



MUTUAL FUNDS

May 31, 2019

Annual Report

USAA Cornerstone Conservative Fund

Fund
Shares
USCCX

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

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

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

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

PRESIDENT'S MESSAGE

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



July 2019

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

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

Signs of trouble emerged during the summer of 2018. The U.S. economic expansion continued, but growth in a number of other economies, including some European countries and China, showed a weakening trend. By the autumn of 2018, investors’ fears of a global economic slowdown, combined with harsh U.S.-China trade rhetoric and Brexit-related uncertainty in Europe, sparked a surge in market volatility. Global stocks dropped, with most of the decline occurring in December 2018. At the same time, intermediate- and longer-term yields fell, as investors anticipated a change in Fed monetary policy. Indeed, after having raised short-term interest rates four times during 2018, Fed officials announced in January 2019 that they would “pause,” retreating from their earlier plan to raise interest rates in 2019. Stocks rallied in response and by April 2019 had recovered most of the ground they had lost. In May 2019, ongoing trade tensions between the United States and China, as well as President Trump administration’s threat to impose tariffs on Mexico, drove a renewed decline in stock prices. In the fixed income market, concerns that trade disputes would seriously undermine global

economic growth pushed down intermediate- and longer-term yields, which ended the reporting period lower than they started. The yield on the 10-year U.S. Treasury note, which began June 2018 at 2.89%, rose to 3.24% on November 8, 2018—its high point of the period—and fell to 2.13% by May 31, 2019.

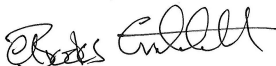
In the final months of the reporting period, the Treasury yield curve inverted, which means that shorter-term yields were higher than longer-term yields. A yield-curve inversion warrants attention because it has been a reliable recession indicator. Although recessions do not automatically follow inversions,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

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

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

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

Sincerely,



Brooks Englehardt
President

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

IRA DISTRIBUTION WITHHOLDING DISCLOSURE

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

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

For more specific information, please consult your tax adviser.

MANAGERS' COMMENTARY ON THE FUND



Lance Humphrey, CFA



Wasif A. Latif

■ **How did the global financial markets perform during the 12-month reporting period ended May 31, 2019?**

The world financial markets produced mixed results, reflecting investors' struggles to assess the shifting outlook for economic growth.

During the reporting period, large-cap U.S. equities were the best performer among the major asset classes. Domestic stocks performed very well in the first half of the reporting period, during which both economic data and corporate earnings came in above expectations. However, the market sold off sharply in late 2018 due to the combination of worries about U.S. Federal Reserve ("Fed") policy, the trade dispute between the United States and China, and signs of slowing economic growth overseas. Stocks quickly recovered from the downturn, and the main U.S. equity indexes went on to post their best quarter in nearly 10 years during the first three months of 2019. A rapid shift in Fed policy was likely the key catalyst for the rebound. Whereas the markets generally were expecting as late as October 2018 that the Fed would raise interest rates three to four times in 2019, a series of statements from key officials indicated the Fed was in fact likely finished raising interest rates for the foreseeable future. The reporting period ended on a down note with a weak showing in May 2019, as stocks lost some of their previous gains due to renewed worries about slowing growth and the failure of the United States and China to resolve their trade impasse.

The net effect of these sentiment swings was a narrow advance for large-cap U.S. stocks, as gauged by the 3.47% gain of the Russell 1000 Index. The Russell 2000 Index, a measure of performance for smaller companies, lagged considerably with a return of -9.04%.

Developed-market international equities posted a loss over the 12-month reporting period, largely as a result of the unexpectedly slow growth outside of the United States. In combination with the weakness in foreign currencies versus the U.S. dollar, the slowdown led to a loss of -5.75% for the MSCI EAFE Index. Emerging-market stocks also closed in negative territory, as gauged by the -8.70% return of the MSCI Emerging Markets Index. Concerns about the global trade outlook and the prospect of slowing growth in the developed world contributed to the underperformance for the asset class.

Investment-grade bonds, after producing sluggish performance in the first half of the reporting period, staged a strong rally from early November 2018 onward due in part to the Fed's shift toward a more accommodative policy. The gains propelled the Bloomberg Barclays U.S. Aggregate Index to a return of 6.40% for the full reporting period. High-yield bonds also performed reasonably well, as gauged by the 5.93% gain for the ICE BofAML U.S. High Yield Index. Although high-yield issues fell sharply in late 2018 amid the evaporation of investor risk appetites, the category returned to positive territory in early 2019.

■ How did the USAA Cornerstone Conservative Fund (the “Fund”) perform during the reporting period?

For the reporting period ended May 31, 2019, the Fund had a total return of 3.84%. This compares to returns of 6.41% for the Bloomberg Barclays U.S. Universal Index and 4.93% for the Cornerstone Conservative Composite Index.

Refer to page 5 for benchmark definitions.

Past performance is no guarantee of future results.

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

■ **Please discuss the factors that helped and hurt performance.**

The Fund's bond allocation, which makes up more than three-quarters of the portfolio, was the key contributor to relative performance over the past year. We invest in bonds via holdings in several USAA mutual funds. The underlying funds combined for outperformance relative to the broader fixed-income market, with the best returns coming from intermediate-term and multi-sector funds that were positioned to capitalize on the outperformance of longer-dated issues. An allocation to high-yield bonds was an additional contributor.

The Fund's allocation to equities had a mixed effect on results. On the positive side, our position in large-cap U.S. stocks helped us capture the category's outperformance. However, our preference for the value style versus growth style was out of step with the market. Performance also was hurt somewhat by our bias in favor of international equities over U.S. equities. We believe both developed- and emerging-market equities offer more compelling valuations and greater upside potential than the United States, but this aspect of our approach detracted in the reporting period, given the relative strength of U.S. equities compared to international equities.

The majority of the key trends in the market have been in place for a multi-year period, with domestic stocks outperforming bonds, the growth style outpacing value, and U.S. equities exceeding the returns of the foreign markets, to name just a few. Given the persistence of these tendencies, it can be easy for investors to forget that asset class returns tend to run in cycles. We, therefore, prefer to take a long-term view based on the knowledge that even well-established market trends can—and do—shift abruptly. Rather than trying to chase short-term performance, we continue to emphasize diversification, fundamentals, and valuations.

We believe this steady approach, rather than one that attempts to respond to the latest headlines, is the most effective way to navigate volatile markets.

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

As interest rates rise, bond prices generally fall; given the historically low interest rate environment, risks associated with rising interest rates may be heightened. • The underlying funds may be invested in, among other things: (1) exchange-traded funds; (2) futures, options, and other derivatives; (3) non-investment-grade securities; (4) precious metals and minerals companies; (5) real estate investment trusts; (6) money market instruments; and (7) foreign and emerging markets. These types of investments and asset classes may be more volatile and prone to experience significant loss than others. In addition, it is possible that a particular asset allocation may not produce the intended result. The assets of the Cornerstone Conservative Fund will be invested in other USAA funds and will indirectly bear expenses and reflect the risks of the underlying funds in which it invests. • Non-investment-grade securities are considered speculative and are subject to significant credit risk. They are sometimes referred to as “junk” bonds since they represent a greater risk of default than more credit worthy investment-grade securities. • Diversification is a technique intended to help reduce risk and does not guarantee a profit or prevent a loss. • Foreign investing is subject to additional risks, such as currency fluctuations, market illiquidity, and political instability. Emerging market countries are less diverse and mature than other countries and tend to be politically less stable. • The USAA Precious Metals and Minerals Fund is subject to additional risks, such as currency fluctuation, market illiquidity, political instability and increased price volatility. It may be more volatile than a fund that diversifies across many industries and companies.

INVESTMENT OVERVIEW

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

| | 1 Year | 5 Year | 10 Year | Since Inception* | Inception Date |
|---|--------|--------|---------|------------------|----------------|
| USAA Cornerstone Conservative Fund | 3.84% | 3.14% | – | 4.11% | 6/08/12 |
| Bloomberg Barclays U.S. Universal Index** (reflects no deduction for fees, expenses, or taxes) | 6.41% | 2.92% | 4.30% | – | – |
| Cornerstone Conservative Composite Index*** (reflects no deduction for fees, expenses, or taxes) | 4.93% | 3.54% | 5.58% | – | – |

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

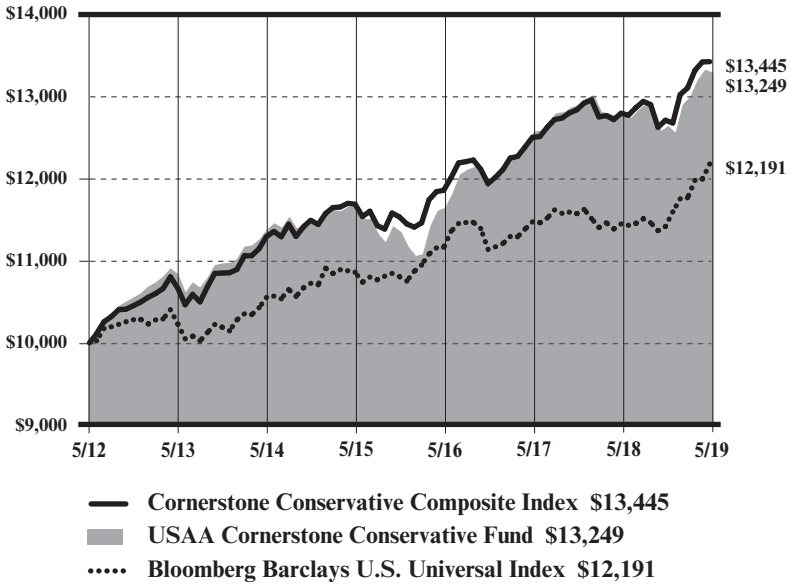
**The unmanaged Bloomberg Barclays U.S. Universal Index is an index that represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment-grade or below investment-grade.

***The Cornerstone Conservative Composite Index is a combination of unmanaged indexes representing the Fund's model allocation, and consists of the MSCI USA Investable Market Index (IMI) Gross (11%), the MSCI ACWI ex USA IMI Net (8%), the Bloomberg Barclays U.S. Universal Index (78%), the Bloomberg Commodity Index Total Return (0.5%), the MSCI U.S. Real Estate Investment Trust (REIT) Index Gross (0.5%), and the Bloomberg Barclays U.S. Treasury - Bills (1–3M) (2%).

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.

■ GROWTH OF \$10,000 INVESTMENT ■



Data from 5/31/12 through 5/31/19.*

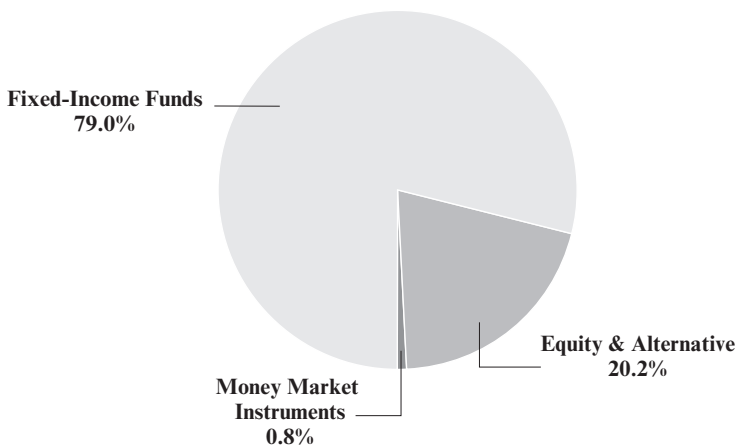
The graph illustrates the comparison of a \$10,000 hypothetical investment in the USAA Cornerstone Equity Fund to the benchmarks listed above (see page 5 for benchmark definitions).

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

*The performance of the Bloomberg Barclays U.S. Universal Index and the Cornerstone Conservative Composite Index are calculated from the end of the month, May 31, 2012, while the inception date of the USAA Cornerstone Conservative Fund is June 8, 2012. There may be a slight variation of performance numbers because of this difference.

■ **ASSET ALLOCATION – 5/31/19** ■

(% of Net Assets)



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

SHAREHOLDER VOTING RESULTS

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

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

PROPOSAL 1

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

| Number of shares voting | | |
|-------------------------|---------|---------|
| For | Against | Abstain |
| 8,175,349 | 852,381 | 796,679 |

PROPOSAL 2

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

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

DISTRIBUTIONS TO SHAREHOLDERS

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

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

| Dividend Received Deduction (corporate shareholders)⁽¹⁾ | Foreign Taxes Paid⁽²⁾ | Foreign Source Income | Qualified Interest Income |
|---|---|----------------------------------|--------------------------------------|
| 4.82% | \$37,000 | \$261,000 | \$15,000 |

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

⁽²⁾ The Fund has elected under Section 853 of the Internal Revenue Code to pass through the credit for taxes paid in foreign countries.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees of USAA Cornerstone Conservative Fund:

Opinion on the Financial Statements

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

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2019, by correspondence with the custodian 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.

Ernst & Young LLP

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

San Antonio, Texas
July 23, 2019

PORTFOLIO OF INVESTMENTS

May 31, 2019

| Number of Shares | Security | Market Value (000) |
|---|--|--------------------------|
| BONDS (79.0%) | | |
| FIXED-INCOME FUNDS (79.0%) | | |
| 254,500 | USAA Core Intermediate-Term Bond ETF ^(a) | \$ 12,842 |
| 4,500 | USAA Core Short-Term Bond ETF ^(a) | 227 |
| 3,989,615 | USAA Government Securities Fund Institutional Shares | 39,258 |
| 734,115 | USAA High Income Fund Institutional Shares | 5,704 |
| 4,418,886 | USAA Income Fund Institutional Shares | 57,887 |
| 2,930,766 | USAA Intermediate-Term Bond Fund Institutional Shares | 31,183 |
| 607,386 | USAA Short-Term Bond Fund Institutional Shares | 5,582 |
| | Total Fixed-Income Funds (cost: \$151,389) | <u>152,683</u> |
| | Total Bonds (cost: \$151,389) | <u>152,683</u> |
| EQUITY SECURITIES (20.2%) | | |
| EQUITY & ALTERNATIVE (20.2%) | | |
| 27,891 | USAA Aggressive Growth Fund Institutional Shares | 1,160 |
| 172,185 | USAA Capital Growth Fund Institutional Shares | 1,834 |
| 146,108 | USAA Emerging Markets Fund Institutional Shares | 2,497 |
| 55,786 | USAA Growth Fund Institutional Shares | 1,633 |
| 137,991 | USAA Income Stock Fund Institutional Shares | 2,572 |
| 238,942 | USAA International Fund Institutional Shares | 6,841 |
| 18,900 | USAA MSCI Emerging Markets Value Momentum Blend Index ETF | 803 |
| 55,200 | USAA MSCI International Value Momentum Blend Index ETF | 2,410 |
| 12,800 | USAA MSCI USA Small Cap Value Momentum Blend Index ETF | 620 |
| 94,400 | USAA MSCI USA Value Momentum Blend Index ETF | 4,553 |
| 56,945 | USAA Precious Metals and Minerals Fund Institutional Shares ^(b) | 706 |
| 147,325 | USAA S&P 500 Index Fund Reward Shares | 5,716 |
| 124,068 | USAA Small Cap Stock Fund Institutional Shares | 1,949 |
| 381,539 | USAA Target Managed Allocation Fund | 3,838 |
| 101,710 | USAA Value Fund Institutional Shares | 1,835 |
| | Total Equity & Alternative (cost: \$35,590) | <u>38,967</u> |
| | Total Equity Securities (cost: \$35,590) | <u>38,967</u> |

| Number of Shares | Security | Market Value (000) |
|---|--|--------------------------|
| MONEY MARKET INSTRUMENTS (0.8%) | | |
| GOVERNMENT & U.S. TREASURY MONEY MARKET FUNDS (0.8%) | | |
| 1,553,524 | State Street Institutional Treasury Money Market Fund Premier Class, 2.30% ^(e) (cost: \$1,554) | \$ 1,554 |
| SHORT-TERM INVESTMENT PURCHASED WITH CASH COLLATERAL FROM SECURITIES LOANED (0.3%) | | |
| GOVERNMENT & U.S. TREASURY MONEY MARKET FUNDS (0.3%) | | |
| 696,000 | Goldman Sachs Financial Square Government Fund Institutional Class, 2.30% ^(e) (cost: \$696) | 696 |
| Total Investments (cost: \$189,229) | | <u>\$193,900</u> |

| (S in 000s) | VALUATION HIERARCHY | | | |
|---|---------------------|------------|------------|------------------|
| Assets | LEVEL 1 | LEVEL 2 | LEVEL 3 | Total |
| Bonds: | | | | |
| Fixed-Income Funds | \$152,683 | \$- | \$- | \$152,683 |
| Equity Securities: | | | | |
| Equity & Alternative | 38,967 | - | - | 38,967 |
| Money Market Instruments: | | | | |
| Government & U.S. Treasury Money Market Funds | 1,554 | - | - | 1,554 |
| Short-Term Investment Purchased with Cash Collateral from Securities Loaned: | | | | |
| Government & U.S. Treasury Money Market Funds | 696 | - | - | 696 |
| Total | \$193,900 | \$- | \$- | \$193,900 |

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

NOTES TO PORTFOLIO OF INVESTMENTS

May 31, 2019

■ GENERAL NOTES

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

The Portfolio of Investments category percentages shown represent the percentages of the investments to net assets, and, in total, may not equal 100%. A category percentage of 0.0% represents less than 0.1% of net assets. Investments in foreign securities were 6.5% of net assets at May 31, 2019.

The underlying USAA Funds in which the Fund invests are managed by USAA Asset Management Company, an affiliate of the Fund. The Fund invests in the Reward Shares of the USAA S&P 500 Index Fund, the Institutional Shares of the other USAA Mutual Funds Trust and the series of the USAA ETF Trust.

The Fund may rely on certain Securities and Exchange Commission (SEC) exemptive orders or rules that permit funds meeting various conditions to invest in an exchange-traded fund (ETF) in amounts exceeding limits set forth in the Investment Company Act of 1940, as amended, that would otherwise be applicable.

■ SPECIFIC NOTES

- (a) The security, or a portion thereof, was out on loan as of May 31, 2019.
- (b) Non-income-producing security.
- (c) Rate represents the money market fund annualized seven-day yield at May 31, 2019.

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES (IN THOUSANDS)

May 31, 2019

ASSETS

| | |
|--|-----------|
| Investments in affiliated underlying funds, at market value (cost of \$186,979) | \$191,650 |
| Investments in unaffiliated securities, at market value (including securities on loan of \$676) (cost of \$2,250) | 2,250 |
| Receivables: | |
| Capital shares sold | 124 |
| USAA Asset Management Company (Note 6) | 46 |
| Dividends from affiliated underlying funds | 202 |
| Interest | 3 |
| Total assets | 194,275 |

LIABILITIES

| | |
|---|-----------|
| Payables: | |
| Upon return of securities loaned | 696 |
| Securities purchased | 202 |
| Capital shares redeemed | 61 |
| Other accrued expenses and payables | 51 |
| Total liabilities | 1,010 |
| Net assets applicable to capital shares outstanding | \$193,265 |

NET ASSETS CONSIST OF:

| | |
|---|-----------|
| Paid-in capital | \$190,215 |
| Distributable earnings | 3,050 |
| Net assets applicable to capital shares outstanding | \$193,265 |
| Capital shares outstanding, no par value | 18,020 |
| Net asset value, redemption price, and offering price per share | \$ 10.72 |

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

(IN THOUSANDS)

Year ended May 31, 2019

INVESTMENT INCOME

| | |
|---|--------------|
| Income distributions from affiliated underlying funds | \$ 5,840 |
| Interest | 15 |
| Securities lending (net) | 16 |
| Total income | <u>5,871</u> |

EXPENSES

| | |
|-----------------------------|-------------|
| Custody and accounting fees | 57 |
| Postage | 21 |
| Shareholder reporting fees | 14 |
| Trustees' fees | 37 |
| Registration fees | 28 |
| Professional fees | 67 |
| Other | 12 |
| Total expenses | 236 |
| Expenses reimbursed | <u>(46)</u> |
| Net expenses | <u>190</u> |

NET INVESTMENT INCOME

5,681

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

| | |
|---|-----------------|
| Net realized gain (loss) on: | |
| Sales of affiliated underlying funds | (2,760) |
| Capital gain distributions from affiliated underlying funds | 1,718 |
| Change in net unrealized appreciation/(depreciation) of affiliated underlying funds | <u>2,580</u> |
| Net realized and unrealized gain | <u>1,538</u> |
| Increase in net assets resulting from operations | <u>\$ 7,219</u> |

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS (IN THOUSANDS)

Years ended May 31,

| | 2019 | 2018 |
|--|-------------|-------------|
| FROM OPERATIONS | | |
| Net investment income | \$ 5,681 | \$ 5,504 |
| Net realized gain (loss) on sales of affiliated underlying funds | (2,760) | 145 |
| Net realized gain on capital gain distributions from affiliated underlying funds | 1,718 | 787 |
| Change in net unrealized appreciation/(depreciation) of affiliated underlying funds | 2,580 | (3,428) |
| Increase in net assets resulting from operations | 7,219 | 3,008 |
| DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS | | |
| | (5,667) | (5,500) |
| FROM CAPITAL SHARE TRANSACTIONS | | |
| Proceeds from shares sold | 39,964 | 70,509 |
| Reinvested dividends | 5,638 | 5,478 |
| Cost of shares redeemed | (50,181) | (51,957) |
| Increase (decrease) in net assets from capital share transactions | (4,579) | 24,030 |
| Net increase (decrease) in net assets | (3,027) | 21,538 |
| NET ASSETS | | |
| Beginning of year | 196,292 | 174,754 |
| End of year | \$193,265 | \$196,292 |
| CHANGE IN SHARES OUTSTANDING | | |
| Shares sold | 3,799 | 6,527 |
| Shares issued for dividends reinvested | 542 | 509 |
| Shares redeemed | (4,778) | (4,819) |
| Increase (decrease) in shares outstanding | (437) | 2,217 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USAA MUTUAL FUNDS TRUST (the Trust), registered under the Investment Company Act of 1940, as amended (the 1940 Act), is an open-end management investment company organized as a Delaware statutory trust consisting of 47 separate funds. The USAA Cornerstone Conservative 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 and is authorized to issue an unlimited number of shares. The Fund's investment objective is to seek current income. The Fund also considers the potential for capital appreciation.

The Fund is a “fund of funds” in that it invests in a selection of USAA mutual funds and exchange-traded funds (ETFs) (underlying USAA Funds) managed by USAA Asset Management Company (AMCO or Manager), an affiliate of the Fund.

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

A special shareholder meeting was held on April 18, 2019, at which shareholders of the Fund approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital, an independent investment management company. In addition, shareholders of the Fund also elected the following two new directors to the Board of the Trust to serve upon the closing

of the Transaction: (1) David C. Brown, to serve as an Interested Trustee; and (2) John C. Walters, to serve as an Independent Trustee. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

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

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

1. Investments in the underlying USAA Funds and other open-end investment companies, other than ETFs are valued at their net asset value (NAV) at the end of each business day and are categorized in Level 1 of the fair value hierarchy.
2. Equity securities, including ETFs, except as otherwise noted, traded primarily on a domestic securities exchange or the over-the-counter markets, are valued at the last sales price or official closing price on the exchange or primary market on which they trade. Securities traded primarily on foreign securities exchanges or markets are valued at the last quoted sale price, or the most recently determined official closing price calculated according to local market convention, available at the time a fund is valued. If no last sale or official closing price is reported or available, the average of the bid and ask prices generally is used.
3. The underlying USAA Funds have specific valuation procedures. 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 a fund's NAV to be more reliable than it otherwise would be.

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

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

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

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

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

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

-
- C. **Investments in securities** – Securities transactions are accounted for as of the date the securities are purchased or sold (trade date). Gains or losses from sales of investment securities are computed on the identified cost basis. Dividend income and capital gain distributions from the underlying USAA Funds are recorded on the ex-dividend date. Interest income is recorded daily on the accrual basis. Premiums and discounts are amortized over the life of the respective securities, using the effective yield method for long-term securities and the straight-line method for short-term securities.
- D. **Federal taxes** – The Fund’s policy is to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income and net capital gains, if any, to its shareholders. Therefore, no federal income tax provision is required.

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

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

(2) LINE OF CREDIT

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

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

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

For the year ended May 31, 2019, the Fund paid CAPCO facility fees of \$2,000, which represents 0.2% of the total fees paid to CAPCO by the funds of the Trusts. The Fund had no borrowings under this agreement during the year ended May 31, 2019. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

(3) DISTRIBUTIONS

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

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

| | <u>2019</u> | <u>2018</u> |
|------------------|-------------|--------------|
| Ordinary income* | \$5,667,000 | \$ 5,500,000 |

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

| | |
|--|--------------|
| Undistributed ordinary income* | \$ 1,081,000 |
| Accumulated capital and other losses | (2,145,000) |
| Unrealized appreciation of investments | 4,114,000 |

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

The difference between book-basis and tax-basis unrealized appreciation of investments is attributable to the tax deferral of losses on wash sales adjustments.

Distributions of net investment income are made quarterly. Distributions of realized gains from security transactions not offset by capital losses are made annually in the succeeding fiscal year or as otherwise required to avoid the payment of federal taxes.

At May 31, 2019, the Fund had net capital loss carryforwards of \$2,145,000, 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.

| <u>Capital Loss Carryforwards</u> | |
|-----------------------------------|--------------------|
| <u>Tax Character</u> | <u>Balance</u> |
| <u>(No Expiration)</u> | |
| Short-Term | \$ 310,000 |
| Long-Term | <u>1,835,000</u> |
| Total | <u>\$2,145,000</u> |

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

| <u>Fund</u> | <u>Tax Cost</u> | <u>Gross Unrealized Appreciation</u> | <u>Gross Unrealized Depreciation</u> | <u>Net Unrealized Appreciation/(Depreciation)</u> |
|-------------------|-----------------|--------------------------------------|--------------------------------------|---|
| USAA Cornerstone | | | | |
| Conservative Fund | \$189,785,000 | \$4,676,000 | \$(562,000) | \$4,114,000 |

(4) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales/maturities of securities, excluding short-term securities, for the year ended May 31, 2019, were \$41,934,000 and \$46,862,000, respectively.

(5) SECURITIES LENDING

The Fund, through a securities lending agreement with Citibank, N.A. (Citibank), may lend its securities to qualified financial institutions, such as certain broker-dealers, to earn additional income, net of income retained by Citibank. The borrowers are required to secure their loans continuously with collateral in an amount at least equal to 102% of the fair value of domestic securities and foreign government securities loaned and 105% of the fair value of foreign securities and all other securities loaned. Collateral may be cash, U.S. government securities, or other securities as permitted by SEC guidelines. Cash collateral may be invested in high-quality short-term investments. Collateral requirements are determined daily based on the value of the Fund's securities on loan as of the end of the prior business day. Loans are terminable upon demand and the borrower must return the loaned securities within the lesser of one standard settlement period or five business days. Risks relating to securities-lending transactions include that the borrower may not provide additional collateral when required or return the securities when due, and that the value of the short-term investments will be less than the amount of cash collateral required to be returned to the borrower. The Fund's agreement with Citibank does not include master netting provisions. Non-cash collateral received by the Fund may not be sold or re-pledged except to satisfy borrower default. Cash collateral is listed in the Fund's Portfolio of Investments and Financial Statements while non-cash collateral is not included.

At May 31, 2019, the Fund's value of outstanding securities on loan and the value of collateral are as follows:

| Value of securities on Loan | Non-Cash Collateral | Cash Collateral |
|--------------------------------|---------------------|-----------------|
| \$676,000 | \$- | \$696,000 |

(6) AGREEMENTS WITH MANAGER

Advisory agreement – The Manager carries out the Fund's investment policies and manages the Fund's portfolio pursuant to an Advisory Agreement. The

Manager does not receive any management fees from the Fund for these services.

Administration and servicing fees – The Manager provides certain administration and servicing functions for the Fund. The Manager does not receive any fees from the Fund for these services.

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 billing of these expenses to the Fund. These expenses are included in the professional fees on the Fund's Statement of Operations and, for the year ended May 31, 2019, were \$1,000 for the Fund. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

Expense limitation – The Manager agreed, through September 30, 2019, to limit the total annual operating expenses of the Fund to 0.10% of its average daily net assets, excluding extraordinary expenses and before reductions of any expenses paid indirectly, and to reimburse the Fund for all expenses in excess of that amount. This expense limitation arrangement may not be changed or terminated through September 30, 2019, without approval of the Board, and may be changed or terminated by the Manager at any time after that date. For the year ended May 31, 2019, the Fund incurred reimbursable expenses of \$46,000, of which all was receivable from the Manager.

Transfer agency agreement – SAS, an affiliate of the Manager, provides transfer agent services to the Fund. SAS does not receive any fees from the Fund for these services. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

Underwriting services – USAA Investment Management Company 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. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

(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. **Please refer to the Subsequent Event Note to the Financial Statements in this annual report for additional important information.**

(8) TRANSACTIONS WITH AFFILIATED FUNDS

- A. **Share ownership** – The Fund does not invest in the affiliated underlying USAA Funds for the purpose of exercising management or control; however, investments by the Fund may represent a significant portion of the affiliated underlying USAA Funds’ net assets. The affiliated underlying funds’ annual or semiannual reports may be viewed at usaa.com. At May 31, 2019, the Fund owned the following percentages of the total outstanding shares of each of the underlying USAA Funds:

| <u>Affiliated USAA Fund</u> | <u>Ownership %</u> |
|--|--------------------|
| Aggressive Growth Fund Institutional Shares | 0.1 |
| Capital Growth Fund Institutional Shares | 0.2 |
| Core Intermediate-Term Bond ETF | 5.0 |
| Core Short-Term Bond ETF | 0.3 |
| Emerging Markets Fund Institutional Shares | 0.3 |
| Government Securities Fund Institutional Shares | 3.6 |
| Growth Fund Institutional Shares | 0.1 |
| High Income Fund Institutional Shares | 0.3 |
| Income Fund Institutional Shares | 0.7 |
| Income Stock Fund Institutional Shares | 0.1 |
| Intermediate-Term Bond Fund Institutional Shares | 0.8 |
| International Fund Institutional Shares | 0.2 |
| MSCI Emerging Markets Value Momentum Blend Index ETF | 0.5 |
| MSCI International Value Momentum Blend Index ETF | 0.8 |
| MSCI USA Small Cap Value Momentum Blend Index ETF | 0.7 |
| MSCI USA Value Momentum Blend Index ETF | 1.1 |
| Precious Metals and Minerals Fund Institutional Shares | 0.1 |
| S&P 500 Index Reward Shares | 0.1 |
| Short-Term Bond Fund Institutional Shares | 0.2 |
| Small Cap Stock Fund Institutional Shares | 0.1 |
| Target Managed Fund Institutional Shares | 0.8 |
| Value Fund Institutional Shares | 0.2 |

B. Transactions with affiliated funds – The following table provides details related to the Fund’s investment in the underlying USAA Funds for the year ended May 31, 2019:

| (\$ in 000s) Affiliated USAA Fund | Purchase Cost | Sales Proceeds | Dividend Income | Realized Gain (Loss) | Capital Gain Distributions | Change in Net Unrealized Appreciation/ Depreciation | Market Value | |
|--|------------------|-------------------|--------------------|----------------------------|----------------------------------|---|--------------|-----------|
| | | | | | | | 5/31/2018 | 5/31/2019 |
| Aggressive Growth Fund Institutional Shares | \$ 178 | \$ 92 | \$ 19 | \$ (8) | \$159 | \$ (141) | \$ 1,223 | \$ 1,160 |
| Capital Growth Fund Institutional Shares | 1,849 | – | – | – | – | (15) | – | 1,834 |
| Core Intermediate- Term Bond ETF | 486 | – | 395 | – | – | 461 | 11,895 | 12,842 |
| Core Short-Term Bond ETF | – | – | 6 | – | – | 4 | 223 | 227 |
| Emerging Markets Fund Institutional Shares | 43 | 516 | 43 | (13) | – | (283) | 3,266 | 2,497 |
| Flexible Income Fund Institutional Shares | 9 | 10,826 | 8 | (1,040) | – | 669 | 11,188 | – |
| Government Securities Fund Institutional Shares | 18,841 | 111 | 841 | (6) | – | 1,299 | 19,235 | 39,258 |
| Growth Fund Institutional Shares | 202 | 240 | 15 | (2) | 187 | (101) | 1,774 | 1,633 |
| High Income Fund Institutional Shares | 339 | 110 | 339 | (5) | – | (140) | 5,620 | 5,704 |
| Income Fund Institutional Shares | 8,750 | 3,162 | 1,986 | (167) | 15 | 1,815 | 50,651 | 57,887 |
| Income Stock Fund Institutional Shares | 718 | – | 50 | – | 121 | (85) | 1,939 | 2,572 |

| (\$ in 000s) Affiliated USAA Fund | Purchase Cost | Sales Proceeds | Dividend Income | Realized Gain (Loss) | Capital Gain Distributions | Change in Net Unrealized Appreciation/ Depreciation | Market Value | |
|--|------------------|-------------------|--------------------|----------------------------|----------------------------------|---|--------------|-----------|
| | | | | | | | 5/31/2018 | 5/31/2019 |
| Intermediate- Term Bond Fund Institutional Shares | \$1,303 | \$15,425 | \$1,303 | \$(791) | \$ — | \$1,457 | \$44,639 | \$31,183 |
| International Fund Institutional Shares | 839 | 4,602 | 265 | (236) | 574 | (1,401) | 12,241 | 6,841 |
| MSCI Emerging Markets Value Momentum Blend Index ETF | 738 | — | 2 | — | — | (40) | 105 | 803 |
| MSCI International Value Momentum Blend Index ETF | 181 | — | 59 | — | — | (366) | 2,595 | 2,410 |
| MSCI USA Small Cap Value Momentum Blend Index ETF | 573 | — | 1 | — | — | (12) | 59 | 620 |
| MSCI USA Value Momentum Blend Index ETF | 2,070 | — | 49 | — | — | (168) | 2,651 | 4,553 |
| Precious Metals and Minerals Fund Institutional Shares | — | — | — | — | — | (38) | 744 | 706 |
| S&P 500 Index Fund Reward Shares | 165 | 250 | 113 | 30 | 52 | 22 | 5,749 | 5,716 |
| Short-Term Bond Fund Institutional Shares | 232 | 8,934 | 231 | (141) | 1 | 189 | 14,236 | 5,582 |

| (\$ in 000s) Affiliated USAA Fund | Purchase Cost | Sales Proceeds | Dividend Income | Realized Gain (Loss) | Capital Gain Distributions | Change in Net Unrealized Appreciation/ Depreciation | Market Value | |
|--|------------------|-------------------|--------------------|----------------------------|----------------------------------|---|------------------|------------------|
| | | | | | | | 5/31/2018 | 5/31/2019 |
| Small Cap Stock Fund Institutional Shares | \$ 306 | \$ 793 | \$ 69 | \$ (111) | \$ 236 | \$ (410) | \$ 2,957 | \$ 1,949 |
| Target Managed Allocation Fund | 3,693 | — | — | — | — | 145 | | 3,838 |
| Value Fund Institutional Shares | 419 | 1,801 | 46 | (270) | 373 | (281) | 3,768 | 1,835 |
| Total | \$41,934 | \$46,862 | \$5,840 | \$(2,760) | \$1,718 | \$2,580 | \$196,758 | \$191,650 |

(9) UPCOMING REGULATORY MATTERS

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

(10) RECENT ACCOUNTING PRONOUNCEMENTS

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

ASU 2018-13, Fair Value Measurement

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

(11) SUBSEQUENT EVENT NOTE

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

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

Effective July 1, 2019, the Trust will rely on an exemptive order granted to Victory Capital and its affiliated funds by the SEC in March 2019 permitting the use of a "manager-of-managers" structure for certain funds. Prior to that date, the Trust relied on a similar exemptive order granted by the SEC to the Trust and its affiliated persons. Under a manager of managers structure, the investment adviser may select (with

approval of the Board and without shareholder approval) one or more subadvisers to manage the day-to-day investment of a fund's assets.

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

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

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

FINANCIAL HIGHLIGHTS

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

| | Year Ended May 31, | | | | |
|---|--------------------|-----------|------------------|-------------------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value at beginning of period | \$ 10.64 | \$ 10.76 | \$ 10.27 | \$ 10.68 | \$ 10.77 |
| Income (loss) from investment operations: | | | | | |
| Net investment income | .32 | .30 | .31 | .35 | .31 |
| Net realized and unrealized gain (loss) | .08 | (.11) | .49 | (.37) | (.06) |
| Total from investment operations | .40 | .19 | .80 | (.02) | .25 |
| Less distributions from: | | | | | |
| Net investment income | (.32) | (.31) | (.31) | (.34) | (.32) |
| Realized capital gains | — | — | — | (.05) | (.02) |
| Total distributions | (.32) | (.31) | (.31) | (.39) | (.34) |
| Net asset value at end of period | \$ 10.72 | \$ 10.64 | \$ 10.76 | \$ 10.27 | \$ 10.68 |
| Total return (%)* | 3.84 | 1.79 | 7.93 | (.05) | 2.37 |
| Net assets at end of period (000) | \$193,265 | \$196,292 | \$174,754 | \$137,705 | \$145,626 |
| Ratios to average daily net assets:** | | | | | |
| Expenses (%) ^(a) | .10 | .10 | .10 | .10 | .10 |
| Expenses, excluding reimbursements (%) ^(a) | .12 | .12 | .15 | .15 | .15 |
| Net investment income (%) | 2.99 | 2.87 | 3.02 | 3.38 | 3.03 |
| Portfolio turnover (%) | 22 | 5 | 7 ^(b) | 43 ^(c) | 5 |

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

** For the year ended May 31, 2019, average daily net assets were \$189,947,000.

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

(b) Reflects a return to normal trading levels after a prior year transition or allocation shift.

(c) Reflects increased trading activity due to changes in asset allocation strategies.

EXPENSE EXAMPLE

May 31, 2019 (unaudited)

EXAMPLE

As a shareholder of the Fund, you incur two types of costs: direct costs, such as wire fees, redemption fees, and low balance fees; and indirect costs, including 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 Fund also indirectly bears its pro-rata share of the expenses of the underlying USAA Funds in which it invests (acquired funds). These acquired fund fees and expenses are not included in the Fund’s annualized expense ratios used to calculate the expense estimates in the table on the next page.

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

ACTUAL EXPENSES

The line labeled “actual” 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 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” in the table provides information about hypothetical account values and hypothetical expenses based on the Fund’s

actual expense ratio 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. Acquired fund fees and expenses are not included in the Fund’s annualized expense ratio used to calculate the expenses paid in the table below.

| | Beginning Account Value December 1, 2018 | Ending Account Value May 31, 2019 | Expenses Paid During Period* December 1, 2018 – May 31, 2019 |
|---|--|---|---|
| Actual | \$1,000.00 | \$1,051.20 | \$0.51 |
| Hypothetical (5% return before expenses) | 1,000.00 | 1,024.43 | 0.50 |

*Expenses are equal to the Fund’s annualized expense ratio of 0.10%, which is 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 value is based on its actual total return of 5.12% for the six-month period of December 1, 2018, through May 31, 2019.

ADVISORY AGREEMENT(S)

(between the Trust and Victory Capital Management Inc.)

May 31, 2019

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

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

BACKGROUND FOR THE BOARD APPROVALS

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

In anticipation of the Transaction, the Trustees met at a series of subsequent in-person meetings on November 27-28, 2018, January 7-8, 2019, and January 14-15, 2019, which included meetings of the full Board and separate meetings of the Independent Trustees for the purposes of considering, among other things: whether it would be in the best interests of each Fund and its respective shareholders to approve the New Agreements; and the anticipated impacts of the Transaction on the Funds and their shareholders (each, a "Meeting"). During each of these Meetings, the Board sought additional and clarifying information as it deemed necessary or appropriate. In this connection, the Independent Trustees worked with their independent

legal counsel to prepare formal due diligence requests (the “Diligence Requests”) that were submitted to Victory Capital, Victory Capital Advisers, Inc. (“VCA”), and the subadvisers. The Diligence Requests sought information relevant to the Board’s consideration of the New Advisory Agreement, the New Subadvisory Agreements, distribution arrangements, and other anticipated impacts of the Transaction on the Funds and their shareholders. Victory Capital, VCA, and the subadvisers provided documents and information in response to the Diligence Requests (the “Response Materials”). Following their review of the Response Materials, the Independent Trustees submitted a supplemental due diligence request for additional and clarifying information (the “Supplemental Diligence Request”) to Victory Capital and VCA. Victory Capital and VCA provided further information in response to the Supplemental Diligence Request, which the Board reviewed. Senior management representatives of Victory Capital and/or AMCO participated in a portion of each Meeting and addressed various questions raised by the Board. Throughout the process, the Independent Trustees were assisted by their independent legal counsel and counsel to the Funds, who advised them on, among other things, their duties and obligations relating to their consideration of the New Agreements.

The Board’s evaluation of the New Agreements reflected the information provided specifically in connection with its review of the New Agreements, as well as, where relevant, information that was previously furnished to the Board in connection with the 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.

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.

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

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

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

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

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

education, affiliations and/or other credentials or qualifications of the anticipated portfolio managers at Victory Capital that would manage the Equity 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.

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.

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.

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

Fees to be paid to Victory Capital and expenses of the Funds – The Board considered that it had reviewed each Fund’s existing advisory fee rate and computation method for calculating such fees at the 2018 15(c) Meeting. The Board considered that the New Advisory Agreement does not change any Fund’s advisory fee rate or the computation method for calculating such fees, except that Victory Capital, subject to Board approval, may in the future use a single designated share class to calculate the performance adjustment and apply the resulting performance adjustment across each other class of shares of the Fund. The Board considered that the use of a single designated class to calculate the performance adjustment for each other class of shares of the Fund could mean that shareholders of a class other than the class used to measure the performance adjustment may pay a performance adjustment that is higher or lower than if the adjustment were calculated on a class by class basis, primarily due to the impact of differences in the fees and expenses between share classes on performance. The Board considered that the New Advisory Agreement stipulates that the period for measuring performance for calculating a Fund’s performance adjustment begins on the date that Victory Capital begins managing the Fund; therefore, no performance adjustments will be made for the first twelve months of the New Advisory Agreement, consistent with applicable regulations. The Board also considered Victory Capital’s contractual commitment under the expense limitation

agreement (“ELA”) to waive fees and/or reimburse expenses for at least two years after the closing of the Transaction, so that each Fund’s annual expense ratio (excluding acquired fund fees and expenses, any performance adjustment to a Fund’s advisory fee, interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, and other extraordinary expenses not incurred in the ordinary course of such Fund’s business) does not exceed the levels reflected in each Fund’s most recent audited financial statements at the time the Transaction closes (or the levels of AMCO’s then-current expense caps, if applicable), excluding the impact of any performance adjustment to a Fund’s advisory fee. The Board considered that the ELA permits Victory Capital to recoup advisory fees waived and expenses reimbursed for up to three years after the fiscal year in which the waiver or reimbursement took place, subject to the lesser of any operating expense limitation in effect at the time of: (1) the original waiver or expense reimbursement; or (2) recoupment. The Board also considered that Victory Capital and AMCO had represented to the Board that they will use their best efforts to ensure that they and their respective affiliates do not take any action that imposes an “unfair burden” on the Funds as a result of the Transaction or as a result of any express or implied terms, conditions or understandings applicable to the Change of Control Event, for so long as the requirements of Section 15(f) of the 1940 Act apply. The Board also considered a comparison of the proposed advisory fees to be paid by each Fund to the advisory fees paid by funds and other accounts managed by Victory Capital deemed to be comparable to the Fund in terms of investment objectives and strategies. The Board considered that, with few exceptions, mostly involving weighted average fees for separate accounts, the advisory fees to be paid by the Funds were lower than the fees paid by these other funds and accounts. The Board concluded that the retention of Victory Capital was unlikely to impose an unfair burden on the Funds because, after the Transaction, none of AMCO, Victory Capital, VCA, or any of their respective affiliates, would be entitled to receive any compensation directly or indirectly (i) from any person in connection with the purchase or sale of securities or other property to, from, or on behalf of the Funds (other than ordinary fees for bona fide principal underwriting services), or (ii) from the Funds or their shareholders for other than bona fide investment advisory or other services. Based on its review, the Board determined, with respect to each Fund, that Victory Capital’s advisory fee is fair and reasonable.

The extent to which Victory Capital may realize economies of scale as the Funds grow larger and whether fee levels reflect these economies of scale for the benefit of Fund shareholders –

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

The profits to be realized by Victory Capital and its affiliates from their relationship with the Trust –

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

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

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

ADVISORY AGREEMENT(S)

(between the Trust and the Manager)

May 31, 2019

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

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

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

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

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

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

ADVISORY AGREEMENT

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

Nature, Extent, and Quality of Services – In considering the nature, extent, and quality of the services provided by the Manager under the Advisory Agreement, the Board reviewed information provided by the Manager relating to its operations and personnel. The Board also took into account its knowledge of the Manager's management and the quality of the performance

of the Manager's duties through Board meetings, discussions, and reports during the preceding year. The Board considered the services provided to the Fund by the Manager under the Advisory Agreement, as well as other services provided by the Manager and its affiliates under other agreements, and the personnel who provide these services. In addition to the investment advisory services provided to the Fund, the Manager and its affiliates provide administrative services, shareholder services, oversight of Fund accounting, marketing services, assistance in meeting legal and regulatory requirements, and other services necessary for the operation of the Fund and the Trust. The Board also considered the significant risks assumed by the Manager in connection with the services provided to the Fund, including investment, operational, enterprise, litigation, regulatory and compliance risks.

The Board considered the Manager's management style and the performance of the Manager's duties under the Advisory Agreement. The Board considered the level and depth of experience of the Manager, including the professional experience and qualifications of its senior and investment personnel, as well as current staffing levels. The Manager's role in coordinating the activities of the Fund other service providers also was considered. The Board also considered the Manager's risk management processes. The Board considered the Manager's financial condition and that it had the financial wherewithal to continue to provide the same scope and high quality of services under the Advisory Agreement. In reviewing the Advisory Agreement, the Board focused on the experience, resources, and strengths of the Manager and its affiliates in managing the Fund, as well as the other funds in the Trust.

The Board also reviewed the compliance and administrative services provided to the Fund by the Manager and its affiliates, including oversight of the Fund's day-to-day operations and oversight of Fund accounting. The Trustees, guided also by information obtained from their experiences as trustees of the Trust, also focused on the quality of the Manager's compliance and administrative staff.

Expenses and Performance – In connection with its consideration of the Advisory Agreement, the Board evaluated the Fund's advisory fees and total expense ratio as compared to other open-end investment companies deemed to be comparable to the Fund as determined by the independent third party in its report. The Fund's expenses were compared to (i) a group of investment

companies chosen by the independent third party to be comparable to the Fund based upon certain factors, including the fund type (in this case, other funds-of-funds that invest in affiliated funds of the investing fund with front-end loads and no sales loads), comparability of investment objective and classification, sales load type, asset size, and expense components (the “expense group”) and (ii) a larger group of investment companies that includes all affiliated no-load and front-end load retail open-end investment companies with similar investment classifications/objectives as the Fund regardless of asset size, excluding outliers (the “expense universe”). The Board noted that the Manager does not receive a management fee from the Fund. The data indicated that the Fund’s total expenses, which included underlying fund expenses and any reimbursements, were below the median of its expense group and its expense universe. The Board took into account the various services provided to the Fund by the Manager and its affiliates, including the high quality of services provided by the Manager. The Board also took into account the Manager’s undertaking to maintain expense limitations for the Fund.

In considering the Fund’s performance, the Board noted that it reviews at its regularly scheduled meetings information about the Fund’s performance results. The Trustees also reviewed various comparative data provided to them in connection with their consideration of the renewal of the Advisory Agreement, including, among other information, a comparison of the Fund’s average annual total return with its Lipper index and with that of other mutual funds deemed to be in its peer group by the independent third party in its report (the “performance universe”). The Fund’s performance universe consisted of the Fund and all retail and institutional open-end investment companies with the same classification/objective as the Fund regardless of asset size or primary channel of distribution. This comparison indicated that, among other data, the Fund’s performance was above the average of its performance universe and its Lipper index for the one- and three-year periods ended December 31, 2018 and above the average of its performance universe and below its Lipper index for the five-year period ended December 31, 2018. The Board also noted that the Fund’s percentile performance ranking was in the top 40% of its performance universe for the one- and five-year periods ended December 31, 2018, and was in the top 25% of its performance universe for the three-year period ended December 31, 2018.

Compensation and Profitability – The Board took into consideration that the Manager does not collect a management fee from the Fund. The information considered by the Board included operating profit margin information for the Manager’s business as a whole. This information included a review of the methodology used in the allocation of certain costs to the Fund. In considering the profitability data with respect to the Fund, the Trustees noted that the Manager has reimbursed the Fund for certain expenses. The Trustees reviewed the profitability of the Manager’s relationship with the Fund before tax expenses. The Board was also provided with an Investment Management Profitability Analysis prepared by an independent information service. The Board also considered the fact that the Manager and its affiliates provide shareholder servicing and administrative services to the Fund for which they receive compensation. The Board also took into account the Manager’s receipt of fees from the underlying funds in which the Fund invests. The Board also considered the possible direct and indirect benefits to the Manager from its relationship with the Trust, including that the Manager may derive reputational and other benefits from its association with the Fund. The Board also took into account the high quality of services received by the Fund from the Manager. The Trustees recognized that the Manager should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the Fund and the entrepreneurial and other risks that it assumes as Manager.

Economies of Scale – With respect to the consideration of any economies of scale to be realized by the Fund, the Board took into account that the Manager does not receive any advisory fees under the Advisory Agreement. The Board took into account management’s discussion of the Fund’s current advisory fee structure. The Board also considered the fee waiver and expense reimbursement arrangements by the Manager. The Board also considered the effects of the Fund’s growth and size on the Fund’s performance and fees, noting that if the Fund’s assets increase over time, the Fund may realize other economies of scale if assets increase proportionally more than some expenses. The Board determined that the current fee structure was reasonable.

Conclusions – The Board reached the following conclusions regarding the Fund’s Advisory Agreement with the Manager, among others: (i) the Manager has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (ii) the

Manager maintains an appropriate compliance program; (iii) the performance of the Fund is reasonable in relation to the performance of the funds with similar investment objectives and to relevant indices in view of the Fund's investment approach and management is appropriately monitoring the Fund's performance; (iv) the Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Manager; and (v) the Manager's and its affiliates' level of profitability from its relationship with the Fund is reasonable in light of the nature and high quality of services provided by the Manager and the type of fund. Based on its conclusions, the Board determined that continuation of the Advisory Agreement would be in the best interests of the Fund and its shareholders.

TRUSTEES' AND OFFICERS' INFORMATION

TRUSTEES AND OFFICERS OF THE TRUST

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

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

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

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

INTERESTED TRUSTEES

Daniel S. McNamara^{1, 2, 4, 6,†}

Trustee and Chair of the Board of Trustees

Born: June 1966

Year of Election or Appointment: 2012

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

David C. Brown^{2, 4, 6, 10}

Trustee

Born: May 1972

Year of Election or Appointment: 2019

Chairman and Chief Executive Officer (2013–present), Co-Chief Executive Officer, (2011–2013), Victory Capital Management Inc.; Chairman and Chief Executive Officer (2013–present), Victory Capital Holdings, Inc. Mr. Brown brings to the Board extensive business, finance and leadership skills gained

and developed through years of experience in the financial services industry, including his tenure overseeing the strategic direction as CEO of Victory Capital. These skills, combined with Mr. Brown's extensive knowledge of the financial services industry and demonstrated success in the development and distribution of investment strategies and products, enable him to provide valuable insights to the Board and strategic direction for the Funds. Mr. Brown serves on the Boards of the Victory Funds family of funds consisting of five registered investment companies offering approximately 104 mutual funds and 24 ETFs. Mr. Brown is considered an Interested Trustee of the Trust due to his position with Victory Capital and its affiliated companies.

NON-INTERESTED (INDEPENDENT) TRUSTEES

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

Trustee

Born: July 1946

Year of Election or Appointment: 1997

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

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

Lead Trustee and Vice Chair

Born: September 1957

Year of Election or Appointment: 2013

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

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

Trustee

Born: February 1954

Year of Election or Appointment: 2014

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

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

Trustee

Born: July 1948

Year of Election or Appointment: 2012

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

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

Trustee

Born: January 1956

Year of Election or Appointment: 2017

Trustee, USAA ETF Trust (06/17–06/19); Director, Elta North America (01/18–present), which is a global leader in the design, manufacture and support of innovative electronic systems in the ground, maritime, airborne, and security domains for the nation's warfighters, security personnel, and first responders; Managing Partner, Pioneer Partnership Development Group (12/15–present); Executive Director, The Union League Club of New York (06/14–11/15); Executive Vice President, Air Force Association (08/12–05/14); Lieutenant General, United States Air Force (01/08–06/12). Lieutenant General Newton (Ret.) served 34 years of active duty in the United States Air Force. Lt. Gen. Newton retired as the Assistant Vice Chief of Staff and Director of Air Staff at the Headquarters of the U.S. Air Force where he was responsible for overseeing the administration and organization

of the Air Staff, which develops policies, plans and programs, establishes requirements, and provides resources to support the Air Force's mission. Lt. Gen. Newton is a graduate of the United States Air Force Academy, Webster University, and The National War College. Lt. Gen. Newton brings to the Board extensive management and military experience, as well as over two years of experience as a Board member of the USAA family of funds. Lt. Gen. Newton holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

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

Trustee

Born: March 1964

Year of Election or Appointment: 2008

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

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

Trustee

Born: August 1945

Year of Election or Appointment: 2000

Trustee, USAA ETF Trust (06/17–06/19); President of Reimherr Business Consulting performing business valuations of medium to large companies; developing business plans, budgets, and internal financial reporting; and work with mergers and acquisitions (05/95–12/17). St. Mary's University Investment Committee overseeing University Endowment (06/14–present). Mr. Reimherr brings to the Board particular experience with organizational development, budgeting, finance, capital markets, and mergers and acquisitions, as well as

over 19 years' experience as a Board member of the USAA family of funds. Mr. Reimherr holds no other directorships of any publicly held corporations or other investment companies outside the USAA family of funds.

John C. Walters^{3, 4, 5, 6, 7}

Trustee

Born: February 1962

Year of Election or Appointment: 2019

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

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

² Member of Executive Committee.

³ Member of Audit and Compliance Committee.

⁴ Member of Product Management and Distribution Committee.

⁵ Member of Corporate Governance Committee.

⁶ Member of Investments Committee.

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

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

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

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

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

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

OFFICERS

Christopher K. Dyer

President

Born: February 1962

Year of Appointment: 2019

Director of Mutual Fund Administration, the Victory Capital.

Scott A. Stahorsky

Vice President

Born: July 1969

Year of Appointment: 2019

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

Allan Shaer

Assistant Treasurer

Born: March 1965

Year of Appointment: 2019

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

James K. De Vries

Treasurer

Born: April 1969

Year of Appointment: 2018

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

Carol D. Trevino

Assistant Treasurer

Born: October 1965

Year of Appointment: 2018

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

Erin G. Wagner

Secretary

Born: February 1974

Year of Appointment: 2019

Associate General Counsel, the Adviser (since 2013).

Charles Booth

Anti-Money Laundering Compliance Officer and Identity Theft Officer

Born: April 1960

Year of Appointment: 2019

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

Amy Campos

Chief Compliance Officer

Born: August 1976

Year of Appointment: 2019

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

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

John C. Spear

Vice President

Born: May 1964

Year of Appointment: 2016

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

John P. Toohey

Vice President

Born: March 1968

Year of Appointment: 2009

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

Kristen Millan

Secretary

Born: April 1983

Year of Appointment: 2019

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

Stephanie A. Higby

Chief Compliance Officer

Born: July 1974

Year of Appointment: 2013

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

As of July 1, 2019

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
David C. Brown
John C. Walters

**Administrator and
Investment Adviser**

Victory Capital Management Inc.
P.O. Box 659453
San Antonio, Texas 78265-9825

**Underwriter and
Distributor**

Victory Capital Advisers Inc.
4900 Tiedeman Road
Brooklyn, Ohio 44144
San Antonio, Texas 78265-9825

Transfer Agent

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

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