



MUTUAL FUNDS

July 31, 2019

# Annual Report

## USAA Short-Term Bond Fund

**Fund  
Shares**

USSBX

**Institutional  
Shares**

UISBX

**Adviser  
Shares**

UASBX

**R6  
Shares**

URSBX

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](http://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](http://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](http://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.

Victory Capital means Victory Capital Management Inc., the investment manager of the USAA Mutual Funds. USAA Mutual Funds are distributed by Victory Capital Advisers, Inc., a broker dealer registered with FINRA and an affiliate of Victory Capital. Victory Capital and its affiliates are not affiliated with United Services Automobile Association or its affiliates. USAA and the USAA logos are registered trademarks and the USAA Mutual Funds and USAA Investments logos are trademarks of United Services Automobile Association and are being used by Victory Capital and its affiliates under license.

## PRESIDENT'S MESSAGE

*“. . . now may be an opportune time for investors to ensure that their portfolios are well diversified and that their overall allocation is appropriate for their particular risk appetite.”*



### September 2019

Although the bull market in equities has continued running, it was not without a few missteps. Trade turmoil, questions surrounding global economic growth, changing monetary policy, and geopolitical disputes have all led to increased volatility. But through it all, domestic stocks, as measured by the S&P 500® Index, still managed an annual return of approximately 8% for the 12-month period ended July 31, 2019.

Given the sometimes dire news flow and ample cross-currents, it's no surprise that volatility returned to the market. On one hand, the U.S. economy continues to look good. The unprecedented streak of job creation has continued uninterrupted, and unemployment is bouncing along historic lows at 3.7%. The consumer remains resilient and inflation is tepid. On the flip side, however, U.S. trade policy seems to be evolving, with new tariffs threatened and implemented. The markets generally dislike this type of trade turmoil and uncertainty, and the ongoing tensions between the United States and China (and other trading partners) threaten to upend global supply chains and hinder economic growth.

It's not just the stock market that has been dealing with volatility. The bond market also has experienced volatility, due largely to the U.S. Federal Reserve's (the "Fed") famous "pivot" in late 2018. Against the backdrop of rapidly falling equities in the fourth quarter of 2018, the Fed signaled that its next policy move would be to lower—not increase—short-term interest rates. This immediately altered the yield environment.

Meanwhile, the U.S. Treasury yield curve continued to flatten and, in fact, inverted—whereby shorter-term yields became higher than longer-term

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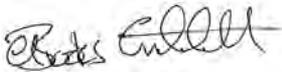
yields. Such a yield-curve inversion is a worrying sign as it sometimes, but not always, portends to a recession.

Although we are not predicting a recession, we must acknowledge that risks have increased for an economic slowdown. Given that the current run in stocks is more than a decade old, it's important for investors to keep perspective that the bull market cannot continue forever. Therefore, now may be an opportune time for investors to ensure that their portfolios are well diversified and that their overall allocation is appropriate for their particular risk appetite.

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, 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. On the following pages, you will find information relating to your USAA Investments, which is now a Victory Capital Investment Franchise. If you have any questions about your investments, we encourage you to engage your financial advisor or else contact us directly at 800-235-8396 or visit [usaa.com](http://usaa.com).

My colleagues and I sincerely appreciate the confidence you have placed in us, and we value the opportunity to help you meet your investment goals.

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 Victory Capital Management Inc. 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.

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# MANAGERS' COMMENTARY ON THE FUND

USAA Investments, A Victory Capital Investment Franchise

**Brian W. Smith**, CFA, CPA

**Julianne Bass**, CFA

**James F. Jackson Jr.**, CFA

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

**Kurt Daum**, JD

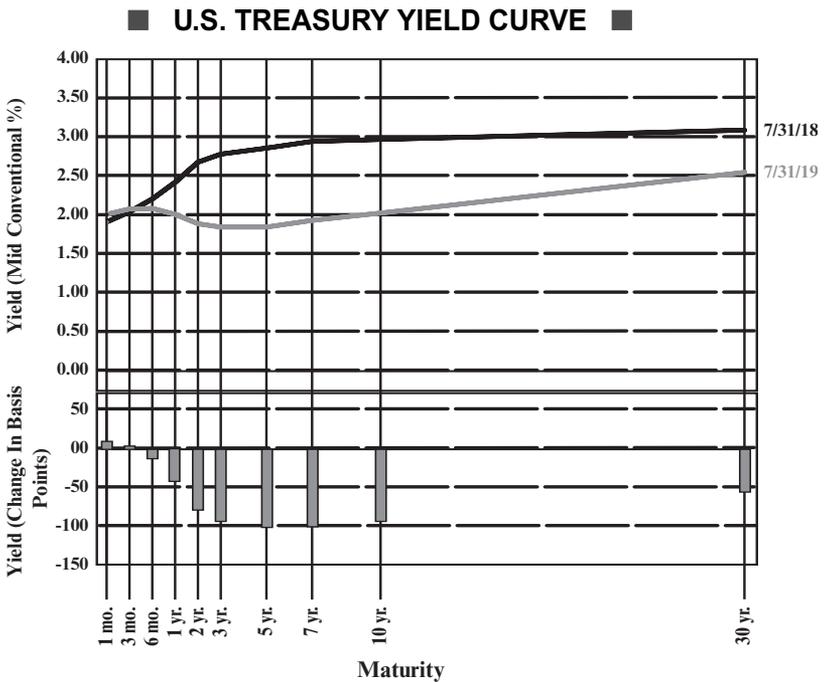
**John Spear**, CFA

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

When the reporting period started in August 2018, investors expected the U.S. Federal Reserve (the “Fed”) to continue raising short-term interest rates into 2019. This outlook changed in November 2018, as investors grew concerned about a potential trade war between the United States and China, uncertainty related to the United Kingdom’s exit from the European Union, slowing global economic growth, a stronger U.S. dollar, and the possibility of a U.S. government shutdown. Interest rates on maturities of six months and longer began to trend downward, pushing bond prices higher. Investors’ concerns persisted into December 2018, which also was notable for the beginning of a U.S. government shutdown that lasted 35 days. Although Fed officials raised short-term interest rates at the December policy meeting, their tone turned more dovish. In March 2019, the Fed left rates unchanged and indicated it would stop its balance sheet runoff earlier than expected. (Since October 2017, the Fed has been trimming its balance sheet by gradually decreasing the reinvestment of maturing holdings of U.S. Treasury and government-sponsored mortgage-backed securities.) These actions, along with the Fed’s softer language about the U.S. economy, generally sent interest rates lower, with the market anticipating zero Fed interest rate increase in the 2019 calendar year. In June 2019, Fed policymakers indicated an interest rate cut was possible if the economic outlook weakened. The bond market responded by pricing in an interest

rate cut as soon as July 2019. On July 31, 2019, the Fed cut short-term interest rates and said it would end its balance sheet reduction on August 1, 2019, two months earlier than previously announced.

During the 12-month reporting period, U.S. Treasury yields fell along the curve, except those on one-month and three-month maturities, which ended the period higher than they began. The two-year U.S. Treasury yield decreased 80 basis points, while 10-year and 30-year U.S. Treasury yields dropped 95 and 56 basis points, respectively. (A basis point is 1/100<sup>th</sup> of a percentage point.) Expectations about Fed monetary policy also led to an inversion in the very short end of the curve, with the 10-year U.S. Treasury yield falling below the one-month U.S. Treasury yield. The inversion occurred as the U.S. entered its tenth year of recovery from the financial crisis, with ongoing economic growth and strong employment levels.



Source: Bloomberg Finance L.P.

With the exception of high-yield spreads, credit spreads (yield differentials between corporate bonds and U.S. Treasury securities of comparable maturity) ended the reporting period largely unchanged. AAA and BBB spreads widened by four and two basis points, respectively. AA spreads were flat, while A spreads tightened by eight basis points. High-yield spreads widened by 35 basis points. (Spreads are generally considered an indication of risk; the wider the spread, the greater the perceived risk.)

■ **Bloomberg Barclays U.S. Aggregate Credit Index** ■  
Average Option Adjusted Spread



■ **How did the USAA Short-Term Bond 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 July 31, 2019, the

Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares had total returns of 4.43%, 4.42%, 4.17%, and 4.50%, respectively. This compares to returns of 4.67% for the Bloomberg Barclays 1-3 Year Credit Index (the “Index”) and 4.18% for the Lipper Short Investment Grade Debt Funds Index. At the same time, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares provided a one-year dividend yield of 2.65%, 2.75%, 2.41%, and 2.83%, respectively, compared to 2.51% for the Lipper Short Investment Grade Debt Funds Average.

Victory Capital Management Inc. (the “Manager” or “Victory Capital”) is the Fund’s investment adviser. The investment adviser provides day-to-day discretionary management for the Fund’s assets.

## ■ What were your strategies in this environment?

The Fund earned a positive total return during the reporting period and outperformed the Index, driven primarily by coupon income and the decline in U.S. Treasury yields.

Reflecting the portfolio’s diversification, these results were spread among a variety of sectors. Within corporate bonds, the Fund benefited from investments in aerospace and defense, life insurance, real estate investment trusts, utilities, and banks. Holdings of residential mortgage-backed securities also added to relative returns. Certain other market segments weighed on relative performance, although they generally produced positive returns. These included oil field services, consumer cyclicals, and airlines, as well U.S. Treasury securities. In addition, the Fund’s cash position was a drag on performance as bond prices rose during the reporting period. We continued to adhere to our disciplined investment approach, which is to maintain an attractive yield with an acceptable level of risk.

Refer to page 6 for benchmark definitions.

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



To identify attractive investment opportunities, we worked with our in-house team of analysts, continuing to build the portfolio bond-by-bond, through fundamental bottom-up analysis. We seek ideas where our fundamental understanding of the credit risk is different than the market. This approach, we believe, will generate total returns that may outperform our Lipper peers over the long run, with less volatility. Our analysts review all securities considered for purchase and assign their own independent credit rating. As always, they continuously monitor every holding in the Fund. We are committed to building a portfolio diversified among multiple asset classes and across a large number of issuers. To minimize the Fund's exposure to potential surprises, we limit the positions we take in any one issuer.

Thank you for allowing us to help you with your investment needs.

Diversification is a technique to help reduce risk and does not guarantee a profit or prevent a loss. • As interest rates rise, bond prices generally fall; given the historically low interest rate environment, risks associated with rising interest rates may be heightened. • Mortgage-backed securities have prepayment, credit, interest rate, and extension 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.

# INVESTMENT OVERVIEW

## ■ AVERAGE ANNUAL TOTAL RETURNS AS OF 7/31/19 ■

	1 Year	5 Year	10 Year	Since Inception*	Date Inception
Fund Shares	4.43%	2.02%	2.74%	—	—
Institutional Shares	4.42%	2.11%	2.88%	—	—
Adviser Shares	4.17%	1.80%	—	1.99%	8/01/10
R6 Shares	4.50%	—	—	2.91%	12/01/16
Bloomberg Barclays 1–3 Year Credit Index** (reflects no deduction for fees, expenses, or taxes)	4.67%	1.95%	2.48%	—	—
Lipper Short Investment Grade Debt Funds Index*** (reflects no deduction for taxes)	4.18%	1.75%	2.41%	—	—

\*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 broad-based Bloomberg Barclays 1–3 Year Credit Index measures the performance of investment grade corporate debt and sovereign, supranational, local authority, and non-U.S. agency bonds that have a remaining maturity of at least one year and less than three years.

\*\*\*The unmanaged Lipper Short Investment Grade Debt Funds Index tracks the total return performance of funds in the Lipper Short Investment Grade Debt Funds category.

**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](http://usaa.com).**

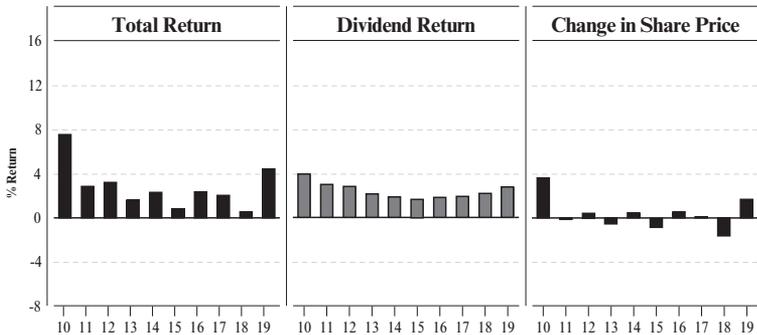
Total return measures the price change in a share assuming the reinvestment of all net investment income and realized capital gain distributions, if any. The total returns quoted do not reflect adjustments made to the enclosed financial statements in accordance with U.S. generally accepted accounting 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 July 31, 2019

	Total Return	=	Dividend Return	+	Price Change
10 Years	2.74%	=	2.38%	+	0.36%
5 Years	2.02%	=	2.05%	+	-0.03%
1 Year	4.43%	=	2.76%	+	1.67%

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](http://usaa.com).

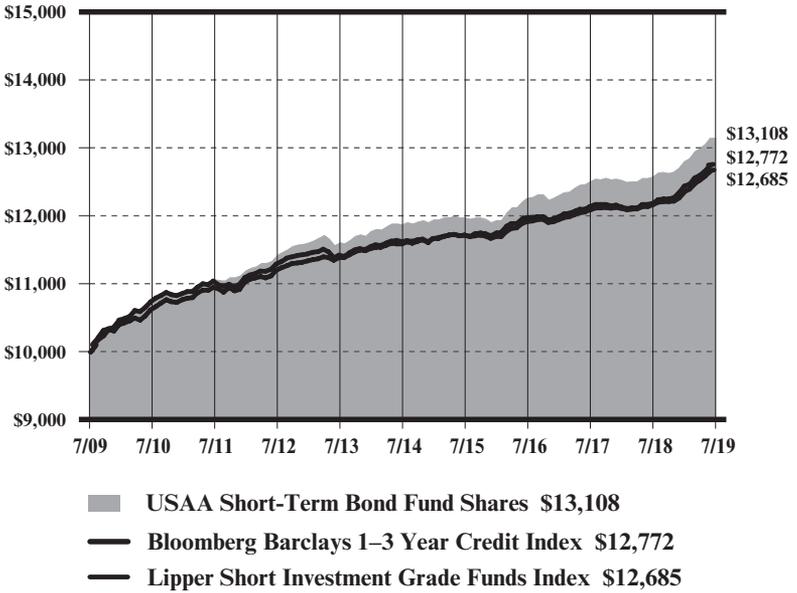
## Annual Total Returns and Compounded Dividend Returns for One-Year Periods Ended July 31, 2010 – July 31, 2019



**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 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 distributions (including capital gains distributions), redemption of shares, or reinvested net investment income.

## ■ GROWTH OF \$10,000 INVESTMENT ■

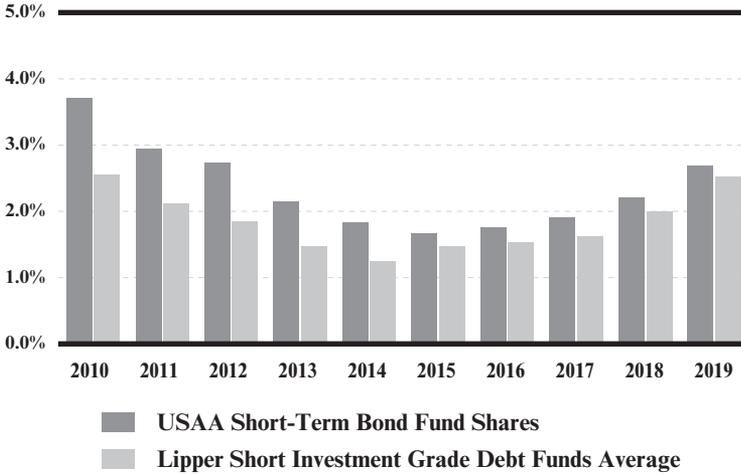


Data from 7/31/09 through 7/31/19.

The graph illustrates the comparison of a \$10,000 hypothetical investment in the USAA Short-Term Bond Fund Shares to the benchmarks listed above (see page 6 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 Short Investment Grade Debt Funds Index reflects the fees and expenses of the underlying funds included in the index.

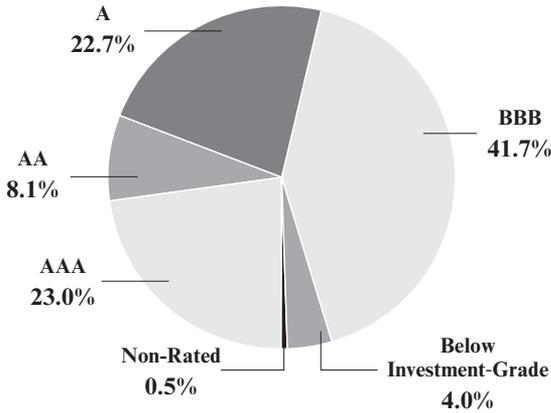
## 12-MONTH DIVIDEND YIELD COMPARISON



The 12-month dividend yield is computed by dividing net investment income dividends paid during the previous 12 months by the latest adjusted month-end net asset value. The net asset value is adjusted for a portion of the capital gains distributed during the previous nine months. The graph represents data for periods ending 7/31/10 through 7/31/19.

The Lipper Short Investment Grade Debt Funds Average is the average performance level of all short-term investment-grade debt funds, reported by Lipper Inc., an independent organization that monitors the performance of mutual funds.

## ■ PORTFOLIO RATINGS MIX – 7/31/19 ■

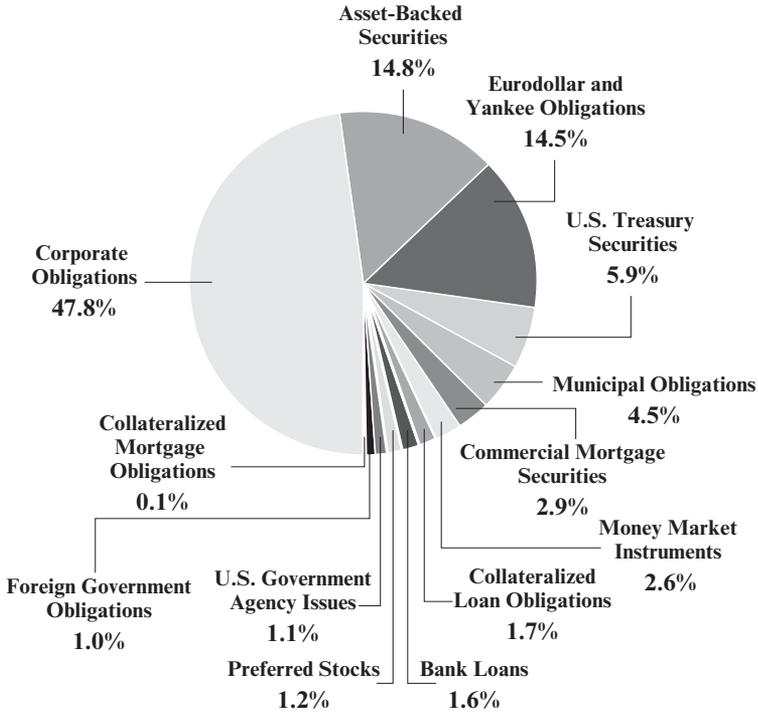


This chart reflects the highest long-term rating from a Nationally Recognized Statistical Rating Organization (NRSRO), with the four highest long-term credit ratings labeled, in descending order of credit quality, AAA, AA, A, and BBB. These categories represent investment-grade quality. NRSRO ratings are shown because they provide independent analysis of the credit quality of the Funds' investments. Victory Capital (the Manager) also performs its own fundamental credit analysis of each security. As part of its fundamental credit analysis, the Manager considers various criteria, including industry specific actions, peer comparisons, payment ranking, and structure specific characteristics. Any of the Funds' securities that are not rated by an NRSRO appear in the chart above as "Unrated," but these securities are analyzed and monitored by the Manager on an ongoing basis. Government securities that are issued or guaranteed as to principal and interest by the U.S. government and pre-refunded and escrowed-to-maturity municipal bonds that are not rated are treated as AAA for credit quality purposes.

Percentages are of the total market value of the Fund's investments.  
Refer to the Portfolio of Investments for a complete list of securities.

## ■ ASSET ALLOCATION – 7/31/19 ■

(% of Net Assets)



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

# 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 Management Inc. (“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 USAA Asset Management Company (“AMCO”) was acquired by Victory Capital Holdings, Inc., the parent company of Victory Capital.

Number of shares voting		
For	Against	Abstain
269,915,048	5,801,347	4,454,186

## 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 person” as defined in the Investment Company Act of 1940, as amended (1940 Act) (“Interested Trustee”); 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”).

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

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# DISTRIBUTIONS TO SHAREHOLDERS

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The following federal tax information related to the Fund's fiscal year ended July 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 July 31, 2019:

<b>Long-Term Capital Gain Distributions<sup>(1)</sup></b>	<b>Qualified Interest Income</b>
<u>\$476,000</u>	<u>\$83,744,000</u>

<sup>(1)</sup>Pursuant to Section 852 of the Internal Revenue Code.

For the fiscal year ended July 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 Short-Term Bond Fund:

### Opinion on the Financial Statements

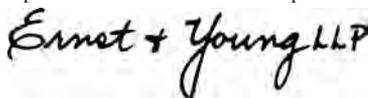
We have audited the accompanying statement of assets and liabilities of USAA Short-Term Bond Fund (the "Fund") (one of the funds constituting the USAA Mutual Funds Trust (the "Trust")), including the portfolio of investments, as of July 31, 2019, and the related statement of operations for the year then 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 the USAA Mutual Funds Trust) at July 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 July 31, 2019, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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.

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

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

San Antonio, Texas  
September 20, 2019

# PORTFOLIO OF INVESTMENTS

July 31, 2019

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>BONDS (95.9%)</b>				
<b>ASSET-BACKED SECURITIES (14.8%)</b>				
<b><u>Asset Backed Securities (14.5%)</u></b>				
<b>Automobile ABS (10.4%)</b>				
\$ 10,000	AmeriCredit Automobile Receivables Trust	2.24%	4/08/2022	\$ 9,966
5,000	AmeriCredit Automobile Receivables Trust	3.65	5/09/2022	5,058
2,857	AmeriCredit Automobile Receivables Trust	3.15	3/20/2023	2,889
5,000	AmeriCredit Automobile Receivables Trust	2.60	9/18/2023	4,989
2,580	ARI Fleet Lease Trust <sup>(a)</sup>	2.55	10/15/2026	2,581
6,063	ARI Fleet Lease Trust <sup>(a)</sup>	2.84	10/15/2026	6,107
5,000	ARI Fleet Lease Trust <sup>(a)</sup>	2.53	11/15/2027	5,006
3,381	Avis Budget Rental Car Funding AESOP, LLC <sup>(a)</sup>	2.50	2/20/2021	3,380
3,500	Avis Budget Rental Car Funding AESOP, LLC <sup>(a)</sup>	3.29	2/20/2021	3,503
2,827	Avis Budget Rental Car Funding AESOP, LLC <sup>(a)</sup>	4.94	6/20/2022	2,894
5,000	Avis Budget Rental Car Funding AESOP, LLC <sup>(a)</sup>	3.36	11/20/2022	5,043
3,300	Avis Budget Rental Car Funding AESOP, LLC <sup>(a)</sup>	3.35	9/22/2025	3,393
5,455	Bank of The West Auto Trust <sup>(a)</sup>	2.33	9/15/2023	5,463
5,000	Bank of The West Auto Trust <sup>(a)</sup>	3.59	12/15/2023	5,148
5,000	Bank of The West Auto Trust <sup>(a)</sup>	2.96	2/15/2024	5,055
3,300	Bank of The West Auto Trust <sup>(a)</sup>	2.76	1/15/2025	3,319
1,400	Bank of The West Auto Trust <sup>(a)</sup>	2.90	4/15/2025	1,408
4,576	California Republic Auto Receivables Trust	2.53	6/15/2021	4,573
5,000	Canadian Pacer Auto Receivables Trust <sup>(a)</sup>	3.47	2/19/2023	5,098
1,250	Canadian Pacer Auto Receivables Trust <sup>(a)</sup>	3.63	1/19/2024	1,284
5,000	Canadian Pacer Auto Receivables Trust <sup>(a)</sup>	3.82	4/19/2024	5,070
1,376	Centre Point Funding, LLC <sup>(a)</sup>	2.61	8/20/2021	1,369
2,310	Chesapeake Funding II, LLC <sup>(a)</sup>	3.04	4/15/2030	2,327
4,304	Chesapeake Funding II, LLC <sup>(a)</sup>	3.23	8/15/2030	4,339
6,000	Chesapeake Funding II, LLC <sup>(a)</sup>	3.11	4/15/2031	6,098
3,985	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	4.29	11/15/2024	3,986
2,711	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	2.55	2/17/2026	2,711
1,500	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	3.21	8/17/2026	1,509
3,030	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	3.01	2/16/2027	3,041
11,000	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	3.60	4/15/2027	11,201
2,348	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	3.55	8/15/2027	2,385
4,850	Credit Acceptance Auto Loan Trust <sup>(a)</sup>	3.35	6/15/2026	4,869
10,000	Drive Auto Receivables Trust	3.22	3/15/2023	10,026

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 5,000	Drive Auto Receivables Trust	4.14%	8/15/2024	\$ 5,107
2,805	Drive Auto Receivables Trust	4.30	9/16/2024	2,881
3,500	Drive Auto Receivables Trust	3.66	11/15/2024	3,540
1,072	Drive Auto Receivables Trust <sup>(a)</sup>	4.59	1/17/2023	1,078
5,000	Drive Auto Receivables Trust	3.68	7/15/2023	5,070
2,325	Enterprise Fleet Financing, LLC <sup>(a)</sup>	2.04	2/22/2022	2,320
1,730	Enterprise Fleet Financing, LLC <sup>(a)</sup>	2.13	7/20/2022	1,728
10,000	Enterprise Fleet Financing, LLC <sup>(a)</sup>	2.60	7/20/2022	10,003
672	Enterprise Fleet Financing, LLC <sup>(a)</sup>	1.97	1/20/2023	671
2,344	Enterprise Fleet Financing, LLC <sup>(a)</sup>	2.36	5/20/2023	2,340
81	Exeter Automobile Receivables Trust <sup>(a)</sup>	4.10	12/15/2020	81
512	Exeter Automobile Receivables Trust <sup>(a)</sup>	2.05	12/15/2021	512
3,175	Exeter Automobile Receivables Trust <sup>(a)</sup>	5.83	12/15/2021	3,240
1,393	Exeter Automobile Receivables Trust <sup>(a)</sup>	2.90	1/18/2022	1,394
4,285	Exeter Automobile Receivables Trust <sup>(a)</sup>	2.75	4/15/2022	4,287
2,276	Exeter Automobile Receivables Trust <sup>(a)</sup>	2.82	5/16/2022	2,277
4,209	Exeter Automobile Receivables Trust <sup>(a)</sup>	3.27	5/16/2022	4,222
4,000	Exeter Automobile Receivables Trust <sup>(a)</sup>	3.97	9/15/2023	4,074
5,000	Exeter Automobile Receivables Trust <sup>(a)</sup>	3.30	3/15/2024	5,045
3,490	Exeter Automobile Receivables Trust <sup>(a)</sup>	2.79	5/15/2024	3,483
2,500	Exeter Automobile Receivables Trust <sup>(a)</sup>	4.35	6/17/2024	2,589
5,695	First Investors Auto Owner Trust <sup>(a)</sup>	3.56	9/15/2023	5,758
1,170	GM Financial Consumer Automobile Receivables Trust	2.08	1/19/2021	1,169
8,000	OneMain Direct Auto Receivables Trust <sup>(a)</sup>	2.55	11/14/2023	7,993
3,033	OSCAR U.S. Funding Trust IX, LLC <sup>(a)</sup>	3.15	8/10/2021	3,041
5,000	OSCAR U.S. Funding Trust IX, LLC <sup>(a)</sup>	3.39	9/12/2022	5,057
4,000	OSCAR U.S. Funding Trust VI, LLC <sup>(a)</sup>	3.30	5/10/2024	4,042
3,980	OSCAR U.S. Funding Trust VII, LLC <sup>(a)</sup>	2.45	12/10/2021	3,977
5,000	OSCAR U.S. Funding Trust VIII, LLC <sup>(a)</sup>	3.23	5/10/2022	5,037
2,678	Prestige Auto Receivables Trust <sup>(a)</sup>	3.05	4/15/2021	2,678
2,500	Prestige Auto Receivables Trust <sup>(a)</sup>	2.39	5/16/2022	2,496
2,468	Prestige Auto Receivables Trust <sup>(a)</sup>	2.88	11/15/2022	2,471
2,139	Santander Drive Auto Receivables Trust	2.66	11/15/2021	2,139
4,792	Santander Drive Auto Receivables Trust	3.52	12/15/2022	4,827
5,000	Securitized Term Auto Receivables Trust <sup>(a)</sup>	2.21	6/25/2021	4,990
3,906	Securitized Term Auto Receivables Trust <sup>(a)</sup>	2.29	3/25/2022	3,897
450	TCF Auto Receivables Owner Trust <sup>(a)</sup>	2.55	4/15/2021	450
5,000	TCF Auto Receivables Owner Trust "B" <sup>(a)</sup>	2.92	10/17/2022	5,029
4,250	United Airlines, Inc. Pass-Through Trust <sup>(a)</sup>	3.03	4/10/2024	4,273
5,706	Westlake Automobile Receivables Trust <sup>(a)</sup>	2.67	5/17/2021	5,706
981	Westlake Automobile Receivables Trust <sup>(a)</sup>	2.70	10/17/2022	981
2,000	Westlake Automobile Receivables Trust <sup>(a)</sup>	3.28	12/15/2022	2,014
5,000	Westlake Automobile Receivables Trust <sup>(a)</sup>	4.53	5/15/2023	5,107
3,000	Westlake Automobile Receivables Trust <sup>(a)</sup>	3.61	10/16/2023	3,038

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 5,000	Westlake Automobile Receivables Trust <sup>(a)</sup>	4.00%	1/16/2024	\$ 5,095
2,538	Wheels SPV, LLC <sup>(a)</sup>	1.87	5/20/2025	2,533
4,000	World Omni Auto Receivables Trust	3.87	8/15/2025	4,182
5,000	World Omni Select Auto Trust <sup>(a)</sup>	3.68	7/15/2023	5,084
				<u>314,094</u>
	<b>Credit Card ABS (1.4%)</b>			
3,740	Evergreen Credit Card Trust <sup>(a)</sup>	3.59	1/15/2023	3,782
4,000	Evergreen Credit Card Trust <sup>(a)</sup>	3.98	1/15/2023	4,047
5,000	Master Credit Card Trust "A" <sup>(a)</sup>	2.26	7/21/2021	4,995
4,565	Synchrony Credit Card Master Note Trust	2.95	5/15/2024	4,580
5,000	Synchrony Credit Card Master Note Trust	3.87	5/15/2026	5,137
15,000	Synchrony Credit Card Master Note Trust "C"	2.56	6/15/2023	14,970
5,000	Trillium Credit Card Trust II <sup>(a)</sup>	3.04	1/26/2024	5,050
				<u>42,561</u>
	<b>Other ABS (2.4%)</b>			
560	ARL Second, LLC <sup>(a)</sup>	2.92	6/15/2044	553
1,951	BCC Funding XIII, LLC <sup>(a)</sup>	4.78	8/20/2022	1,987
5,878	BCC Funding XIV, LLC <sup>(a)</sup>	2.96	6/20/2023	5,898
1,200	CNH Equipment Trust	2.47	12/16/2024	1,203
263	Dell Equipment Finance Trust <sup>(a)</sup>	2.14	4/22/2022	263
1,000	Dell Equipment Finance Trust <sup>(a)</sup>	2.95	4/22/2022	1,002
1,750	Dell Equipment Finance Trust <sup>(a)</sup>	2.73	10/24/2022	1,752
1,185	Dell Equipment Finance Trust <sup>(a)</sup>	3.44	4/24/2023	1,188
1,407	Element Rail Leasing I, LLC <sup>(a)</sup>	2.30	4/19/2044	1,394
12,000	Element Rail Leasing I, LLC <sup>(a)</sup>	3.67	4/19/2044	12,020
5,000	Great America Leasing Receivables Funding, LLC <sup>(a)</sup>	2.83	6/17/2024	5,043
2,900	MMAF Equipment Finance, LLC <sup>(a)</sup>	2.41	8/16/2024	2,899
2,454	NP SPE II, LLC <sup>(a)</sup>	3.37	10/21/2047	2,463
5,000	Palmer Square Loan Funding Ltd. (3 mo. LIBOR + 0.85%) <sup>(b)</sup>	1.00 <sup>(c)</sup>	8/20/2027	5,000
5,000	SBA Tower Trust <sup>(a)</sup>	2.90	10/15/2044	4,985
7,529	SCF Equipment Leasing, LLC <sup>(a)</sup>	3.77	1/20/2023	7,600
1,746	SCF Equipment Leasing, LLC <sup>(a)</sup>	3.41	12/20/2023	1,759
3,000	SCF Equipment Leasing, LLC <sup>(a)</sup>	3.23	10/20/2024	3,028
5,500	SCF Equipment Leasing, LLC <sup>(a)</sup>	3.49	1/20/2026	5,589
2,767	Trinity Rail Leasing, LP <sup>(a)</sup>	2.27	1/15/2043	2,715
2,520	VB-S1 Issuer, LLC <sup>(a)</sup>	3.07	6/15/2046	2,517
				<u>70,858</u>
	<b>Student Loan ABS (0.3%)</b>			
1,512	College Loan Corp. Trust (3 mo. LIBOR + 0.49%)	2.79 <sup>(c)</sup>	1/15/2037	1,443
2,171	Iowa Student Loan Liquidity Corp. (3 mo. LIBOR + 0.35%)	2.70 <sup>(c)</sup>	9/25/2037	1,986

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 1,048	Nelnet Student Loan Trust (3 mo. LIBOR + 0.28%)	2.62% <sup>(a)</sup>	9/22/2037	\$ 1,029
3,422	SLM Private Education Loan Trust <sup>(a)</sup>	2.50	3/15/2047	3,420
				<u>7,878</u>
	Total Asset Backed Securities			<u>435,391</u>
	<b>Financial (0.3%)</b>			
	<b>REITS (0.3%)</b>			
10,000	SBA Tower Trust <sup>(a)</sup>	3.45	3/15/2023	10,193
	Total Asset-Backed Securities (cost: \$442,558)			<u>445,584</u>
	<b>BANK LOANS (1.6%)<sup>(d)</sup></b>			
	<b>Consumer, Cyclical (0.4%)</b>			
	<b>Retail (0.4%)</b>			
5,000	CEC Entertainment, Inc. <sup>(b)</sup>	— <sup>(e)</sup>	2/14/2021	4,974
5,701	Petsmart, Inc. (3 mo. LIBOR + 4.25%)	6.38	3/11/2022	5,593
	Total Consumer, Cyclical			<u>10,567</u>
	<b>Consumer, Non-cyclical (0.1%)</b>			
	<b>Healthcare-Services (0.1%)</b>			
3,597	DaVita, Inc. (1 mo. LIBOR + 2.75%)	5.13	6/24/2021	3,593
	<b>Financial (0.7%)</b>			
	<b>REITS (0.7%)</b>			
10,000	GLP Financing, LLC (1 mo. LIBOR + 1.50%)	3.74	4/28/2021	9,925
12,686	Sabra Health Care Ltd. (1 mo. LIBOR + 1.45%)	3.69	8/17/2020	12,560
	Total Financial			<u>22,485</u>
	<b>Industrial (0.2%)</b>			
	<b>Hand/Machine Tools (0.2%)</b>			
7,264	Colfax Corp. (1 mo. LIBOR + 1.75%)	3.98	12/17/2020	7,246
	<b>Technology (0.2%)</b>			
	<b>Computers (0.2%)</b>			
5,000	Dell International, LLC (1 mo. LIBOR + 1.75%) <sup>(b)</sup>	— <sup>(e)</sup>	9/07/2021	5,000
	Total Bank Loans (cost: \$49,022)			<u>48,891</u>
	<b>COLLATERALIZED LOAN OBLIGATIONS (1.7%)</b>			
	<b>Asset Backed Securities (1.7%)</b>			
	<b>Other ABS (1.7%)</b>			
1,500	American Money Management Corp. (3 mo. LIBOR + 1.50%) <sup>(a)</sup>	3.80 <sup>(e)</sup>	10/15/2028	1,498
3,000	Annisa Ltd. (1 mo. LIBOR + 1.10%) <sup>(a)</sup>	3.38 <sup>(e)</sup>	7/20/2031	2,973

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 6,750	Madison Park Funding Ltd. (1 mo. LIBOR + 1.16%) <sup>(a)</sup>	3.42% <sup>(d)</sup>	7/23/2029	\$ 6,754
10,500	Oaktree EIF Ltd. (3 mo. LIBOR + 2.00%) <sup>(a)</sup>	4.28 <sup>(e)</sup>	10/20/2027	10,524
3,641	Palmer Square Loan Funding 2018-2 Ltd. (1 mo. LIBOR + 0.65%) <sup>(a)</sup>	2.95 <sup>(e)</sup>	7/15/2026	3,619
1,970	Palmer Square Loan Funding 2018-2 Ltd. (1 mo. LIBOR + 1.05%)	3.35 <sup>(e)</sup>	7/15/2026	1,929
4,482	Palmer Square Loan Funding 2018-5 Ltd. (3 mo. LIBOR + 0.85%) <sup>(a)</sup>	3.13 <sup>(e)</sup>	1/20/2027	4,468
3,000	Palmer Square Loan Funding 2019-2 Ltd. (3 mo. LIBOR + 0.97%) <sup>(a)</sup>	3.49 <sup>(e)</sup>	4/20/2027	2,999
4,500	Race Point Ltd. (1 mo. LIBOR + 1.10%)	3.38 <sup>(e)</sup>	7/25/2031	4,458
2,500	TIAA Ltd. (3 mo. LIBOR + 1.28%) <sup>(a)</sup>	3.56 <sup>(e)</sup>	4/20/2029	2,496
3,250	Trinitas Ltd. (3 mo. LIBOR + 1.39%) <sup>(a)</sup>	3.67 <sup>(e)</sup>	10/25/2028	3,254
5,000	Trinitas Ltd. (3 mo. LIBOR + 1.32%) <sup>(a)</sup>	3.60 <sup>(e)</sup>	7/25/2029	4,998
	Total Asset Backed Securities			<u>49,970</u>
	Total Collateralized Loan Obligations (cost: \$50,068)			<u>49,970</u>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS (0.1%)</b>				
<b><u>Mortgage Securities (0.1%)</u></b>				
<b>Whole Loan Collateral CMO (0.1%)</b>				
2,555	Sequoia Mortgage Trust <sup>(a)</sup> (cost: \$2,588)	3.00 <sup>(d)</sup>	5/25/2043	<u>2,563</u>
<b>COMMERCIAL MORTGAGE SECURITIES (2.9%)</b>				
<b><u>Mortgage Securities (2.9%)</u></b>				
<b>Commercial MBS (2.9%)</b>				
3,705	Aventura Mall Trust <sup>(a)</sup>	3.74 <sup>(d)</sup>	12/05/2032	3,749
7,383	Bear Stearns Deutsche Bank Trust <sup>(a)</sup>	5.01	9/15/2027	7,389
4,000	BTH-21 Mortgage-Backed Securities Trust (1 mo. LIBOR + 2.50%) <sup>(a)</sup>	4.90 <sup>(e)</sup>	10/07/2021	4,002
2,827	Caesars Palace Las Vegas Trust <sup>(a)</sup>	4.14	10/15/2034	2,939
3,588	Citigroup Commercial Mortgage Trust	3.34	5/10/2036	3,698
7,600	Citigroup Commercial Mortgage Trust <sup>(a)</sup>	4.38	1/10/2024	8,096
1,777	Commercial Mortgage Trust	5.64 <sup>(d)</sup>	7/10/2038	1,788
60,075	Commercial Mortgage Trust <sup>(e)</sup>	1.64 <sup>(d)</sup>	8/15/2045	2,416
59,832	Commercial Mortgage Trust <sup>(e)</sup>	1.76 <sup>(d)</sup>	10/15/2045	2,511
4,730	GS Mortgage Securities Corp. <sup>(a)</sup>	3.42	10/10/2032	4,859
10,000	GS Mortgage Securities Corp. <sup>(a)</sup>	2.86	5/10/2034	10,017
5,297	GS Mortgage Securities Trust <sup>(a)</sup>	4.95	1/10/2045	5,575
23,370	GS Mortgage Securities Trust <sup>(e)</sup>	2.17 <sup>(d)</sup>	5/10/2045	881
23,106	GS Mortgage Securities Trust <sup>(e)</sup>	1.95 <sup>(d)</sup>	11/10/2045	1,233
20,729	J.P. Morgan Chase Commercial Mortgage Securities Trust <sup>(e)</sup>	1.77 <sup>(d)</sup>	10/15/2045	911

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 2,450	JP Morgan Chase Commercial Mortgage Securities Trust <sup>(a)</sup>	5.63%	12/05/2027	\$ 2,455
932	LSTAR Commercial Mortgage Trust <sup>(a)</sup>	2.42	3/10/2050	931
19,485	Morgan Stanley Bank of America Merrill Lynch Trust <sup>(a),(g)</sup>	1.62 <sup>(f)</sup>	11/15/2045	811
89,258	UBS Commercial Mortgage Trust <sup>(a),(g)</sup>	2.06 <sup>(f)</sup>	5/10/2045	4,003
23,908	UBS-Barclays Commercial Mortgage Trust <sup>(a),(g)</sup>	1.83 <sup>(f)</sup>	8/10/2049	1,156
829	UBS-Barclays Commercial Mortgage Trust	2.73	8/10/2049	829
25,959	Wells Fargo Commercial Mortgage Trust <sup>(a),(g)</sup>	1.77 <sup>(f)</sup>	10/15/2045	1,182
15,000	WFRBS Commercial Mortgage Trust <sup>(a)</sup>	4.90 <sup>(f)</sup>	6/15/2044	15,572
	Total Mortgage Securities			<u>87,003</u>
	Total Commercial Mortgage Securities (cost: \$77,502)			<u>87,003</u>
<b>CORPORATE OBLIGATIONS (47.8%)</b>				
<b><u>Basic Materials (2.0%)</u></b>				
<b><u>Chemicals (1.4%)</u></b>				
1,750	CF Industries, Inc.	7.13	5/01/2020	1,801
5,000	CF Industries, Inc. <sup>(a)</sup>	3.40	12/01/2021	5,057
5,000	DowDuPont, Inc.	3.77	11/15/2020	5,084
20,185	INVISTA Finance, LLC <sup>(a)</sup>	4.25	10/15/2019	20,223
5,000	Mosaic Co.	3.25	11/15/2022	5,086
5,000	Sherwin-Williams Co.	2.75	6/01/2022	5,033
				<u>42,284</u>
<b><u>Iron/Steel (0.6%)</u></b>				
9,350	Carpenter Technology Corp.	5.20	7/15/2021	9,615
8,403	Reliance Steel & Aluminum Co.	4.50	4/15/2023	8,816
				<u>18,431</u>
	Total Basic Materials			<u>60,715</u>
<b><u>Communications (3.1%)</u></b>				
<b><u>Media (1.3%)</u></b>				
18,000	Charter Communications Operating, LLC/Charter Communications Operating Capital	3.58	7/23/2020	18,155
5,000	Comcast Corp.	3.30	10/01/2020	5,058
6,473	DISH DBS Corp.	7.88	9/01/2019	6,495
5,000	Fox Corp. <sup>(a)</sup>	3.67	1/25/2022	5,153
3,447	Mediacom Broadband, LLC/Mediacom Broadband Corp.	5.50	4/15/2021	3,447
1,041	Time Warner Cable, LLC	5.00	2/01/2020	1,053
				<u>39,361</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Telecommunications (1.8%)</b>				
\$ 15,000	AT&T, Inc.	2.45%	6/30/2020	\$ 15,000
10,000	AT&T, Inc.	3.20	3/01/2022	10,191
5,000	Centel Capital Corp.	9.00	10/15/2019	5,052
3,600	CenturyLink, Inc.	6.45	6/15/2021	3,781
5,000	CommScope, Inc. <sup>(a)</sup>	5.50	3/01/2024	5,085
8,775	Sprint Spectrum Co., LLC/Sprint Spectrum Co. II, LLC/Sprint Spectrum Co. III, LLC <sup>(a)</sup>	3.36	9/20/2021	8,815
5,000	T-Mobile USA, Inc.	6.50	1/15/2024	5,180
				<u>53,104</u>
	Total Communications			<u>92,465</u>
<b>Consumer, Cyclical (3.7%)</b>				
<b>Airlines (1.7%)</b>				
4,250	American Airlines, Inc. Pass-Through Trust	4.38	10/01/2022	4,333
7,994	American Airlines, Inc. Pass-Through Trust	4.40	9/22/2023	8,100
2,839	Continental Airlines, Inc. Pass-Through Trust	7.25	11/10/2019	2,871
1,342	Continental Airlines, Inc. Pass-Through Trust	6.25	4/11/2020	1,363
7,026	Continental Airlines, Inc. Pass-Through Trust	5.50	10/29/2020	7,196
10,000	Delta Air Lines, Inc.	2.88	3/13/2020	10,000
2,935	United Airlines, Inc. Pass-Through Trust	5.38	8/15/2021	3,029
1,056	United Airlines, Inc. Pass-Through Trust	4.63	9/03/2022	1,078
261	US Airways Group, Inc. Pass-Through Trust (INS - MBIA Insurance Corp.)	7.08	3/20/2021	275
10,352	US Airways Group, Inc. Pass-Through Trust	5.38	11/15/2021	10,751
				<u>48,996</u>
<b>Auto Manufacturers (0.7%)</b>				
3,800	Ford Motor Credit Co., LLC	2.60	11/04/2019	3,798
3,928	Ford Motor Credit Co., LLC	8.13	1/15/2020	4,021
4,000	Ford Motor Credit Co., LLC	3.20	1/15/2021	4,012
5,000	Ford Motor Credit Co., LLC <sup>(b)</sup>	3.35	11/01/2022	4,995
5,000	Hyundai Capital America <sup>(a)</sup>	2.75	9/18/2020	5,003
				<u>21,829</u>
<b>Home Builders (0.4%)</b>				
10,000	Lennar Corp.	2.95	11/29/2020	9,996
2,000	MDC Holdings, Inc.	5.63	2/01/2020	2,025
				<u>12,021</u>
<b>Leisure Time (0.4%)</b>				
10,750	Silversea Cruise Finance Ltd. <sup>(a)</sup>	7.25	2/01/2025	11,524

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Retail (0.5%)</b>				
\$ 5,000	McDonald's Corp.	3.35%	4/01/2023	\$ 5,179
5,000	Walmart, Inc.	2.85	7/08/2024	5,141
5,000	Walmart, Inc.	3.55	6/26/2025	5,326
				15,646
	Total Consumer, Cyclical			110,016
<b>Consumer, Non-cyclical (6.8%)</b>				
<b>Agriculture (0.6%)</b>				
2,500	Cargill, Inc. <sup>(a)</sup>	3.25	3/01/2023	2,567
10,000	Philip Morris International, Inc.	2.63	2/18/2022	10,050
5,000	Philip Morris International, Inc.	2.38	8/17/2022	4,992
				17,609
<b>Beverages (0.6%)</b>				
2,600	Constellation Brands, Inc.	2.70	5/09/2022	2,608
7,896	Constellation Brands, Inc.	2.65	11/07/2022	7,925
3,000	Constellation Brands, Inc.	3.20	2/15/2023	3,065
5,000	Molson Coors Brewing Co.	2.10	7/15/2021	4,966
				18,564
<b>Biotechnology (0.7%)</b>				
5,000	Amgen, Inc.	2.25	8/19/2023	4,968
10,000	Celgene Corp.	2.75	2/15/2023	10,082
5,000	Celgene Corp.	3.25	2/20/2023	5,117
				20,167
<b>Commercial Services (0.2%)</b>				
2,500	Horace Mann School	2.48	7/01/2022	2,492
4,020	Prime Security Services Borrower, LLC/Prime Finance, Inc. <sup>(a)</sup>	9.25	5/15/2023	4,221
				6,713
<b>Food (2.2%)</b>				
5,000	Conagra Brands, Inc. (3 mo. LIBOR + 0.75%)	3.03 <sup>(c)</sup>	10/22/2020	5,009
600	Kraft Heinz Foods Co. (3 mo. LIBOR + 0.42%)	2.98 <sup>(c)</sup>	8/09/2019	600
20,000	Kraft Heinz Foods Co. <sup>(a)</sup>	4.88	2/15/2025	20,632
5,000	McCormick & Co., Inc.	2.70	8/15/2022	5,028
3,000	Mondelez International Holdings Netherlands B.V. <sup>(a)</sup>	1.63	10/28/2019	2,993
11,792	Mondelez International Holdings Netherlands B.V. <sup>(a)</sup>	2.00	10/28/2021	11,672
5,000	Nestle Holdings, Inc. <sup>(a)</sup>	3.35	9/24/2023	5,191
13,425	Smithfield Foods, Inc. <sup>(a)</sup>	2.65	10/03/2021	13,264
2,605	Tyson Foods, Inc.	4.50	6/15/2022	2,746
				67,135

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Healthcare Products (0.4%)</b>				
\$ 8,300	Becton Dickinson & Co.	2.40%	6/05/2020	\$ 8,290
3,750	Becton Dickinson & Co. (3 mo. LIBOR + 0.88%)	3.19 <sup>(e)</sup>	12/29/2020	3,750
				<u>12,040</u>
<b>Healthcare-Services (0.7%)</b>				
750	ACTS Retirement-Life Communities, Inc. <sup>(b)</sup>	2.47	11/16/2019	748
5,655	Centene Corp.	5.63	2/15/2021	5,739
8,200	Laboratory Corp. of America Holdings	3.20	2/01/2022	8,339
750	Orlando Health Obligated Group	2.72	10/01/2019	750
4,330	SSM Health Care Corp.	3.69	6/01/2023	4,507
				<u>20,083</u>
<b>Pharmaceuticals (1.4%)</b>				
10,000	AbbVie, Inc.	2.30	5/14/2021	9,979
5,000	CVS Health Corp.	2.13	6/01/2021	4,966
10,000	CVS Health Corp.	3.70	3/09/2023	10,321
5,000	Express Scripts Holding Co.	3.00	7/15/2023	5,060
5,000	Mead Johnson Nutrition Co.	3.00	11/15/2020	5,032
8,135	Zoetis, Inc.	3.25	2/01/2023	8,319
				<u>43,677</u>
	Total Consumer, Non-cyclical			<u>205,988</u>
<b>Energy (6.8%)</b>				
<b>Oil &amp; Gas (1.8%)</b>				
5,000	Chevron Corp.	2.42	11/17/2020	5,021
10,000	Citgo Holding, Inc. <sup>(a)</sup>	10.75	2/15/2020	10,401
11,998	Continental Resources, Inc.	5.00	9/15/2022	12,106
2,000	EQT Corp. (3 mo. LIBOR + 0.77%)	3.09 <sup>(e)</sup>	10/01/2020	1,999
5,000	EQT Corp.	3.00	10/01/2022	4,855
1,500	Exxon Mobil Corp.	2.40	3/06/2022	1,509
5,105	Marathon Petroleum Corp.	5.38	10/01/2022	5,177
5,000	Marathon Petroleum Corp.	5.13	4/01/2024	5,119
5,000	Range Resources Corp.	5.00	3/15/2023	4,414
5,000	Whiting Petroleum Corp.	1.25	4/01/2020	4,863
				<u>55,464</u>
<b>Oil &amp; Gas Services (0.1%)</b>				
3,215	Weatherford International, Ltd. <sup>(c)</sup>	5.13	9/15/2020	1,430
<b>Pipelines (4.9%)</b>				
65	Alliance Pipeline, LP <sup>(d)</sup>	7.00	12/31/2019	66
11,500	Andeavor Logistics, LP/Tesoro Logistics Finance Corp.	5.50	10/15/2019	11,534
4,607	Andeavor Logistics, LP/Tesoro Logistics Finance Corp.	6.25	10/15/2022	4,713
5,691	Andeavor Logistics, LP/Tesoro Logistics Finance Corp.	3.50	12/01/2022	5,812

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 5,040	Boardwalk Pipelines, LP	5.75%	9/15/2019	\$ 5,055
5,000	Buckeye Partners, LP	4.15	7/01/2023	4,913
5,000	DCP Midstream Operating, LP <sup>(a)</sup>	5.35	3/15/2020	5,075
5,000	DCP Midstream Operating, LP <sup>(a)</sup>	4.75	9/30/2021	5,136
9,306	Enable Oklahoma Intrastate Transmission, LLC <sup>(a)</sup>	6.25	3/15/2020	9,450
5,000	Energy Transfer Operating, LP	4.15	10/01/2020	5,076
17,975	Energy Transfer Operating, LP	7.50	10/15/2020	18,987
5,000	Energy Transfer Operating, LP	4.20	9/15/2023	5,243
5,000	Enterprise Products Operating, LLC	2.80	2/15/2021	5,026
5,000	EQM Midstream Partners, LP	4.75	7/15/2023	5,131
5,000	EQM Midstream Partners, LP	4.00	8/01/2024	4,913
10,000	Midwest Connector Capital Co., LLC <sup>(a)</sup>	3.63	4/01/2022	10,204
3,713	NuStar Logistics, LP	4.80	9/01/2020	3,770
5,000	ONEOK Partners, LP	3.80	3/15/2020	5,031
10,000	Plains All American Pipeline, LP/PAA Finance Corp.	2.60	12/15/2019	9,995
13,556	Rockies Express Pipeline, LLC <sup>(a)</sup>	5.63	4/15/2020	13,803
4,700	Sabine Pass Liquefaction, LLC	5.63	2/01/2021	4,869
5,000	Western Midstream Operating, LP	4.00	7/01/2022	5,097
				<u>148,899</u>
	Total Energy			<u>205,793</u>
	<b>Financial (16.2%)</b>			
	<b>Banks (7.5%)</b>			
8,000	Allfirst Preferred Capital Trust (3 mo. LIBOR + 1.50%)	3.80 <sup>(a)</sup>	7/15/2029	7,585
13,000	Associated Banc-Corp.	2.75	11/15/2019	12,989
5,000	Associated Bank, N.A.	3.50	8/13/2021	5,076
3,000	Bank of America Corp.	2.15	11/09/2020	2,994
10,000	Bank of America Corp.	5.00	5/13/2021	10,442
5,000	Bank of America Corp. (3 mo. LIBOR + 0.66%)	2.37 <sup>(a)</sup>	7/21/2021	4,994
5,000	Bank of America Corp. (3 mo. LIBOR + 0.63%)	2.33 <sup>(a)</sup>	10/01/2021	4,990
5,000	Bank of America Corp. (3 mo. LIBOR + 1.16%)	3.12 <sup>(a)</sup>	1/20/2023	5,071
1,955	BB&T Corp.	4.25	9/30/2024	2,089
2,874	BBVA USA	5.50	4/01/2020	2,928
3,750	BBVA USA	2.88	6/29/2022	3,773
5,000	Citigroup, Inc. (1 mo. LIBOR + 0.72%)	3.14 <sup>(a)</sup>	1/24/2023	5,068
15,000	Citizens Bank, N.A.	2.55	5/13/2021	15,019
1,283	Citizens Financial Group, Inc. <sup>(a)</sup>	4.15	9/28/2022	1,324
2,000	City National Bank of Los Angeles	5.38	7/15/2022	2,144
5,000	Discover Bank	3.10	6/04/2020	5,022
500	Flagstar Bancorp., Inc.	6.13	7/15/2021	516
9,750	Fulton Financial Corp.	3.60	3/16/2022	9,852
5,000	Huntington National Bank	2.38	3/10/2020	4,999
5,000	J.P.Morgan Chase & Co. (3 mo. LIBOR + 0.94%)	2.78 <sup>(a)</sup>	4/25/2023	5,032

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 5,000	KeyBank, N.A.	2.30%	9/14/2022	\$ 4,983
5,000	Manufacturers & Traders Trust Co.	2.05	8/17/2020	4,987
15,000	PNC Bank, N.A.	2.63	2/17/2022	15,114
5,000	Regions Bank	2.75	4/01/2021	5,014
5,000	Regions Financial Corp.	3.20	2/08/2021	5,050
9,500	Santander Holdings USA, Inc.	4.45	12/03/2021	9,839
15,000	Santander Holdings USA, Inc.	3.70	3/28/2022	15,321
10,000	SunTrust Bank	3.00	2/02/2023	10,168
5,000	SunTrust Bank	3.20	4/01/2024	5,145
5,000	SunTrust Banks, Inc.	2.90	3/03/2021	5,033
4,000	TCF National Bank (3 mo. LIBOR + 2.38%)	4.13 <sup>(i)</sup>	7/02/2029	3,973
10,000	U.S. Bank, N.A.	2.85	1/23/2023	10,177
10,000	Wells Fargo & Co.	3.07	1/24/2023	10,143
5,000	Wells Fargo Bank, N.A.	2.60	1/15/2021	5,019
3,900	Zions Bancorp N.A.	3.35	3/04/2022	3,956
				<u>225,829</u>
	<b>Diversified Financial Services (2.0%)</b>			
5,000	Air Lease Corp.	2.13	1/15/2020	4,991
5,000	Air Lease Corp.	3.50	1/15/2022	5,109
5,000	Aircastle Ltd.	4.40	9/25/2023	5,196
5,000	Aircastle Ltd.	4.25	6/15/2026	5,066
5,000	Alliance Data Systems Corp. <sup>(ii)</sup>	5.38	8/01/2022	5,067
2,000	Ally Financial, Inc.	3.75	11/18/2019	2,006
6,600	Ally Financial, Inc.	4.13	3/30/2020	6,647
5,000	Capital One Financial Corp.	2.50	5/12/2020	5,002
5,000	Capital One Financial Corp.	3.05	3/09/2022	5,061
5,307	HSBC Finance Corp.	6.68	1/15/2021	5,563
4,500	Navient Corp.	8.00	3/25/2020	4,639
5,000	Synchrony Financial	2.70	2/03/2020	5,001
2,500	Synchrony Financial	2.85	7/25/2022	2,501
				<u>61,849</u>
	<b>Insurance (1.8%)</b>			
5,000	Assurant, Inc. (3 mo. LIBOR + 1.25%)	3.58 <sup>(c)</sup>	3/26/2021	4,978
5,000	Assurant, Inc.	4.20	9/27/2023	5,192
5,000	Berkshire Hathaway, Inc.	2.20	3/15/2021	5,006
17,955	Infinity Property & Casualty Corp.	5.00	9/19/2022	18,868
5,000	Metropolitan Life Global Funding I <sup>(ii)</sup>	3.45	10/09/2021	5,107
5,000	Protective Life Global Funding <sup>(ii)</sup>	3.10	4/15/2024	5,117
5,000	Reliance Standard Life Global Funding II <sup>(ii)</sup>	3.85	9/19/2023	5,154
5,366	StanCorp Financial Group, Inc.	5.00	8/15/2022	5,621
				<u>55,043</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Investment Companies (0.9%)</b>				
\$ 11,000	Ares Capital Corp.	3.88%	1/15/2020	\$ 11,045
9,084	FS KKR Capital Corp.	4.25	1/15/2020	9,119
5,200	Main Street Capital Corp.	5.20	5/01/2024	5,551
				<u>25,715</u>
<b>REITS (3.0%)</b>				
14,782	CoreCivic, Inc.	4.13	4/01/2020	14,715
1,507	GLP Capital, LP/GLP Financing II, Inc.	4.88	11/01/2020	1,535
5,000	Healthcare Trust of America Holdings, LP	2.95	7/01/2022	5,028
2,950	Nationwide Health Properties, Inc. (Put Date 10/01/2027) <sup>(a)</sup>	6.90	10/01/2037	3,737
20,850	Office Properties Income Trust	3.60	2/01/2020	20,878
10,000	Realty Income Corp.	3.25	10/15/2022	10,239
8,000	Sabra Health Care, LP / Sabra Capital Corp.	5.38	6/01/2023	8,139
5,369	Senior Housing Properties Trust	6.75	4/15/2020	5,404
6,890	Senior Housing Properties Trust	6.75	12/15/2021	7,334
2,612	SL Green Operating Partnership, LP	3.25	10/15/2022	2,641
5,000	SL Green Realty Corp.	4.50	12/01/2022	5,210
6,250	Starwood Property Trust, Inc.	3.63	2/01/2021	6,266
				<u>91,126</u>
<b>Savings &amp; Loans (1.0%)</b>				
5,000	First Niagara Financial Group, Inc.	6.75	3/19/2020	5,130
9,500	People's United Financial, Inc.	3.65	12/06/2022	9,729
14,700	Sterling Bancorp.	3.50	6/08/2020	14,598
				<u>29,457</u>
	Total Financial			<u>489,019</u>
<b>Industrial (2.4%)</b>				
<b>Aerospace/Defense (0.5%)</b>				
4,984	Arconic, Inc.	6.15	8/15/2020	5,150
4,000	Arconic, Inc.	5.40	4/15/2021	4,140
5,000	General Dynamics Corp.	1.88	8/15/2023	4,932
				<u>14,222</u>
<b>Electrical Components &amp; Equipment (0.4%)</b>				
11,892	Molex Electronics Technologies, LLC <sup>(a)</sup>	2.88	4/15/2020	11,893
<b>Electronics (0.2%)</b>				
5,000	FLIR Systems, Inc.	3.13	6/15/2021	5,038
1,700	Jabil, Inc.	5.63	12/15/2020	1,761
				<u>6,799</u>
<b>Machinery-Diversified (0.3%)</b>				
7,417	Wabtec Corp. (3 mo. LIBOR + 1.30%)	3.71 <sup>(a)</sup>	9/15/2021	7,404

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Miscellaneous Manufacturers (0.3%)</b>				
\$ 5,000	General Electric Co.	2.20%	1/09/2020	\$ 4,992
5,000	Ingersoll-Rand Global Holding Co. Ltd.	2.90	2/21/2021	5,029
				<u>10,021</u>
<b>Transportation (0.7%)</b>				
1,266	Ryder System, Inc.	2.50	5/11/2020	1,266
4,500	Ryder System, Inc.	2.25	9/01/2021	4,475
5,000	Ryder System, Inc.	2.80	3/01/2022	5,028
5,000	Ryder System, Inc.	2.50	9/01/2022	4,991
4,706	Ryder System, Inc.	3.40	3/01/2023	4,829
				<u>20,589</u>
	Total Industrial			<u>70,928</u>
<b>Technology (1.0%)</b>				
<b>Semiconductors (0.5%)</b>				
10,000	Broadcom Corp./Broadcom Cayman Finance Ltd.	2.38	1/15/2020	9,986
5,000	Broadcom, Inc. <sup>(a)</sup>	3.13	4/15/2021	5,027
				<u>15,013</u>
<b>Software (0.5%)</b>				
5,000	First Data Corp. <sup>(a)</sup>	5.38	8/15/2023	5,134
10,000	Oracle Corp.	2.40	9/15/2023	10,036
				<u>15,170</u>
	Total Technology			<u>30,183</u>
<b>Utilities (5.8%)</b>				
<b>Electric (4.5%)</b>				
9,167	AEP Texas, Inc.	2.40	10/01/2022	9,157
1,601	AES Corp.	4.00	3/15/2021	1,627
5,000	Alliant Energy Finance, LLC <sup>(a)</sup>	3.75	6/15/2023	5,170
3,000	CenterPoint Energy, Inc.	2.50	9/01/2022	3,001
5,858	Delmarva Power & Light Co.	3.50	11/15/2023	6,116
5,000	Dominion Energy, Inc.	2.58	7/01/2020	5,004
8,080	DPL, Inc.	7.25	10/15/2021	8,665
5,000	Duke Energy Corp.	2.40	8/15/2022	4,997
2,600	Eversource Energy	2.75	3/15/2022	2,625
10,000	Exelon Generation Co., LLC	2.95	1/15/2020	10,017
7,975	Exelon Generation Co., LLC	4.00	10/01/2020	8,078
5,000	Georgia Power Co.	2.00	9/08/2020	4,971
8,496	IPALCO Enterprises, Inc.	3.45	7/15/2020	8,544
7,143	ITC Holdings Corp.	2.70	11/15/2022	7,142
5,833	Mississippi Power Co. (3 mo. LIBOR + 0.65%)	2.96 <sup>(e)</sup>	3/27/2020	5,823
3,333	NextEra Energy Capital Holdings, Inc.	3.34	9/01/2020	3,365
5,000	Public Service Electric & Gas Co.	3.25	9/01/2023	5,179

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 10,000	Sempra Energy	2.40%	3/15/2020	\$ 9,988
3,600	Sempra Energy	2.90	2/01/2023	3,623
4,299	Sierra Pacific Power Co.	3.38	8/15/2023	4,429
10,000	Southern Power Co.	2.38	6/01/2020	9,996
3,630	System Energy Resources, Inc.	4.10	4/01/2023	3,800
5,000	Virginia Electric & Power Co.	2.75	3/15/2023	5,061
				<u>136,378</u>
	<b>Gas (1.3%)</b>			
5,000	National Fuel Gas Co.	4.90	12/01/2021	5,184
3,400	National Grid, N.A., Inc. , acquired 9/13/2018; cost \$3,319 <sup>(l)</sup>	2.38	9/30/2020	3,382
10,000	Southern Co. Gas Capital Corp.	2.45	10/01/2023	9,938
19,073	WGL Holdings, Inc. <sup>(h)</sup>	2.25	11/01/2019	19,012
				<u>37,516</u>
	Total Utilities			<u>173,894</u>
	Total Corporate Obligations (cost: \$1,426,427)			<u>1,439,001</u>
	<b>EURODOLLAR AND YANKEE OBLIGATIONS (14.5%)</b>			
	<b>Basic Materials (1.0%)</b>			
	<b>Chemicals (0.8%)</b>			
5,000	Braskem Finance Ltd. <sup>(a)</sup>	5.75	4/15/2021	5,220
5,000	Braskem Netherlands Finance B.V. <sup>(a)</sup>	3.50	1/10/2023	5,020
7,932	Methanex Corp.	3.25	12/15/2019	7,923
5,000	Syngenta Finance N.V. <sup>(a)</sup>	3.70	4/24/2020	5,029
				<u>23,192</u>
	<b>Iron/Steel (0.0%)</b>			
2,000	Vale Overseas Ltd.	5.88	6/10/2021	2,105
	<b>Mining (0.2%)</b>			
5,000	Fresnillo pl <sup>(a)</sup>	5.50	11/13/2023	5,416
	Total Basic Materials			<u>30,713</u>
	<b>Communications (0.2%)</b>			
	<b>Telecommunications (0.2%)</b>			
5,000	Deutsche Telekom International Finance BV <sup>(a)</sup>	2.82	1/19/2022	5,046
	<b>Consumer, Cyclical (1.6%)</b>			
	<b>Airlines (1.0%)</b>			
15,350	Air Canada Pass-Through Trust <sup>(a)</sup>	5.00	3/15/2020	15,469
2,887	Air Canada Pass-Through Trust <sup>(a)</sup>	5.38	5/15/2021	2,954
5,550	British Airways Pass-Through Trust <sup>(a),(h)</sup>	5.63	6/20/2020	5,629
6,000	WestJet Airlines Ltd. <sup>(a)</sup>	3.50	6/16/2021	6,019
				<u>30,071</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Auto Manufacturers (0.4%)</b>				
\$ 2,873	Fiat Chrysler Automobiles N.V.	4.50%	4/15/2020	\$ 2,902
5,000	Hyundai Capital America <sup>(a)</sup>	3.00	6/20/2022	5,012
2,330	Jaguar Land Rover Automotive plc <sup>(a)</sup>	4.25	11/15/2019	2,327
3,560	Nissan Motor Acceptance Corp. <sup>(a)</sup>	1.55	9/13/2019	3,555
				<u>13,796</u>
<b>Retail (0.2%)</b>				
5,000	Alimentation Couche-Tard, Inc. <sup>(a)</sup>	2.70	7/26/2022	5,004
	Total Consumer, Cyclical			<u>48,871</u>
<b>Consumer, Non-cyclical (3.7%)</b>				
<b>Agriculture (1.0%)</b>				
5,000	BAT Capital Corp.	2.30	8/14/2020	4,988
10,000	BAT Capital Corp.	2.76	8/15/2022	10,012
5,000	BAT International Finance plc	1.63	9/09/2019	4,994
10,000	Imperial Brands Finance plc <sup>(a)</sup>	2.95	7/21/2020	10,032
				<u>30,026</u>
<b>Beverages (0.2%)</b>				
5,000	Anheuser-Busch InBev Worldwide, Inc.	4.15	1/23/2025	5,381
<b>Cosmetics/Personal Care (0.2%)</b>				
5,000	Avon International Capital plc <sup>(a)</sup>	6.50	8/15/2022	5,093
<b>Food (0.7%)</b>				
18,588	Grupo Bimbo SAB de CV <sup>(a)</sup>	4.50	1/25/2022	19,239
2,140	Smithfield Foods, Inc. <sup>(a)</sup>	2.70	1/31/2020	2,135
				<u>21,374</u>
<b>Healthcare-Services (0.2%)</b>				
5,326	Fresenius Medical Care U.S. Finance II, Inc. <sup>(a)</sup>	4.13	10/15/2020	5,400
<b>Household Products/Wares (0.5%)</b>				
15,000	Reckitt Benckiser Treasury Services plc <sup>(a)</sup>	2.38	6/24/2022	14,970
<b>Pharmaceuticals (0.9%)</b>				
4,500	Elanco Animal Health, Inc.	3.91	8/27/2021	4,592
1,667	Elanco Animal Health, Inc.	4.27	8/28/2023	1,753
7,669	Hikma Pharmaceuticals plc, acquired 1/03/2019-7/11/2019; cost \$7,663 <sup>(b)</sup>	4.25	4/10/2020	7,694
15,105	Teva Pharmaceutical Finance Co., LLC (Put Date 2/01/2021) <sup>(b)</sup>	0.25	2/01/2026	13,865
				<u>27,904</u>
	Total Consumer, Non-cyclical			<u>110,148</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Diversified (0.7%)</b>				
<b>Holding Companies-Diversified (0.7%)</b>				
\$ 5,000	CK Hutchison International II Ltd. <sup>(a)</sup>	2.25%	9/29/2020	\$ 4,981
10,000	CK Hutchison International Ltd. <sup>(a)</sup>	1.88	10/03/2021	9,844
5,000	CK Hutchison International Ltd. <sup>(a)</sup>	2.88	4/05/2022	5,026
	Total Diversified			<u>19,851</u>
<b>Energy (0.9%)</b>				
<b>Oil &amp; Gas (0.9%)</b>				
4,000	Aker BP ASA <sup>(a)</sup>	6.00	7/01/2022	4,118
9,758	Cenovus Energy, Inc.	5.70	10/15/2019	9,805
2,000	Petroleos Mexicanos	3.50	7/23/2020	2,001
6,000	Petroleos Mexicanos	6.38	2/04/2021	6,193
3,000	Petroleos Mexicanos	5.38	3/13/2022	3,046
3,100	Ras Laffan Liquefied Natural Gas Co. Ltd. <sup>(a)</sup>	6.75	9/30/2019	3,118
	Total Energy			<u>28,281</u>
<b>Financial (4.3%)</b>				
<b>Banks (2.5%)</b>				
10,000	Banco Santander Chile <sup>(a)</sup>	2.50	12/15/2020	9,996
15,000	BBVA Bancomer S.A. <sup>(a)</sup>	6.50	3/10/2021	15,739
3,000	BBVA Bancomer S.A.	6.50	3/10/2021	3,148
4,167	Cadence BanCorp (3 mo. LIBOR + 3.03%)	4.75 <sup>(i)</sup>	6/30/2029	3,983
10,000	Lloyds Banking Group plc (1 mo. LIBOR + 0.81%)	2.91 <sup>(i)</sup>	11/07/2023	9,944
13,000	Royal Bank of Scotland Group plc	6.13	12/15/2022	14,026
5,000	Santander UK Group Holdings plc	3.57	1/10/2023	5,055
5,000	Santander UK Group Holdings plc (1 mo. LIBOR + 1.08%)	3.37 <sup>(i)</sup>	1/05/2024	5,027
5,000	Santander UK plc	2.35	9/10/2019	4,999
5,000	Standard Chartered plc <sup>(a)</sup>	2.25	4/17/2020	4,989
				<u>76,906</u>
<b>Diversified Financial Services (1.0%)</b>				
5,000	Avolon Holdings Funding Ltd. <sup>(a)</sup>	3.95	7/01/2024	5,122
10,000	ORIX Corp.	2.90	7/18/2022	10,134
2,000	Park Aerospace Holdings Ltd. <sup>(a)</sup>	3.63	3/15/2021	2,017
13,000	Park Aerospace Holdings Ltd. <sup>(a)</sup>	5.25	8/15/2022	13,737
				<u>31,010</u>
<b>Insurance (0.3%)</b>				
10,216	XLIT Ltd. (3 mo. LIBOR + 2.46%)	4.76 <sup>(c)</sup>	— <sup>(m)</sup>	10,157
<b>Real Estate (0.2%)</b>				
5,000	WEA Finance, LLC <sup>(a)</sup>	3.15	4/05/2022	5,074

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
	<b>REITS (0.3%)</b>			
\$ 7,995	Scentre Group Trust <sup>(a)</sup>	2.38%	4/28/2021	\$ 7,958
	Total Financial			<u>131,105</u>
	<b>Industrial (1.1%)</b>			
	<b>Building Materials (0.2%)</b>			
5,000	Holcim U.S. Finance Sarl & Cie SCS <sup>(a)</sup>	6.00	12/30/2019	<u>5,058</u>
	<b>Electronics (0.2%)</b>			
5,000	Tyco Electronics Group S.A. (3 mo. LIBOR + 0.45%)	2.93 <sup>(c)</sup>	6/05/2020	<u>5,005</u>
	<b>Miscellaneous Manufacturers (0.2%)</b>			
7,306	Smiths Group plc <sup>(a)</sup>	3.63	10/12/2022	<u>7,393</u>
	<b>Trucking &amp; Leasing (0.5%)</b>			
8,062	DAE Funding, LLC <sup>(a)</sup>	4.00	8/01/2020	8,134
5,000	DAE Funding, LLC <sup>(a)</sup>	5.25	11/15/2021	5,223
2,370	DAE Funding, LLC <sup>(a)</sup>	4.50	8/01/2022	<u>2,413</u>
	Total Industrial			<u>33,226</u>
	<b>Technology (0.2%)</b>			
	<b>Software (0.2%)</b>			
5,000	Fiserv, Inc.	2.75	7/01/2024	<u>5,035</u>
	<b>Utilities (0.8%)</b>			
	<b>Electric (0.8%)</b>			
10,000	Comision Federal de Electricidad	4.88	5/26/2021	10,335
5,000	Comision Federal de Electricidad <sup>(a)</sup>	4.88	5/26/2021	5,168
5,000	Dominion Energy, Inc.	2.72	8/15/2021	5,007
5,000	Emera U.S. Finance, LP	2.70	6/15/2021	<u>5,007</u>
	Total Utilities			<u>25,517</u>
	Total Eurodollar and Yankee Obligations (cost: \$434,375)			<u>437,793</u>
	<b>FOREIGN GOVERNMENT OBLIGATIONS (1.0%)</b>			
10,000	Province of Alberta <sup>(a),(b)</sup>	1.75	8/26/2020	9,958
5,000	Province of Alberta	3.35	11/01/2023	5,250
10,000	Province of Ontario <sup>(b)</sup>	2.45	6/29/2022	10,111
5,000	Province of Quebec <sup>(b)</sup>	2.63	2/13/2023	<u>5,098</u>
	Total Foreign Government Obligations (cost: \$29,995)			<u>30,417</u>
	<b>MUNICIPAL OBLIGATIONS (4.5%)</b>			
	<b>California (0.2%)</b>			
4,750	San Jose Redev. Agency Successor Agency	2.63	8/01/2022	<u>4,829</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>Colorado (0.2%)</b>				
\$ 2,280	City of Loveland Electric & Communications Enterprise Revenue	2.97%	12/01/2024	\$ 2,331
2,500	University of Colorado <sup>(b)</sup>	2.35	6/01/2025	2,508
				<u>4,839</u>
<b>Connecticut (0.4%)</b>				
3,700	State	3.75	9/15/2020	3,747
3,900	State	3.67	8/15/2022	4,040
3,185	State Health & Educational Facilities Auth.	3.32	7/01/2020	3,194
				<u>10,981</u>
<b>Florida (0.1%)</b>				
1,375	Municipal Power Agency	2.20	10/01/2020	1,367
2,500	Municipal Power Agency	2.38	10/01/2021	2,489
				<u>3,856</u>
<b>Illinois (0.1%)</b>				
2,520	City of Chicago Wastewater Transmission <sup>(b)</sup>	4.31	1/01/2021	2,560
760	Village of Channahon	4.00	1/01/2020	763
				<u>3,323</u>
<b>Kentucky (0.0%)</b>				
1,060	State Property & Building Commission	2.56	5/01/2021	1,059
250	State Property & Building Commission	2.76	5/01/2022	251
				<u>1,310</u>
<b>Maryland (0.4%)</b>				
3,625	EDC	2.80	6/01/2020	3,607
3,670	EDC	3.05	6/01/2021	3,657
3,795	EDC	3.30	6/01/2022	3,805
				<u>11,069</u>
<b>Massachusetts (0.0%)</b>				
750	Dev. Finance Agency	4.00	6/01/2024	765
<b>Michigan (0.4%)</b>				
5,395	Clintondale Community Schools	2.61	5/01/2021	5,428
4,000	Clintondale Community Schools	2.84	5/01/2022	4,063
3,635	Mount Clemens Community School District	2.46	5/01/2020	3,637
				<u>13,128</u>
<b>New Jersey (0.8%)</b>				
850	EDA	3.50	6/15/2020	855
12,500	EDA	4.45	6/15/2020	12,684
625	EDA	3.52	7/01/2020	627
550	EDA	3.70	6/15/2021	560

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
\$ 495	EDA	3.65%	7/01/2021	\$ 501
2,615	Educational Facilities Auth.	2.25	9/01/2020	2,602
7,450	Educational Facilities Auth.	2.47	9/01/2021	7,434
				<u>25,263</u>
	<b>New York (0.4%)</b>			
1,270	Dormitory Auth.	2.24	7/01/2020	1,265
5,125	Dormitory Auth.	2.57	7/01/2020	5,076
1,550	Dormitory Auth.	2.44	7/01/2021	1,550
2,000	Dormitory Auth.	3.18	3/15/2022	2,048
1,830	Town of Oyster Bay	3.80	2/01/2020	1,836
				<u>11,775</u>
	<b>Pennsylvania (0.3%)</b>			
3,265	IDA	2.97	7/01/2021	3,280
405	Luzerne County IDA (INS - Assured Guaranty Municipal Corp.)	3.85	12/15/2019	404
2,805	Scranton School District (Put Date 6/15/2024) <sup>(k)</sup>	3.15	6/15/2034	2,800
1,415	Scranton School District (Put Date 6/15/2024) <sup>(k)</sup>	3.15	6/15/2034	1,413
				<u>7,897</u>
	<b>Rhode Island (0.1%)</b>			
2,065	Commerce Corp.	2.86	5/01/2024	2,113
	<b>Tennessee (0.1%)</b>			
2,835	Metropolitan Nashville Airport Auth. (Put Date 8/07/2019) (LOC - Regions Bank) <sup>(a)</sup>	2.46	4/01/2030	2,835
	<b>Texas (0.5%)</b>			
5,000	A&M University	2.89	5/15/2022	5,109
1,585	A&M University	2.95	5/15/2023	1,633
3,845	A&M University <sup>(b)</sup>	2.12	5/15/2024	3,836
1,690	City of Houston	2.62	3/01/2021	1,701
1,240	City of Houston	2.77	3/01/2022	1,258
1,900	City of Houston	2.98	3/01/2023	1,946
				<u>15,483</u>
	<b>Virginia (0.1%)</b>			
3,000	Small Business Financing Auth. (Put Date 12/31/2019) <sup>(a),(k)</sup>	4.20	7/01/2050	3,001
	<b>Wisconsin (0.4%)</b>			
5,400	Public Finance Auth. (LOC - Citizens Financial Group)	2.75	6/01/2020	5,382
6,500	Public Finance Auth. (LOC - Citizens Financial Group)	3.75	2/01/2022	6,527
				<u>11,909</u>
	Total Municipal Obligations (cost: \$133,469)			<u>134,376</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>U.S. GOVERNMENT AGENCY ISSUES (1.1%)<sup>(o)</sup></b>				
<b>Agency Collateral CMO (0.1%)</b>				
\$ 2,900	Fannie Mae <sup>(+)</sup>	1.25%	9/25/2027	\$ 2,815
<b>Commercial MBS (0.3%)</b>				
51,577	Fannie Mae <sup>(+)(g)</sup>	0.54 <sup>(o)</sup>	8/25/2022	640
60,655	Fannie Mae <sup>(+)(g)</sup>	0.64 <sup>(o)</sup>	5/25/2022	841
66,786	Freddie Mac <sup>(+)(g)</sup>	1.25 <sup>(o)</sup>	8/25/2022	2,165
611	Freddie Mac <sup>(+)</sup>	1.78	10/25/2020	608
4,130	FREMF Mortgage Trust <sup>(a)</sup>	3.04 <sup>(o)</sup>	10/25/2047	4,125
				<u>8,379</u>
<b>FGLMC Collateral (0.0%)</b>				
29	Freddie Mac <sup>(+)</sup>	5.00	5/01/2020	29
42	Freddie Mac <sup>(+)</sup>	5.00	9/01/2020	42
93	Freddie Mac <sup>(+)</sup>	5.50	4/01/2021	95
				<u>166</u>
<b>FHLMC Collateral (0.0%)</b>				
539	Freddie Mac <sup>(+)</sup> (12 mo. LIBOR + 1.63%)	4.67 <sup>(e)</sup>	4/01/2035	558
<b>FNMA Collateral (0.7%)</b>				
2,781	Fannie Mae <sup>(+)</sup>	2.50	4/01/2027	2,800
8,131	Fannie Mae <sup>(+)</sup>	2.50	5/01/2027	8,186
4,896	Fannie Mae <sup>(+)</sup>	2.50	8/01/2027	4,929
3,808	Fannie Mae <sup>(+)</sup>	2.50	8/01/2027	3,834
84	Fannie Mae <sup>(+)</sup>	4.50	5/01/2023	86
43	Fannie Mae <sup>(+)</sup>	4.50	2/01/2024	45
31	Fannie Mae <sup>(+)</sup>	5.00	12/01/2021	31
103	Fannie Mae <sup>(+)</sup>	5.00	6/01/2023	107
14	Fannie Mae <sup>(+)</sup>	5.00	9/01/2023	14
147	Fannie Mae <sup>(+)</sup>	5.00	2/01/2024	153
48	Fannie Mae <sup>(+)</sup>	5.50	12/01/2020	48
102	Fannie Mae <sup>(+)</sup>	5.50	2/01/2023	106
275	Fannie Mae <sup>(+)</sup>	5.50	6/01/2023	286
73	Fannie Mae <sup>(+)</sup>	5.50	9/01/2023	76
267	Fannie Mae <sup>(+)</sup>	5.50	6/01/2024	277
131	Fannie Mae <sup>(+)</sup>	6.00	10/01/2022	136
158	Fannie Mae <sup>(+)</sup>	6.00	1/01/2023	164
295	Fannie Mae <sup>(+)</sup>	6.00	1/01/2023	307
102	Fannie Mae <sup>(+)</sup>	6.00	7/01/2023	107
				<u>21,692</u>
	Total U.S. Government Agency Issues (cost: \$32,712)			<u>33,610</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>U.S. TREASURY SECURITIES (5.9%)</b>				
<b>Notes (5.9%)</b>				
\$ 5,000	U.S. Treasury Note	1.13%	2/28/2021	\$ 4,935
15,000	U.S. Treasury Note	1.38	2/29/2020	14,933
43,000	U.S. Treasury Note	1.38	3/31/2020	42,792
45,000	U.S. Treasury Note <sup>(p)</sup>	1.38	9/30/2020	44,666
5,000	U.S. Treasury Note	1.38	1/31/2021	4,956
16,500	U.S. Treasury Note	1.38	6/30/2023	16,205
25,000	U.S. Treasury Note	1.63	11/30/2020	24,881
5,000	U.S. Treasury Note	1.75	6/30/2024	4,976
15,000	U.S. Treasury Note	1.88	11/30/2021	15,000
5,000	U.S. Treasury Note	1.88	8/31/2022	5,003
	Total U.S. Treasury Securities (cost: \$178,958)			<u>178,347</u>
	Total Bonds (cost: \$2,857,674)			<u>2,887,555</u>

Number of Shares

<b>EQUITY SECURITIES (1.2%)</b>		
<b>PREFERRED STOCKS (1.2%)</b>		
<b>Communications (0.8%)</b>		
<b>Telecommunications (0.8%)</b>		
23,029	Centaur Funding Corp., 9.08% <sup>(a),(h)</sup>	<u>24,296</u>
<b>Financial (0.4%)</b>		
<b>Banks (0.2%)</b>		
200,000	Citigroup Capital XIII, 8.64%, (3 mo. LIBOR + 6.37%) <sup>(c)</sup>	<u>5,440</u>
<b>REITS (0.2%)</b>		
50	SunTrust Real Estate Investment Corp., 9.00% <sup>(h),(m),(q),(r)</sup>	<u>5,512</u>
	Total Financial	<u>10,952</u>
	Total Preferred Stocks (cost: \$35,640)	<u>35,248</u>
	Total Equity Securities (cost: \$35,640)	<u>35,248</u>

Principal Amount (000)	Security	Coupon Rate	Maturity	Market Value (000)
<b>MONEY MARKET INSTRUMENTS (2.6%)</b>				
<b>COMMERCIAL PAPER (2.5%)</b>				
\$ 8,000	Albemarle Corp.	2.45%	8/19/2019	\$ 7,990
15,000	CSLB Holdings, Inc. <sup>(a)</sup>	2.45	8/05/2019	14,996
5,000	Enable Midstream <sup>(a)</sup>	3.50	9/17/2019	4,977
5,000	Glencore Funding, LLC <sup>(a)</sup>	3.41	9/12/2019	4,980
8,700	Glencore Funding, LLC	2.55	8/05/2019	8,697
30,000	Mylan N.V.	2.65	8/02/2019	29,998
4,000	Sherwin Williams Co.	2.47	8/06/2019	3,999
	Total Commercial Paper (cost: \$75,637)			<u>75,637</u>
<hr/>				
Number of Shares				
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.1%)</b>				
3,487,418	State Street Institutional Treasury Money Market Fund Premier Class, 2.09% <sup>(a)</sup> (cost: \$3,488)			<u>3,488</u>
	Total Money Market Instruments (cost: \$79,125)			<u>79,125</u>
	<b>Total Investments (cost: \$2,972,439)</b>			<b><u><u>\$3,001,928</u></u></b>

(\$ in 000s)

**VALUATION HIERARCHY**

<b>Assets</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>Total</b>
<b>Bonds:</b>				
Asset-Backed Securities	\$ —	\$ 445,584	\$ —	\$ 445,584
Bank Loans	—	48,891	—	48,891
Collateralized Loan Obligations	—	49,970	—	49,970
Collateralized Mortgage Obligations	—	2,563	—	2,563
Commercial Mortgage Securities	—	87,003	—	87,003
Corporate Obligations	—	1,439,001	—	1,439,001
Eurodollar and Yankee Obligations	—	437,793	—	437,793
Foreign Government Obligations	—	30,417	—	30,417
Municipal Obligations	—	134,376	—	134,376
U.S. Government Agency Issues	—	33,610	—	33,610
U.S. Treasury Securities	178,347	—	—	178,347
<b>Equity Securities:</b>				
Preferred Stocks	—	29,736	5,512	35,248
<b>Money Market Instruments:</b>				
Commercial Paper	—	75,637	—	75,637
Government & U.S. Treasury Money	—	—	—	—
Market Funds	3,488	—	—	3,488
<b>Total</b>	<b>\$181,835</b>	<b>\$2,814,581</b>	<b>\$5,512</b>	<b>\$3,001,928</b>

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 compliance classification.

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

# NOTES TO PORTFOLIO OF INVESTMENTS

July 31, 2019

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## ■ 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. Investments in foreign securities were 20.3% of net assets at July 31, 2019.

## ■ CATEGORIES AND DEFINITIONS

**Eurodollar and Yankee obligations** – Eurodollar obligations are U.S. dollar-denominated instruments that are issued outside the U.S. capital markets by foreign corporations and financial institutions and by foreign branches of U.S. corporations and financial institutions. Yankee obligations are dollar-denominated instruments that are issued by foreign issuers in the U.S. capital markets.

**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 loan obligations (CLOs)** – Collateralized loan obligations are securities issued by entities that are collateralized by a pool of loans. CLOs are issued in multiple classes (tranches), and can be equity or debt with specific adjustable or fixed interest rates, and varying maturities. The cash flow from the underlying loans is used to pay off each tranche separately within the debt, or senior tranches. Equity, or subordinated tranches, typically are not paid a cash flow but do offer ownership in the CLO itself in the event of a sale.

**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.

**Commercial paper** – Consists of short-term unsecured promissory notes with maturities ranging from one to 270 days, issued mainly by corporations. Commercial paper is usually purchased at a discount and matures at par value; however, it also may be interest-bearing. Rate represents an annualized yield at time of purchase or coupon rate, if applicable.

## ■ PORTFOLIO ABBREVIATIONS AND DESCRIPTIONS

- EDA Economic Development Authority
- EDC Economic Development Corp.
- IDA Industrial Development Authority/Agency

LIBOR London Interbank Offered Rate

REITS Real estate investment trusts – Dividend distributions from REITS may be recorded as income and later characterized by the REIT at the end of the fiscal year as capital gains or a return of capital. Thus, the Fund will estimate the components of distributions from these securities and revise when actual distributions are known.

**Credit enhancements** – Adds the financial strength of the provider of the enhancement to support the issuer’s ability to repay the principal and interest payments when due. The enhancement may be provided by a high-quality bank, insurance company or other corporation, or a collateral trust. The enhancements do not guarantee the market values of the securities.

INS Principal and interest payments are insured by the name listed. Although bond insurance reduces the risk of loss due to default by an issuer, such bonds remain subject to the risk that value may fluctuate for other reasons, and there is no assurance that the insurance company will meet its obligations.

LOC Principal and interest payments are guaranteed by a bank letter of credit or other bank credit agreement.

## ■ SPECIFIC NOTES

- (a) 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 Victory Capital under liquidity guidelines approved by USAA Mutual Funds Trust’s Board of Trustees, unless otherwise noted as illiquid.
- (b) Security or a portion of the security purchased on a delayed-delivery and/or when-issued basis.
- (c) Variable-rate security – interest rate is adjusted periodically. The interest rate disclosed represents the rate at July 31, 2019.

- (d) Bank loans (loans) – are not registered under the Securities Act of 1933. The loans contain certain restrictions on resale and cannot be sold publicly. The stated interest rates represent the all in interest rate of all contracts within the loan facilities. The interest rates are adjusted periodically, and the rates disclosed represent the current rate at July 31, 2019. The weighted average life of the loans are likely to be shorter than the stated final maturity date due to mandatory or optional prepayments. The loans are deemed liquid by Victory Capital, under liquidity guidelines approved by USAA Mutual Funds Trust’s Board of Trustees, unless otherwise noted as illiquid.
- (e) The bank loan will settle after July 31, 2019, at which time the interest rate will be determined.
- (f) Stated interest rates may change slightly over time as underlying mortgages paydown.
- (g) Security is interest only. Interest-only commercial mortgage-backed securities (CMBS IOs) represent the right to receive only the interest payments on an underlying pool of commercial mortgage loans. The purchase yield reflects an anticipated yield based upon interest rates at the time of purchase and the estimated timing and amount of future cash flows. Coupon rates after purchase vary from period to period. The principal amount represents the notional amount of the underlying pool on which current interest is calculated. CMBS IOs are backed by loans that have various forms of prepayment protection, which include lock-out provisions, yield maintenance provisions, and prepayment penalties. This serves to moderate their prepayment risk. CMBS IOs are subject to default-related prepayments that may have a negative impact on yield.
- (h) Security deemed illiquid by Victory Capital, under liquidity guidelines approved by USAA Mutual Funds Trust’s Board of Trustees.
- (i) At July 31, 2019, the issuer was in default with respect to interest and/or principal payments.

- (j) Fixed to floating security that initially pays a fixed rate and converts to a floating rate coupon at a specified date in the future. The rate presented is a fixed rate.
- (k) Put bond – provides the right to sell the bond at face value at specific tender dates prior to final maturity. The put feature shortens the effective maturity of the security.
- (l) Restricted security that is not registered under the Securities Act of 1933. The aggregate market value of these securities at July 31, 2019, was \$11,076,000, which represented 0.4% of the Fund’s net assets.
- (m) Security is perpetual and has no final maturity date but may be subject to calls at various dates in the future.
- (n) Variable-rate demand notes (VRDNs) – Provide the right to sell the security at face value on either that day or within the rate-reset period. VRDNs will normally trade as if the maturity is the earlier put date, even though stated maturity is longer. The interest rate is reset on the put date at a stipulated daily, weekly, monthly, quarterly, or other specified time interval to reflect current market conditions. These securities do not indicate a reference rate and spread in their description.
- (o) 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.

- (p) At July 31, 2019, the security, or a portion thereof, was segregated to cover delayed-delivery and/or when-issued purchases.
- (q) Security was fair valued at July 31, 2019, by Victory Capital in accordance with valuation procedures approved by USAA Mutual Funds Trust's Board of Trustees. For the USAA Short-Term Bond Fund, the total value of all such securities was \$5,512,000, which represented 0.2% of the Fund's net assets.
- (r) Security was classified as Level 3.
- (s) Rate represents the money market fund annualized seven-day yield at July 31, 2019.

See accompanying notes to financial statements.

## STATEMENT OF ASSETS AND LIABILITIES (IN THOUSANDS)

July 31, 2019

### ASSETS

Investments in securities, at market value (cost of \$2,972,439)	\$3,001,928
Cash	7,384
Receivables:	
Capital shares sold	1,217
Victory Capital (Note 8)	5
Interest	22,805
Securities sold	9,624
Total assets	3,042,963

### LIABILITIES

Payables:	
Securities purchased	27,747
Capital shares redeemed	2,174
Dividends on capital shares	292
Accrued administration and servicing fees	308
Accrued management fees	517
Accrued transfer agent's fees	295
Other accrued expenses and payables	223
Total liabilities	31,556
Net assets applicable to capital shares outstanding	\$3,011,407

### NET ASSETS CONSIST OF:

Paid-in capital	\$2,982,220
Distributable earnings	29,187
Net assets applicable to capital shares outstanding	\$3,011,407
Net asset value, redemption price, and offering price per share:	
Fund Shares (net assets of \$1,167,973/126,841 capital shares outstanding, no par value)	\$ 9.21
Institutional Shares (net assets of \$1,822,756/198,050 capital shares outstanding, no par value)	\$ 9.20
Adviser Shares (net assets of \$15,222/1,653 capital shares outstanding, no par value)	\$ 9.21
R6 Shares (net assets of \$5,456/592 capital shares outstanding, no par value)	\$ 9.21

See accompanying notes to financial statements.

# STATEMENT OF OPERATIONS

## (IN THOUSANDS)

Year ended July 31, 2019

### INVESTMENT INCOME

Dividends	\$ 1,806
Interest	103,220
Securities lending (net)	61
Total income	<u>105,087</u>

### EXPENSES

Management fees	7,790
Administration and servicing fees:	
Fund Shares	1,751
Institutional Shares	2,040
Adviser Shares	26
R6 Shares	3
Transfer agent's fees:	
Fund Shares	1,724
Institutional Shares	2,040
Adviser Shares	7
R6 Shares	1
Distribution and service fees (Note 8):	
Adviser Shares	43
Custody and accounting fees:	
Fund Shares	172
Institutional Shares	292
Adviser Shares	2
R6 Shares	1
Postage:	
Fund Shares	80
Institutional Shares	134
Shareholder reporting fees:	
Fund Shares	38
Institutional Shares	16
Trustees' fees	37
Registration fees:	
Fund Shares	40
Institutional Shares	50
Adviser Shares	21
R6 Shares	20

Professional fees	\$ 103
Other	<u>43</u>
Total expenses	<u>16,474</u>
Expenses reimbursed:	
R6 Shares	<u>(17)</u>
Net expenses	<u>16,457</u>
<b>NET INVESTMENT INCOME</b>	<u>88,630</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>	
Net realized loss	(354)
Change in net unrealized appreciation/(depreciation)	<u>51,945</u>
Net realized and unrealized gain	<u>51,591</u>
Increase in net assets resulting from operations	<u>\$140,221</u>

See accompanying notes to financial statements.

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

Years ended July 31,

	2019	2018
<b>FROM OPERATIONS</b>		
Net investment income	\$ 88,630	\$ 73,096
Net realized gain (loss) on investments	(354)	3,633
Change in net unrealized appreciation/(depreciation) of investments	51,945	(56,420)
Increase in net assets resulting from operations	140,221	20,309
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS:</b>		
Fund Shares	(31,432)	(27,523)
Institutional Shares	(57,077)	(44,960)
Adviser Shares	(417)	(488)
R6 Shares	(150)	(121)
Distributions to shareholders	(89,076)	(73,092)
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS (NOTE 7)</b>		
Fund Shares	(38,685)	(92,473)
Institutional Shares	(235,303)	102,957
Adviser Shares	(8,063)	1,889
R6 Shares	231	96
Total net increase (decrease) in net assets from capital share transactions	(281,820)	12,469
Net decrease in net assets	(230,675)	(40,314)
<b>NET ASSETS</b>		
Beginning of year	3,242,082	3,282,396
End of year	\$3,011,407	\$3,242,082

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2019

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## **(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 Short-Term Bond 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 seek high current income consistent with preservation of principal.

The Fund consists of four classes of shares: Short-Term Bond Fund Shares (Fund Shares), Short-Term Bond Fund Institutional Shares (Institutional Shares), Short-Term Bond Fund Adviser Shares (Adviser Shares), and Short-Term Bond 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 an affiliate fund participating in a fund-of-funds investment strategy (affiliated 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), 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 Capital Holdings Inc., a global investment management firm headquartered in Cleveland, Ohio (the Transaction) on July 1, 2019. Effective August 5, 2019, Citibank, N.A. is the new custodian for the USAA Mutual Funds. 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. 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.

- A. **Security valuation** – The Trust’s Board of Trustees (the Board) has established the Pricing 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 bid 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.

Effective July 1, 2019, the valuation methodology applied to certain debt securities changed. Securities that were previously valued at an evaluated mean are now valued at the evaluated bid or the last sales price.

2. Equity securities, including exchange-traded funds (ETFs), except as otherwise noted, traded primarily on a domestic securities exchange or the over-the-counter markets, are valued at the last sales price or official closing price on the exchange or primary market on which they trade. Securities traded primarily on foreign securities exchanges or markets are valued at the last quoted sale price, or the most recently determined official closing price calculated according to local market convention, available at the time the Fund is valued. If no last sale or official closing price is reported or available, the closing bid price generally is used for U.S. listed equities and the average of the bid and asked prices is used for foreign listed equities. Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. Certain preferred and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

3. Equity securities trading in various foreign markets may take place on days when the NYSE is closed. Further, when the NYSE is open, the foreign markets may be closed. Therefore, the calculation of the Fund's net asset value (NAV) may not take place at the same time the prices of certain foreign securities held by the Fund are determined. In many cases, events affecting the values of foreign securities that occur between the time of their last quoted sale or official closing price and the close of normal trading on the NYSE on a day the Fund's NAV is calculated will not need to be reflected in the value of the Fund's foreign securities. However, the Manager will monitor for events that would materially affect the value of the Fund's foreign securities and the Committee will consider such available information that it deems relevant and will determine a fair value for the affected foreign securities in accordance with valuation procedures. In addition, information from an external vendor or other sources may be used to adjust the foreign market closing prices of foreign equity securities to reflect what the Committee believes to be the fair value of the securities as of the close of the NYSE. Fair valuation of affected foreign equity securities may occur frequently based on an assessment that events which occur on a fairly regular basis (such as U.S. market movements) are significant. Such securities are categorized in Level 2 of the fair value hierarchy.
4. Investments in open-end investment companies, commingled, or other funds, other than ETFs, are valued at their NAV at the end of each business day and are categorized in Level 1 of the fair value hierarchy.
5. Short-term debt securities with original or remaining maturities of 60 days or less generally are priced but may be valued at amortized cost, provided that amortized cost represents the fair value of such securities.
6. Repurchase agreements are valued at cost.
7. Futures are valued at the settlement price at the close of market on the principal exchange on which they are traded or, in the absence of any transactions that day, the last sale on the prior trading date.
8. 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 net asset value (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. Dividend income, less foreign taxes, if any, is recorded on the ex-dividend date. If the ex-dividend date has passed, certain dividends from foreign securities are recorded upon notification. 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 July 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. **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 or for delayed draws on loans 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 receives a commitment fee for delayed draws on loans. 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 and delayed-draw loan commitments may increase the volatility of the Fund’s NAV to the extent that the Fund makes such purchases and commitments while remaining substantially fully invested.

- F. **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.
- G. **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 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. 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.

For the period July 1, 2019 to July 31, 2019, the Fund paid Citibank facility fees of less than \$500, which represents 0.2% of the total fees paid to Citibank by the funds of the Trusts. The Fund had no borrowings under this agreement during the period July 1, 2019 to July 31, 2019. Effective July 1, 2019, the line of credit among the Trust, with respect to its funds, and USAA Capital Corporation (CAPCO) terminated. For the period from August 1, 2018 to June 30, 2019, the Fund paid CAPCO facility fees of \$26,000, which represents 3.9% of the total fees paid to CAPCO by the funds of the Trusts. The Fund had no borrowings under this agreement during the period from August 1, 2018 to June 30, 2019.

### (3) INTERFUND LENDING

Effective July 1, 2019, the Trust relies on an exemptive order granted to Victory Capital and its affiliated funds by the U.S. Securities and Exchange Commission (SEC) in March 2017 (the 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 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 Order, by averaging the current repurchase agreement rate and the current bank loan rate. For the period July 1, 2019 to July 31, 2019, the Fund did not lend.

### (4) 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 July 31, 2019, and 2018, was as follows:

	<u>2019</u>	<u>2018</u>
Ordinary income*	\$88,600,000	\$73,084,000
Long-term realized capital gains	<u>476,000</u>	<u>8,000</u>
Total distributions paid	<u>\$89,076,000</u>	<u>\$73,092,000</u>

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

Undistributed ordinary income*	\$ 255,000
Accumulated capital and other losses	(336,000)
Unrealized appreciation of investments	29,521,000

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

The difference between book-basis and tax-basis unrealized appreciation of investments is attributable to the tax deferral of losses on wash sales, dividends payable, passive foreign investment company, defaulted bond income, and hybrid interest accrual adjustments.

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 July 31, 2019, the Fund had net capital loss carryforwards of \$(336,000), for federal income tax purposes. 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	\$ —
Long-Term	(336,000)
Total	\$(336,000)

**Tax Basis of Investments** – At July 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 Short-Term Bond Fund	\$2,972,407,000	\$34,880,000	\$(5,359,000)	\$29,521,000

## (5) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales/maturities of securities, excluding short-term securities, for the year ended July 31, 2019, were \$1,457,308,000 and \$1,593,141,000, respectively.

In accordance with affiliated transaction procedures approved by the Board, purchases and sales of security transactions were executed between the Fund and

affiliated 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 July 31, 2019 were as follows:

Purchases	Sales	Net Realized Gain (Loss)
\$3,625,000	\$-	\$-

## (6) 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 July 31, 2019, the Fund had no securities on loan.

## (7) CAPITAL SHARE TRANSACTIONS

At July 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 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 July 31, 2019		Year Ended July 31, 2018	
	Shares	Amount	Shares	Amount
<b>Fund Shares:</b>				
Shares sold	25,391	\$ 231,270	27,583	\$ 252,252
Shares issued from reinvested dividends	3,351	30,563	2,930	26,728
Shares redeemed	(33,004)	(300,518)	(40,697)	(371,453)
Net decrease from capital share transactions	(4,262)	\$ (38,685)	(10,184)	\$ (92,473)
<b>Institutional Shares:</b>				
Shares sold	46,093	\$ 419,712	49,960	\$ 455,625
Shares issued from reinvested dividends	5,894	53,713	4,718	43,023
Shares redeemed	(77,547)	(708,728)	(43,344)	(395,691)
Net increase (decrease) from capital share transactions	(25,560)	\$(235,303)	11,334	\$ 102,957
<b>Adviser Shares:</b>				
Shares sold	296	\$ 2,697	1,774	\$ 16,258
Shares issued from reinvested dividends	23	212	20	177
Shares redeemed	(1,207)	(10,972)	(1,590)	(14,546)
Net increase (decrease) from capital share transactions	(888)	\$ (8,063)	204	\$ 1,889
<b>R6 Shares:</b>				
Shares sold	24	\$ 226	11	\$ 98
Shares issued from reinvested dividends	1	6	—*	3
Shares redeemed	(—)*	(1)	(1)	(5)
Net increase from capital share transactions	25	\$ 231	10	\$ 96

\*Represents less than 500 shares.

## (8) TRANSACTIONS WITH MANAGER

**Management fees** – The Manager provides investment management services to the Fund pursuant to an Advisory Agreement. Effective July 1, 2019, the Trust relies 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. For the year ended July 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 0.20% 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 Short Investment Grade Bond Funds Index. The Lipper Short Investment Grade Bond Funds Index tracks the total return performance of funds within the Lipper Short Investment Grade Debt Funds category.

The performance period for each class consists of the current month plus the previous 35 months. The performance period for the R6 Shares commenced on December 1, 2016, and 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:

<b>Over/Under Performance Relative to Index (in basis points)<sup>1</sup></b>	<b>Annual Adjustment Rate (in basis points)<sup>1</sup></b>
+/- 20 to 50	+/-4
+/- 51 to 100	+/-5
+/- 101 and greater	+/-6

<sup>1</sup>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 Short Investment Grade Funds Index over that period, even if the class had overall negative returns during the performance period.

Under the investment advisory agreement with the Manager that took effect on July 1, 2019, no performance adjustments will be made for the period beginning July 1, 2019, through June 30, 2020. Only performance beginning as of July 1, 2019, and thereafter will be utilized in calculating future performance adjustments.

For the period from August 1, 2018 to June 30, 2019, the Fund incurred management fees, paid or payable to AMCO, of \$7,273,000, which included a performance adjustment for the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares of \$491,000, \$833,000, \$4,000, and \$2,000, respectively. For the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares the performance adjustments were 0.04%, 0.04%, 0.03%, and 0.03%, respectively. For the period July 1, 2019 to July 31, 2019 the Fund incurred management fees, paid or payable to Victory Capital of \$517,000, which included no performance adjustments.

**Administration and servicing fees** – Effective July 1, 2019, Victory Capital is obligated on a continuous basis to provide administrative services to the Fund. 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 period from August 1, 2018 to June 30, 2019, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares incurred administration and servicing fees, paid or payable to AMCO, of \$1,602,000, \$1,883,000,

\$24,000, and \$2,000, respectively. For the period July 1, 2019 to July 31, 2019, the Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares incurred administration and servicing fees, paid or payable to Victory Capital of \$149,000, \$157,000, \$2,000, and \$1,000, respectively.

In addition to the services provided under its Administration and Servicing Agreement with the Fund, AMCO also provided certain compliance and legal services for the benefit of the Fund. The Board approved the reimbursement of a portion of these expenses incurred by AMCO.

Effective July 1, 2019, these services are covered under a Compliance Services Agreement between the Trust and Victory Capital. For the period from August 1, 2018 to June 30, 2019, the Fund reimbursed AMCO \$10,000 for these compliance and legal services. For the period July 1, 2019 to July 31, 2019, the Fund's portion of fees paid to Victory Capital under the Compliance Service Agreement was less than \$500. These expenses are included in the professional fees on the Fund's Statement of Operations.

**Expense limitation** – Effective July 1, 2019, the Manager has contractually agreed to waive its management fee and/or reimburse expenses so that the total annual operating expenses (excluding certain items such as interest, taxes and brokerage commissions) do not exceed 0.53% of the Fund Shares, 0.43% of the Institutional Shares, 0.73% of the Adviser Shares, and 0.39% of the R6 Shares, through at least June 30, 2021. The Manager is permitted 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 limits in effect at the time of: (a) the original waiver or expense reimbursement; or (b) the recoupment, after giving effect to the recoupment amount. The amount of any waivers or reimbursements and the amount of any recoupment is calculated without regard to the impact of any performance adjustment to the Fund's management fee. This waiver agreement may only be terminated by the Fund's Board of Trustees. Prior to July 1, 2019, AMCO agreed to limit the total annual operating expenses of the R6 Shares to 0.39% of their average daily net assets, excluding extraordinary expenses and before reductions of any expenses paid indirectly, and to reimburse the R6 Shares for all expenses in excess of those amounts. For the period from August 1, 2018 to June 30, 2019,

the R6 Shares incurred reimbursable expenses from AMCO of \$11,000. For the period July 1, 2019 to July 31, 2019, the R6 Shares incurred reimbursable expenses of \$5,000, all of which was receivable from the Manager.

**Transfer agent's fees** – Victory Capital Transfer Agency, Inc. (VCTA), (formerly, USAA Shareholder Account Services (SAS)) provides transfer agency services to the Fund. VCTA, 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. VCTA 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 July 31, 2019, the Fund Shares, Institutional Shares, Adviser Shares and R6 Shares incurred transfer agent's fees, paid or payable to VCTA, of \$1,724,000, \$2,040,000, \$7,000, and \$1,000, respectively.

**Distribution and service (12b-1) fees** – Effective July 1, 2019, the Trust has an agreement with Victory Capital Advisers, Inc. (VCA), an affiliate of the Manager for exclusive distribution of the Fund's shares on a continuing best effort basis. Prior to July 1, 2019, the Fund 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. Prior to July 1, 2019, 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 period from August 1, 2018 to June 30, 2019, the Adviser Shares incurred distribution and service (12b-1) fees, of \$40,000. For the period July 1, 2019 to July 31, 2019, the Adviser Shares incurred distribution and service (12b-1) fees, of \$3,000.

**Underwriting services** – Effective July 1, 2019, the Trust has an agreement with Victory Capital Advisers, Inc. (VCA), an affiliate of the Manager for exclusive underwriting and distribution of the Fund’s shares on a continuing best effort basis. This agreement provides that VCA receive no fee or other compensation for such distribution services, but may receive 12b-1 fees with respect to Adviser Shares. Prior to July 1, 2019, IMCO provided exclusive underwriting and distribution of the Fund’s shares on a continuing best-efforts basis and received no fee or other compensation for these services, but may receive 12b-1 fees as described above, with respect to Adviser Shares.

## **(9) TRANSACTIONS WITH AFFILIATES**

The Fund offers its Institutional Shares for investment by other affiliated Funds in which the affiliated fund-of-funds invest. The fund-of-funds do not invest in the underlying affiliated 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 July 31, 2019, the fund-of-funds owned the following percentages of the total outstanding shares of the Fund:

<b>Affiliated USAA Fund</b>	<b>Ownership %</b>
Cornerstone Conservative	0.2
Target Retirement Income	1.6
Target Retirement 2020	1.7
Target Retirement 2030	1.7
Target Retirement 2040	0.8
Target Retirement 2050	0.3
Target Retirement 2060	0.0*

\*Represents less than 0.1%.

Effective July 1, 2019, Victory Capital replaced AMCO as the Fund’s investment adviser and began managing the Fund. Prior to July 1, 2019, AMCO was indirectly wholly owned by USAA, a large, diversified financial services institution.

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.

## **(10) 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. The Manager has determined there is no significant impact on the Fund's financial statements and various filings.

## **(11) 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.

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**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 is effective for funds with fiscal years beginning after December 15, 2018. The Manager has determined the adoption of this standard will have no significant impact on the financial statements and reporting disclosures of the Fund.

# FINANCIAL HIGHLIGHTS

## FUND SHARES

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

	Year Ended July 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of period	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15	\$ 9.23
Income (loss) from investment operations:					
Net investment income	.24	.20	.17	.16	.15
Net realized and unrealized gain (loss)	.15	(.15)	.01	.05	(.08)
Total from investment operations	.39	.05	.18	.21	.07
Less distributions from:					
Net investment income	(.24)	(.20)	(.17)	(.16)	(.15)
Realized capital gains	(.00) <sup>(a)</sup>	(.00) <sup>(a)</sup>	—	—	(.00) <sup>(a)</sup>
Total distributions	(.24)	(.20)	(.17)	(.16)	(.15)
Net asset value at end of period	\$ 9.21	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15
Total return (%)*	4.43	.54	2.02	2.34	.83
Net assets at end of period (000)	\$1,167,973	\$1,188,259	\$1,301,428	\$1,400,054	\$1,823,922
Ratios to average daily net assets:**					
Expenses (%) <sup>(b)</sup>	.57 <sup>(c)</sup>	.59	.63	.61	.62
Expenses, excluding reimbursements (%) <sup>(b)</sup>	.57	.59	.63	.61	.62
Net investment income (%)	2.68	2.18	1.90	1.76	1.65
Portfolio turnover (%)	48	39	31	22	31

\* 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 July 31, 2019, average daily net assets were \$1,166,978,000.

(a) Represents less than \$0.01 per share.

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

(c) Effective July 1, 2019, the Manager has voluntarily agreed to limit the annual expenses of the Fund Shares to 0.53% of the Fund Shares' average daily net assets.

## INSTITUTIONAL SHARES

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

	Year Ended July 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of period	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15	\$ 9.23
Income (loss) from investment operations:					
Net investment income	.25	.21	.18	.17	.16
Net realized and unrealized gain (loss)	.14	(.15)	.01	.05	(.08)
Total from investment operations	.39	.06	.19	.22	.08
Less distributions from:					
Net investment income	(.25)	(.21)	(.18)	(.17)	(.16)
Realized capital gains	(.00) <sup>(a)</sup>	(.00) <sup>(a)</sup>	—	—	(.00) <sup>(a)</sup>
Total distributions	(.25)	(.21)	(.18)	(.17)	(.16)
Net asset value at end of period	\$ 9.20	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15
Total return (%)*	4.42	.65	2.13	2.44	.95
Net assets at end of period (000)	\$1,822,756	\$2,025,651	\$1,954,307	\$1,942,385	\$2,237,771
Ratios to average daily net assets:**					
Expenses (%) <sup>(b)</sup>	.47 <sup>(c)</sup>	.48	.53	.51	.50
Expenses, excluding reimbursements (%) <sup>(b)</sup>	.47	.48	.53	.51	.50
Net investment income (%)	2.78	2.29	2.00	1.87	1.76
Portfolio turnover (%)	48	39	31	22	31

\* 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 July 31, 2019, average daily net assets were \$2,040,048,000.

(a) Represents less than \$0.01 per share.

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

(c) Effective July 1, 2019, the Manager has voluntarily agreed to limit the annual expenses of the Institutional Shares to 0.43% of the Institutional Shares' average daily net assets.

## ADVISER SHARES

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

	Year Ended July 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of period	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15	\$ 9.23
Income (loss) from investment operations:					
Net investment income	.22	.18	.16	.14	.13
Net realized and unrealized gain (loss)	.15	(.15)	.01	.05	(.08)
Total from investment operations	.37	.03	.17	.19	.05
Less distributions from:					
Net investment income	(.22)	(.18)	(.16)	(.14)	(.13)
Realized capital gains	(.00) <sup>(a)</sup>	(.00) <sup>(a)</sup>	—	—	(.00) <sup>(a)</sup>
Total distributions	(.22)	(.18)	(.16)	(.14)	(.13)
Net asset value at end of period	\$ 9.21	\$ 9.06	\$ 9.21	\$ 9.20	\$ 9.15
Total return (%)*	4.17	.38	1.82	2.08	.59
Net assets at end of period (000)	\$15,222	\$23,030	\$21,532	\$12,747	\$13,304
Ratios to average daily net assets:**					
Expenses (%) <sup>(b)</sup>	.82 <sup>(d)</sup>	.74	.82	.86	.85 <sup>(c)</sup>
Expenses, excluding reimbursements (%) <sup>(b)</sup>	.82	.74	.82	.86	.85
Net investment income (%)	2.43	2.02	1.70	1.52	1.41
Portfolio turnover (%)	48	39	31	22	31

\* 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 July 31, 2019, average daily net assets were \$17,051,000.

(a) Represents less than \$0.01 per share.

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

(c) Prior to December 1, 2014, AMCO had voluntarily agreed to limit the annual expenses of the Adviser Shares to 0.90% of the Adviser Shares' average daily net assets.

(d) Effective July 1, 2019, the Manager has voluntarily agreed to limit the annual expenses of the Adviser Shares to 0.73% of the Adviser Shares' average daily net assets.

## R6 SHARES

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

	Year Ended July 31,		Period Ended
	2019	2018	July 31, 2017***
Net asset value at beginning of period	\$ 9.07	\$ 9.21	\$ 9.12
Income (loss) from investment operations:			
Net investment income	.26	.22	.13
Net realized and unrealized gain (loss)	.14	(.14)	.09
Total from investment operations	.40	.08	.22
Less distributions from:			
Net investment income	(.26)	(.22)	(.13)
Realized capital gains	(.00) <sup>(a)</sup>	(.00) <sup>(a)</sup>	—
Total distributions	(.26)	(.22)	(.13)
Net asset value at end of period	\$ 9.21	\$ 9.07	\$ 9.21
Total return (%) <sup>*</sup>	4.50	.85	2.43
Net assets at end of period (000)	\$5,456	\$5,142	\$5,129
Ratios to average daily net assets: <sup>**</sup>			
Expenses (%) <sup>(b)</sup>	.39 <sup>(d)</sup>	.39	.39 <sup>(c)</sup>
Expenses, excluding reimbursements (%) <sup>(b)</sup>	.71	.67	1.02 <sup>(c)</sup>
Net investment income (%)	2.86	2.38	2.14 <sup>(c)</sup>
Portfolio turnover (%)	48	39	31

\* 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 July 31, 2019, average daily net assets were \$5,214,000.

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

(a) Represents less than \$0.01 per share.

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

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

(d) Effective July 1, 2019, the Manager has voluntarily agreed to limit the annual expenses of the R6 Shares to 0.39% of the R6 Shares' average daily net assets.

# EXPENSE EXAMPLE

July 31, 2019 (unaudited)

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## 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 February 1, 2019, through July 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 February 1, 2019	Ending Account Value July 31, 2019	Expenses Paid During Period* February 1, 2019 – July 31, 2019
<b>Fund Shares</b>			
Actual	\$1,000.00	\$1,026.10**	\$2.81**
Hypothetical (5% return before expenses)	1,000.00	1,022.02**	2.81**
<b>Institutional Shares</b>			
Actual	1,000.00	1,026.60**	2.36**
Hypothetical (5% return before expenses)	1,000.00	1,022.46**	2.36**
<b>Adviser Shares</b>			
Actual	1,000.00	1,024.90**	4.02**
Hypothetical (5% return before expenses)	1,000.00	1,020.83**	4.01**
<b>R6 Shares</b>			
Actual	1,000.00	1,027.00	1.96
Hypothetical (5% return before expenses)	1,000.00	1,022.86	1.96

\*Expenses are equal to the annualized expense ratio of 0.56% for Fund Shares, 0.47% for Institutional Shares, 0.80% for Adviser Shares, and 0.39% for R6 Shares, which are net of any reimbursements and expenses paid indirectly, multiplied by the average account value over the period, multiplied by 181 days/365 days for Fund Shares, Institutional Shares, Adviser Shares, and R6 Shares (to reflect the one-half-year period). The Fund’s actual ending account values are based on its actual total returns of 2.61% for Fund Shares, 2.66% for Institutional Shares, 2.49% for Adviser Shares, and 2.70% for R6 Shares, for the six-month period of February 1, 2019, through July 31, 2019.

\*\*The Fund's annualized expense ratio of 0.56% for Fund shares, 0.47% for Institutional Shares and 0.80% for Adviser shares above reflects a change effective July 1, 2019, to implement the Manager's expense limitation of 0.53% of the Fund shares' average annual net assets, 0.43% for the Institutional Shares' average annual net assets 0.73% of the Adviser shares' average annual net assets. Had the expense limitation of 0.53% for the Fund Shares, 0.43% for the Institutional Shares and 0.73% for the Adviser Shares, which is net of expenses paid indirectly, been in effect for the entire six-month period of February 1, 2019, through July 31, 2019, the values in the table above would be as shown below.

	Beginning Account Value February 1, 2019	Ending Account Value July 31, 2019	Expenses Paid During Period* February 1, 2019 – July 31, 2019
<b>Fund Shares</b>			
Actual	\$1,000.00	\$1,026.10	\$2.66
Hypothetical (5% return before expenses)	1,000.00	1,022.17	2.66
<b>Institutional Shares</b>			
Actual	1,000.00	1,026.60	2.16
Hypothetical (5% return before expenses)	1,000.00	1,022.66	2.16
<b>Adviser Shares</b>			
Actual	1,000.00	1,024.90	3.67
Hypothetical (5% return before expenses)	1,000.00	1,021.17	3.66

# ADVISORY AGREEMENT(S)

(between the Trust and Victory Capital Management Inc.)

July 31, 2019

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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.

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

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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 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

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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<sup>1</sup> as well as the USAA's Global Multi-Asset team servicing the Cornerstone Funds<sup>2</sup>, Target Retirement Funds<sup>3</sup>, 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.
- 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

<sup>1</sup>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.

<sup>2</sup>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.

<sup>3</sup>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.

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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

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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<sup>4</sup>, 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.

<sup>4</sup>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.

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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.

**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

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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 AMCO)

July 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.

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 AMCO with respect to the Fund.<sup>1</sup>

In advance of the meeting, the Trustees received and considered a variety of information relating to the Advisory Agreement and AMCO, 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 AMCO’s revenues and costs of providing services to the Fund and

<sup>1</sup>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”). Effective July 1, 2019, upon the closing of the transaction whereby AMCO acquired by Victory Capital Holdings, Inc., the parent company of Victory Capital, the Advisory Agreement between the Trust and AMCO and the Sub-advisory Agreement with the Subadviser terminated and the new investment advisory agreement between the Trust and Victory Capital went into effect. The factors the Board considered in approving the new investment advisory agreement with Victory Capital are discussed above. Effective June 30, 2019, the Subadviser no longer manages any portion of the Fund.

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compensation paid to affiliates of AMCO; and (iii) information about AMCO's operations and personnel. Prior to voting, the Independent Trustees reviewed the proposed continuance of the Advisory Agreement with management and with experienced 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 AMCO. 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 AMCO's profitability with respect to the Fund. However, the Board noted that the evaluation process with respect to AMCO is an ongoing one. In this regard, the Board's and its committees' consideration of the Advisory Agreement included 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 AMCO under the Advisory Agreement, the Board reviewed information provided by AMCO relating to its operations and personnel. The Board also took into account its knowledge of AMCO's management and the quality of the performance of AMCO's duties through

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Board meetings, discussions, and reports during the preceding year. The Board considered the fees paid to AMCO and the services provided to the Fund by AMCO under the Advisory Agreement, as well as other services provided by AMCO and its affiliates under other agreements, and the personnel who provide these services. In addition to the investment advisory services provided to the Fund, AMCO 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 AMCO in connection with the services provided to the Fund, including investment, operational, enterprise, litigation, regulatory and compliance risks.

The Board considered AMCO's management style and the performance of AMCO's duties under the Advisory Agreement. The Board considered the level and depth of experience of AMCO, 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 AMCO's process for monitoring "best execution," also was considered. AMCO's role in coordinating the activities of the Fund's other service providers also was considered. The Board also considered AMCO's risk management processes. The Board considered AMCO'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 AMCO 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 AMCO and its affiliate, including AMCO's 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 AMCO'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

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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 classification, sales load type (in this case, retail investment companies with no sales loads), asset size, and expense components (the expense group) and (ii) a larger group of investment companies that includes all 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 above the median of its expense group and below the median of its expense universe. The Board took into account management's discussion of the Fund's expenses. The Board also took into account that the Fund's management fee was reduced effective October 1, 2017. The Board took into account the various services provided to the Fund by AMCO and its affiliates. The Board also noted the level and method of computing the 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

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and its Lipper index for the one-, three-, five-, and ten-year periods ended December 31, 2018. The Board also noted that the Fund's percentile performance ranking was in the top 40% of its performance universe for the one-year period ended December 31, 2018, and was in the top 20% of its performance universe for the three-, five- and ten-year periods ended December 31, 2018.

**Compensation and Profitability** – The Board took into consideration the level and method of computing the management fee. The information considered by the Board included operating profit margin information for AMCO'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 AMCO'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 AMCO, the Board also considered the fact that AMCO and its 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 AMCO from its relationship with the Trust, including that AMCO may derive reputational and other benefits from its association with the Fund. The Trustees recognized that AMCO 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 and other risks 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 discussion of the current advisory fee structure. The Board also considered the effect of Fund's growth and size on its performance and fees, noting that the Fund may realize other economies of scale if assets increase proportionately more than some expenses. The Board determined that the current investment management fee structure was reasonable.

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**Conclusions** – The Board reached the following conclusions regarding the Fund’s Advisory Agreement with AMCO, among others: (i) AMCO has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (ii) AMCO maintains an appropriate compliance program; (iii) the performance of the Fund is reasonable in relation to the performance of funds with similar investment objectives 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 AMCO; and (v) AMCO’s and its affiliates’ level of profitability from their relationship with the Fund is reasonable in light of the nature and high quality of services provided by AMCO and the type of fund. Based on its conclusions, the Board determined that the 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

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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

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### **Daniel S. McNamara**<sup>1, 2, 4, 6, †</sup>

Trustee and Chair of the Board of Trustees

Born: June 1966

Year of Election or Appointment: 2012

Trustee, President, and Vice Chairman of 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), (08/11–06/19); Director of USAA Investment Management Company (IMCO) (09/09–present); Chairman of Board of IMCO (4/13–present); President and Director of USAA Shareholder Account Services (SAS) (10/09–06/19); Senior Vice President of USAA Financial Planning Services Insurance Agency, Inc. (FPS) (04/11–present); Director and Vice Chairman of FPS (12/13–present); President and Director of USAA Investment Corporation (ICORP) (03/10–present); Chairman of Board of ICORP (12/31–present); Director of USAA Financial Advisors, Inc. (FAI) (12/13–present); Chairman of Board of FAI (3/15–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**<sup>2, 4, 6, 10</sup>

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**

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### **Jefferson C. Boyce**<sup>3, 4, 5, 6, 7</sup>

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**<sup>3, 4, 5, 6, 7, 9</sup>

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

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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.

**Robert L. Mason, Ph.D.**<sup>3, 4, 5, 6, 7</sup>

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.

**Paul L. McNamara**<sup>3, 4, 5, 6, 7</sup>

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**<sup>3,4,5,6,7</sup>

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.

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**Barbara B. Ostdiek, Ph.D.**<sup>3,4,5,6,7,8</sup>

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**<sup>3,4,5,6,7</sup>

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**<sup>3, 4, 5, 6, 7</sup>

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.

<sup>1</sup> Indicates the Trustee was an employee of AMCO or affiliated companies and is considered an “interested person” under the Investment Company Act of 1940.

<sup>2</sup> Member of Executive Committee.

<sup>3</sup> Member of Audit and Compliance Committee.

<sup>4</sup> Member of Product Management and Distribution Committee.

<sup>5</sup> Member of Corporate Governance Committee.

<sup>6</sup> Member of Investments Committee.

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

<sup>8</sup> Dr. Ostdiek has been designated as an Audit and Compliance Committee Financial Expert by the Funds’ Board.

<sup>9</sup> Ms. Hawley has been designated as an Audit and Compliance Committee Financial Expert by the Funds’ Board.

<sup>10</sup> 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.

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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**

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### **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

Executive Director, Victory Capital Management Inc. (7/1/19–present); Treasurer, USAA ETF Trust (09/18–06/19); Executive Director, Investment and Financial Administration, USAA (04/12–06/30/19); Assistant Treasurer,

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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

Director, Accounting and Finance, Victory Capital Management Inc. (7/1/19–present); Assistant Treasurer, USAA ETF Trust (09/18–06/19); Accounting/Financial Director, USAA (12/13–06/30/19).

**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).

<b>Trustees</b>	Daniel S. McNamara Robert L. Mason, Ph.D. Jefferson C. Boyce Dawn M. Hawley Paul L. McNamara Richard Y. Newton III Barbara B. Ostdiek, Ph.D. Michael F. Reimherr David C. Brown John C. Walters
<b>Administrator and Investment Adviser</b>	Victory Capital Management Inc. P.O. Box 659453 San Antonio, Texas 78265-9825
<b>Underwriter and Distributor</b>	Victory Capital Advisers, Inc. 4900 Tiedeman Road Brooklyn, Ohio 44144
<b>Transfer Agent</b>	Victory Capital Transfer Agency, Inc. 9800 Fredericksburg Road San Antonio, Texas 78288
<b>Custodian, Accounting Agent, and Sub-Administrator</b>	State Street Bank and Trust Company P.O. Box 1713 Boston, Massachusetts 02105
<b>Independent Registered Public Accounting Firm</b>	Ernst & Young LLP 111 West Houston St., Suite 1901 San Antonio, Texas 78205

Copies of the Victory Capital Management Inc.'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](http://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](http://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](http://usaa.com); and (iii) on the SEC's website at <http://www.sec.gov>.

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