



ANNUAL REPORT

USAA TAX EXEMPT SHORT-TERM FUND

FUND SHARES (USSTX) ■ ADVISER SHARES (UTESX)

MARCH 31, 2019

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

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by notifying your financial intermediary directly, or if you are a direct investor, by calling (800) 531-USAA (8722) or logging on to usaa.com.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by notifying your financial intermediary directly, or if you are a direct investor, by calling (800) 531-USAA (8722) or logging on to usaa.com. Your election to receive reports in paper will apply to all funds held with the USAA family of funds or your financial intermediary.

PRESIDENT'S MESSAGE

“Historically, an inverted yield curve has been a reliable indicator of a coming recession, though I would note that the lag between an inversion and a recession has been inconsistent.”



May 2019

Shifting expectations about the Federal Reserve's (Fed) monetary policy drove the performance of the financial markets during the 12-month reporting period. At the beginning of the period, the Fed was expected to continue increasing short-term interest rates. By the end of the period, investors believed policymakers would not increase interest rates at all during 2019.

The Fed, which had raised short-term rates in March 2018—just before the period started—implemented additional interest rate hikes in June 2018 and September 2018, citing ongoing strength in the U.S. economy. In this environment, U.S. stocks posted steady gains, hitting their high of the reporting period in early October 2018. The U.S. stock market subsequently retreated on worries that the Fed might overshoot, meaning that policymakers could raise short-term interest rates too quickly and stifle U.S. economic growth. Equity market volatility also increased outside of the United States, as investor uncertainty about Fed monetary policy amplified concerns about a slowdown in the pace of global economic growth and possible changes to the global trade regime. The Fed increased this uncertainty with another interest rate hike in December 2018, sending U.S. stocks to their lowest levels of the reporting period. However, in January 2019, stocks rallied after Fed Chair Jerome Powell said the central bank was committed to supporting U.S. economic expansion and that its monetary policy would be responsive to changing conditions. Stock prices continued to advance through the end of the first quarter of 2019, recovering almost all of the ground they had lost in late 2018. Notably, in the first quarter of 2019, the U.S. stock market recorded its largest quarterly gain since the 2008 financial crisis.

In the fixed income market, intermediate- and longer-term yields ended the reporting period lower than they started, driving up bond prices, which move in the opposite direction of yields. Yields had climbed during the first seven months of the reporting period, as the Fed continued to hike short-term interest rates. The yield on the 10-year U.S. Treasury note, which began in April 2018 at 2.74%, rose to 3.24% on November 8th—its high point of the reporting period. Yields then declined, falling back below 3% in early December 2018, as investors dialed back their expectations for Fed interest rate

hikes amid concern about a possible slowdown in economic growth. Near the end of the reporting period, the 10-year Treasury yield dropped to 2.38%, its lowest level since 2017, after the Fed downgraded its outlook for the U.S. economy and signaled that it might not raise interest rates during 2019.

At the same time, the Treasury yield curve inverted, which means that shorter-term yields were higher than longer-term yields. Historically, an inverted yield curve has been a reliable indicator of a coming recession, though I would note that the lag between an inversion and a recession has been inconsistent. At USAA Investments, we have found that during the past six decades, the time between inversion and recession has ranged between six months and two years.

Against this backdrop, I am pleased to say that USAA's tax-exempt portfolios generated positive returns during the reporting period. Market conditions were one reason for the solid performance—supply-and-demand conditions were favorable and municipal bond yields fell—but the hard work of the municipal investment team deserves the largest share of praise. Our experienced professionals sought opportunities that had the potential to enhance the performance of the portfolios, as well as investments that could provide higher yields to shareholders.

As I write to you, spring is well underway. It may be a good time to give your portfolio a spring cleaning. In my experience, financial matters can end up on the back burner when spring turns into summer and we embark on vacations or take time out to enjoy get-togethers with family and friends. If you have questions about your portfolio or would like to review your investment plan, please give one of our financial advisors a call. They can help you make sure you are properly diversified based on your long-term goals, time horizon, and risk tolerance.

At USAA Investments, we are committed to helping you meet your financial objectives. Rest assured we will continue to monitor the financial markets, economic conditions, Fed monetary policy, and shifts in interest rates, as well as other matters that could potentially affect your investments.

From all of us here at USAA Investments, thank you for letting us help you work toward your investment goals.

Sincerely,



Brooks Englehardt
President
USAA Investments

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

IRA DISTRIBUTION WITHHOLDING DISCLOSURE

We generally must withhold federal income tax at a rate of 10% of the taxable portion of your distribution and, if you live in a state that requires state income tax withholding, at your state's tax rate. However, you may elect not to have withholding apply or to have income tax withheld at a higher rate. Any withholding election that you make will apply to any subsequent distribution unless and until you change or revoke the election. If you wish to make a withholding election or change or revoke a prior withholding election, call (800) 531-USAA (8722) or (210) 531-8722.

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



Regina G. Conklin, CPA, CFA
USAA Asset
Management Company



Dale R. Hoffmann
USAA Asset
Management Company

■ What were the market conditions during the reporting period?

Tax-exempt bonds generated positive returns during the reporting period ended March 31, 2019, due in part to falling municipal bond yields. (Bond prices and yields move in opposite directions.) Municipal bond yields were on an upward trajectory until early November 2018, when they hit their highs of the reporting period in anticipation of continued short-term interest rate increases by the Federal Reserve (Fed). In November 2018, changing expectations about Fed monetary policy and heightened risk aversion sent municipal bond yields lower. Speculation that the Fed might pause its interest rate increases reinforced the downward trend, with municipal bond yields—especially those on intermediate- and longer-term maturities—falling substantially during March 2019 amid signs the Fed might not raise interest rates at all in 2019.

Tax-exempt bonds also benefited from supply-and-demand dynamics. Supply was tight, as new issuance generally failed to keep pace with demand. The drop in new issuance was due in large part to tax law changes, effective January 1, 2018, that eliminated the tax exemption for advance refunding bonds. Demand was intense, with many new deals significantly oversubscribed as investors sought to reinvest the proceeds from maturing and called bonds. The buying was dominated by U.S. individuals, who broadly tend to favor municipal bonds for their relative safety and incremental yield. Some observers suggested that a \$10,000 cap on state and local tax deductions contributed to U.S. individuals' appetite for tax-advantaged investments.

The municipal bond yield curve flattened during the reporting period, as intermediate- and longer-term yields fell more than shorter-term yields. The yields on three-year, 10-year, and 30-year AAA general obligation bonds fell 26, 56, and 35 basis points, respectively. (A basis point is 1/100th of a percent.) Meanwhile, municipal bond credit spreads tightened as investors searched for yield opportunities. (Municipal bond credit spreads are the difference in yields between municipal bonds with similar maturities but different credit ratings.)

Municipal bond credit quality remained solid during the reporting period, largely due to increasing revenues and sound fiscal management. State and local governments, which have broad taxing powers, are required by law to balance their budgets. Many continued to take action during the reporting period to address tough fiscal challenges.

■ **How did the USAA Tax Exempt Short-Term Fund (the Fund) perform during the reporting period?**

The Fund has two share classes: Fund Shares and Adviser Shares. For the reporting period ended March 31, 2019, the Fund Shares and Adviser Shares had a total return of 2.52% and 2.27%, respectively, versus an average return of 2.18% amongst the funds in the Lipper Short Municipal Debt Funds category. This compares to returns of 2.15% for the Lipper Short Municipal Debt Funds Index, 3.02% for the Bloomberg Barclays Municipal Short (1-5 Years) Index*, and 5.38% for the Bloomberg Barclays Municipal Bond Index. The Fund Shares' and Adviser Shares' tax-exempt distributions over the reporting period produced a dividend yield of 1.81% and 1.57%, respectively, compared to the Lipper category average of 1.42%.

Refer to page 5 for benchmark definitions.

Past performance is no guarantee of future results.

*As of August 1, 2018, the Bloomberg Barclays Municipal Short (1-5 Years) Index replaced the Bloomberg Barclays Municipal Bond Index as the Fund's primary broad-based securities market index as it more closely represents the securities held by the Fund.

USAA Asset Management Company (the Manager) is the Fund's investment adviser. The investment adviser provides day-to-day discretionary management for the Fund's assets.

■ **What strategies did you employ during the reporting period?**

In keeping with our investment approach, we continued to focus on income generation. The Fund's long-term income distribution, not its price appreciation, accounts for most of its total return .

During the reporting period, we continued to invest a portion of the portfolio in variable rate demand notes (VRDNs). The VRDNs owned by the Fund have interest rates that adjust daily/weekly to the market. The interest rates on these very short-term securities declined slightly during the reporting period, but they remained higher than their historic lows of the recent past. As a result, they continued to generate income for the Fund. Furthermore, because the Fund's holdings of VRDNs possess a "demand" feature that allows us to sell the bond at par value upon notice of seven days or less, they help us reduce share price volatility and also give us the flexibility to act when attractive opportunities arise.

Our commitment to independent credit research continued to help us identify attractive opportunities for the Fund. We employ fundamental analysis that emphasizes an issuer's ability and willingness to repay its debt. Through our credit research, we strive both to recognize relative value and to avoid potential pitfalls. As always, we worked with our in-house team of analysts to select investments for the Fund on a bond-by-bond basis. Our team continuously monitors all the holdings in the portfolio.

The Fund continues to hold a diversified portfolio of short-term, primarily investment-grade municipal bonds. To limit exposure to an unexpected event, the Fund is diversified by sector, issuer, and geography. In addition, we avoid bonds subject to the federal alternative minimum tax for individuals.

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

As interest rates rise, bond prices generally fall; given the historically low interest rate environment, risks associated with rising interest rates may be heightened. • VRDNs are securities for which the interest rate is reset periodically; typically weekly, although reset intervals may vary. • Diversification is a technique intended to help reduce risk and does not guarantee a profit or prevent a loss. • Some income may be subject to state or local taxes but not the federal alternative minimum tax.

INVESTMENT OVERVIEW

■ AVERAGE ANNUAL TOTAL RETURNS AS OF 3/31/19 ■

	1 Year	5 Year	10 Year	Since Inception*	Inception Date
Fund Shares	2.52%	1.14%	2.11%	—	—
Adviser Shares	2.27%	0.90%	—	1.36%	8/01/10
Bloomberg Barclays Municipal Short (1-5 Years) Index**	3.02%	1.38%	1.89%	—	—
Bloomberg Barclays Municipal Bond Index***	5.38%	3.73%	4.71%	—	—
Lipper Short Municipal Debt Funds Index****	2.15%	0.96%	1.38%	—	—

*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.

**As of August 1, 2018, the Bloomberg Barclays Municipal 1-5 Years Blend Index replaced the Bloomberg Barclays Municipal Bond Index as it more closely represents the securities held by the Fund. The Bloomberg Barclays 1-5 Years Municipal Blend Index is a market value-weighted index which covers the short components of the Bloomberg Barclays Municipal Bond Index.

***The unmanaged, broad-based Bloomberg Barclays Municipal Bond Index tracks total return performance for the long-term, investment-grade, tax-exempt bond market. All tax-exempt bond funds will find it difficult to outperform the Bloomberg Barclays Municipal Bond Index because it does not reflect any deduction for fees, expenses, or taxes.

****The unmanaged Lipper Short Municipal Debt Funds Index measures the Fund's performance to that of the Lipper Short Municipal 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.

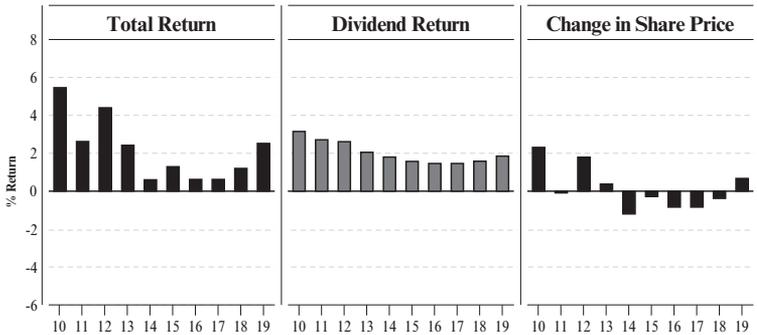
Total return measures the price change in a share assuming the reinvestment of all net investment income and realized capital gain distributions, if any. The total returns quoted do not reflect adjustments made to the enclosed financial statements in accordance with U.S. generally accepted accounting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

	Total Return	=	Dividend Return	+	Price Change
10 Years	2.11%	=	2.01%	+	0.10%
5 Years	1.14%	=	1.57%	+	-0.43%
1 Year	2.52%	=	1.85%	+	0.67%

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.

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



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

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

Taxable Equivalent Illustration

To match the Fund Shares' Dividend Return for the period ended 3/31/19, and assuming marginal federal tax rates of:

24.00% 32.00% 38.80%* 40.80%*

A fully taxable investment must pay the following:

Period	Dividend Return				
10 Years	2.01%	2.64%	2.96%	3.28%	3.40%
5 Years	1.57%	2.07%	2.31%	2.57%	2.65%
1 Year	1.85%	2.43%	2.72%	3.02%	3.13%

To match the Fund Shares' closing 30-day SEC Yield of 1.60% on 3/31/19

A fully taxable investment must pay: 2.11% 2.35% 2.61% 2.70%

This table is based on a hypothetical investment calculated for illustrative purposes only. It is not an indication of performance for any of the USAA family of funds. Taxable equivalent returns or yields will vary depending on applicable tax rates.

Some income may be subject to federal, state, or local taxes, but not the alternative minimum tax. Based on 2018 tax rates or rates in effect as of the issuance of this report. The above marginal rates assume married, filing jointly.

*The above marginal rates assume income exceeds \$200,000 and investment income is subject to the 3.80% medicare tax which is applied for income over a specific level, depending on the federal income tax filing status.

Taxable Equivalent Illustration

To match the Adviser Shares' closing 30-day SEC Yield of 1.37% on 3/31/19 and assuming marginal federal tax

rates of: 24.00% 32.00% 38.80%* 40.80%*

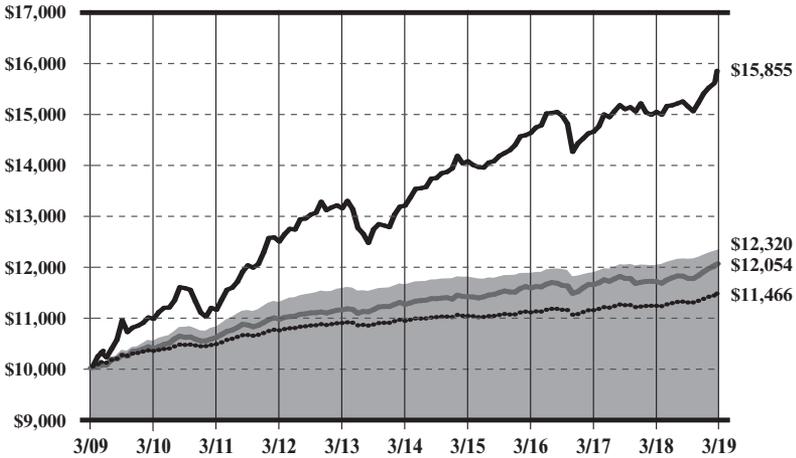
A fully taxable investment must pay: 1.80% 2.01% 2.24% 2.31%

This table is based on a hypothetical investment calculated for illustrative purposes only. It is not an indication of performance for any of the USAA family of funds. Taxable equivalent returns or yields will vary depending on applicable tax rates.

Some income may be subject to federal, state, or local taxes, but not the alternative minimum tax. Based on 2018 tax rates or rates in effect as of the issuance of this report. The above marginal rates assume married, filing jointly.

*The above marginal rates assume income exceeds \$200,000 and investment income is subject to the 3.80% medicare tax which is applied for income over a specific level, depending on the federal income tax filing status.

■ GROWTH OF \$10,000 INVESTMENT ■



- Bloomberg Barclays Municipal Bond Index \$15,855
- USAA Tax Exempt Short-Term Fund Shares \$12,320
- Bloomberg Barclays Municipal Bond Short (1-5) Index \$12,054
- Lipper Short Municipal Debt Funds Index \$11,466

Data from 3/31/09 through 3/31/19.

The graph illustrates the comparison of a \$10,000 hypothetical investment in the USAA Tax Exempt Short-Term Fund Shares to the benchmarks listed above (see page 5 for benchmark definitions).

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

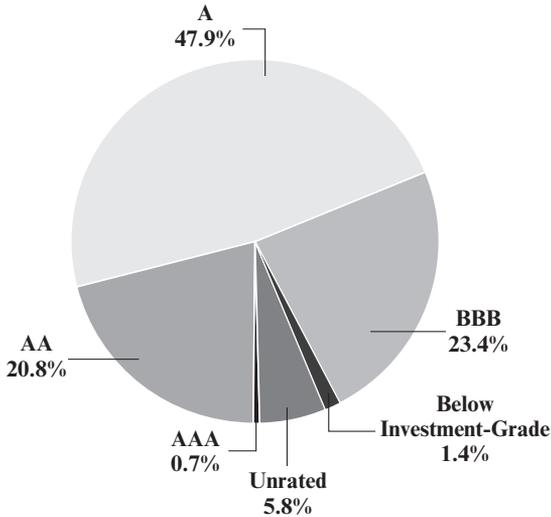
■ TOP 10 INDUSTRIES – 3/31/19 ■

(% of Net Assets)

General Obligation	21.9%
Hospital	18.4%
Electric Utilities	13.2%
Education	7.8%
Special Assessment/Tax/Fee	6.5%
Electric/Gas Utility	5.6%
Toll Road	3.5%
Appropriated Debt	3.4%
Oil & Gas Refining & Marketing	3.3%
Nursing/CCRC	2.1%

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

■ PORTFOLIO RATINGS MIX – 3/31/19 ■



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 Fund's investments. USAA Asset Management Company (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 Fund's 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.

DISTRIBUTIONS TO SHAREHOLDERS

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

$$\frac{\text{Tax-Exempt Income}^{(1,2)}}{100\%}$$

⁽¹⁾ Presented as a percentage of net investment income and excludes short-term capital gain distributions paid, if any.

⁽²⁾ All or a portion of these amounts may be exempt from taxation at the state level.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees of USAA Tax Exempt Short-Term Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of USAA Tax Exempt Short-Term Fund (the "Fund") (one of the funds constituting USAA Mutual Funds Trust (the "Trust")), including the portfolio of investments, as of March 31, 2019, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting USAA Mutual Funds Trust) at March 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 March 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 USAA investment companies since 2002.

San Antonio, Texas

May 22, 2019

PORTFOLIO OF INVESTMENTS

March 31, 2019

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
MUNICIPAL OBLIGATIONS (100.7%)				
Alabama (0.7%)				
\$10,000	Black Belt Energy Gas District (67% of 1 mo. LIBOR + 0.90%) (Put Date 12/01/2023) ^(a)	2.57% ^(b)	12/01/2048	\$ 9,793
Alaska (1.0%)				
15,000	Industrial Dev. & Export Auth.	3.50	12/01/2020	15,111
Arizona (5.3%)				
16,000	Health Facilities Auth. (MUNIPSA + 1.85%) (Put Date 2/05/2020) ^(a)	3.35 ^(b)	2/01/2048	16,085
25,000	Health Facilities Auth. (MUNIPSA + 1.85%) (Put Date 2/01/2023) ^(a)	3.35 ^(b)	2/01/2048	26,049
7,735	Maricopa County IDA (MUNIPSA + 0.80%) (Put Date 9/01/2024) ^(a)	2.30 ^(b)	9/01/2048	7,740
20,000	Phoenix IDA (LIQ - Barclays Bank plc) (LOC - Barclays Bank plc) (Put Date 4/05/2019) ^{(c),(d)}	1.54	6/01/2036	20,000
8,000	Verrado Western Overlay Community Facilities District (LOC - Compass Bank) (Put Date 4/05/2019) ^(d)	1.57	7/01/2029	8,000
1,000	Yavapai County IDA	5.00	8/01/2019	1,010
1,105	Yavapai County IDA	5.00	8/01/2020	1,150
				<u>80,034</u>
Arkansas (1.5%)				
22,000	Dev. Finance Auth. (MUNIPSA + 1.10%) (Put Date 9/01/2019) ^(a)	2.60 ^(b)	9/01/2044	22,005
California (4.9%)				
500	Anaheim Public Financing Auth.	5.00	5/01/2022	555
250	Anaheim Public Financing Auth.	5.00	5/01/2024	293
15,000	Bay Area Toll Auth. (MUNIPSA + 0.70%) (Put Date 10/01/2019) ^(a)	2.20 ^(b)	4/01/2047	15,000
1,125	City of Irvine	5.00	9/02/2021	1,219
13,155	Educational Facility Auth. (LIQ - Deutsche Bank A.G.) (LOC - Deutsche Bank A.G.) (Put Date 4/05/2019) ^{(c),(d)}	1.95	3/01/2042	13,155
15,000	Foothill-Eastern Transportation Corridor Agency (Put Date 1/15/2020) ^(a)	5.00	1/15/2053	15,136
8,000	Infrastructure & Economic Dev. Bank (MUNIPSA + 1.20%) (Put Date 6/01/2022) ^(a)	2.70 ^(b)	8/01/2037	8,163

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 500	Los Angeles County	5.00%	3/01/2021	\$ 535
1,000	Los Angeles County	5.00	9/01/2021	1,085
2,000	Public Works Board	5.00	4/01/2019	2,000
1,000	Public Works Board	5.00	4/01/2020	1,035
1,500	Public Works Board	5.00	4/01/2021	1,603
2,700	Public Works Board	5.00	11/01/2019	2,755
10,940	Victorville JT Powers Finance Auth. (LOC - BNP Paribas) (Put Date 4/05/2019) ^(d)	1.75	5/01/2040	<u>10,940</u>
				<u>73,474</u>
	Colorado (1.0%)			
7,395	Arista Metropolitan District (LOC - Compass Bank) (Put Date 4/05/2019) ^(d)	1.57	12/01/2030	7,395
1,250	Health Facilities Auth.	4.00	12/01/2019	1,267
5,000	Health Facilities Auth. (LIQ - J.P. Morgan Chase & Co.) (Put Date 4/05/2019) ^{(c),(d)}	1.85	9/06/2020	5,000
213	Southlands Metropolitan District No. 1	3.00	12/01/2022	213
1,000	Southlands Metropolitan District No. 1	3.50	12/01/2027	<u>1,002</u>
				<u>14,877</u>
	Connecticut (1.3%)			
3,450	City of Bridgeport	5.00	8/15/2026	4,009
1,190	City of New Haven	5.00	8/01/2022	1,291
1,000	City of New Haven	5.00	8/01/2024	1,121
580	City of New Haven	5.00	8/01/2025	659
580	City of New Haven	5.00	8/01/2026	666
1,000	City of New Haven	5.00	8/01/2027	1,157
2,235	City of West Haven (INS - Assured Guaranty Municipal Corp.)	5.00	8/01/2020	2,318
300	City of West Haven	3.00	11/01/2019	300
800	City of West Haven	4.00	11/01/2021	819
800	City of West Haven	5.00	11/01/2023	861
815	City of West Haven	5.00	11/01/2024	888
650	City of West Haven	5.00	11/01/2027	727
4,385	Harbor Point Infrastructure Improvement District ^(c)	5.00	4/01/2022	<u>4,614</u>
				<u>19,430</u>
	District Of Columbia (1.3%)			
20,000	District (LIQ - Deutsche Bank A.G.) (LOC - Deutsche Bank A.G.) (Put Date 4/05/2019) ^{(c),(d)}	1.73	10/01/2041	<u>20,000</u>
	Florida (3.2%)			
2,750	City of Atlantic Beach	3.00	11/15/2023	2,764
4,500	City of Gulf Breeze	3.10	12/01/2020	4,590
1,000	City of Jacksonville	5.00	10/01/2019	1,017

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 4,580	City of Jacksonville	5.00%	10/01/2020	\$ 4,803
2,600	City of Jacksonville (Put Date 4/01/2019) ^(d)	1.51	5/01/2029	2,600
7,400	Escambia County (Put Date 4/01/2019) ^(d)	1.52	4/01/2039	7,400
1,385	Higher Educational Facilities Financial Auth.	5.00	4/01/2021	1,473
2,585	Lee County IDA	4.75	10/01/2022	2,733
1,250	Miami Beach Health Facilities Auth.	5.00	11/15/2020	1,309
1,775	Miami Beach Health Facilities Auth.	5.00	11/15/2019	1,807
25	Miami-Dade County IDA (Put Date 4/01/2019) ^(d)	1.51	6/01/2021	25
1,915	Pinellas County Educational Facilities Auth.	4.00	10/01/2020	1,949
1,325	Southeast Overtown Park West Community Redev. Agency ^(c)	5.00	3/01/2020	1,364
1,000	Southeast Overtown Park West Community Redev. Agency ^(c)	5.00	3/01/2023	1,107
12,750	St. Lucie County (Put Date 4/01/2019) ^(d)	1.50	9/01/2028	12,750
				<u>47,691</u>
	Georgia (4.7%)			
2,300	Appling County Dev. Auth. (Put Date 4/01/2019) ^(d)	1.60	9/01/2041	2,300
10,000	Appling County Dev. Auth. (Put Date 4/01/2020) ^(d)	2.40	1/01/2038	9,995
6,500	Appling County Dev. Auth. (Put Date 4/01/2019) ^(d)	1.60	9/01/2029	6,500
17,600	Burke County Dev. Auth. (Put Date 4/01/2019) ^(d)	1.57	11/01/2052	17,600
6,900	Burke County Dev. Auth. (Put Date 4/01/2019) ^(d)	1.60	7/01/2049	6,900
7,000	Floyd County Dev. Auth. (Put Date 4/01/2019) ^(d)	1.60	9/01/2026	7,000
1,000	Main Street Natural Gas, Inc.	5.00	5/15/2028	1,177
1,775	Main Street Natural Gas, Inc.	5.00	5/15/2029	2,104
10,800	Municipal Electric Auth. (LOC - PNC Financial Services Group) (Put Date 4/05/2019) ^{(d),(e)}	1.48	1/01/2048	10,800
1,265	Private Colleges & Universities Auth.	5.00	10/01/2019	1,284
3,770	Private Colleges & Universities Auth.	5.00	10/01/2020	3,933
1,255	Private Colleges & Universities Auth.	5.00	10/01/2019	1,274
				<u>70,867</u>
	Guam (0.5%)			
1,500	Government	5.00	12/01/2023	1,654
2,000	Government	5.00	12/01/2024	2,233
860	Government Waterworks Auth.	5.00	7/01/2020	888
1,000	Power Auth. (INS - Assured Guaranty Municipal Corp.)	5.00	10/01/2019	1,016
1,500	Power Auth. (INS - Assured Guaranty Municipal Corp.)	5.00	10/01/2020	1,570
				<u>7,361</u>
	Idaho (2.3%)			
19,885	American Falls Reservoir District (Put Date 4/05/2019) ^(d)	1.68	2/01/2025	19,885
8,995	Housing & Finance Association (Put Date 4/05/2019) ^{(a),(d)}	1.68	1/01/2038	8,995

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 5,000	Nez Perce County	2.75%	10/01/2024	\$ 5,095
				<u>33,975</u>
	Illinois (10.1%)			
5,000	Chicago Board of Education (INS - Assured Guaranty Municipal Corp.)(LIQ - Deutsche Bank A.G.)(LOC - Deutsche Bank A.G.)(Put Date 4/05/2019) ^{(c),(d)}	1.83	12/01/2039	5,000
10,000	Chicago Board of Education (LIQ - Deutsche Bank A.G.)(LOC - Deutsche Bank A.G.)(Put Date 4/05/2019) ^{(c),(d)}	1.79	12/01/2039	10,000
14,300	Chicago Board of Education (LIQ - Barclays Bank plc)(LOC - Barclays Bank plc)(Put Date 4/05/2019) ^{(c),(d)}	1.68	4/01/2046	14,300
10,200	Chicago Park District (INS - Build America Mutual Assurance Co.)(LIQ - Citigroup, Inc.)(Put Date 4/05/2019) ^{(c),(d)}	1.80	1/01/2022	10,200
1,720	Chicago Transit Auth.	5.00	6/01/2025	1,975
1,000	Chicago Transit Auth.	5.00	6/01/2026	1,165
4,000	Chicago Waterworks Revenue	5.00	11/01/2025	4,638
1,000	Chicago Waterworks Revenue	5.00	11/01/2026	1,174
2,000	Chicago Waterworks Revenue	5.00	11/01/2025	2,319
2,500	Chicago Waterworks Revenue	4.00	11/01/2026	2,764
1,735	City of Rosemont (INS - Assured Guaranty Municipal Corp.)	5.00	12/01/2022	1,901
1,825	City of Rosemont (INS - Assured Guaranty Municipal Corp.)	5.00	12/01/2023	2,038
1,915	City of Rosemont (INS - Assured Guaranty Municipal Corp.)	5.00	12/01/2024	2,180
11,160	Cook County (LIQ - J.P.Morgan Chase & Co.)(Put Date 4/05/2019) ^{(c),(d)}	1.73	11/15/2020	11,160
1,000	Finance Auth.	5.00	7/01/2019	1,007
1,420	Finance Auth.	5.00	7/01/2020	1,473
10,000	Finance Auth.	4.00	2/15/2025	11,171
9,000	Finance Auth. (MUNIPSA + 0.75%)(Put Date 7/01/2023) ^(c)	2.25 ^(b)	1/01/2046	9,000
2,085	Madison County Community Unit School District No. 7 (INS - Build America Mutual Assurance Co.)	4.00	12/01/2020	2,162
4,160	Railsplitter Tobacco Settlement Auth.	5.25	6/01/2020	4,325
1,090	Railsplitter Tobacco Settlement Auth.	5.25	6/01/2021	1,168
17,390	Sports Facilities Auth. (LIQ - Barclays Bank plc)(LOC - Barclays Bank plc)(Put Date 4/05/2019) ^{(c),(d)}	1.56	6/15/2032	17,390

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 7,000	State (LIQ - Barclays Bank plc) (LOC - Barclays Bank plc) (Put Date 4/05/2019) ^{(c),(d)}	1.56%	2/01/2039	\$ 7,000
15,000	State (INS - Build America Mutual Assurance Co.)	5.00	11/01/2025	17,051
3,000	State	5.00	10/01/2023	3,251
5,000	State ^(e)	5.00	9/01/2025	5,505
				<u>151,317</u>
	Indiana (1.0%)			
5,000	Finance Auth.	2.95	10/01/2022	5,170
10,000	Hammond Local Public Improvement Bond Bank	3.10	12/31/2019	10,061
				<u>15,231</u>
	Kansas (1.2%)			
1,700	City of Burlington (Put Date 4/05/2019) ^(d)	1.82	9/01/2035	1,700
15,000	City of Wamego (Put Date 4/05/2019) ^(d)	1.79	4/15/2032	15,000
1,120	City of Wichita	3.00	9/01/2023	1,128
				<u>17,828</u>
	Kentucky (2.2%)			
3,500	Economic Dev. Finance Auth. (Put Date 6/03/2019) ^(a)	1.95	4/01/2031	3,501
8,650	Economic Dev. Finance Auth. (Put Date 4/05/2019) ^(d)	1.71	5/01/2034	8,650
10,000	Public Energy Auth. (Put Date 6/01/2025) ^(a)	4.00	12/01/2049	10,836
10,000	Public Energy Auth. (MUNIPSA + 1.05%) (Put Date 6/01/2025) ^(a)	2.55 ^(b)	12/01/2049	10,010
				<u>32,997</u>
	Louisiana (3.8%)			
8,300	Public Facilities Auth. (Put Date 4/01/2019) ^(d)	1.45	12/01/2043	8,300
10,000	Public Facilities Auth. (MUNIPSA + 0.65%) (Put Date 9/01/2023) ^(a)	2.15 ^(b)	9/01/2057	10,005
4,000	St. Charles Parish (Put Date 6/01/2022) ^(a)	4.00	12/01/2040	4,178
14,000	St. James Parish (Put Date 4/05/2019) ^(d)	1.68	11/01/2040	14,000
14,400	St. James Parish (Put Date 4/05/2019) ^(d)	1.68	11/01/2040	14,400
5,000	Tobacco Settlement Financing Corp.	5.00	5/15/2022	5,424
				<u>56,307</u>
	Maryland (0.4%)			
1,500	EDC	5.00	6/01/2025	1,725
2,000	EDC	5.00	6/01/2026	2,335
1,340	EDC	5.00	6/01/2027	1,584
				<u>5,644</u>
	Massachusetts (1.1%)			
1,250	Dev. Finance Agency	5.00	7/01/2025	1,452
1,500	Dev. Finance Agency	5.00	7/01/2026	1,766

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$12,000	Dev. Finance Agency (MUNIPSA + 0.48%) (Put Date 1/29/2020) ^(a)	1.98% ^(b)	7/01/2050	\$ 12,010
1,425	Dev. Finance Agency	5.00	7/01/2029	1,717
				<u>16,945</u>
	Michigan (0.2%)			
2,625	Grand Traverse County Hospital Finance Auth.	5.00	7/01/2019	<u>2,646</u>
	Minnesota (0.7%)			
1,250	City of St. Paul Housing & Redev. Auth. (ETM)	5.00	11/15/2020	1,318
1,575	City of St. Paul Housing & Redev. Auth. (ETM)	5.00	11/15/2021	1,711
7,000	Kanabec Hospital	2.75	12/01/2019	<u>7,001</u>
				<u>10,030</u>
	Mississippi (4.0%)			
1,200	Business Finance Corp. (Put Date 4/01/2019) ^{(d),(e)}	1.48	11/01/2035	1,200
8,260	Business Finance Corp. (Put Date 4/01/2019) ^(d)	1.48	12/01/2030	8,260
4,000	Business Finance Corp.	3.20	9/01/2028	4,033
10,000	Hospital Equipment & Facilities Auth.	5.00	9/01/2024	11,281
7,000	Hospital Equipment & Facilities Auth. (MUNIPSA + 1.30%) (Put Date 8/15/2020) ^(a)	2.80 ^(b)	8/15/2036	7,038
5,500	Jackson County (Put Date 4/01/2019) ^(d)	1.48	6/01/2023	5,500
20,100	Perry County Pollution Control (NBGA - Georgia-Pacific LLC) (Put Date 4/05/2019) ^{(c),(d)}	1.65	2/01/2022	20,100
2,000	Warren County (Put Date 9/01/2023) ^(a)	2.90	9/01/2032	<u>2,038</u>
				<u>59,450</u>
	Missouri (0.3%)			
5,000	Sikeston Electric System Revenue (INS - Build America Mutual Assurance Co.)	5.00	6/01/2020	<u>5,181</u>
	Montana (0.6%)			
6,000	City of Forsyth	2.00	8/01/2023	6,023
3,370	State Board of Regents (MUNIPSA + 0.45%) (Put Date 9/01/2023) ^(a)	1.95 ^(b)	11/15/2035	<u>3,371</u>
				<u>9,394</u>
	Nevada (0.3%)			
4,400	Washoe County (Put Date 6/01/2022) ^(a)	3.00	3/01/2036	<u>4,532</u>
	New Jersey (13.8%)			
5,110	Borough of Eatontown	3.00	9/27/2019	5,140
400	Building Auth. (ETM)	3.00	6/15/2023	421
1,595	Building Auth. (ETM)	5.00	6/15/2024	1,856
600	Building Auth.	3.00	6/15/2023	611
2,405	Building Auth.	5.00	6/15/2024	2,685
1,000	Casino Reinvestment Dev. Auth. (INS - Assured Guaranty Municipal Corp.)	5.00	11/01/2024	1,125

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 6,495	City of Kearny	2.75%	4/25/2019	\$ 6,497
10,000	City of Newark	3.00	7/31/2019	10,031
14,825	City of Newark	3.50	10/09/2019	14,938
7,100	City of Newark	3.50	12/20/2019	7,172
20,000	EDA	5.00	6/15/2022	21,639
7,000	EDA	5.00	6/15/2023	7,708
8,000	EDA	5.00	6/15/2020	8,284
7,000	EDA	5.00	6/15/2021	7,438
1,690	EDA (LOC - Valley National Bank) (Put Date 4/05/2019) ^(d)	1.80	3/01/2031	1,690
8,305	EDA (LOC - Valley National Bank) (Put Date 4/05/2019) ^(d)	1.79	11/01/2040	8,305
10,810	EDA (LOC - Valley National Bank) (Put Date 4/05/2019) ^(d)	1.79	11/01/2040	10,810
7,300	EDA (ETM)	5.25	9/01/2019	7,409
2,700	EDA	5.25	9/01/2019	2,738
4,735	Educational Facilities Auth.	5.00	9/01/2022	5,147
4,730	Educational Facilities Auth.	4.00	9/01/2024	5,048
4,000	Educational Facilities Auth.	5.00	9/01/2023	4,422
2,000	Health Care Facilities Financing Auth.	5.00	7/01/2019	2,016
2,000	Health Care Facilities Financing Auth.	5.00	7/01/2020	2,082
6,721	Kearny Board of Education	2.75	7/10/2019	6,725
6,000	Lyndhurst Township School District	3.00	9/13/2019	6,033
2,000	Tobacco Settlement Financing Corp.	3.20	6/01/2027	2,063
12,846	Township of Belleville	3.00	5/24/2019	12,862
4,275	Township of Harmony	2.50	4/18/2019	4,276
3,160	Transportation Trust Fund Auth. (INS - National Public Finance Guarantee Corp.)	5.50	12/15/2020	3,347
5,000	Transportation Trust Fund Auth. (INS - Assured Guaranty Municipal Corp.)	5.25	12/15/2020	5,279
1,500	Transportation Trust Fund Auth.	5.00	6/15/2022	1,623
3,835	Transportation Trust Fund Auth.	5.00	6/15/2023	4,232
5,095	Transportation Trust Fund Auth.	5.00	6/15/2024	5,767
10,000	Transportation Trust Fund Auth. (MUNIPSA + 1.20%) (Put Date 12/15/2021) ^(e)	2.70 ^(b)	6/15/2034	10,080
				<u>207,499</u>
	New Mexico (1.7%)			
5,000	City of Farmington (Put Date 4/01/2020) ^(a)	1.88	4/01/2029	4,966
5,000	City of Farmington (Put Date 4/01/2020) ^(a)	1.88	4/01/2029	4,966
7,000	City of Farmington (Put Date 4/01/2020) ^(a)	1.88	4/01/2029	6,952
6,000	City of Farmington (Put Date 10/01/2021) ^(a)	1.88	4/01/2033	5,934
2,000	City of Farmington (Put Date 6/01/2022) ^(a)	2.13	6/01/2040	1,982
				<u>24,800</u>

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
New York (10.3%)				
\$ 4,000	City of Long Beach	2.50%	6/21/2019	\$ 4,005
16,000	City of Long Beach	2.75	9/06/2019	16,056
6,230	City of New York (LOC - Mizuho Bank Ltd.) (Put Date 4/01/2019) ^(d)	1.65	10/01/2040	6,230
5,297	City of Newburgh	2.75	8/02/2019	5,310
1,820	City of Poughkeepsie	4.00	5/03/2019	1,822
5,540	City of Watertown	2.25	4/18/2019	5,541
1,200	Dormitory Auth. ^(c)	5.00	12/01/2024	1,369
1,200	Dormitory Auth. ^(c)	5.00	12/01/2025	1,393
6,000	Energy Research & Dev. Auth. (Put Date 5/01/2020) ^(a)	2.00	2/01/2029	6,027
10,000	Hempstead Union Free School District	2.75	6/27/2019	10,018
3,000	Housing Finance Agency (LOC - Landesbank Hessen-Thuringen) (Put Date 4/01/2019) ^(d)	1.51	5/01/2042	3,000
5,000	Long Island Power Auth. (70% of 1 mo. LIBOR + 0.75%) (Put Date 10/01/2023) ^(a)	2.49 ^(b)	5/01/2033	5,012
4,000	Long Island Power Auth. (70% of 1 mo. LIBOR + 0.75%) (Put Date 10/01/2023) ^(a)	2.49 ^(b)	5/01/2033	4,009
5,170	Monroe County	5.00	6/01/2020	5,377
12,000	MTA (MUNIPSA + 0.58%) (Put Date 11/01/2019) ^(a)	2.08 ^(b)	11/01/2031	12,002
8,000	MTA (MUNIPSA + 0.45%) (Put Date 11/15/2022) ^(a)	1.95 ^(b)	11/15/2044	7,957
10,000	MTA (MUNIPSA + 0.50%) (Put Date 3/01/2022) ^(a)	2.00 ^(b)	11/15/2042	10,002
500	Niagara Area Dev. Corp. ^(c)	3.50	11/01/2024	511
4,455	Owego Apalachin CSD	2.63	10/25/2019	4,458
1,520	Rockland County	3.50	10/01/2019	1,534
1,575	Rockland County	3.50	10/01/2020	1,611
2,500	Rockland County (INS - Assured Guaranty Municipal Corp.)	5.00	3/01/2023	2,816
1,600	Rockland County (INS - Assured Guaranty Municipal Corp.)	5.00	3/01/2024	1,848
2,500	Suffolk County EDC	5.00	7/01/2019	2,520
2,640	Suffolk County EDC	5.00	7/01/2020	2,742
3,000	Town of Canadice	3.00	7/19/2019	3,008
8,000	Utica CSD	2.50	6/25/2019	8,010
8,505	Utica CSD	2.50	7/19/2019	8,518
5,000	Utica CSD	2.75	7/19/2019	5,012
7,000	Wyandanch Union Free School District	2.50	6/21/2019	7,007
				<u>154,725</u>
North Carolina (0.9%)				
13,125	Capital Facilities Finance Agency (Put Date 6/03/2019) ^(a)	1.95	7/01/2034	<u>13,127</u>

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
Ohio (1.9%)				
\$ 5,000	American Municipal Power, Inc. (Put Date 8/15/2021) ^(e)	2.25%	2/15/2048	\$ 5,026
1,000	Higher Educational Facility Commission	5.00	5/01/2021	1,060
500	Higher Educational Facility Commission	5.00	5/01/2022	543
550	Higher Educational Facility Commission	5.00	5/01/2023	610
1,000	Higher Educational Facility Commission	5.00	5/01/2024	1,132
1,160	Lucas County	5.00	11/15/2019	1,181
1,150	Southeastern Port Auth.	5.00	12/01/2021	1,210
1,000	Southeastern Port Auth.	5.00	12/01/2025	1,103
5,500	State (Put Date 4/05/2019) ^{(e),(f)}	1.75	1/15/2045	5,500
3,500	State (Put Date 6/03/2019) ^(e)	1.95	11/01/2035	3,500
1,800	Water Dev. Auth.	1.55	7/01/2021	1,771
7,000	Water Dev. Auth. (Put Date 6/03/2019) ^{(e),(b),(f)}	4.00	6/01/2033	6,020
				<u>28,656</u>
Oklahoma (1.9%)				
500	Dev. Finance Auth.	5.00	8/15/2023	554
600	Dev. Finance Auth.	5.00	8/15/2024	675
550	Dev. Finance Auth.	5.00	8/15/2025	629
5,940	Municipal Power Auth. (MUNIPSA + 0.39%)	1.89 ^(b)	1/01/2023	5,923
21,390	Muskogee Industrial Trust (Put Date 4/05/2019) ^(d)	1.63	1/01/2025	21,390
				<u>29,171</u>
Pennsylvania (7.0%)				
1,800	Allegheny County Hospital Dev. Auth. (LIQ - Royal Bank of Canada) (LOC - Royal Bank of Canada) (Put Date 4/01/2019) ^{(e),(d)}	1.55	4/01/2022	1,800
7,575	Berks County Municipal Auth. (MUNIPSA + 1.50%) (Put Date 7/01/2022) ^(a)	3.00 ^(b)	11/01/2039	7,683
1,000	Bethlehem Auth. (INS - Build America Mutual Assurance Co.)	5.00	11/15/2020	1,052
705	Chester County IDA	3.75	10/01/2024	720
1,165	Coatesville School District (Zero Coupon)	0.00	8/15/2019	1,155
5,305	Coatesville School District (Zero Coupon)	0.00	8/15/2020	5,125
1,000	Coatesville School District (INS - Assured Guaranty Municipal Corp.)	5.00	8/01/2024	1,131
800	Coatesville School District (INS - Assured Guaranty Municipal Corp.)	5.00	8/01/2025	920
2,000	Commonwealth Financing Auth.	5.00	6/01/2026	2,367
1,870	Cumberland County Municipal Auth.	3.25	12/01/2022	1,892
7,000	Geisinger Auth. (67% of 1 mo. LIBOR + 1.07%) (Put Date 6/01/2024) ^(e)	2.75 ^(b)	6/01/2028	7,133
6,000	General Auth. of Southcentral Pennsylvania (MUNIPSA + 0.60%) (Put Date 6/01/2024) ^{(e),(g)}	2.10 ^(b)	6/01/2049	6,002

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
\$ 600	Higher Educational Facilities Auth.	5.00%	7/15/2020	\$ 622
1,090	Higher Educational Facilities Auth.	5.00	7/15/2021	1,155
500	Hospitals & Higher Education Facilities Auth.	5.00	7/01/2019	503
1,595	Hospitals & Higher Education Facilities Auth.	5.00	7/01/2022	1,717
550	Luzerne County IDA (INS - Assured Guaranty Municipal Corp.)	5.00	12/15/2025	632
500	Luzerne County IDA (INS - Assured Guaranty Municipal Corp.)	5.00	12/15/2026	572
1,000	Luzerne County IDA (INS - Assured Guaranty Municipal Corp.)	5.00	12/15/2027	1,137
6,250	Montgomery County Higher Education & Health Auth. (MUNIPSA + 0.72%) (Put Date 9/01/2023) ^(a)	2.22 ^(b)	9/01/2051	6,253
5,000	Montgomery County IDA (Put Date 9/01/2020) ^(a)	2.60	3/01/2034	5,012
7,000	Northampton County General Purpose Auth. (MUNIPSA + 1.40%) (Put Date 8/15/2020) ^(a)	2.90 ^(b)	8/15/2043	7,048
1,855	Northampton County General Purpose Auth. (70% of 1 mo. LIBOR + 1.04%) (Put Date 8/15/2024) ^(a)	2.78 ^(b)	8/15/2048	1,861
5,000	School District of Philadelphia	5.00	9/01/2021	5,357
5,500	School District of Philadelphia	5.00	9/01/2022	6,043
2,435	Scranton School District	5.00	6/01/2023	2,660
7,000	Scranton School District (68% of 1 mo. LIBOR + 0.85%) (Put Date 4/01/2021) ^{(a),(i)}	2.54 ^(b)	4/01/2031	7,011
6,500	Turnpike Commission (MUNIPSA + 0.98%)	2.48 ^(b)	12/01/2021	6,564
6,000	Turnpike Commission (MUNIPSA + 1.15%)	2.65 ^(b)	12/01/2019	6,008
6,000	Turnpike Commission (MUNIPSA + 1.27%)	2.77 ^(b)	12/01/2020	6,059
1,570	West Mifflin School District (INS - Assured Guaranty Municipal Corp.)	5.00	10/01/2021	1,674
				<u>104,868</u>
	Puerto Rico (0.1%)			
1,000	Industrial Tourist Educational Medical and Environmental Control Facilities Financing Auth.	5.00	4/01/2019	1,000
700	Industrial Tourist Educational Medical and Environmental Control Facilities Financing Auth.	4.00	4/01/2020	698
				<u>1,698</u>
	South Carolina (0.7%)			
10,000	Patriots Energy Group Financing Agency (67% of 1 mo. LIBOR + 0.86%) (Put Date 2/01/2024) ^(a)	2.53 ^(b)	10/01/2048	9,948
	Tennessee (1.1%)			
16,850	Chattanooga Health Educational & Housing Facility Board (Put Date 4/05/2019) ^(d)	1.60	5/01/2039	16,850

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
	Texas (5.7%)			
\$ 1,100	Austin Convention Enterprises, Inc.	5.00%	1/01/2024	\$ 1,226
400	Austin Convention Enterprises, Inc.	5.00	1/01/2025	452
400	Austin Convention Enterprises, Inc.	5.00	1/01/2027	449
700	Decatur Hospital Auth.	5.00	9/01/2021	742
780	Decatur Hospital Auth.	5.00	9/01/2024	873
2,000	Gulf Coast IDA (Put Date 4/01/2019) ^(d)	1.44	11/01/2041	2,000
2,250	Harris County Cultural Education Facilities Finance Corp. (MUNIPSA + 0.70%)	2.20 ^(b)	6/01/2019	2,252
480	Harris County Municipal Utility District No. 165 (INS - Build America Mutual Assurance Co.)	3.00	3/01/2020	486
565	Harris County Municipal Utility District No. 165 (INS - Build America Mutual Assurance Co.)	3.00	3/01/2021	579
650	Harris County Municipal Utility District No. 165 (INS - Build America Mutual Assurance Co.)	3.00	3/01/2022	671
520	Harris County Municipal Utility District No. 165 (INS - Build America Mutual Assurance Co.)	3.00	3/01/2023	541
1,750	Irving Hospital Auth. (MUNIPSA + 1.10%) (Put Date 10/15/2023) ^(a)	2.60 ^(b)	10/15/2044	1,755
3,000	Karnes County Hospital District	5.00	2/01/2024	3,193
1,250	New Hope Cultural Education Facilities Finance Corp.	5.00	7/01/2023	1,138
2,300	New Hope Cultural Education Facilities Finance Corp.	5.00	7/01/2024	2,095
2,135	New Hope Cultural Education Facilities Finance Corp.	5.00	7/01/2025	1,946
4,000	North Texas Tollway Auth. (MUNIPSA + 0.67%) (Put Date 1/01/2020) ^(a)	2.17 ^(b)	1/01/2038	3,998
9,115	Northside ISD (NBGA - Texas Permanent School Fund) (Put Date 8/01/2020) ^(a)	2.13	8/01/2040	9,128
7,400	Port of Port Arthur Navigation District (Put Date 4/01/2019) ^(d)	1.65	4/01/2040	7,400
9,620	Port of Port Arthur Navigation District (Put Date 4/01/2019) ^(d)	1.65	4/01/2040	9,620
8,000	Port of Port Arthur Navigation District (Put Date 4/01/2019) ^(d)	1.64	4/01/2040	8,000
20,005	Port of Port Arthur Navigation District (Put Date 4/05/2019) ^(d)	1.75	11/01/2040	20,005
7,175	Red River Auth. (INS - National Public Finance Guarantee Corp.)	4.45	6/01/2020	7,373
				<u>85,922</u>

Principal Amount (000)	Security	Coupon Rate	Final Maturity	Market Value (000)
Virginia (0.2%)				
\$ 3,506	Marquis Community Dev. Auth. ^{(f),(g)}	5.10%	9/01/2036	\$ 2,305
5,111	Marquis Community Dev. Auth. (Zero Coupon) ^{(f),(g)}	0.00	9/01/2041	275
1,074	Marquis Community Dev. Auth., 7.50%, 9/01/2021 ^{(e),(f),(g)}	0.00 ^(k)	9/01/2045	<u>766</u>
				<u>3,346</u>
Washington (0.3%)				
2,000	Health Care Facilities Auth.	5.00	8/15/2026	2,312
2,175	Health Care Facilities Auth.	5.00	8/15/2027	<u>2,538</u>
				<u>4,850</u>
West Virginia (1.0%)				
10,000	EDA	3.25	5/01/2019	10,008
5,500	EDA (Put Date 4/01/2019) ^(e)	1.90	3/01/2040	<u>5,500</u>
				<u>15,508</u>
Wisconsin (0.5%)				
1,200	Health and Educational Facilities Auth. (ETM)	5.00	8/15/2021	1,295
3,500	Health and Educational Facilities Auth.	2.65	11/01/2020	3,505
1,700	Health and Educational Facilities Auth. (MUNIPSA + 0.65%) (Put Date 7/31/2024) ^(e)	2.15 ^(b)	8/15/2054	1,702
1,500	Public Finance Auth. ^(e)	3.50	11/15/2023	<u>1,501</u>
				<u>8,003</u>
	Total Municipal Obligations (cost: \$1,502,151)			<u>1,511,091</u>
	Total Investments (cost: \$1,502,151)			<u>\$1,511,091</u>

(\$ in 000s)	VALUATION HIERARCHY			
	LEVEL 1	LEVEL 2	LEVEL 3	Total
Assets				
Municipal Obligations	\$-	\$1,507,745	\$3,346	\$1,511,091
Total	\$-	\$1,507,745	\$3,346	\$1,511,091

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

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

NOTES TO PORTFOLIO OF INVESTMENTS

March 31, 2019

■ GENERAL NOTES

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

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

■ PORTFOLIO ABBREVIATIONS AND DESCRIPTIONS

CSD	Central School District
EDA	Economic Development Authority
EDC	Economic Development Corp.
ETM	Escrowed to final maturity
IDA	Industrial Development Authority/Agency
ISD	Independent School District
LIBOR	London Interbank Offered Rate
MTA	Metropolitan Transportation Authority
MUNIPSA	Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index
Zero Coupon	Normally issued at a significant discount from face value and does not provide for periodic interest payments. Income is earned from the purchase date by accreting the purchase discount of the security to par over the life of the security.

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.
- LIQ Liquidity enhancement that may, under certain circumstances, provide for repayment of principal and interest upon demand from the name listed.
- LOC Principal and interest payments are guaranteed by a bank letter of credit or other bank credit agreement.
- NBGA Principal and interest payments or, under certain circumstances, underlying mortgages, are guaranteed by a nonbank guarantee agreement from the name listed.

■ SPECIFIC NOTES

- (a) 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.
- (b) Floating-rate security – interest rate is adjusted periodically. The interest rate disclosed represents the rate at March 31, 2019.
- (c) Restricted security that is not registered under the Securities Act of 1933. A resale of this security in the United States may occur in an exempt transaction to a qualified institutional buyer as defined by Rule 144A, and as such has been deemed liquid by USAA Asset Management Company under liquidity guidelines approved by USAA Mutual Funds Trust’s Board of Trustees, unless otherwise noted as illiquid.

- (d) 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.
- (e) At March 31, 2019, the security, or a portion thereof, was segregated to cover delayed-delivery and/or when-issued purchases.
- (f) Variable-rate remarketed obligation – Structured similarly to variable-rate demand notes and has a tender option that is supported by a best efforts remarketing agent.
- (g) Security or a portion of the security purchased on a delayed-delivery and/or when-issued basis.
- (h) At March 31, 2019, the issuer was in default with respect to interest and/or principal payments.
- (i) Security deemed illiquid by USAA Asset Management Company, under liquidity guidelines approved by USAA Mutual Funds Trust’s Board of Trustees.
- (j) Security was classified as Level 3.
- (k) Stepped-coupon security that is initially issued in zero-coupon form and converts to coupon form at the specified date and rate shown in the security’s description.

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

(IN THOUSANDS)

March 31, 2019

ASSETS

Investments in securities, at market value (cost of \$1,502,151)	\$1,511,091
Cash	81
Receivables:	
Capital shares sold	622
USAA Asset Management Company (Note 6)	5
Interest	10,713
Total assets	<u>1,522,512</u>

LIABILITIES

Payables:	
Securities purchased	19,749
Capital shares redeemed	1,265
Dividends on capital shares	502
Accrued management fees	356
Accrued transfer agent's fees	30
Other accrued expenses and payables	114
Total liabilities	<u>22,016</u>
Net assets applicable to capital shares outstanding	<u>\$1,500,496</u>

NET ASSETS CONSIST OF:

Paid-in capital	\$1,515,219
Accumulated loss	<u>(14,723)</u>
Net assets applicable to capital shares outstanding	<u>\$1,500,496</u>
Net asset value, redemption price, and offering price per share:	
Fund Shares (net assets of \$1,489,789/142,112 capital shares outstanding, no par value)	<u>\$ 10.48</u>
Adviser Shares (net assets of \$10,707/1,020 capital shares outstanding, no par value)	<u>\$ 10.49</u>

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

(IN THOUSANDS)

Year ended March 31, 2019

INVESTMENT INCOME

Interest income	\$35,945
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EXPENSES

Management fees	4,483
Administration and servicing fees:	
Fund Shares	2,269
Adviser Shares	16
Transfer agent's fees:	
Fund Shares	703
Adviser Shares	3
Distribution and service fees (Note 6):	
Adviser Shares	27
Custody and accounting fees:	
Fund Shares	232
Adviser Shares	1
Postage:	
Fund Shares	36
Shareholder reporting fees:	
Fund Shares	31
Trustees' fees	36
Registration fees:	
Fund Shares	35
Adviser Shares	19
Professional fees	85
Other	28
Total expenses	<u>8,004</u>
Expenses reimbursed:	
Adviser Shares	(16)

Net expenses	<u>7,988</u>
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NET INVESTMENT INCOME

	<u>27,957</u>
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NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized loss	(4,305)
Change in net unrealized appreciation/(depreciation)	<u>14,543</u>
Net realized and unrealized gain	<u>10,238</u>
Increase in net assets resulting from operations	<u>\$38,195</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS (IN THOUSANDS)

Years ended March 31,

	2019	2018
FROM OPERATIONS		
Net investment income	\$ 27,957	\$ 25,241
Net realized loss on investments	(4,305)	(119)
Change in net unrealized appreciation/(depreciation) of investments	14,543	(4,699)
Increase in net assets resulting from operations	<u>38,195</u>	<u>20,423</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS:		
Fund Shares	(27,546)	(25,139)
Adviser Shares	(168)	(265)
Distributions to shareholders	<u>(27,714)</u>	<u>(25,404)</u>
NET DECREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS (NOTE 5)		
Fund Shares	(71,675)	(113,714)
Adviser Shares	(653)	(20,844)
Total net decrease in net assets from capital share transactions	<u>(72,328)</u>	<u>(134,558)</u>
Net decrease in net assets	(61,847)	(139,539)
NET ASSETS		
Beginning of year	1,562,343	1,701,882
End of year	<u>\$1,500,496</u>	<u>\$1,562,343</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USAA MUTUAL FUNDS TRUST (the Trust), registered under the Investment Company Act of 1940, as amended (the 1940 Act), is an open-end management investment company organized as a Delaware statutory trust consisting of 47 separate funds. The USAA Tax Exempt Short-Term Fund (the Fund) qualifies as a registered investment company under Accounting Standards Codification Topic 946. The information presented in this annual report pertains only to the Fund, which is classified as diversified under the 1940 Act. The Fund's investment objective is to provide investors with interest income that is exempt from federal income tax.

The Fund consists of two classes of shares: Tax Exempt Short-Term Fund Shares (Fund Shares) and Tax Exempt Short-Term Fund Adviser Shares (Adviser 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 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.

On November 6, 2018, United Services Automobile Association (USAA), the parent company of USAA Asset Management Company (AMCO or Manager), the investment adviser to the Fund, and USAA Transfer Agency

Company, d/b/a USAA Shareholder Account Services (SAS), the transfer agent to the Fund, announced that AMCO and SAS would be acquired by Victory Capital Holdings, Inc. (Victory), a global investment management firm headquartered in Cleveland, Ohio (the Transaction). The closing of the Transaction is expected to be completed on July 1, 2019, pending satisfaction of certain closing conditions and approvals. The Transaction is not expected to result in any material changes to the Fund's investment objectives and principal investment strategies.

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

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

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

2. Short-term debt securities with original or remaining maturities of 60 days or less may be valued at amortized cost, provided that amortized cost represents the fair value of such securities.
3. 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. 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 March 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 can take place a month or more after the trade date. During the period prior to settlement, these securities do not earn interest, are subject to market fluctuation,

and may increase or decrease in value prior to their delivery. The Fund maintains segregated assets with a market value equal to or greater than the amount of its purchase commitments. The purchase of securities on a delayed-delivery or when-issued basis may increase the volatility of the Fund's NAV to the extent that the Fund makes such purchases while remaining substantially fully invested.

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

The Trusts are also assessed facility fees by CAPCO in the amount of 14.0 basis points of the amount of the committed loan agreement. Prior to September 30, 2018, the maximum annual facility fee was 13.0 basis points of the amount of the committed loan agreement. The facility fees

are allocated among the funds of the Trusts based on their respective average daily net assets for the period.

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

For the year ended March 31, 2019, the Fund paid CAPCO facility fees of \$12,000, which represents 1.9% of the total fees paid to CAPCO by the funds of the Trusts. The Fund had no borrowings under this agreement during the year ended March 31, 2019.

(3) DISTRIBUTIONS

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

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

	<u>2019</u>	<u>2018</u>
Tax-exempt income	\$27,714,000	\$25,404,000

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

Undistributed tax-exempt income	\$ 457,000
Accumulated capital and other losses	(23,619,000)
Unrealized appreciation of investments	8,940,000

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 March 31, 2019, the Fund had net capital loss carryforwards of \$23,619,000, for federal income tax purposes as shown in the table below. It is unlikely that the Board will authorize a distribution of capital gains realized in the future until the capital loss carryforwards have been used.

Capital Loss Carryforwards	
Tax Character	
(No Expiration)	Balance
Short-Term	\$ 644,000
Long-Term	<u>22,975,000</u>
Total	<u>\$23,619,000</u>

Tax Basis of Investments – At March 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 Tax Exempt				
Short-Term Fund	\$1,502,151,000	\$13,025,000	\$(4,085,000)	\$8,940,000

(4) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales/maturities of securities, excluding short-term securities, for the year ended March 31, 2019, were \$280,664,000 and \$278,953,000, respectively.

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

Purchases	Sales	Net Realized Gain
\$139,460,000	\$122,375,000	\$–

(5) CAPITAL SHARE TRANSACTIONS

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

Capital share transactions for all classes were as follows, in thousands:

	Year Ended March 31, 2019		Year Ended March 31, 2018	
	Shares	Amount	Shares	Amount
Fund Shares:				
Shares sold	26,365	\$ 275,176	27,862	\$ 291,671
Shares issued from reinvested dividends	2,103	21,955	2,051	21,468
Shares redeemed	(35,346)	(368,806)	(40,758)	(426,853)
Net decrease from capital share transactions	(6,878)	\$ (71,675)	(10,845)	\$(113,714)
Adviser Shares:				
Shares sold	1,949	\$ 20,399	1,695	\$ 17,743
Shares issued from reinvested dividends	13	139	17	184
Shares redeemed	(2,031)	(21,191)	(3,702)	(38,771)
Net decrease from capital share transactions	(69)	\$ (653)	(1,990)	\$ (20,844)

(6) TRANSACTIONS WITH MANAGER

Management fees – The Manager provides investment management services to the Fund pursuant to an Advisory Agreement. Under this agreement, the Manager is responsible for managing the business and affairs of the Fund, and for directly managing the day-to-day investment of the Fund's assets, subject to the authority of and supervision by the Board.

The 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 0.28% 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 Municipal Debt Funds Index. The Lipper Short Municipal Debt Funds Index tracks the total return performance of funds within the Lipper Short Municipal Debt Funds category.

The performance period for each share class consists of the current month plus the previous 35 months. The following table is utilized to determine the extent of the performance adjustment:

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

¹Based 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 Municipal Debt Funds Index over that period, even if the class had overall negative returns during the performance period.

For the year ended March 31, 2019, the Fund incurred management fees, paid or payable to the Manager, of \$4,483,000, which included a performance adjustment of 0.01% for the Fund Shares of \$217,000. The Adviser Shares did not incur any performance adjustment.

Administration and servicing fees – The Manager provides certain administration and servicing functions for the Fund. For such services, the Manager receives a fee accrued daily and paid monthly at an annualized rate of 0.15% of average daily net assets for both the Fund Shares and Adviser Shares. For the year ended March 31, 2019, the Fund Shares and Adviser Shares incurred administration and servicing fees, paid or payable to the Manager, of \$2,269,000 and \$16,000, respectively.

In addition to the services provided under its Administration and Servicing Agreement with the Fund, the Manager also provides certain compliance and legal services for the benefit of the Fund. The Board has approved the reimbursement of a portion of these expenses incurred by the Manager. For the year ended March 31, 2019, the Fund reimbursed the Manager \$12,000 for these compliance and legal services. These expenses are included in the professional fees on the Fund's Statement of Operations.

Expense limitation – The Manager agreed, through July 31, 2019, to limit the total annual operating expenses of the Adviser Shares to 0.75% of its average daily net assets, excluding extraordinary expenses and before reductions of any expenses paid indirectly, and to reimburse the Adviser Shares for all expenses in excess of that amount. This expense limitation arrangement may not be changed or terminated through July 31, 2019, without approval of the Board, and may be changed or terminated by the Manager at any time after that date. Prior to August 1, 2018, the expense limitation for the Adviser Shares was 0.80%. For the year ended March 31, 2019, the Adviser Shares incurred reimbursable expenses of \$16,000, of which \$5,000 was receivable from the Manager.

Transfer agent's fees – SAS, an affiliate of the Manager, provides transfer agent services to the Fund Shares and Adviser Shares based on an annual charge of \$25.50 per shareholder account plus out-of-pocket expenses. SAS pays a portion of these fees to certain intermediaries for the administration and servicing of accounts that are held with such intermediaries. For the year ended March 31, 2019, the Fund Shares and Adviser Shares incurred transfer agent's fees, paid or payable to SAS, of \$703,000 and \$3,000, respectively.

Distribution and service (12b-1) fees – The Fund has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Adviser Shares. Under the plan, the Adviser Shares pay fees to USAA Investment Management Company (IMCO), the distributor, for distribution and shareholder services. IMCO pays all or a portion of such fees to intermediaries that make the Adviser Shares available for investment by their customers. The fee is accrued daily and paid monthly at an annual rate of 0.25% of the Adviser Shares' average daily net assets. Adviser Shares are offered and sold without imposition of an initial sales charge or a contingent

deferred sales charge. For the year ended March 31, 2019, the Adviser Shares incurred distribution and service (12b-1) fees of \$27,000.

Underwriting services – IMCO provides exclusive underwriting and distribution of the Fund’s shares on a continuing best-efforts basis and receives no fee or other compensation for these services, but may receive 12b-1 fees as described above, with respect to Adviser Shares.

(7) TRANSACTIONS WITH AFFILIATES

The Manager is 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.

(8) 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 continues to evaluate the impact of this rule on the Fund’s financial statements and various filings.

(9) RECENT ACCOUNTING PRONOUNCEMENTS

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

ASU 2018-13, Fair Value Measurement

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

ASU 2017-08, Premium Amortization of Purchased Callable Debt Securities

In March 2017, the FASB issued ASU 2017-08, Premium Amortization of Purchased Callable Debt Securities. The amendments in the ASU shorten the premium amortization period on a purchased callable debt security from the security's contractual life to the earliest call date. ASU 2017-08 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.

(10) SUBSEQUENT EVENT

As discussed in Note 1, a special shareholder meeting was held on April 18, 2019, at which shareholders of the Fund approved a new investment advisory agreement (the "New Advisory Agreement") between the Trust, on behalf of the Fund, and Victory Capital, an independent investment management company. The New Advisory Agreement will become effective upon the closing of the Transaction (as discussed in Note 1) whereby AMCO will be acquired by Victory Holdings, the parent company of 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.

FINANCIAL HIGHLIGHTS

FUND SHARES

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

	Year Ended March 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of period	\$ 10.41	\$ 10.45	\$ 10.59	\$ 10.68	\$ 10.71
Income (loss) from investment operations:					
Net investment income	.19	.16	.15	.16	.17
Net realized and unrealized gain (loss)	.07	(.03)	(.14)	(.09)	(.03)
Total from investment operations	.26	.13	.01	.07	.14
Less distributions from:					
Net investment income	(.19)	(.17)	(.15)	(.16)	(.17)
Net asset value at end of period	\$ 10.48	\$ 10.41	\$ 10.45	\$ 10.59	\$ 10.68
Total return (%)*	2.52	1.21	.09	.62	1.29
Net assets at end of period (000)	\$1,489,789	\$1,550,994	\$1,669,691	\$1,760,074	\$1,929,648
Ratios to average daily net assets:**					
Expenses (%) ^(a)	.52	.51	.54 ^(b)	.55 ^(b)	.55 ^(b)
Net investment income (%)	1.84	1.57	1.43	1.47	1.56
Portfolio turnover (%)	31	25	34	25	30

* 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 March 31, 2019, average daily net assets were \$1,512,616,000.

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

(b) Reflects total annual operating expenses of the Fund Shares before reductions of any expenses paid indirectly. The Fund Shares' expenses paid indirectly decreased the expense ratio by less than 0.01%.

ADVISER SHARES

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

	Year Ended March 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of period	\$ 10.42	\$ 10.46	\$ 10.59	\$ 10.67	\$ 10.71
Income (loss) from investment operations:					
Net investment income	.17	.13	.12	.13	.14
Net realized and unrealized gain (loss)	.06	(.03)	(.13)	(.08)	(.04)
Total from investment operations	.23	.10	(.01)	.05	.10
Less distributions from:					
Net investment income	(.16)	(.14)	(.12)	(.13)	(.14)
Redemption fees added to beneficial interests	—	—	—	.00 ^(a)	—
Net asset value at end of period	\$ 10.49	\$ 10.42	\$ 10.46	\$ 10.59	\$ 10.67
Total return (%)*	2.27	.91	(.08)	.46	.94
Net assets at end of period (000)	\$10,707	\$11,349	\$32,191	\$31,017	\$16,805
Ratios to average daily net assets:**					
Expenses (%) ^(b)	.77 ^(c)	.80	.80 ^(d)	.80 ^(d)	.80 ^(d)
Expenses, excluding reimbursements (%) ^(b)	.92	.83	.81 ^(d)	.83 ^(d)	.98 ^(d)
Net investment income (%)	1.56	1.27	1.16	1.17	1.32
Portfolio turnover (%)	31	25	34	25	30

* 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 March 31, 2019, average daily net assets were \$10,800,000.

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

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

(c) Prior to August 1, 2018, the Manager voluntarily agreed to limit the annual expenses of the Adviser Shares to 0.80% of the Adviser Shares' average daily net assets.

(d) Reflects total annual operating expenses of the Fund before reductions of any expenses paid indirectly. The Fund's expenses paid indirectly decreased the expense ratio by less than 0.01%.

EXPENSE EXAMPLE

March 31, 2019 (unaudited)

EXAMPLE

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

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period of October 1, 2018, through March 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 October 1, 2018	Ending Account Value March 31, 2019	Expenses Paid During Period* October 1, 2018 – March 31, 2019
Fund Shares			
Actual	\$1,000.00	\$1,015.30	\$2.66
Hypothetical (5% return before expenses)	1,000.00	1,022.29	2.67
Adviser Shares			
Actual	1,000.00	1,014.20	3.77
Hypothetical (5% return before expenses)	1,000.00	1,021.19	3.78

*Expenses are equal to the annualized expense ratio of 0.53% for Fund Shares and 0.75% for Adviser Shares, which are net of any reimbursements and expenses paid indirectly, multiplied by the average account value over the period, multiplied by 182 days/365 days (to reflect the one-half-year period). The Fund's actual ending account values are based on its actual total returns of 1.53% for Fund Shares and 1.42% for Adviser Shares for the six-month period of October 1, 2018, through March 31, 2019.

ADVISORY AGREEMENT

March 31, 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 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 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 Funds¹ as well as the USAA's Global Multi-Asset team servicing the Cornerstone Funds², Target Retirement Funds³, 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

¹The 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.

²The 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.

³The 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.

businesses to Victory Capital. Victory Capital and USAA expect to enter into a transition services agreement under which USAA will continue to provide Victory Capital with certain services that are currently provided by USAA to AMCO and the USAA Transfer Agent for a specified period of time after the closing of the Transaction to assist Victory Capital in transitioning the USAA member distribution channel and member support services.

- Pursuant to a transitional trademark license agreement with USAA, Victory Capital and the Funds will have a non-exclusive license, subject to certain restrictions and limitations, to continue using certain licensed marks including “USAA,” “United Services Automobile Association,” and the USAA Logo in connection with their asset management and transfer agency businesses for a period of three years following the closing of the Transaction, which agreement may thereafter be extended for an additional year.
- The support expressed by the current senior management team at AMCO for the Transaction and AMCO’s recommendation that the Board approve the New Agreements.
- The commitments of Victory Capital and AMCO to bear all of the direct expenses of the Transaction, including all legal costs and costs associated with the proxy solicitation, regardless of whether the Transaction is consummated.

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

The nature, extent, and quality of services expected to be provided by Victory

Capital – The Board considered information provided by Victory Capital regarding its investment philosophy, investment management capabilities, business and operating structure, scale of operations, leadership and reputation, distribution capabilities, and financial condition. The Board also considered the capabilities, resources, and personnel of Victory Capital, including senior and other personnel of AMCO who had been extended offers to join Victory Capital, in order to determine whether Victory Capital

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

The Board considered that, while it was proposed that Victory Capital would become the investment adviser to the Funds, the same portfolio managers at AMCO that manage the Fixed Income Funds, as well as USAA's Global Multi-Asset team servicing the Cornerstone Funds, Target Retirement Funds (including Target Managed Allocation Fund), Global Managed Volatility Fund, and Managed Allocation Fund, are expected to continue to do so after the Transaction as employees of Victory Capital, if they choose to become employees of Victory Capital. The Board determined that it had considered the qualifications of the portfolio managers at AMCO and the subadvisers at its 2018 15(c) Meeting. The Board considered the professional experience, education, affiliations and/or other credentials or qualifications of the anticipated portfolio managers at Victory Capital that would manage the Equity Funds⁴, 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.

⁴The 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.

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

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.

TRUSTEES' AND OFFICERS' INFORMATION

TRUSTEES AND OFFICERS OF THE TRUST

The Board of Trustees (the Board) of the Trust consists of eight 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 USAA Asset Management Company (AMCO) 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. Each serves on the Boards of the USAA family of funds consisting of two registered investment companies which, together, offer 53 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) 531-USAA (8722) or (210) 531-8722 to request a free copy of the funds' Statement of Additional Information (SAI).

INTERESTED TRUSTEE¹

Daniel S. McNamara^{2,4,6}

Trustee, President, and Vice Chair of the Board of Trustees

Born: June 1966

Year of Election or Appointment: 2012

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

NON-INTERESTED (INDEPENDENT) TRUSTEES

Robert L. Mason, Ph.D.^{2, 3, 4, 5, 6, 7}

Trustee and Chair of the Board of Trustees

Born: July 1946

Year of Election or Appointment: 1997†

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

Jefferson C. Boyce^{3, 4, 5, 6, 7}

Trustee

Born: September 1957

Year of Election or Appointment: 2013

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

Dawn M. Hawley^{3, 4, 5, 6, 7, 9}

Trustee

Born: February 1954

Year of Election or Appointment: 2014

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

Paul L. McNamara^{3, 4, 5, 6, 7}

Trustee

Born: July 1948

Year of Election or Appointment: 2012

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

Richard Y. Newton III^{3,4,5,6,7}

Trustee

Born: January 1956

Year of Election or Appointment: 2017

Trustee, USAA ETF Trust (06/17–present); 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 one year of experience as a Board member of the USAA family of funds. Lt. Gen. Newton holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

Barbara B. Ostdiek, Ph.D.^{3,4,5,6,7,8}

Trustee

Born: March 1964

Year of Election or Appointment: 2008

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

Michael F. Reimherr^{3,4,5,6,7}

Trustee

Born: August 1945

Year of Election or Appointment: 2000

Trustee, USAA ETF Trust (06/17–present); 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.

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

² Member of Executive Committee.

³ Member of Audit and Compliance Committee.

⁴ Member of Product Management and Distribution Committee.

⁵ Member of Corporate Governance Committee.

⁶ Member of Investments Committee.

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

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

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

† Dr. Mason was elected as Chair of the Board in January 2012.

INTERESTED OFFICERS'

John C. Spear

Vice President

Born: May 1964

Year of Appointment: 2016

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

John P. Toohey

Vice President

Born: March 1968

Year of Appointment: 2009

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

Kristen Millan

Secretary

Born: April 1983

Year of Appointment: 2019

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

James K. De Vries

Treasurer

Born: April 1969

Year of Appointment: 2018

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

Carol D. Trevino

Assistant Treasurer

Born: October 1965

Year of Appointment: 2018

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

Stephanie A. Higby

Chief Compliance Officer

Born: July 1974

Year of Appointment: 2013

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

¹ Indicates those Officers who are employees of AMCO or affiliated companies and are considered “interested persons” under the Investment Company Act of 1940.

Trustees	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
Administrator and Investment Adviser	USAA Asset Management Company P.O. Box 659453 San Antonio, Texas 78265-9825
Underwriter and Distributor	USAA Investment Management Company P.O. Box 659453 San Antonio, Texas 78265-9825
Transfer Agent	USAA Shareholder Account Services 9800 Fredericksburg Road San Antonio, Texas 78288
Custodian, Accounting Agent, and Sub-Administrator	State Street Bank and Trust Company P.O. Box 1713 Boston, Massachusetts 02105
Independent Registered Public Accounting Firm	Ernst & Young LLP 100 West Houston St., Suite 1700 San Antonio, Texas 78205

Copies of the Manager'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) 531-USAA (8722) or (210) 531-8722; (ii) at usaa.com; and (iii) in summary within the Statement of Additional Information on the SEC's website at <http://www.sec.gov>. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) at usaa.com; and (ii) on the SEC's website at <http://www.sec.gov>.

The Fund files its complete schedule of monthly portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT (beginning with filings after March 31, 2019). Previously, the Fund made its complete schedule of portfolio holdings available after the first and third fiscal quarters in regulatory filings on Form N-Q. The Fund's Forms N-CSR, N-PORT, and N-Q are available at no charge (i) by calling (800) 531-USAA (8722) or (210) 531-8722; (ii) at usaa.com; and (iii) on the SEC's website at <http://www.sec.gov>.