 6,989 |
| Shares redeemed | (6,159) | (58,880) | (9,079) | (88,056) |
| Net decrease from capital share transactions | (1,579) | $ (14,972) | (4,743) | $ (45,928) |
| **Institutional Shares:** | | | | |
| Shares sold | 49,953 | $474,117 | 13,094 | $128,756 |
| Shares issued from reinvested dividends | 1,582 | 15,202 | 488 | 4,719 |
| Shares redeemed | (2,450) | (23,341) | (829) | (8,014) |
| Net increase from capital share transactions | 49,085 | $465,978 | 12,753 | $125,461 |
| **Adviser Shares:** | | | | |
| Shares sold | 11 | $ 110 | 7 | $ 69 |
| Shares issued from reinvested dividends | –** | 3 | 1 | 11 |
| Shares redeemed | (2) | (24) | (123)* | (1,199)* |
| Net increase (decrease) from capital share transactions | 9 | $ 89 | (115) | $ (1,119) |
| **R6 Shares:** | | | | |
| Shares sold | 15 | $ 147 | 458 | $ 4,422 |
| Shares issued from reinvested dividends | 4 | 35 | 2 | 21 |
| Shares redeemed | (31) | (292) | (305) | (2,927) |
| Net increase (decrease) from capital share transactions | (12) | $ (110) | 155 | $ 1,516 |

* Net of redemption fees, if any.

** Represents less than 500 shares.

## (7) TRANSACTIONS WITH MANAGER

**Management fees** – The Manager provides investment management services to the Fund pursuant to an Advisory Agreement. Under this agreement, the Manager is responsible for managing the business and affairs of the Fund, and for directly managing the day-to-day investment of the Fund's assets, subject to the authority of and supervision by the Board. The Manager is authorized to select (with approval of the Board and without shareholder approval) one or more subadvisers to manage the day-to-day investment of all or a portion of the Fund's assets. For the year ended May 31, 2019, the Fund had no subadviser(s).

The investment management fee for the Fund is comprised of a base fee and a performance adjustment. The Fund's base fee is accrued daily and paid monthly at an annualized rate of 0.125% of the Fund's average daily net assets.

The performance adjustment is calculated separately for each share class on a monthly basis by comparing each class' performance over the performance period to that of the Lipper Intermediate U.S. Government Funds Index. The Lipper Intermediate U.S. Government Funds Index measures the total return performance of funds tracked by Lipper that invest 65% of fund assets in securities issued or guaranteed by the U.S. government, its agency, or its instrumentalities, with dollar-weighted average maturities of five to ten years. For the Fund Shares, Institutional Shares, and Adviser Shares, the performance period consists of the current month plus the previous 35 months. The performance period for the R6 Shares includes the performance of the Fund Shares for periods prior to December 1, 2016. The following table is utilized to determine the extent of the performance adjustment:

| Over/Under Performance Relative to Index (in basis points)[1] | Annual Adjustment Rate (in basis points)[1] |
|---|---|
| +/– 20 to 50 | +/– 4 |
| +/– 51 to 100 | +/– 5 |
| +/– 101 and greater | +/– 6 |

[1]Based on the difference between average annual performance of the relevant share class of the Fund and its relevant Lipper index, rounded to the nearest basis point. Average daily net assets of the share class are calculated over a rolling 36-month period.

Each class' annual performance adjustment rate is multiplied by the average daily net assets of each respective class over the entire performance period, which is then multiplied by a fraction, the numerator of which is the number of days in the month and the denominator of which is 365 (366 in leap years).

The resulting amount is then added to (in the case of overperformance), or subtracted from (in the case of underperformance) the base fee.

Under the performance fee arrangement, each class will pay a positive performance fee adjustment for a performance period whenever the class outperforms the Lipper Intermediate U.S. Government Funds Index over that period, even if the class had overall negative returns during the performance period.

For the year ended May 31, 2019, the Fund incurred management fees, paid or payable to the Manager, of $1,218,000, which included a performance adjustment for the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares of $23,000, $35,000, $(1,000) and less than $500, respectively. For the Fund Shares, Institutional Shares, Adviser Shares, and R6 Share, the performance adjustments were 0.01%, 0.01%, (0.03)% and less than 0.01%, respectively. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

**Administration and servicing fees** – The Manager provides certain administration and servicing functions for the Fund. For such services, the Manager receives a fee accrued daily and paid monthly at an annualized rate of 0.15% of average daily net assets of the Fund Shares and Adviser Shares, 0.10% of average daily net assets of the Institutional Shares, and 0.05% of average daily net assets of the R6 Shares. For the year ended May 31, 2019, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares incurred administration and servicing fees, paid or payable to the Manager, of $484,000, $595,000, $7,000, and $3,000, respectively.

In addition to the services provided under its Administration and Servicing Agreement with the Fund, the Manager also provides certain compliance and legal services for the benefit of the Fund. The Board has approved the reimbursement of a portion of these expenses incurred by the Manager. For the year ended May 31, 2019, the Fund reimbursed the Manager $4,000 for these compliance and legal services. These expenses are included in the professional fees on the Fund's Statement of Operations. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

**Expense limitation** – The Manager agreed, through September 30, 2019, to limit the total annual operating expenses of the Adviser Shares and R6 Shares to 0.75% and 0.35%, respectively, of their average daily net assets, excluding extraordinary expenses and before reductions of any expenses paid indirectly, and to reimburse the Adviser Shares and R6 Shares for all expenses in excess of those amounts. This expense limitation arrangement may not be changed or terminated through September 30, 2019, without approval of the Board, and may be changed or terminated by the Manager at any time after that date. For the year ended May 31, 2019, the Fund incurred reimbursable expenses from the Manager for the Adviser Shares and R6 Shares of $6,000, and $10,000, respectively, of which $7,000 was receivable from the Manager.

**Transfer agent's fees** – SAS, an affiliate of the Manager, provides transfer agent services to the Fund Shares and Adviser Shares based on an annual charge of $25.50 per shareholder account plus out-of-pocket expenses. SAS pays a portion of these fees to certain intermediaries for administration and servicing of accounts that are held with such intermediaries. Transfer agent's fees for Institutional Shares and R6 Shares are paid monthly based on a fee accrued daily at an annualized rate of 0.10% of the Institutional Shares' and 0.01% of the R6 Shares' average daily net assets, plus out-of-pocket expenses. For the year ended May 31, 2019, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares incurred transfer agent's fees, paid or payable to SAS, of $423,000, $595,000, less than $500, and $1,000, respectively. Additionally, the Fund Shares, Adviser Shares, and R6 Shares recorded a capital contribution and a receivable from SAS of $1,000, less than $500, and less than $500, respectively at May 31, 2019, for adjustments related to corrections to certain shareholder transactions. Additionally, the Institutional Shares recorded a receivable of $84,000 for SAS adjustments to income distribution payable. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

**Distribution and service (12b-1) fees** – The Fund has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Adviser Shares. Under the plan, the Adviser Shares pay fees to USAA Investment Management Company (IMCO), the distributor, for distribution and shareholder services. IMCO pays all or a portion of such fees to intermediaries that make the

Adviser Shares available for investment by their customers. The fee is accrued daily and paid monthly at an annual rate of 0.25% of the Adviser Shares' average daily net assets. Adviser Shares are offered and sold without imposition of an initial sales charge or a contingent deferred sales charge. For the year ended May 31, 2019, the Adviser Shares incurred distribution and service (12b-1) fees of $12,000.

**Underwriting services** – IMCO provides exclusive underwriting and distribution of the Fund's shares on a continuing best-efforts basis and receives no fee or other compensation for these services, but may receive 12b-1 fees as described above, with respect to Adviser Shares. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

## (8) TRANSACTIONS WITH AFFILIATES

The Fund offers its Institutional Shares for investment by other USAA Funds and is one of 16 USAA mutual funds in which the affiliated USAA fund-of-funds invest. The USAA fund-of-funds do not invest in the underlying funds for the purpose of exercising management or control, and the affiliated fund-of-funds' annual or semiannual reports may be viewed at usaa.com. As of May 31, 2019, the USAA fund-of-funds owned the following percentages of the total outstanding shares of the Fund:

| Affiliated USAA Fund | Ownership % |
|---|---|
| Cornerstone Conservative | 3.6 |
| Target Retirement Income | 9.6 |
| Target Retirement 2020 | 13.5 |
| Target Retirement 2030 | 20.3 |
| Target Retirement 2040 | 13.2 |
| Target Retirement 2050 | 6.3 |
| Target Retirement 2060 | 0.8 |

The Manager is indirectly wholly owned by USAA, a large, diversified financial services institution. At May 31, 2019, USAA and its affiliates owned 487,000 Adviser Shares and 510,000 R6 Shares, which represents 95.0% of the Adviser Shares outstanding, 78.1% of the R6 Shares outstanding, and 0.9% of the Fund's total outstanding shares.

Certain trustees and officers of the Fund are also directors, officers, and/or employees of the Manager. None of the affiliated trustees or Fund officers received any compensation from the Fund. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

## (9) UPCOMING REGULATORY MATTERS

In October 2016, the U.S. Securities and Exchange Commission (SEC) issued Final Rule Release No. 33-10233, *Investment Company Liquidity Risk Management Programs* (Liquidity Rule). The Liquidity Rule requires funds to establish a liquidity risk management program and enhances disclosures regarding funds' liquidity. The requirements to implement a liquidity risk management program and establish a 15% illiquid investment limit became effective December 1, 2018. However, in February 2018, the SEC issued Release No. IC-33010, *Investment Company Liquidity Risk Management Programs; Commission Guidance for In-Kind ETFs,* which delayed certain requirements related to liquidity classification, highly liquid investment minimums, and board approval of the liquidity risk management programs to June 1, 2019.

## (10) RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the SEC adopted amendments to Regulation S-X for investment companies governing the form and content of financial statements. The amendments to Regulation S-X took effect on November 5, 2018, and the financial statements have been modified accordingly, for the current and prior periods.

**ASU 2018-13, Fair Value Measurement**

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820). The amendments in the ASU impact disclosure requirements for fair value measurement. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted and can include the entire standard or certain provisions that exclude or amend disclosures. Management has elected to early adopt ASU 2018-13 effective with the current reporting period. The adoption of ASU 2018-13 guidance is limited to changes in the Fund's notes to financial statement disclosures regarding valuation method, fair value, and transfers between levels of the fair value hierarchy.

**ASU 2017-08, Premium Amortization of Purchased Callable Debt Securities**
In March 2017, the FASB issued ASU 2017-08, Premium Amortization of Purchased Callable Debt Securities. The amendments in the ASU shorten the premium amortization period on a purchased callable debt security from the security's contractual life to the earliest call date. ASU 2017-08 became effective for funds with fiscal years beginning after December 15, 2018. The Manager has determined the adoption of this standard has no significant impact on the financial statements and reporting disclosures of the Fund.

## (11) SUBSEQUENT EVENT NOTE

As previously announced, and as discussed in Note 1 to the Financial Statements, effective July 1, 2019, AMCO, the prior investment adviser to the Fund, and SAS, the prior transfer agent to the Fund, were acquired by Victory Holdings. **Please see the supplement dated July 1, 2019 to the Fund's prospectus for additional important information.**

Effective July 1, 2019, Victory Capital is the new investment adviser and administrator to the USAA Mutual Funds; SAS was renamed Victory Capital Transfer Agency, Inc. Victory Capital Advisers, Inc. is the new distributor to the USAA Mutual Funds; Citi Fund Services of Ohio, Inc. serves as sub-administrator and sub-fund accountant for the USAA Mutual Funds; and FIS Investor Services LLC serve as sub-transfer agent and dividend disbursing agent for the USAA Mutual Funds. Effective August 5, 2019, Citibank, N.A. is the new custodian for the USAA Mutual Funds.

Effective July 1, 2019, the Trust will rely on an exemptive order granted to Victory Capital and its affiliated funds by the SEC in March 2019 permitting the use of a "manager-of-managers" structure for certain funds. Prior to that date, the Trust relied on a similar exemptive order granted by the SEC to the Trust and its affiliated persons. Under a manager of managers structure, the investment adviser may select (with approval of the Board and without shareholder approval) one or more subadvisers to manage the day-to-day investment of a fund's assets.

Effective July 1, 2019, under the investment advisory agreement with Victory Capital, which took effect on July 1, 2019, no performance adjustments will be made for periods beginning July 1, 2019, through June 30, 2020, and only performance beginning as of July 1, 2020, and thereafter will be utilized in calculating performance adjustments through June 30, 2020.

Effective July 1, 2019, the line of credit (as discussed in the Notes to the Financial Statements in this annual report) among the Trust, with respect to its Funds, and CAPCO terminated; the Trust, with respect to its Funds, along with series of Victory Portfolios, Victory Portfolios II and Victory Variable Insurance Funds, entered into a 364 day committed credit facility and a 364 day uncommitted, demand credit facility, with Citibank, N.A. (Citibank). Each such credit facility may be renewed if so agreed by the parties. Under the agreement with Citibank, the Funds may borrow up to $600 million, of which $300 million is committed and $300 million is uncommitted. Of this amount, $40 million of the line of credit is reserved for use by the Victory Floating Rate Fund (a series of Victory Portfolios), with that Fund paying the related commitment fees for that amount. The purpose of the agreement is to meet temporary or emergency cash needs, including redemption requests that might otherwise require the untimely disposition of securities. Citibank receives an annual commitment fee of 0.15%. Each Fund pays a pro-rata portion of this commitment fee plus any interest on amounts borrowed.

Effective July 1, 2019, the Trust will rely on an exemptive order granted to Victory Capital and its affiliated funds by the SEC in March 2017 (the IFL Order), permitting the establishment and operation of an Interfund Lending Facility (the Facility). The Facility allows each Fund to directly lend and borrow money to or from certain other affiliated Funds relying upon the IFL Order at rates beneficial to both the borrowing and lending funds. Advances under the Facility are allowed for temporary or emergency purposes, including the meeting of redemption requests that are subject to each Fund's borrowing restrictions. The interfund loan rate is determined, as specified in the IFL Order, by averaging the current repurchase agreement rate and the current bank loan rate.

# FINANCIAL HIGHLIGHTS

## FUND SHARES

Per share operating performance for a share outstanding throughout each period is as follows:

| | Year Ended May 31, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| Net asset value at beginning of period | $ 9.55 | $ 9.86 | $ 10.00 | $ 10.04 | $ 10.02 |
| Income (loss) from investment operations: | | | | | |
| Net investment income | .23 | .20 | .20 | .22 | .25 |
| Net realized and unrealized gain (loss) | .29 | (.31) | (.14) | (.04) | .03 |
| Total from investment operations | .52 | (.11) | .06 | .18 | .28 |
| Less distributions from: | | | | | |
| Net investment income | (.23) | (.20) | (.20) | (.22) | (.26) |
| Net asset value at end of period | $ 9.84 | $ 9.55 | $ 9.86 | $ 10.00 | $ 10.04 |
| Total return (%)* | 5.56 | (1.09) | .62 | 1.80 | 2.78 |
| Net assets at end of period (000) | $328,123 | $333,464 | $390,897 | $432,471 | $435,421 |
| Ratios to average daily net assets:** | | | | | |
| Expenses (%)[(a)] | .47 | .48 | .48 | .51 | .51 |
| Net investment income (%) | 2.42 | 2.09 | 2.02 | 2.17 | 2.52 |
| Portfolio turnover (%) | 9 | 15 | 18 | 14 | 15 |

* Assumes reinvestment of all net investment income and realized capital gain distributions, if any, during the period. Includes adjustments in accordance with U.S. generally accepted accounting principles and could differ from the Lipper reported return. Total returns for periods of less than one year are not annualized.

** For the year ended May 31, 2019, average daily net assets were $322,727,000.

(a) Does not include acquired fund fees, if any.

## INSTITUTIONAL SHARES

Per share operating performance for a share outstanding throughout each period is as follows:

| | Year Ended May 31, | | | Period Ended May 31, |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016*** |
| Net asset value at beginning of period | $ 9.55 | $ 9.86 | $ 10.00 | $ 9.94 |
| Income (loss) from investment operations: | | | | |
| Net investment income | .24 | .21 | .21 | .18 |
| Net realized and unrealized gain (loss) | .30 | (.31) | (.14) | .06 |
| Total from investment operations | .54 | (.10) | .07 | .24 |
| Less distributions from: | | | | |
| Net investment income | (.24) | (.21) | (.21) | (.18) |
| Net asset value at end of period | $ 9.85 | $ 9.55 | $ 9.86 | $ 10.00 |
| Total return (%)* | 5.76 | (1.01) | .71 | 2.39 |
| Net assets at end of period (000) | $742,233 | $251,297 | $133,607 | $106,692 |
| Ratios to average daily net assets:** | | | | |
| Expenses (%)(a) | .38 | .39 | .40 | .44(b) |
| Net investment income (%) | 2.55 | 2.18 | 2.12 | 2.16(b) |
| Portfolio turnover (%) | 9 | 15 | 18 | 14 |

* Assumes reinvestment of all net investment income and realized capital gain distributions, if any, during the period. Includes adjustments in accordance with U.S. generally accepted accounting principles and could differ from the Lipper reported return. Total returns for periods of less than one year are not annualized.

** For the year ended May 31, 2019, average daily net assets were $596,743,000.

*** Institutional Shares commenced operations on August 7, 2015.

(a) Does not include acquired fund fees, if any.

(b) Annualized. The ratio is not necessarily indicative of 12 months of operations.

## ADVISER SHARES

Per share operating performance for a share outstanding throughout each period is as follows:

| | Year Ended May 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value at beginning of period | $ 9.54 | $ 9.85 | $10.00 | $10.04 | $10.01 |
| Income (loss) from investment operations: | | | | | |
| Net investment income | .21 | .18 | .17 | .19 | .22 |
| Net realized and unrealized gain (loss) | .30 | (.31) | (.15) | (.04) | .04 |
| Total from investment operations | .51 | (.13) | .02 | .15 | .26 |
| Less distributions from: | | | | | |
| Net investment income | (.21) | (.18) | (.17) | (.19) | (.23) |
| Redemption fees added to beneficial interests | – | .00(a) | – | – | .00(a) |
| Net asset value at end of period | $ 9.84 | $ 9.54 | $ 9.85 | $10.00 | $10.04 |
| Total return (%)* | 5.37 | (1.36) | .25 | 1.55 | 2.58 |
| Net assets at end of period (000) | $5,042 | $4,804 | $6,089 | $5,088 | $5,116 |
| Ratios to average daily net assets:** | | | | | |
| Expenses (%)(b) | .75 | .75 | .75 | .75 | .80(c) |
| Expenses, excluding reimbursements (%)(b) | .87 | .87 | .93 | .95 | 1.05 |
| Net investment income (%) | 2.14 | 1.82 | 1.76 | 1.93 | 2.22 |
| Portfolio turnover (%) | 9 | 15 | 18 | 14 | 15 |

* Assumes reinvestment of all net investment income and realized capital gain distributions, if any, during the period. Includes adjustments in accordance with U.S. generally accepted accounting principles and could differ from the Lipper reported return. Total returns for periods of less than one year are not annualized.

** For the year ended May 31, 2019, average daily net assets were $4,837,000.

(a) Represents less than $0.01 per share.

(b) Does not include acquired fund fees, if any.

(c) Prior to October 1, 2014, the Manager voluntarily agreed to reimburse the Adviser Shares for expenses in excess of 0.90% of their average daily net assets.

## R6 SHARES

Per share operating performance for a share outstanding throughout each period is as follows:

| | Year Ended May 31, | | Period Ended May 31, |
|---|---|---|---|
| | 2019 | 2018 | 2017*** |
| Net asset value at beginning of period | $ 9.55 | $ 9.85 | $ 9.80 |
| Income (loss) from investment operations: | | | |
| Net investment income | .24 | .22 | .11 |
| Net realized and unrealized gain (loss) | .29 | (.30) | .05 |
| Total from investment operations | .53 | (.08) | .16 |
| Less distributions from: | | | |
| Net investment income | (.24) | (.22) | (.11) |
| Net asset value at end of period | $ 9.84 | $ 9.55 | $ 9.85 |
| Total return (%)* | 5.68 | (.87) | 1.62 |
| Net assets at end of period (000) | $6,425 | $6,345 | $5,027 |
| Ratios to average daily net assets:** | | | |
| Expenses (%)(a) | .35 | .35 | .35(b) |
| Expenses, excluding reimbursements (%)(a) | .51 | .64 | 1.12(b) |
| Net investment income (%) | 2.54 | 2.22 | 2.22(b) |
| Portfolio turnover (%) | 9 | 15 | 18 |

* Assumes reinvestment of all net investment income and realized capital gain distributions, if any, during the period. Includes adjustments in accordance with U.S. generally accepted accounting principles and could differ from the Lipper reported return. Total returns for periods of less than one year are not annualized.

** For the year ended May 31, 2019, average daily net assets were $6,242,000.

*** R6 Shares commenced operations on December 1, 2016.

(a) Does not include acquired fund fees, if any.

(b) Annualized. The ratio is not necessarily indicative of 12 months of operations.

# EXPENSE EXAMPLE

May 31, 2019 (unaudited)

## EXAMPLE

As a shareholder of the Fund, you incur two types of costs: direct costs, such as wire fees, redemption fees, and low balance fees; and indirect costs, including management fees, transfer agency fees, distribution and service (12b-1) fees, and other Fund operating expenses. This example is intended to help you understand your indirect costs, also referred to as “ongoing costs” (in dollars), of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire six-month period of December 1, 2018, through May 31, 2019.

## ACTUAL EXPENSES

The line labeled “actual” under each share class in the table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested at the beginning of the period, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number for your share class in the “actual” line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

## HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The line labeled “hypothetical” under each share class in the table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratios for each class and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any direct costs, such as wire fees, redemption fees, or low balance fees. Therefore, the line labeled "hypothetical" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these direct costs were included, your costs would have been higher.

| | Beginning Account Value December 1, 2018 | Ending Account Value May 31, 2019 | Expenses Paid During Period* December 1, 2018 – May 31, 2019 |
|---|---|---|---|
| **Fund Shares** | | | |
| Actual | $1,000.00 | $1,052.10 | $2.40 |
| Hypothetical (5% return before expenses) | 1,000.00 | 1,022.59 | 2.37 |
| **Institutional Shares** | | | |
| Actual | 1,000.00 | 1,053.60 | 2.00 |
| Hypothetical (5% return before expenses) | 1,000.00 | 1,022.99 | 1.97 |
| **Adviser Shares** | | | |
| Actual | 1,000.00 | 1,050.60 | 3.83 |
| Hypothetical (5% return before expenses) | 1,000.00 | 1,021.19 | 3.78 |
| **R6 Shares** | | | |
| Actual | 1,000.00 | 1,052.70 | 1.79 |
| Hypothetical (5% return before expenses) | 1,000.00 | 1,023.19 | 1.77 |

*Expenses are equal to the annualized expense ratio of 0.47% for Fund Shares, 0.39% for Institutional Shares, 0.75% for Adviser Shares, and 0.35% for R6 Shares, which are net of any reimbursements and expenses paid indirectly, multiplied by the average account value over the period, multiplied by 182 days/365 days (to reflect the one-half-year period). The Fund's actual ending account values are based on its actual total returns of 5.21% for Fund Shares, 5.36% for Institutional Shares, 5.06% for Adviser Shares, and 5.27% for R6 Shares, for the six-month period of December 1, 2018, through May 31, 2019.

# ADVISORY AGREEMENT(S)

**(between the Trust and Victory Capital Management Inc.)**

May 31, 2019

The following disclosure relates to the approval of the (i) new investment advisory agreement between the Trust and Victory Capital and (ii) new investment subadvisory agreements between certain subadvisers and Victory Capital, which became effective on July 1, 2019. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

At an in-person meeting held on January 15, 2019, the USAA Mutual Funds Trust's ("Trust") Board of Trustees ("Board"), including those Trustees who are not parties to any investment advisory or management agreement between USAA Asset Management Company ("AMCO") and the Trust ("Existing Management Agreements") or the new Investment Advisory Agreement between the Trust and Victory Capital Management Inc. ("Victory Capital") (the "New Advisory Agreement") or "interested persons" (as that term is defined in the Investment Company Act of 1940 Act, as amended ("1940 Act")) of such parties or the Trust (the "Independent Trustees"), considered and unanimously approved the New Advisory Agreement between the Trust, on behalf of each of its series (each a "Fund" and together the "Funds"), and Victory Capital, and, as applicable, new Investment Subadvisory Agreements between Victory Capital and each investment subadviser ("New Subadvisory Agreements," and together with the New Advisory Agreement, the "New Agreements"), as listed below. The Board also determined to recommend that shareholders of each Fund approve the New Advisory Agreement. Shareholder approval is not required for the New Subadvisory Agreements. The Independent Trustees reviewed the proposed approval of the New Agreements in private sessions with their independent legal counsel at which no representatives of Victory Capital or AMCO were present.

## BACKGROUND FOR THE BOARD APPROVALS

At a telephonic meeting of the Board held on November 5, 2018, representatives of USAA and AMCO informed the Board that USAA's subsidiary, USAA Investment Corporation, would enter into a stock purchase agreement with Victory Capital Holdings, Inc. ("Victory Holdings") pursuant to which Victory Holdings would acquire all of the outstanding stock of AMCO and USAA Transfer Agency Company d/b/a USAA Shareholder Account Services ("USAA Transfer Agent") (the "Transaction"). The Independent Trustees were advised that the Transaction, if completed, would constitute an "assignment" (as that term is defined in Section 2(a)(4) of the 1940 Act) and result in the automatic termination of the Existing Management Agreements ("Change of Control Event"). The Independent Trustees also were advised that it was proposed that Victory Capital, a subsidiary of Victory Holdings, would serve as the investment adviser to each Fund after the closing of the Transaction ("Post-Transaction") and that the Board would be asked to consider approval of the terms and conditions of the New Advisory Agreement with Victory Capital and thereafter to submit the New Advisory Agreement to each Fund's shareholders for approval. Because the Change of Control Event also would result in the termination of each existing subadvisory agreement between AMCO and the subadvisers to the Funds ("Existing Subadvisory Agreements"), the Independent Trustees were advised that the Board would also be asked to approve the New Subadvisory Agreements.

In anticipation of the Transaction, the Trustees met at a series of subsequent in-person meetings on November 27-28, 2018, January 7-8, 2019, and January 14-15, 2019, which included meetings of the full Board and separate meetings of the Independent Trustees for the purposes of considering, among other things: whether it would be in the best interests of each Fund and its respective shareholders to approve the New Agreements; and the anticipated impacts of the Transaction on the Funds and their shareholders (each, a "Meeting"). During each of these Meetings, the Board sought additional and clarifying information as it deemed necessary or appropriate. In this connection, the Independent Trustees worked with their independent legal counsel to prepare formal due diligence requests (the "Diligence Requests") that were submitted to Victory Capital, Victory Capital Advisers, Inc. ("VCA"), and the subadvisers. The Diligence Requests sought information relevant to the Board's consideration of the New Advisory Agreement, the New Subadvisory Agreements, distribution arrangements, and other anticipated impacts of the Transaction on the Funds and their shareholders. Victory Capital, VCA, and the subadvisers provided documents and information in response to the Diligence Requests (the "Response Materials"). Following their review of the Response Materials, the Independent Trustees submitted a supplemental due diligence request for additional and clarifying information (the "Supplemental Diligence Request") to Victory Capital and VCA. Victory Capital and VCA provided further information in response to the Supplemental Diligence Request, which the Board reviewed. Senior management representatives of Victory Capital and/or AMCO participated in a portion of each Meeting and addressed various questions raised by the Board. Throughout the process, the Independent Trustees were assisted by their independent legal counsel and counsel to the Funds, who advised them on, among other things, their duties and obligations relating to their consideration of the New Agreements.

The Board's evaluation of the New Agreements reflected the information provided specifically in connection with its review of the New Agreements, as well as, where relevant, information that was previously furnished to the Board in connection with the then-most recent renewal of the Existing Management Agreements and Existing Subadvisory Agreements at an in-person meeting of the Board on April 18, 2018 (the "2018 15(c) Meeting") and at other subsequent Board meetings in 2018. The Board's evaluation of the New Agreements also reflected the knowledge gained as Board members of the Funds with respect to services provided by AMCO, its affiliates, and each subadviser to the Funds.

The Board's approvals and recommendations were based on its determination, within its business judgment, that it would be in the best interests of each Fund and its respective shareholders, for Victory Capital and, as applicable, the subadvisers, to provide investment advisory, investment subadvisory, and related services to the Funds, following the closing of the Transaction.

## FACTORS CONSIDERED IN APPROVING THE NEW ADVISORY AGREEMENT

In connection with the Board's consideration of the New Advisory Agreement, Victory Capital and AMCO advised the Board about a variety of matters, including the following:

- The nature, extent, and quality of the services to be provided to the Funds by Victory Capital Post-Transaction are expected to be of at least the same level as the services currently provided to the Funds by AMCO.
- Victory Capital's stated commitment to maintaining and enhancing the USAA member/USAA Fund shareholder experience, including creating a dedicated USAA Fund sales and client service call center that will provide ongoing client service and advice to existing and new USAA members.
- Victory Capital proposes to: (1) replace the underlying indexes for the USAA Extended Market Index Fund and USAA S&P 500 Index Fund with indexes designed to provide shareholders with comparable exposure and investment outcomes; (2) change the USAA Extended Market Index Fund's and USAA S&P 500 Index Fund's investment objectives and strategies in light of the changes to their underlying indexes; and (3) change the name of the USAA S&P 500 Index Fund to the USAA 500 Index Fund.
- Victory Capital does not propose changes to the investment objective(s) of any other Funds. Although the investment processes used by Victory Capital's portfolio managers may differ from those used by AMCO's portfolio managers or, if applicable, any subadviser's portfolio managers, such differences are not currently expected to result in changes to the principal investment strategies or principal investment risks of the Funds.
- The New Advisory Agreement does not change any Fund's advisory fee rate or the computation method for calculating such fees (except that Victory Capital, subject to Board approval, may in the future use a single designated share class to calculate the performance adjustment).

For at least two years after the Transaction closes, Victory Capital has agreed to waive fees and/or reimburse expenses so that each Fund's annual expense ratio (excluding certain customary items) does not exceed the levels reflected in each Fund's most recent audited financial statements at the time the Transaction closes (or the levels of AMCO's then-current expense caps, if applicable), excluding the impact of any performance adjustment to the Fund's advisory fee.

- The portfolio managers at AMCO that manage the Fixed Income Funds[1] as well as the USAA's Global Multi-Asset team servicing the Cornerstone Funds[2], Target Retirement Funds[3], Global Managed Volatility Fund, Managed Allocation Fund, and Target Managed Allocation Fund, are expected to continue to do so Post-Transaction as employees of Victory Capital, if they choose to become employees of Victory Capital. Post-Transaction, the investment teams for the Funds, other than the Fixed Income Funds, will be replaced or augmented.
- With the exception of the USAA S&P 500 Index Fund, USAA Extended Market Index Fund, and USAA Nasdaq-100 Index Fund, which will be advised by Victory Capital through its Victory Solutions platform, Victory Capital proposes that the same subadvisers be retained Post-Transaction, although Victory Capital may change the allocation to a particular subadviser Post-Transaction. No changes are expected to the portfolio managers of the subadvisers who will serve as subadvisers Post-Transaction.

[1] The Fixed Income Funds include the following Funds: California Bond Fund, Government Securities Fund, High Income Fund, Income Fund, Intermediate-Term Bond Fund, Tax Exempt Intermediate-Term Fund, Tax Exempt Long-Term Fund, New York Bond Fund, Short-Term Bond Fund, Tax Exempt Short-Term Fund, Ultra Short-Term Bond Fund, Virginia Bond Fund, Money Market Fund, Tax Exempt Money Market Fund and Treasury Money Market Trust.

[2] The Cornerstone Funds include the following Funds: Cornerstone Aggressive Fund, Cornerstone Conservative Fund, Cornerstone Equity Fund, Cornerstone Moderate Fund, Cornerstone Moderately Aggressive Fund, and Cornerstone Moderately Conservative Fund.

[3] The Target Retirement Funds include the following Funds: Target Retirement 2020 Fund, Target Retirement 2030 Fund, Target Retirement 2040 Fund, Target Retirement 2050 Fund, Target Retirement 2060 Fund, and Target Retirement Income Fund.

- VCA's distribution capabilities, including its significant network of intermediary relationships, which may provide additional opportunities for the Funds to grow assets and lower fees and expenses through increased economies of scale.
- The experience of Victory Capital in acquiring and integrating investments in investment management companies and its plans to transition and integrate AMCO's and USAA Transfer Agent's businesses to Victory Capital. Victory Capital and USAA expect to enter into a transition services agreement under which USAA will continue to provide Victory Capital with certain services that are currently provided by USAA to AMCO and the USAA Transfer Agent for a specified period of time after the closing of the Transaction to assist Victory Capital in transitioning the USAA member distribution channel and member support services.
- Pursuant to a transitional trademark license agreement with USAA, Victory Capital and the Funds will have a non-exclusive license, subject to certain restrictions and limitations, to continue using certain licensed marks including "USAA," "United Services Automobile Association," and the USAA Logo in connection with their asset management and transfer agency businesses for a period of three years following the closing of the Transaction, which agreement may thereafter be extended for an additional year.
- The support expressed by the current senior management team at AMCO for the Transaction and AMCO's recommendation that the Board approve the New Agreements.
- The commitments of Victory Capital and AMCO to bear all of the direct expenses of the Transaction, including all legal costs and costs associated with the proxy solicitation, regardless of whether the Transaction is consummated.

In addition to the matters noted above, in their deliberations regarding approval of the New Advisory Agreement, the Board considered the factors discussed below, among others.

**The nature, extent, and quality of services expected to be provided by Victory Capital** – The Board considered information provided by Victory Capital regarding its investment philosophy, investment management capabilities, business and operating structure, scale of operations, leadership and reputation, distribution capabilities, and financial condition. The Board also considered the capabilities, resources, and personnel of Victory Capital, including senior and other personnel of AMCO who had been extended offers to join Victory Capital, in order to determine whether Victory Capital is capable of providing the same level of investment management services currently provided to each Fund, and also considered the transition and integration plans to move management of the Funds to Victory Capital. The Board recognized that the AMCO personnel who had been extended offers may not accept such offers and personnel changes may occur in the future in the ordinary course. The Board considered the resources and infrastructure that Victory Capital intends to devote to its compliance program to ensure compliance with applicable laws and regulations, as well as Victory Capital's commitment to those programs. The Board also considered the resources that Victory Capital has devoted to its risk management program and cybersecurity program. The Board also reviewed information provided by Victory Capital related to its business, legal, and regulatory affairs. This review considered the resources available to Victory Capital to provide the services specified under the New Advisory Agreement. The Board considered Victory Capital's financial condition, including the financing of the Transaction, and noted that Victory Capital is expected to be able to provide a high level of service to the Funds and continuously invest and re-invest in its business.

The Board considered that, while it was proposed that Victory Capital would become the investment adviser to the Funds, the same portfolio managers at AMCO that manage the Fixed Income Funds, as well as USAA's Global Multi-Asset team servicing the Cornerstone Funds, Target Retirement Funds (including Target Managed Allocation Fund), Global Managed Volatility Fund, and Managed Allocation Fund, are expected to continue to do so after the Transaction as employees of Victory Capital, if they choose to become employees of Victory Capital. The Board determined that it had considered the qualifications of the portfolio managers at AMCO and the subadvisers at its 2018 15(c) Meeting. The Board considered the professional experience, education, affiliations and/or other credentials or qualifications of the anticipated portfolio managers at Victory Capital that would manage the Equity Funds[4], Cornerstone Funds, and Target Retirement Funds. The Board noted that the Equity Funds or portions of Equity Funds currently managed by AMCO would be replaced with portfolio managers from Victory Capital.

The Board considered that certain Funds would continue to operate in a manager-of-managers structure Post-Transaction. The Board considered that Victory Capital's experience in allocating assets to, and overseeing the advisory services of, its investment franchises and the Victory Solutions platform, was similar to AMCO's role in allocating assets to and overseeing the advisory services provided by the subadvisers.

The Board considered that the terms and conditions of the New Advisory Agreement are substantially similar to the terms and conditions of the Existing Management Agreements. The Board also considered that the New Subadvisory Agreements are substantially similar to the terms and conditions of the Existing Subadvisory Agreements and that no changes were proposed to the allocation of responsibilities as between Victory Capital and any subadviser, except to the extent that under the New Subadvisory Agreements each subadviser would be responsible for voting proxies with respect to assets allocated to that subadviser, while AMCO currently votes all Fund proxies. The Board considered that Victory Capital also would provide certain administrative, fund accounting, and shareholder servicing services under a separate administration agreement with the Funds. In this connection, the Board considered information on Victory Capital's use of third-party service providers to provide certain sub-administration and sub-accounting services to the Funds.

After review of these and other considerations, the Board concluded that Victory Capital will be capable of providing investment advisory services of the same high quality as the investment advisory services provided to the Funds by AMCO, and that these services are appropriate in nature and extent in light of the Funds' operations and investor needs.

[4]The Equity Funds include the following Funds: Aggressive Growth Fund, Growth & Income Fund, Income Stock Fund, Global Equity Income Fund, and Precious Metals and Minerals Fund.

**Performance of the Funds** – With respect to the performance of the Funds, the Board considered its review at the 2018 15(c) Meeting of peer group and benchmark investment performance comparison data relating to each Fund and, if applicable, each subadviser's performance record for similar accounts. The Board considered that information reviewed at the 2018 15(c) Meeting may be more relevant for those Funds that would retain their current portfolio managers or subadvisers. With respect to the Funds whose portfolio managers would be replaced, the Board considered the performance of funds sponsored and managed by Victory Capital ("Victory Funds") with similar investment objectives and strategies managed by the portfolio managers who would manage the Funds. Based on information presented to the Board at the Meetings and its discussions with Victory Capital, the Board concluded that Victory Capital is capable of generating a level of long-term investment performance that is appropriate in light of each Fund's investment objectives, strategies and restrictions.

**Fees to be paid to Victory Capital and expenses of the Funds** – The Board considered that it had reviewed each Fund's existing advisory fee rate and computation method for calculating such fees at the 2018 15(c) Meeting. The Board considered that the New Advisory Agreement does not change any Fund's advisory fee rate or the computation method for calculating such fees, except that Victory Capital, subject to Board approval, may in the future use a single designated share class to calculate the performance adjustment and apply the resulting performance adjustment across each other class of shares of the Fund. The Board considered that the use of a single designated class to calculate the performance adjustment for each other class of shares of the Fund could mean that shareholders of a class other than the class used to measure the performance adjustment may pay a performance adjustment that is higher or lower than if the adjustment were calculated on a class by class basis, primarily due to the impact of differences in the fees and expenses between share classes on performance. The Board considered that the New Advisory Agreement stipulates that the period for measuring performance for calculating a Fund's performance adjustment begins on the date that Victory Capital begins managing the Fund; therefore, no performance adjustments will be made for the first twelve months of the New Advisory Agreement, consistent with applicable regulations. The Board also considered Victory Capital's contractual commitment under the expense limitation agreement ("ELA") to waive fees and/or reimburse expenses for at least two years after the closing of the Transaction, so that each Fund's annual expense ratio (excluding acquired fund fees and expenses, any performance adjustment to a Fund's advisory fee, interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, and other extraordinary expenses not incurred in the ordinary course of such Fund's business) does not exceed the levels reflected in each Fund's most recent audited financial statements at the time the Transaction closes (or the levels of AMCO's then-current expense caps, if applicable), excluding the impact of any performance adjustment to a Fund's advisory fee. The Board considered that the ELA permits Victory Capital to recoup advisory fees waived and expenses reimbursed for up to three years after the fiscal year in which the waiver or reimbursement took place, subject to the lesser of any operating expense limitation in effect at the time of: (1) the original waiver or expense reimbursement; or (2) recoupment. The Board also considered that Victory Capital and AMCO had represented to the Board that they will use their best efforts to ensure that they and their respective affiliates do not take any action that imposes an "unfair burden" on the Funds as a result of the Transaction or as a result of any express or implied terms, conditions or understandings applicable to the Change of Control Event, for so long as the requirements of Section 15(f) of the 1940 Act apply. The Board also considered a comparison of the proposed advisory fees to be paid by each Fund to the advisory fees paid by funds and other accounts managed by Victory Capital deemed to be comparable to the Fund in terms of investment objectives and strategies. The Board considered that, with few exceptions, mostly involving weighted average fees for separate accounts, the advisory fees to be paid by the Funds were lower than the fees paid by these other funds and accounts. The Board concluded that the retention of Victory Capital was unlikely to impose an unfair burden on the Funds because, after the Transaction, none of AMCO, Victory Capital, VCA, or any of their respective affiliates, would be entitled to receive any compensation directly or indirectly (i) from any person in connection with the purchase or sale of securities or other property to, from, or on behalf of the Funds (other than ordinary fees for bona fide principal underwriting services), or (ii) from the Funds or their shareholders for other than bona fide investment advisory or other services. Based on its review, the Board determined, with respect to each Fund, that Victory Capital's advisory fee is fair and reasonable.

**The extent to which Victory Capital may realize economies of scale as the Funds grow larger and whether fee levels reflect these economies of scale for the benefit of Fund shareholders** – The Board considered potential or anticipated economies of scale in relation to the services Victory Capital would provide to each Fund. The Board considered that the New Advisory Agreement includes the same advisory fee breakpoints for the same Funds as the Existing Advisory Agreements. The Board also considered that Victory Capital has contractually agreed to cap the Funds' annual operating expense ratios, pursuant to the ELA, which will remain in effect for at least two years from the closing of the Transaction, and may be extended. The Board also considered Victory Capital's representation that the significant increase in its assets under management Post-Transaction may reasonably be expected to enable the new combined firm to reach greater economies of scale in a shorter time frame. The Board noted that it will have the opportunity to periodically re-examine whether a Fund or the Trust has achieved economies of scale, and the appropriateness of investment advisory and administrative fees payable to Victory Capital, in the future.

**The profits to be realized by Victory Capital and its affiliates from their relationship with the Trust** – The Board considered the benefits Victory Capital and its affiliates may derive from their relationship with the Funds, including compensation to be paid to Victory Capital for the provision of certain administrative, fund accounting and shareholder services to the Funds and compensation to be paid to USAA Transfer Agent for the provision of transfer agency services to the Funds. The Board considered the significant investments Victory Capital expected to make to support and grow the USAA member channel and the costs to integrate the USAA Fund business into Victory Capital. The Board also considered Victory Capital's profitability report presented to the board of trustees of the Victory Funds in connection with their most recent 15(c) process. The Board considered Victory Capital's representation that the fully integrated USAA Fund business, including investments to support ongoing growth, was expected to have an overall marginally positive impact on Victory Capital's overall financial profitability. The Board noted the difficulty of accurately projecting profitability under the current circumstance and noted that it would have the opportunity to give further consideration to Victory Capital's profitability with respect to the Funds at the end of the initial two-year term of the New Advisory Agreement.

**Fall-Out and other benefits to Victory Capital and its affiliates** – The Board considered the possible fall-out benefits and other types of benefits that may accrue to Victory Capital and its affiliates. The Board noted that the Transaction provides Victory Capital and its affiliates the opportunity to deliver investment products and services to USAA's direct member-based channel. The Board also considered that Victory Capital may derive reputational and other benefits from its ability to use "USAA" and related names in connection with operating and marketing the Funds. The Board considered that the Transaction, if completed, would significantly increase Victory Capital's assets under management and expand Victory Capital's investment capabilities. This increased size and diversification could facilitate Victory Capital's continued investment in its business and products, which Victory Capital would be able to leverage across a broader base of assets. Victory Capital also would be able to use trading commission credits from the Funds' transactions in securities to "purchase" third party research and execution services to support its investment process. Based on its review, the Board determined that any "fall-out" benefits and other types of benefits that may accrue to Victory Capital are fair and reasonable.

**Conclusions** – Based on the foregoing and other relevant considerations, at the Meeting of the Board held on January 15, 2019, the Board, including a majority of the Independent Trustees, acting within its business judgment, (1) concluded that the terms of the New Advisory Agreement are fair and reasonable and that approval of the New Advisory Agreement is in the best interests of each Fund and its respective shareholders, (2) voted to approve the New Advisory Agreement, and (3) voted to recommend approval of the New Advisory Agreement by shareholders of the Funds. The Board evaluated all information available to it on a Fund-by-Fund basis and its determinations were made separately in respect of each Fund. The Board noted some factors may have been more or less important with respect to any particular Fund and that no one factor was determinative of its decisions which, instead, were premised upon the totality of factors considered. In this connection, the Board also noted that different Board members likely placed emphasis on different factors in reaching their individual conclusions to vote in favor of the New Advisory Agreement and to recommend approval of the New Advisory Agreement by shareholders of the Funds.

# ADVISORY AGREEMENT(S)

**(between the Trust and the Manager)**

May 31, 2019

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The following disclosure relates to the approval of the continuation of the (i) investment advisory agreement between the Trust and AMCO and (ii) investment subadvisory agreements between certain subadvisers and AMCO, which were effective until July 1, 2019. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

At an in-person meeting of the Board of Trustees (the Board) held on April 17, 2019, the Board, including the Trustees who are not "interested persons" (as that term is defined in the Investment Company Act of 1940, as amended) of the Trust (the Independent Trustees), approved for an annual period the continuance of the Advisory Agreement between the Trust and the Manager with respect to the Fund.[1]

In advance of the meeting, the Trustees received and considered a variety of information relating to the Advisory Agreement and the Manager, and were given the opportunity to ask questions and request additional information from management. The information provided to the Board included, among other things: (i) a separate report prepared by an independent third party, which provided a statistical analysis comparing the Fund's investment performance, expenses, and fees to comparable investment companies; (ii) information concerning the services rendered to the Fund, as well as information regarding the Manager's revenues and costs of providing

[1]At an in-person meeting held on January 15, 2019, the Board, including the Independent Trustees, approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital Management Inc. ("Victory Capital"). Upon the closing of the transaction, on behalf of the Fund, Victory Capital Holdings, Inc., the parent company of Victory Capital, the Advisory Agreement between the Trust and the Manager will terminate and the new investment advisory agreement between the Trust and Victory Capital will go into effect. The factors the Board considered in approving the new investment advisory agreement with Victory Capital are included in this annual report.

services to the Fund and compensation paid to affiliates of the Manager; and (iii) information about the Manager's operations and personnel. Prior to voting, the Independent Trustees reviewed the proposed continuance of the Advisory Agreement with management and with experienced independent legal counsel retained by the Independent Trustees (Independent Counsel) and received materials from such Independent Counsel discussing the legal standards for their consideration of the proposed continuation of the Advisory Agreement with respect to the Fund. The Independent Trustees also reviewed the proposed continuation of the Advisory Agreement with respect to the Fund in private sessions with Independent Counsel at which no representatives of management were present.

At each regularly scheduled meeting of the Board and its committees, the Board receives and reviews, among other things, information concerning the Fund's performance and related services provided by the Manager. At the meeting at which the renewal of the Advisory Agreement is considered, particular focus is given to information concerning Fund performance, fees and total expenses as compared to comparable investment companies, and the Manager's profitability with respect to the Fund. However, the Board noted that the evaluation process with respect to the Manager is an ongoing one. In this regard, the Board's and its committees' consideration of the Advisory Agreement included certain information previously received at such meetings.

## ADVISORY AGREEMENT

After full consideration of a variety of factors, the Board, including the Independent Trustees, voted to approve the Advisory Agreement. In approving the Advisory Agreement, the Trustees did not identify any single factor as controlling, and each Trustee may have attributed different weights to various factors. Throughout their deliberations, the Independent Trustees were represented and assisted by Independent Counsel.

**Nature, Extent, and Quality of Services** – In considering the nature, extent, and quality of the services provided by the Manager under the Advisory Agreement, the Board reviewed information provided by the Manager relating to its operations and personnel. The Board also took into account its knowledge of the Manager's management and the quality of the performance of the Manager's duties through Board meetings, discussions, and reports during the preceding year. The Board considered the fees paid to the Manager and the services provided to the Fund by the Manager under the Advisory Agreement, as well as other services provided by the Manager and its affiliates under other agreements, and the personnel who provide these services. In addition to the investment advisory services provided to the Fund, the Manager and its affiliates provide administrative services, shareholder services, oversight of Fund accounting, marketing services, assistance in meeting legal and regulatory requirements, and other services necessary for the operation of the Fund and the Trust. The Board also considered the significant risks assumed by the Manager in connection with the services provided to the Fund, including investment, operational, enterprise, litigation, regulatory and compliance risks.

The Board considered the Manager's management style and the performance of the Manager's duties under the Advisory Agreement. The Board considered the level and depth of experience of the Manager, including the professional experience and qualifications of its senior and investment personnel, as well as current staffing levels. The allocation of the Fund's brokerage, including the Manager's process for monitoring "best execution," also was considered. The Manager's role in coordinating the activities of the Fund's other service providers also was considered.

The Board also considered the Manager's risk management processes. The Board considered the Manager's financial condition and that it had the financial wherewithal to continue to provide the same scope and high quality of services under the Advisory Agreement. In reviewing the Advisory Agreement, the Board focused on the experience, resources, and strengths of the Manager and its affiliates in managing the Fund, as well as the other funds in the Trust.

The Board also reviewed the compliance and administrative services provided to the Fund by the Manager and its affiliates, including oversight of the Fund's day-to-day operations and oversight of Fund accounting.

The Trustees, guided also by information obtained from their experiences as trustees of the Trust, also focused on the quality of the Manager's compliance and administrative staff.

**Expenses and Performance** – In connection with its consideration of the Advisory Agreement, the Board evaluated the Fund's advisory fees and total expense ratio as compared to other open-end investment companies deemed to be comparable to the Fund as determined by the independent third party in its report. The Fund's expenses were compared to (i) a group of investment companies chosen by the independent third party to be comparable to the Fund based upon certain factors, including fund type, comparability of investment objective and classifications, sales load type (in this case, retail investment companies with front-end sales loads and no sales loads), asset size, and expense components (the "expense group") and (ii) a larger group of investment companies that includes all front-end load and no-load retail open-end investment companies with the same investment classification/objective as the Fund regardless of asset size, excluding outliers (the "expense universe"). Among other data, the Board noted that the Fund's management fee rate – which includes advisory and administrative services and the effects of any performance adjustment – was below the median of its expense group and its expense universe. The data indicated that the Fund's total expenses were below the median of its expense group and its expense universe. The Board took into account the various services provided to the Fund by the Manager and its affiliates, including the high quality of services received by the Fund from the Manager. The Board also noted the level and method of computing the Fund's management fee, including any performance adjustment to such fee.

In considering the Fund's performance, the Board noted that it reviews at its regularly scheduled meetings information about the Fund's performance results. The Trustees also reviewed various comparative data provided to them in connection with their consideration of the renewal of the Advisory Agreement, including, among other information, a comparison of the Fund's average annual total return with its Lipper index and with that of other mutual funds deemed to be in its peer group by the independent third party in its report (the "performance universe"). The Fund's performance universe consisted of the Fund and all retail and institutional open-end investment companies with the same classification/objective as the Fund regardless of asset size or primary channel of distribution. This comparison indicated that, among other data, the Fund's performance was above the average of its performance universe and its Lipper index for the one- and five-year periods ended December 31, 2018, and was above the average of its performance universe and below its Lipper index for the three- and ten-year periods ended December 31, 2018. The Board also noted that the Fund's percentile performance ranking was in the top 15% of its performance universe for the one-year period ended December 31, 2018, was in the top 50% of its performance universe for the three- and five-year periods ended December 31, 2018, and was in the top 25% of its performance universe for the ten-year period ended December 31, 2018.

**Compensation and Profitability** – The Board took into consideration the level and method of computing the Fund's management fee. The information considered by the Board included operating profit margin information for the Manager's business as a whole. The Board also received and considered profitability information related to the management revenues from the Fund. This information included a review of the methodology used in the allocation of certain costs to the Fund. The Trustees reviewed the profitability of the Manager's relationship with the Fund before tax expenses. The Board was also provided with an Investment Management Profitability Analysis prepared by an independent information service. In reviewing the overall profitability of the management fee to the Manager, the Board also considered the fact that affiliates provide shareholder servicing and administrative services to the Fund for which they receive compensation. The Board also considered the possible direct and indirect benefits to the Manager from its relationship with the Trust, including that the Manager may derive reputational and other benefits from its association with the Fund. The Trustees recognized that the Manager should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the Fund and the entrepreneurial risk that it assumes as Manager.

**Economies of Scale** – The Board considered whether there should be changes in the management fee rate or structure in order to enable the Fund to participate in any economies of scale. The Board took into account management's discussions of the current advisory fee structure. The Board also considered the effect of the Fund's growth and size on its performance and fees, noting that if the Fund's assets increase over time, the Fund may realize other economies of scale if assets increase proportionally more than some expenses. The Board determined that the current investment management fee structure was reasonable.

**Conclusions** – The Board reached the following conclusions regarding the Fund's Advisory Agreement with the Manager, among others: (i) the

Manager has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (ii) the Manager maintains an appropriate compliance program; (iii) the performance of the Fund is reasonable in relation to the performance of funds with a similar investment strategy and to relevant indices; (iv) the Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Manager; and (v) the Manager's and its affiliates' level of profitability from its relationship with the Fund is reasonable in light of the nature and high quality of services provided by the Manager and the type of fund. Based on its conclusions, the Board determined that continuation of the Advisory Agreement would be in the best interests of the Fund and its shareholders.

# TRUSTEES' AND OFFICERS' INFORMATION

## TRUSTEES AND OFFICERS OF THE TRUST

As of July 1, 2019, the Board of Trustees (the Board) of the Trust consists of ten Trustees. These Trustees and the Trust's Officers supervise the business affairs of the USAA family of funds. The Board is responsible for the general oversight of the funds' business and for assuring that the funds are managed in the best interests of each fund's respective shareholders. The Board periodically reviews the funds' investment performance as well as the quality of other services provided to the funds and their shareholders by each of the fund's service providers, including the adviser and its affiliates. Pursuant to a policy adopted by the Board, the term of office for each Trustee shall be until the Trustee reaches age 75. The Board may change or grant exceptions from this policy at any time without shareholder approval. A Trustee may resign or be removed by a vote of two-thirds of the Trustees before the removal or by the holders of two-thirds of the outstanding shares of the Trust at any time. Vacancies on the Board can be filled by the action of a majority of the Trustees, provided that after filling such vacancy at least two-thirds of the Trustees have been elected by the shareholders.

Set forth below are the Trustees and Officers of the Trust, their respective offices and principal occupations during the last five years, length of time served, and information relating to any other directorships held. As of July 1, 2019, each serves on the Board of the USAA family of funds consisting of one registered investment company, which offers 47 individual funds. Unless otherwise indicated, the business address for each is P.O. Box 659430, San Antonio, TX 78265-9430.

If you would like more information about the funds' Trustees, you may call (800) 235-8396 to request a free copy of the funds' Statement of Additional Information (SAI).

In connection with the Transaction, the Board of the Trust nominated, and shareholders of each USAA mutual fund approved, two new Trustees to serve on the Trust's Board, effective upon the closing of the Transaction. Effective July 1, 2019, David C. Brown serves as an Interested Trustee and John C. Walters serves as an Independent Trustee. Information about the current Trustees of the Trust is provided below.

## INTERESTED TRUSTEES

**Daniel S. McNamara**[1, 2, 4, 6,†]
Trustee and Chair of the Board of Trustees
Born: June 1966
Year of Election or Appointment: 2012

Trustee, President, and Vice Chairman, USAA ETF Trust (06/17–06/19); President of Financial Advice & Solutions Group (FASG), USAA (02/13–present); Director of USAA Asset Management Company (AMCO), (08/11–present); Director of USAA Investment Management Company (IMCO) (09/09–present); President, IMCO (09/09–04/14); President and Director of USAA Shareholder Account Services (SAS) (10/09–present); Senior Vice President of USAA Financial Planning Services Insurance Agency, Inc. (FPS) (04/11–present); Director of FPS (12/13–present); President and Director of USAA Investment Corporation (ICORP) (03/10–present); Director of USAA Financial Advisors, Inc. (FAI) (12/13–present). Mr. McNamara brings to the Board extensive experience in the financial services industry, including experience as an officer of the Trust.

**David C. Brown**[2, 4, 6,10]
Trustee
Born: May 1972
Year of Election or Appointment: 2019

Chairman and Chief Executive Officer (2013–present), Co-Chief Executive Officer, (2011–2013), Victory Capital Management Inc.; Chairman and Chief Executive Officer (2013–present), Victory Capital Holdings, Inc. Mr. Brown brings to the Board extensive business, finance and leadership skills gained and developed through years of experience in the financial services industry, including his tenure overseeing the strategic direction as CEO of Victory Capital. These skills, combined with Mr. Brown's extensive knowledge of the financial services industry and demonstrated success in the development and distribution of investment strategies and products, enable him to provide valuable insights to the Board and strategic direction for the Funds. Mr. Brown serves on the Boards of the Victory Funds family of funds consisting of five registered investment companies offering approximately 104 mutual funds and 24 ETFs. Mr. Brown is considered an Interested Trustee of the Trust due to his position with Victory Capital and its affiliated companies.

## NON-INTERESTED (INDEPENDENT) TRUSTEES

**Robert L. Mason, Ph.D.**[3, 4, 5, 6, 7]
Trustee
Born: July 1946
Year of Election or Appointment: 1997

Trustee, USAA ETF Trust (06/17–06/19); Adjunct Professor in the Department of Management Science and Statistics in the College of Business at the University of Texas at San Antonio (2001–present); Institute Analyst, Southwest Research Institute (03/02–01/16), which focuses on providing innovative technology, science, and engineering services to clients around the world and is one of the oldest independent, nonprofit, applied research and development organizations in the United States. He was employed at Southwest Research Institute for 40 years. Dr. Mason brings to the Board particular experience with information technology matters, statistical analysis, and human resources as well as over 22 years' experience as a Board member of the USAA family of funds. Dr. Mason holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**Jefferson C. Boyce**[3, 4, 5, 6, 7]
Lead Trustee and Vice Chair
Born: September 1957
Year of Election or Appointment: 2013

Trustee, USAA ETF Trust (06/17–06/19); Senior Managing Director, New York Life Investments, LLC (1992–2012), an investment manager. Mr. Boyce brings to the Board experience in financial investment management, and, in particular, institutional and retail mutual funds, variable annuity products, broker dealers, and retirement programs, including experience in organizational development, marketing, product development, and money management as well as five years' experience as a Board member of the USAA family of funds. Mr. Boyce is a board member of Westhab, Inc.

**Dawn M. Hawley**[3, 4, 5, 6, 7, 9]
Trustee
Born: February 1954
Year of Election or Appointment: 2014

Trustee, USAA ETF Trust (06/17–06/19); Manager of Finance, Menil Foundation, Inc. (05/07–06/11), which is a private foundation that oversees the assemblage of sculptures, prints, drawings, photographs, and rare books. Director of Financial Planning and Analysis and Chief Financial Officer, AIM Management Group, Inc. (10/87–01/06). Ms. Hawley brings to the Board experience in financial investment management and, in particular, institutional and retail mutual funds, variable annuity products, broker dealers, and retirement programs, including experience in financial planning, budgeting, accounting practices, and asset/liability management functions including major acquisitions and mergers, as well as over five years' experience as a Board member of the USAA family of funds. Ms. Hawley holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**Paul L. McNamara**[3, 4, 5, 6, 7]
Trustee
Born: July 1948
Year of Election or Appointment: 2012

Trustee, USAA ETF Trust (06/17–06/19); Director, Cantor Opportunistic Alternatives Fund, LLC (03/10–02/14), which is a closed-end fund of funds by Cantor Fitzgerald Investment Advisors, LLC. Mr. McNamara retired from Lord Abbett & Co. LLC, an independent U.S. investment management firm, as an Executive Member on 09/30/09, a position he held since 10/02. He had been employed at Lord Abbett since 1996. Mr. McNamara brings to the Board extensive experience with the financial services industry and, in particular, institutional and retail mutual fund markets, including experience with mutual fund marketing, distribution, and risk management, as well as overall experience with compliance and corporate governance issues. Mr. McNamara also has experience serving as a fund director as well as seven years' experience as a Board member of the USAA family of funds. Paul L. McNamara is of no relation to Daniel S. McNamara. Mr. McNamara holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**Richard Y. Newton III**[3, 4, 5, 6, 7]
Trustee
Born: January 1956
Year of Election or Appointment: 2017

Trustee, USAA ETF Trust (06/17–06/19); Director, Elta North America (01/18–present), which is a global leader in the design, manufacture and support of innovative electronic systems in the ground, maritime, airborne, and security domains for the nation's warfighters, security personnel, and first responders; Managing Partner, Pioneer Partnership Development Group (12/15–present); Executive Director, The Union League Club of New York (06/14–11/15); Executive Vice President, Air Force Association (08/12–05/14); Lieutenant General, United States Air Force (01/08–06/12). Lieutenant General Newton (Ret.) served 34 years of active duty in the United States Air Force. Lt. Gen. Newton retired as the Assistant Vice Chief of Staff and Director of Air Staff at the Headquarters of the U.S. Air Force where he was responsible for overseeing the administration and organization of the Air Staff, which develops policies, plans and programs, establishes requirements, and provides resources to support the Air Force's mission. Lt. Gen. Newton is a graduate of the United States Air Force Academy, Webster University, and The National War College. Lt. Gen. Newton brings to the Board extensive management and military experience, as well as over two years of experience as a Board member of the USAA family of funds. Lt. Gen. Newton holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**Barbara B. Ostdiek, Ph.D.**[3, 4, 5, 6, 7, 8]
Trustee
Born: March 1964
Year of Election or Appointment: 2008

Trustee, USAA ETF Trust (06/17–06/19); Senior Associate Dean of Degree programs at Jesse H. Jones Graduate School of Business at Rice University (07/13–present); Associate Professor of Finance at Jesse H. Jones Graduate School of Business at Rice University (07/01–present); Academic Director, El Paso Corporation Finance Center at Jesse H. Jones Graduate School of Business at Rice University (07/02–06/12). Dr. Ostdiek brings to the Board particular experience with financial investment management, education, and research as well as over eleven years' experience as a Board member of the USAA family of funds. Dr. Ostdiek holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**Michael F. Reimherr**[3, 4, 5, 6, 7]
Trustee
Born: August 1945
Year of Election or Appointment: 2000

Trustee, USAA ETF Trust (06/17–06/19); President of Reimherr Business Consulting performing business valuations of medium to large companies; developing business plans, budgets, and internal financial reporting; and work with mergers and acquisitions (05/95–12/17). St. Mary's University Investment Committee overseeing University Endowment (06/14–present). Mr. Reimherr brings to the Board particular experience with organizational development, budgeting, finance, capital markets, and mergers and acquisitions, as well as over 19 years' experience as a Board member of the USAA family of funds. Mr. Reimherr holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

**John C. Walters**[3, 4, 5, 6, 7]
Trustee
Born: February 1962
Year of Election or Appointment: 2019

Retired. Mr. Walters brings significant Board experience including active involvement with the board of a Fortune 500 company, and a proven record of leading large, complex financial organizations. He has a demonstrated record of success in distribution, manufacturing, investment brokerage, and investment management in both the retail and institutional investment businesses. He has substantial experience in the investment management business with a demonstrated ability to develop and drive strategy while managing operational, financial, and investment risk. Mr. Walters is a board member of Guardian Variable Products Trust (16 series), Lead Independent Director; Amerilife Holdings LLC, Director; Stadion Money Management; Director; and University of North Carolina (Chapel Hill), Member Board of Governors.

[1] Indicates the Trustee is an employee of AMCO or affiliated companies and is considered an "interested person" under the Investment Company Act of 1940.

[2] Member of Executive Committee.

[3] Member of Audit and Compliance Committee.

[4] Member of Product Management and Distribution Committee.

[5] Member of Corporate Governance Committee.

[6] Member of Investments Committee.

[7] The address for all non-interested trustees is that of the USAA Funds, P.O. Box 659430, San Antonio, TX 78265-9430.

[8] Dr. Ostdiek has been designated as an Audit and Compliance Committee Financial Expert by the Funds' Board.

[9] Ms. Hawley has been designated as an Audit and Compliance Committee Financial Expert by the Funds' Board.

[10] Indicates the Trustee is an employee of Victory Capital or affiliated companies and is considered an "interested person" under the Investment Company Act of 1940.

[†] Mr. D. McNamara was elected as Chair of the Board in July 2019.

Effective July 1, 2019, the Board of the Trust appointed certain new officers of the Trust. The current officers of the Trust are stated below.

## OFFICERS

**Christopher K. Dyer**
President
Born: February 1962
Year of Appointment: 2019

Director of Mutual Fund Administration, the Victory Capital.

**Scott A. Stahorsky**
Vice President
Born: July 1969
Year of Appointment: 2019

Manager, Fund Administration, the Adviser (since 2015); Senior Analyst, Fund Administration, the Victory Capital (prior to 2015).

**Allan Shaer**
Assistant Treasurer
Born: March 1965
Year of Appointment: 2019

Senior Vice President, Financial Administration, Citi Fund Services Ohio, Inc. (since 2016); Vice President, Mutual Fund Administration, JP Morgan Chase (2011–2016).

**James K. De Vries**
Treasurer
Born: April 1969
Year of Appointment: 2018

Treasurer, USAA ETF Trust (09/18–06/19); Executive Director, Investment and Financial Administration, USAA (04/12–present); Assistant Treasurer, USAA ETF Trust (06/17–09/18); Assistant Treasurer, USAA Mutual Funds Trust (12/13–02/18). Mr. De Vries also serves as the Funds' Principal Financial Officer.

**Carol D. Trevino**
Assistant Treasurer
Born: October 1965
Year of Appointment: 2018

Assistant Treasurer, USAA ETF Trust (09/18–06/19); Accounting/Financial Director, USAA (12/13–present); Senior Accounting Analyst, USAA (03/11–12/13).

**Erin G. Wagner**
Secretary
Born: February 1974
Year of Appointment: 2019

Associate General Counsel, the Adviser (since 2013).

**Charles Booth**
Anti-Money Laundering Compliance Officer and Identity Theft Officer
Born: April 1960
Year of Appointment: 2019

Director, Regulatory Administration and CCO Support Services, Citi Fund Services Ohio, Inc. (2007–present).

**Amy Campos**
Chief Compliance Officer
Born: August 1976
Year of Appointment: 2019

Chief Compliance Officer, USAA Mutual Funds Trust (7/1/19–present); Executive Director, Deputy Chief Compliance Officer, USAA Mutual Funds Trust and USAA ETF Trust (7/17–6/19); Compliance Director, USAA Mutual Funds Trust (2014–7/17); Senior Compliance Advisor, USAA Mutual Funds Trust (2010–2014).

**The following officers served in their respective office until July 1, 2019, at which point each of the following officers resigned from their respective office and no longer serve in these positions.**

**John C. Spear**
Vice President
Born: May 1964
Year of Appointment: 2016

Vice President, USAA ETF Trust (06/17–06/19); Senior Vice President and Chief Investment Officer, USAA Investments, (03/17–present); Vice President and Chief Investment Officer, USAA Investments, (11/16–03/17); Vice President, Long Term Fixed Income (05/12–11/16).

**John P. Toohey**
Vice President
Born: March 1968
Year of Appointment: 2009

Vice President, USAA ETF Trust (06/17–06/19); Head of Equities, Equity Investments, AMCO (01/12–present).

**Kristen Millan**
Secretary
Born: April 1983
Year of Appointment: 2019

Secretary, USAA ETF Trust (04/19–06/19); Assistant Secretary, USAA ETF Trust (01/19–06/19); Senior Attorney, FASG General Counsel, USAA (09/17–06/19); Attorney, FASG General Counsel, USAA (06/13–09/17). Ms. Millan also serves as Assistant Secretary of AMCO, ICORP, and SAS.

**Stephanie A. Higby**
Chief Compliance Officer
Born: July 1974
Year of Appointment: 2013

Chief Compliance Officer, USAA ETF Trust (06/17–06/19); Assistant Vice President, Compliance-Investments, USAA (02/18–present); Assistant Vice President, Compliance Mutual Funds, USAA (12/16–01/18); Executive Director, Institutional Asset Management Compliance, USAA (04/13–12/16). Ms. Higby also serves as the Funds' anti-money laundering compliance officer and as the Chief Compliance Officer for AMCO and IMCO.

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|---|---|
| **As of July 1, 2019** | |
| **Trustees** | Daniel S. McNamara<br>Robert L. Mason, Ph.D.<br>Jefferson C. Boyce<br>Dawn M. Hawley<br>Paul L. McNamara<br>Richard Y. Newton III<br>Barbara B. Ostdiek, Ph.D.<br>Michael F. Reimherr<br>David C. Brown<br>John C. Walters |
| **Administrator and Investment Adviser** | Victory Capital Management Inc.<br>P.O. Box 659453<br>San Antonio, Texas 78265-9825 |
| **Underwriter and Distributor** | Victory Capital Advisers Inc.<br>4900 Tiedeman Road<br>Brooklyn, Ohio 44144<br>San Antonio, Texas 78265-9825 |
| **Transfer Agent** | Victory Capital Transfer Agency Inc.<br>9800 Fredericksburg Road<br>San Antonio, Texas 78288 |
| **Custodian, Accounting Agent, and Sub-Administrator** | State Street Bank and Trust Company<br>P.O. Box 1713<br>Boston, Massachusetts 02105 |
| **Independent Registered Public Accounting Firm** | Ernst & Young LLP<br>100 West Houston St., Suite 1700<br>San Antonio, Texas 78205 |

Copies of the USAA AMCO's proxy voting policies and procedures, approved by the Trust's Board of Trustees for use in voting proxies on behalf of the Fund, are available without charge (i) by calling (800) 235-8396; (ii) at **usaa.com**; and (iii) in summary within the Statement of Additional Information on the SEC's website at **http://www.sec.gov**. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) at **usaa.com**; and (ii) on the SEC's website at **http://www.sec.gov**.

The Fund files its complete schedule of monthly portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT (beginning with filings after March 31, 2019). Previously, the Fund made its complete schedule of portfolio holdings available after the first and third fiscal quarters in regulatory filings on Form N-Q. The Fund's Forms N-CSR, N-PORT, and N-Q are available at no charge (i) by calling (800) 235-8396; (ii) at **usaa.com;** and (iii) on the SEC's website at **http://www.sec.gov.**

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