



MUTUAL FUNDS

SEPTEMBER 30, 2019

Semi Annual Report

USAA California Bond Fund

Fund Shares (USCBX)

Adviser Shares (UXABX)

Beginning 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.

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Funds Trust

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

IRA DISTRIBUTION WITHHOLDING DISCLOSURE

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

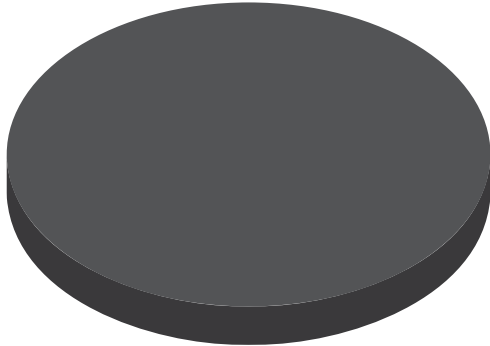
If you do not have a withholding election in place by the date of a distribution, federal income tax will be withheld from the taxable portion of your distribution at a rate of 10%. If you must pay estimated taxes, you may be subject to estimated tax penalties if your estimated tax payments are not sufficient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

For more specific information, please consult your tax adviser.

Investment Objective & Portfolio Holdings:

Investment Objective: Seeks to provide California investors with a high level of current interest income that is exempt from federal and California state income taxes.

Portfolio Holdings*:



Municipal Bonds
100.0%

* Percentages are of total investments of the Fund.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Municipal Bonds (98.8%)		
California (95.9%):		
Abag Finance Authority for Nonprofit Corp. Revenue, 5.00%, 7/1/42, Continuously Callable @100	\$ 1,500	\$ 1,623
Abag Finance Authority for Nonprofit Corp. Revenue(NBGA — California Health Insurance Construction Loan Insurance Program), 5.00%, 1/1/33, Continuously Callable @101	4,235	4,716
Adelanto Public Utility Authority Revenue(INS — Assured Guaranty Municipal Corp.), 5.00%, 7/1/39, Continuously Callable @100	2,000	2,417
Alameda Corridor Transportation Authority Revenue, Series B, 5.00%, 10/1/37, Continuously Callable @100	2,000	2,326
Albany Unified School District, GO Series B, 5.00%, 8/1/43, Continuously Callable @100	2,000	2,399
Series B, 4.00%, 8/1/46, Continuously Callable @100	1,500	1,643
Anaheim Public Financing Authority Revenue, Series A, 5.00%, 5/1/46, Continuously Callable @100	1,500	1,707
Association of Bay Area Governments Revenue(INS — XL Capital Assurance), Series A, 4.75%, 3/1/36, Callable 3/1/20 @ 100	12,830	12,984
Bay Area Toll Authority Revenue 2.83%, 4/1/36, Callable 10/1/26 @ 100	15,000	15,877
Series H, 5.00%, 4/1/49, Continuously Callable @100	4,000	4,894
Burbank Unified School District, GO 0.00%, 8/1/33, Continuously Callable @100 (c)	3,085	3,144
0.00%, 8/1/34, Continuously Callable @100 (c)	3,000	3,105
California Educational Facilities Authority Revenue 5.38%, 4/1/34, Pre-refunded 4/1/20 @ 100	6,000	6,125
5.00%, 10/1/43, Continuously Callable @100	2,000	2,484
5.00%, 10/1/48, Continuously Callable @100	2,000	2,466
5.00%, 10/1/49, Continuously Callable @100	3,100	3,682
Series A, 5.00%, 10/1/37, Continuously Callable @100	1,000	1,183
California Enterprise Development Authority Revenue 4.00%, 3/1/39, Continuously Callable @100	8,105	8,827
4.00%, 10/1/47, Continuously Callable @100	10,000	11,079
4.00%, 11/1/49, Continuously Callable @100	1,900	2,087
4.00%, 11/1/50, Continuously Callable @100	680	740
Series A, 5.00%, 7/1/33, Continuously Callable @100	5,000	5,649
Series A, 5.00%, 11/15/39, Continuously Callable @100	2,100	2,337
Series A, 5.00%, 8/15/42, Continuously Callable @100	1,000	1,183
Series B, 4.00%, 11/15/41, Continuously Callable @100	14,000	15,311
California Enterprise Development Authority Revenue(NBGA — California Health Insurance Construction Loan Insurance Program) 5.00%, 7/1/39, Continuously Callable @100	1,050	1,231
5.00%, 6/1/42, Continuously Callable @100	7,805	8,504
5.00%, 7/1/44, Continuously Callable @100	2,300	2,677
California Municipal Finance Authority Revenue 5.00%, 6/1/43, Continuously Callable @100	2,500	3,051
Series A, 5.00%, 2/1/37, Continuously Callable @100	750	889
Series A, 5.00%, 2/1/42, Continuously Callable @100	1,000	1,177
Series A, 4.00%, 10/1/44, Continuously Callable @100	2,000	2,150

See notes to financial statements.

USAA California Bond Fund

September 30, 2019

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Series A, 5.00%, 2/1/47, Continuously Callable @100	\$ 1,000	\$ 1,165
Series A, 5.00%, 7/1/47, Continuously Callable @100	1,000	1,148
Series A, 5.00%, 6/1/50, Continuously Callable @100	1,000	1,132
California Municipal Finance Authority Revenue(NBGA — California Health Insurance Construction Loan Insurance Program)		
4.13%, 5/15/39, Continuously Callable @100	1,900	2,142
4.13%, 5/15/46, Continuously Callable @100	2,100	2,334
Series B, 5.00%, 5/15/47, Continuously Callable @102	2,500	2,954
California Pollution Control Financing Authority Revenue		
5.00%, 7/1/39, Continuously Callable @100 (a)	6,000	7,414
5.25%, 8/1/40, Continuously Callable @100 (a)	4,000	4,115
5.00%, 11/21/45, Continuously Callable @100 (a)	2,000	2,435
California Public Finance Authority Revenue		
5.00%, 10/15/37, Continuously Callable @100	1,000	1,146
5.00%, 10/15/47, Continuously Callable @100	3,000	3,388
California School Finance Authority Revenue		
5.00%, 8/1/41, Continuously Callable @100 (a)	1,750	1,940
5.00%, 8/1/46, Continuously Callable @100 (a)	2,250	2,473
Series A, 5.00%, 7/1/47, Continuously Callable @100 (a)	1,370	1,575
Series A, 5.00%, 7/1/49, Continuously Callable @100 (a)	1,000	1,186
Series A, 5.00%, 7/1/54, Continuously Callable @100 (a)	2,150	2,550
California State Public Works Board Revenue		
Series C, 5.00%, 4/1/31, Continuously Callable @100	6,875	6,894
Series D, 5.00%, 4/1/31, Continuously Callable @100	5,705	5,721
California Statewide Communities Development Authority Revenue		
5.00%, 5/15/40, Continuously Callable @100	2,000	2,328
5.00%, 5/15/42, Continuously Callable @100	1,500	1,616
5.00%, 11/1/43, Continuously Callable @100	500	576
5.00%, 10/1/46, Continuously Callable @100	2,750	3,202
5.00%, 5/15/47, Continuously Callable @100	1,000	1,167
5.00%, 5/15/47, Continuously Callable @100	1,500	1,616
5.00%, 1/1/48, Continuously Callable @100	1,995	2,341
5.00%, 7/1/48, Continuously Callable @100	4,000	4,704
5.00%, 5/15/50, Continuously Callable @100	1,000	1,167
Series A, 4.00%, 8/15/51, Continuously Callable @100	3,000	3,239
Series A, 5.00%, 12/1/53, Continuously Callable @100	1,000	1,212
Series A, 5.00%, 12/1/57, Continuously Callable @100	2,500	2,960
Series C-1, 1.43%, 4/1/46, Continuously Callable @100	10,700	10,700
Series C-3, 1.43%, 4/1/45, Continuously Callable @100	15,000	15,000
California Statewide Communities Development Authority Revenue(NBGA — California Health Insurance Construction Loan Insurance Program)		
4.00%, 11/1/46, Continuously Callable @100	4,000	4,327
Series S, 5.00%, 8/1/44, Continuously Callable @102	2,400	2,680
Carlsbad Unified School District Certificate of Participation(INS — Assured Guaranty Corp.), Series A, 5.00%, 10/1/34, Pre-refunded 10/1/19 @ 100	5,265	5,265
Centinela Valley Union High School District, GO, Series B, 4.00%, 8/1/50, Continuously Callable @100	9,500	10,334
City of Atwater Wastewater Revenue(INS — Assured Guaranty Municipal Corp.), Series A, 5.00%, 5/1/43, Continuously Callable @100	1,300	1,550
City of Chula Vista Revenue, 5.88%, 1/1/34, Continuously Callable @100	5,000	5,018

See notes to financial statements.

USAA California Bond Fund

September 30, 2019

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
City of Fillmore Wastewater Revenue, 5.00%, 5/1/47, Continuously Callable @100	\$ 2,000	\$ 2,396
City of Roseville Electric System Revenue, 5.00%, 2/1/37, Pre-refunded 2/1/20 @ 100	7,115	7,204
City of Santa Clara Electric Revenue, Series A, 5.25%, 7/1/32, Continuously Callable @100	2,000	2,138
City of Tulare Sewer Revenue(INS — Assured Guaranty Municipal Corp.) 4.00%, 11/15/41, Continuously Callable @100	5,710	6,261
4.00%, 11/15/44, Continuously Callable @100	5,000	5,483
City of Upland Certificate of Participation 4.00%, 1/1/42, Continuously Callable @100	3,000	3,174
5.00%, 1/1/47, Continuously Callable @100	2,000	2,304
Corona-Norco Unified School District Special Tax, 5.00%, 9/1/32, Continuously Callable @100	1,350	1,531
County of Sacramento Airport System Revenue, Series B, 5.00%, 7/1/41, Continuously Callable @100	1,100	1,319
Educational Facility Authority(LIQ — Deutsche Bank AG), Series 2017-7007, 1.88%, 3/1/42, Callable 3/1/20 @ 100 (a) (b)	11,700	11,700
San Francisco Multifamily Housing(LOC — Deutsche Bank AG), Series DBE-8038, 1.93%, 12/1/52, Callable 12/1/20 @ 100 (a)	15,000	15,000
East Bay Municipal Utility District Wastewater System Revenue, Series A-2, 5.00%, 6/1/38	9,000	12,835
Elk Grove Finance Authority Special Tax(INS — Build America Mutual Assurance Co.), 5.00%, 9/1/38, Continuously Callable @100	1,500	1,759
Foothill-Eastern Transportation Corridor Agency Revenue, Series B-2, 3.50%, 1/15/53, Continuously Callable @100	1,500	1,557
Foothill-Eastern Transportation Corridor Agency Revenue(INS — Assured Guaranty Municipal Corp.) 0.00%, 1/15/34€	15,000	10,343
0.00%, 1/15/35 (e)	7,500	5,000
Golden State Tobacco Securitization Corp. Revenue, Series A, 5.00%, 6/1/35, Continuously Callable @100	5,500	6,507
Grass Valley School District, GO(INS — Build America Mutual Assurance Co.), 5.00%, 8/1/45, Continuously Callable @100	2,400	2,862
Hayward Unified School District, GO(INS — Build America Mutual Assurance Co.), Series A, 5.00%, 8/1/44, Continuously Callable @100	3,000	3,696
Indio Redevelopment Agency Successor Agency Tax Allocation, Series A, 5.25%, 8/15/31, Continuously Callable @100	2,940	2,949
Inglewood Unified School District, GO(INS — Build America Mutual Assurance Co.), Series B, 5.00%, 8/1/38, Continuously Callable @100	750	877
Inland Empire Tobacco Securitization Corp. Revenue, Series B, 5.75%, 6/1/26, Pre-refunded 6/1/20 @ 100	1,910	1,968
Irvine Unified School District Special Tax 5.00%, 9/1/45, Continuously Callable @100	1,000	1,170
5.00%, 9/1/49, Continuously Callable @100	2,000	2,333
Series A, 4.00%, 9/1/39, Continuously Callable @100	1,020	1,141
Series B, 5.00%, 9/1/42, Continuously Callable @100	1,000	1,182
Series B, 5.00%, 9/1/47, Continuously Callable @100	1,000	1,167
Series C, 5.00%, 9/1/42, Continuously Callable @100	1,000	1,182
Series C, 5.00%, 9/1/47, Continuously Callable @100	525	613
Series D, 5.00%, 9/1/49, Continuously Callable @100	1,000	1,167

See notes to financial statements.

USAA California Bond Fund

September 30, 2019

*(Amounts in Thousands, Except for Shares)**(Unaudited)*

Security Description	Principal Amount	Value
Irvine Unified School District Special Tax(INS — Build America Mutual Assurance Co.), 5.00%, 9/1/56, Continuously Callable @100	\$ 6,000	\$ 7,282
Jurupa Public Financing Authority Special Tax, Series A, 5.00%, 9/1/42, Continuously Callable @100	1,000	1,120
Local Public Schools Funding Authority School Improvement District No 2016-1, GO(INS — Build America Mutual Assurance Co.), Series A, 4.00%, 8/1/52, Continuously Callable @100	1,500	1,653
Long Beach Bond Finance Authority Revenue, Series A, 5.00%, 11/15/35	3,875	5,144
Los Angeles County Facilities Inc Revenue, 5.00%, 12/1/51, Continuously Callable @100	4,000	4,862
Los Angeles County Public Works Financing Authority Revenue Series A, 5.00%, 12/1/44, Continuously Callable @100	2,000	2,334
Series D, 5.00%, 12/1/45, Continuously Callable @100	6,000	7,122
March Joint Powers Redevelopment Agency Successor Agency Tax Allocation(INS — Build America Mutual Assurance Co.), 4.00%, 8/1/41, Continuously Callable @100	5,790	6,395
Monrovia Financing Authority Revenue, 5.00%, 12/1/45, Continuously Callable @100	3,435	4,084
Monrovia Financing Authority Revenue(INS — Assured Guaranty Municipal Corp.), 5.00%, 12/1/45, Continuously Callable @100	2,345	2,767
Moreno Valley Unified School District, GO(INS — Assured Guaranty Municipal Corp.), Series B, 5.00%, 8/1/47, Continuously Callable @100	6,500	7,978
Mountain View School District/Los Angeles County, GO(INS — Build America Mutual Assurance Co.), Series B, 5.00%, 8/1/48, Continuously Callable @100	3,315	3,952
Mountain View Shoreline Regional Park Community Tax Allocation, Series A, 5.63%, 8/1/35, Continuously Callable @100	2,000	2,145
Norco Community Redevelopment Agency Successor Agency Tax Allocation 5.88%, 3/1/32, Pre-refunded 3/1/20 @ 100	1,500	1,529
6.00%, 3/1/36, Pre-refunded 3/1/20 @ 100	1,250	1,275
Norwalk Redevelopment Agency Tax Allocation(INS — National Public Finance Guarantee Corp.) Series A, 5.00%, 10/1/30, Continuously Callable @100	5,000	5,014
Series A, 5.00%, 10/1/35, Continuously Callable @100	3,500	3,510
Norwalk-La Mirada Unified School District, GO(INS — Assured Guaranty Municipal Corp.), Series C, 0.00%, 8/1/30€	7,500	5,941
Palomar Health, GO(INS — Assured Guaranty Municipal Corp.), Series A, 0.00%, 8/1/31 (e)	12,230	9,161
Palomar Health, GO(INS — National Public Finance Guarantee Corp.), 0.00%, 8/1/26 (e)	5,500	4,748
Perris Union High School District, GO(INS — Assured Guaranty Corp.), Series A, 4.00%, 9/1/48, Continuously Callable @100	5,000	5,668
Pittsburg Successor Agency Redevelopment Agency Tax Allocation(INS — Assured Guaranty Municipal Corp.), Series A, 5.00%, 9/1/29, Continuously Callable @100	2,000	2,406
Pomona Unified School District, GO(INS — Build America Mutual Assurance Co.), Series F, 5.00%, 8/1/39, Continuously Callable @100	1,500	1,715
Regents of the University of California Medical Center Pooled Revenue, Series L, 4.00%, 5/15/44, Continuously Callable @100	2,000	2,181
Rio Elementary School District, GO(INS — Assured Guaranty Municipal Corp.), Series B, 4.00%, 8/1/45, Continuously Callable @100	2,800	3,054

See notes to financial statements.

USAA California Bond Fund

September 30, 2019

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Riverside County Public Financing Authority Tax Allocation(INS — Build America Mutual Assurance Co.)		
4.00%, 10/1/36, Continuously Callable @100	\$ 1,250	\$ 1,373
4.00%, 10/1/37, Continuously Callable @100	1,625	1,775
Riverside County Redevelopment Successor Agency Tax Allocation(INS — Build America Mutual Assurance Co.), 4.00%, 10/1/37, Continuously Callable @100	2,000	2,201
Riverside County Transportation Commission Revenue, Series A, 5.25%, 6/1/39, Pre-refunded 6/1/23 @ 100	2,000	2,294
RNR School Financing Authority Special Tax(INS — Build America Mutual Assurance Co.), Series A, 5.00%, 9/1/41, Continuously Callable @100	2,000	2,372
Sacramento Area Flood Control Agency Special Assessment, 5.00%, 10/1/44, Continuously Callable @100	2,000	2,275
Sacramento City Unified School District, GO(INS — Build America Mutual Assurance Co.), Series S, 5.00%, 7/1/38, Continuously Callable @100	1,020	1,135
San Bruno Park Elementary School District, GO, Series A, 5.00%, 8/1/48, Continuously Callable @100	3,000	3,580
San Diego County Regional Airport Authority Revenue		
Series A, 5.00%, 7/1/40, Continuously Callable @100	2,000	2,052
Series A, 5.00%, 7/1/47, Continuously Callable @100	1,500	1,806
San Diego Public Facilities Financing Authority Revenue		
Series A, 5.25%, 5/15/29, Pre-refunded 5/15/20 @ 100	1,000	1,025
Series A, 5.00%, 10/15/44, Continuously Callable @100	2,500	3,019
San Francisco City & County Airport Comm-San Francisco International Airport Revenue, Series A, 4.90%, 5/1/29, Continuously Callable @100	5,465	5,481
San Jose Financing Authority Revenue, Series A, 5.00%, 6/1/39, Continuously Callable @100	10,000	11,294
San Leandro Unified School District, GO(INS — Build America Mutual Assurance Co.), Series B, 5.00%, 8/1/43, Continuously Callable @100	2,750	3,374
San Luis & Delta Mendota Water Authority Revenue(INS — Build America Mutual Assurance Co.), Series A, 5.00%, 3/1/38, Continuously Callable @100	1,500	1,676
San Marcos Schools Financing Authority Revenue(INS — Assured Guaranty Municipal Corp.), 5.00%, 8/15/35, Pre-refunded 8/15/20 @ 100	3,000	3,099
San Ramon Redevelopment Agency Successor Agency Tax Allocation(INS — Build America Mutual Assurance Co.), Series A, 5.00%, 2/1/38, Continuously Callable @100	5,000	5,797
Santa Clarita Community College District, GO, 4.00%, 8/1/46, Continuously Callable @100	5,250	5,759
Santa Cruz County Redevelopment Agency Tax Allocation(INS — Assured Guaranty Municipal Corp.), Series A, 5.00%, 9/1/35, Continuously Callable @100	6,000	7,104
Santa Rosa High School District, GO(INS — Assured Guaranty Municipal Corp.), Series C, 5.00%, 8/1/43, Continuously Callable @100	1,000	1,218
State of California, GO		
5.25%, 2/1/30, Continuously Callable @100	4,000	4,364
5.00%, 2/1/43, Continuously Callable @100	3,000	3,334
4.00%, 10/1/44, Continuously Callable @100	1,000	1,147
5.00%, 9/1/45, Continuously Callable @100	2,500	3,004
5.00%, 8/1/46, Continuously Callable @100	9,500	11,365
5.00%, 11/1/47, Continuously Callable @100	7,000	8,563
Tahoe-Truckee Unified School District Certificate of Participation(INS — Build America Mutual Assurance Co.), 4.00%, 6/1/43, Continuously Callable @100	1,000	1,097

See notes to financial statements.

September 30, 2019

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Temecula Valley Unified School District Financing Authority Revenue Special Tax(INS — Build America Mutual Assurance Co.), 5.00%, 9/1/40, Continuously Callable @100	\$ 1,575	\$ 1,835
Temecula Valley Unified School District, GO(INS — Assured Guaranty Municipal Corp.), Series B, 4.00%, 8/1/45, Continuously Callable @100	7,500	8,221
Sacramento City Financing Authority(LIQ — Deutsche Bank AG)		
Series 2016-XG0067, 1.69%, 12/1/30 (a)	4,955	4,955
Series XG0100, 1.68%, 12/1/33 (a)	17,765	17,765
Golden State Tobacco Securitization Corp(LOC — Deutsche Bank AG), Series 2015-XF1038, 1.68%, 6/1/45, Callable 6/1/25 @ 100 (a)	4,940	4,940
Twin Rivers Unified School District Certificate of Participation(INS — Assured Guaranty Municipal Corp.), 3.20%, 6/1/41 (Put Date 6/1/20) (d)	8,485	8,498
Val Verde Unified School District Certificate of Participation(INS — Build America Mutual Assurance Co.)		
Series A, 5.00%, 8/1/34, Continuously Callable @100	1,105	1,308
Series A, 5.00%, 8/1/35, Continuously Callable @100	1,530	1,809
Val Verde Unified School District, GO(INS — Assured Guaranty Municipal Corp.), Series C, 4.00%, 8/1/45, Continuously Callable @100	4,475	4,882
Val Verde Unified School District, GO(INS — Build America Mutual Assurance Co.), Series B, 5.00%, 8/1/44, Continuously Callable @100	4,000	4,690
Victor Valley Union High School District, GO(INS — Assured Guaranty Municipal Corp.), Series B, 4.00%, 8/1/37, Continuously Callable @100	5,000	5,603
Victorville Joint Powers Finance Authority Revenue(LOC — BNP Paribas), Series A, 1.58%, 5/1/40, Continuously Callable @100 (b)	14,810	14,810
Washington Township Health Care District Revenue, Series A, 5.00%, 7/1/42, Continuously Callable @100	1,000	1,159
West Kern Water District Certificate of Participation, 5.00%, 6/1/28, Continuously Callable @100	4,585	4,877
Western Placer Unified School District Certificate of Participation(INS — Assured Guaranty Municipal Corp.), 4.00%, 8/1/41, Continuously Callable @100	6,000	6,588
		<u>688,762</u>
Guam (2.2%):		
Guam Government Waterworks Authority Revenue		
5.50%, 7/1/43, Continuously Callable @100	4,000	4,426
5.00%, 1/1/46, Continuously Callable @100	7,000	7,848
Guam Power Authority Revenue		
Series A, 5.00%, 10/1/34, Continuously Callable @100	1,000	1,076
Series A, 5.00%, 10/1/40, Continuously Callable @100	2,800	3,192
		<u>16,542</u>
Virgin Islands (0.7%):		
Virgin Islands Public Finance Authority Revenue		
5.00%, 9/1/33, Continuously Callable @100 (a)	3,000	3,316
Series A, 4.00%, 10/1/22	1,125	1,114
		<u>4,430</u>
Total Municipal Bonds (Cost \$668,153)		709,734
Total Investments (Cost \$668,153) — 98.8%		709,734
Other assets in excess of liabilities — 1.2%		8,514
NET ASSETS — 100.00%		\$718,248

See notes to financial statements.

USAA California Bond Fund

September 30, 2019

*(Amounts in Thousands, Except for Shares)**(Unaudited)*

- (a) Rule 144A security or other security that is restricted as to resale to institutional investors. The Fund's Adviser has deemed this security to be liquid, unless noted otherwise, based upon procedures approved by the Board of Trustees. As of September 30, 2019, the fair value of these securities was \$81,364 (thousands) and amounted to 11.3% of net assets.
- (b) Variable Rate Demand Notes that provide the rights to sell the security at face value on either that day or within the rate-reset period. The interest rate is reset on the put date at a stipulated daily, weekly, monthly, quarterly, or other specified time interval to reflect current market conditions. These securities do not indicate a reference rate and spread in their description.
- (c) Stepped-coupon security converts to coupon form on 8/01/23 with a rate of 4.3%.
- (d) Put Bond.
- (e) Zero coupon bond.

GO — General Obligation

LOC — Line Letter of Credit

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

INS	Principal and interest payments are insured by the name listed. Although bond insurance reduces the risk of loss due to default by an issuer, such bonds remain subject to the risk that value may fluctuate for other reasons, and there is no assurance that the insurance company will meet its obligations.
LIQ	Liquidity enhancement that may, under certain circumstances, provide for repayment of principal and interest upon demand from the name listed.
LOC	Principal and interest payments are guaranteed by a bank letter of credit or other bank credit agreement.
NBGA	Principal and interest payments or, under certain circumstances, underlying mortgages, are guaranteed by a nonbank guarantee agreement from the name listed.

See notes to financial statements.

Statement of Assets and Liabilities

USAA Mutual Funds Trust

September 30, 2019

(Amounts in Thousands, Except Per Share Amounts)

(Unaudited)

	USAA California Bond Fund
Assets:	
Investments, at value (Cost \$668,153)	\$709,734
Cash	682
Interest receivable	6,654
Receivable for capital shares issued	91
Receivable for investments sold	2,030
Prepaid expenses	9
Total assets	719,200
Liabilities:	
Payables:	
Distributions	283
Capital shares redeemed	338
Accrued expenses and other payables:	
Investment advisory fees	190
Administration fees	89
Custodian fees	24
Transfer agent fees	16
Chief Compliance Officer fees	—(a)
12b-1 fees	1
Other accrued expenses	11
Total liabilities	952
Net Assets:	
Capital	680,762
Total distributable earnings/(loss)	37,486
Net assets	\$718,248
Net Assets	
Adviser Shares	\$ 7,367
Fund Shares	710,881
Total	\$718,248
Shares (unlimited number of shares authorized with no par value):	
Adviser Shares	648
Fund Shares	62,448
Total	63,096
Net asset value, offering and redemption price per share: (b)	
Adviser Shares	\$ 11.37
Fund Shares	\$ 11.38

(a) Rounds to less than \$1.

(b) Per share amount may not recalculate due to rounding of net assets and/or shares outstanding.

See notes to financial statements.

Statement of Operations

USAA Mutual Funds Trust

For the Six Months Ended September 30, 2019

*(Amounts in Thousands)**(Unaudited)***USAA California
Bond Fund****Investment Income:**

Interest	\$11,768
Total income	11,768

Expenses:

Investment advisory fees	1,168
Administration fees — Adviser Shares	5
Administration fees — Fund Shares	531
Professional fees	3
12b-1 fees — Adviser Shares	9
Custodian fees	53
Trustees' fees	18
Chief Compliance Officer fees	1
Legal and audit fees	36
Transfer agent fees — Adviser Shares	1
Transfer agent fees — Fund Shares	82
State registration and filing fees	—(a)
Other expenses	—(a)
Total expenses	1,907

Net Investment Income (Loss)	9,861
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Realized/Unrealized Gains (Losses) from Investments:

Net realized gains (losses) from investment securities	702
Net change in unrealized appreciation/depreciation on investment securities	18,872
Net realized/unrealized gains (losses) on investments	19,574
Change in net assets resulting from operations	\$29,435

(a) Rounds to less than \$1.

See notes to financial statements.

(Amounts in Thousands)

	USAA California Bond Fund	
	Six Months Ended September 30, 2019 (unaudited)	Year Ended March 31, 2019
From Investments:		
Operations:		
Net investment income (loss)	\$ 9,861	\$ 21,496
Net realized gains (losses) from investments	702	762
Net change in unrealized appreciation (depreciation) on investments	18,872	8,728
Change in net assets resulting from operations	29,435	30,986
Distributions to Shareholders:		
Adviser Shares	(91)	(201)
Fund Shares	(9,768)	(21,287)
Change in net assets resulting from distributions to shareholders	(9,859)	(21,488)
Change in net assets resulting from capital transactions	276	7,415
Change in net assets	19,852	16,913
Net Assets:		
Beginning of period	698,396	681,483
End of period	\$718,248	\$698,396
Capital Transactions:		
Adviser Shares		
Proceeds from shares issued	\$ 253	\$ 895
Distributions reinvested	16	37
Cost of shares redeemed	(106)	(1,008)
Total Adviser Shares	\$ 163	\$ (76)
Fund Shares		
Proceeds from shares issued	\$ 39,152	\$ 67,106
Distributions reinvested	7,879	16,937
Cost of shares redeemed	(46,918)	(76,552)
Total Fund Shares	\$ 113	\$ 7,491
Change in net assets resulting from capital transactions	\$ 276	\$ 7,415
Share Transactions:		
Adviser Shares		
Issued	23	82
Reinvested	1	4
Redeemed	(9)	(93)
Total Adviser Shares	15	(7)
Fund Shares		
Issued	3,488	6,162
Reinvested	699	1,554
Redeemed	(4,168)	(7,042)
Total Fund Shares	19	674
Change in Shares	34	667

See notes to financial statements.

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For a Share Outstanding Throughout Each Period

	Net Asset Value, Beginning of Period	Investment Activities			Distributions to Shareholders From	
		Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses) on Investments	Total from Investment Activities	Net Investment Income	Total Distributions
USAA California Bond Fund						
Adviser Shares						
Six Months Ended						
September 30, 2019 (unaudited)	\$11.06	0.14(e)	0.31	0.45	(0.14)	(0.14)
Year Ended						
March 31, 2019	\$10.91	0.32	0.15	0.47	(0.32)	(0.32)
Year Ended						
March 31, 2018	\$10.91	0.34	—(f)	0.34	(0.34)	(0.34)
Year Ended						
March 31, 2017	\$11.28	0.35	(0.37)	(0.02)	(0.35)	(0.35)
Year Ended						
March 31, 2016	\$11.26	0.39	0.02	0.41	(0.39)	(0.39)
Year Ended						
March 31, 2015	\$10.82	0.40	0.44	0.84	(0.40)	(0.40)
Fund Shares						
Six Months Ended						
September 30, 2019 (unaudited)	\$11.07	0.16(e)	0.31	0.47	(0.16)	(0.16)
Year Ended						
March 31, 2019	\$10.92	0.34	0.15	0.49	(0.34)	(0.34)
Year Ended						
March 31, 2018	\$10.92	0.37	—(f)	0.37	(0.37)	(0.37)
Year Ended						
March 31, 2017	\$11.29	0.37	(0.37)	—(f)	(0.37)	(0.37)
Year Ended						
March 31, 2016	\$11.27	0.42	0.02	0.44	(0.42)	(0.42)
Year Ended						
March 31, 2015	\$10.83	0.43	0.44	0.87	(0.43)	(0.43)

* 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.

^ The net expense ratio may not correlate to the applicable expense limits in place during the period since the current contractual expense limitation is applied for a two year period beginning July 1, 2019 and in effect through June 30, 2021, instead of coinciding with the Fund's fiscal year end. Details of the current contractual expense limitation in effect can be found in Note 4 of the accompanying Notes to Financial Statements.

(a) Not annualized for periods less than one year.

(b) Annualized for periods less than one year.

(c) Reflects total annual operating expenses for reductions of expenses paid indirectly for the March 31 fiscal years ended 2017, 2016, and 2015. Expenses paid indirectly decreased the expense ratio for each of these respective years by less than 0.01%.

(d) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

(e) Per share net investment income (loss) has been calculated using the average daily shares method.

(f) Amount is less than \$0.005 per share.

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

See notes to financial statements.

For a Share Outstanding Throughout Each Period

Redemption fees added to beneficial interests	Net Asset Value, End of Period	Total Return*(a)	Ratios to Average Net Assets			Supplemental Data	
			Net Expenses^(b)(c)	Net Investment Income (Loss)(b)	Gross Expenses(b)(c)	Net Assets, End of Period (000's)	Portfolio Turnover(a)(d)
—	\$11.37	4.10%	0.78%	2.52%	0.78%	\$ 7,367	8%
—	\$11.06	4.37%	0.76%	2.92%	0.76%	\$ 7,005	18%
—	\$10.91	3.12%	0.75%	3.08%	0.75%	\$ 6,985	6%
—(f)	\$10.91	(0.24)%	0.75%	3.09%	0.75%	\$ 7,083	26%
—	\$11.28	3.73%	0.80%	3.49%	0.80%	\$ 8,303	9%
—	\$11.26	7.86%	0.83%(g)	3.58%	0.83%	\$ 7,948	4%
—	\$11.38	4.23%	0.53%	2.77%	0.53%	\$710,881	8%
—	\$11.07	4.61%	0.52%	3.15%	0.52%	\$691,391	18%
—	\$10.92	3.37%	0.51%	3.32%	0.51%	\$674,498	6%
—	\$10.92	0.01%	0.51%	3.34%	0.51%	\$669,435	26%
—	\$11.29	3.98%	0.56%	3.74%	0.56%	\$698,731	9%
—	\$11.27	8.14%	0.57%	3.85%	0.57%	\$675,694	4%

See notes to financial statements.

1. Organization:

USAA Mutual Funds Trust (the "Trust") is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end investment company. The Trust is comprised of 47 funds and is authorized to issue an unlimited number of shares, which are units of beneficial interest with no par value.

The accompanying financial statements are those of the USAA California Bond Fund (the "Fund"). The Fund offers two classes of shares: Fund Shares and Adviser Shares. The Fund is classified as diversified under the 1940 Act.

Each class of shares of the Fund has substantially identical rights and privileges except with respect to fees paid under distribution plans, expenses allocable exclusively to each class of shares, voting rights on matters solely affecting a single class of shares, and the exchange privilege of each class of shares.

On November 6, 2018, United Services Automobile Association ("USAA"), the parent company of USAA Asset Management Company ("AMCO"), the investment adviser to the Fund, and USAA Transfer Agency Company, d/b/a USAA Shareholder Account Services ("SAS"), the transfer agent to the Fund, announced that AMCO and SAS would be acquired by Victory Capital Holdings Inc., a global investment management firm headquartered in Cleveland, Ohio (the "Transaction"). The Transaction closed on July 1, 2019. A special shareholder meeting was held on April 18, 2019, at which shareholders of the Fund approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital Management Inc. ("VCM" or "Adviser"). Effective July 1, 2019, VCM replaced AMCO as the investment adviser to the Fund and Victory Capital Transfer Agency Company replaced SAS as the Fund's transfer agent. In addition, effective on that same date, 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. Effective August 5, 2019, Citibank, N.A. is the new custodian for the USAA Mutual Funds.

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 Fund. In addition, in the normal course of business, the Fund enters into contracts with its vendors and others that provide for general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund. However, based on experience, the Fund expects that risk of loss to be remote.

2. Significant Accounting Policies:

The following is a summary of significant accounting policies followed by the Trust in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The Fund follows the specialized accounting and reporting requirements under GAAP that are applicable to investment companies under Accounting Standards Codification Topic 946.

Investment Valuation:

The Fund records investments at fair value. 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 valuation techniques described below maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value. The inputs used for valuing the Fund's investments are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities or interest rates applicable to those securities, etc.)

(Unaudited)

- Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The inputs or methodologies used for valuation techniques are not necessarily an indication of the risk associated with entering into those investments.

The Trust’s Board of Trustees (the “Board”) has established the Pricing and Liquidity Committee (the “Committee”), and subject to Board oversight, the Committee administrators and oversees the Fund’s valuation policies and procedures, which are approved by the Board.

Investments in open-end investment companies are valued at net asset value. These valuations are typically categorized as Level 1 in the fair value hierarchy.

Debt securities of United States (“U.S.”) issuers, along with corporate and municipal securities, including short-term investments maturing in 60 days or less, may be valued using evaluated bid or the last sales price to price securities by dealers or an independent pricing service approved by the Board. These valuations are typically categorized as Level 2 in the fair value hierarchy.

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. These valuations are typically categorized as Level 2 or Level 3 in the fair value hierarchy, based on the observability of inputs used to determine the fair value. The effect of fair value pricing is that securities may not be priced on the basis of quotations from the primary market in which they are traded and the actual price realized from the sale of a security may differ materially from the fair value price. Valuing these securities at fair value is intended to cause the Fund’s net asset value (“NAV”) to be more reliable than it otherwise would be.

A summary of the valuations as of September 30, 2019, based upon the three levels defined above, is included in the table below while the breakdown, by category, of investments is disclosed in the Schedule of Portfolio Investments (amounts in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds	\$—	\$709,734	\$—	\$709,734
Total	<u>\$—</u>	<u>\$709,734</u>	<u>\$—</u>	<u>\$709,734</u>

Securities Purchased on a Delayed-Delivery or When-Issued Basis:

The Fund may purchase securities on a delayed-delivery or when-issued basis. Delivery and payment for securities that have been purchased by the Fund on a delayed-delivery or when-issued basis or for delayed draws on loans can take place a month or more after the trade date. At the time the Fund makes the commitment to purchase a security on a delayed-delivery or when-issued basis, the Fund records the transaction and reflects the value of the security in determining net asset value. No interest accrues to the Fund until the transaction settles and payment takes place. A segregated account is established and the Fund maintains cash and/or marketable securities at least equal in value to commitments for delayed-delivery or when-issued securities. If the Fund owns delayed-delivery or when-issued securities, these values are included in “Payable for investments purchased” on the accompanying Statement of Assets and Liabilities and the segregated assets are identified in the Schedule of Portfolio Investments.

Municipal Obligations:

The values of municipal obligations can fluctuate and may be affected by adverse tax, legislative, or political changes, and by financial developments affecting municipal issuers. Payment of municipal obligations may depend on a relatively limited source of revenue, resulting in greater credit risk. Future changes in federal tax laws or the activity of an issuer may adversely affect the tax-exempt status of municipal obligations.

Investment Companies:

The Fund may invest in portfolios of open-end investment companies. These investment companies value securities in their portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value by the methods established by the board of directors of the underlying funds.

Investment Transactions and Related Income:

Changes in holdings of investments are accounted for no later than one business day following the trade date. For financial reporting purposes, however, investment transactions are accounted for on trade date on the last business day of the reporting period. Interest income is determined on the basis of coupon interest accrued using the effective interest method which adjusts, where applicable, the amortization of premiums or accretion of discount. Gains or losses realized on sales of securities are determined by comparing the identified cost of the security lot sold with the net sales proceeds.

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. Borrowers are required to secure their loans for collateral in the amount of at least 102% of the value of U.S. securities loaned or at least 105% of the value of non-U.S. securities loaned, marked-to-market daily. Any collateral shortfalls associated with increases in the valuation of the securities loaned are cured the next business day once the shortfall exceeds \$100,000. 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, primarily open-end investment companies. 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. During the time portfolio securities are on loan, the borrower will pay the Fund any dividends or interest paid on such securities plus any fee negotiated between the parties to the lending agreement. The Fund also earns a return from the collateral. The Fund pays Citibank various fees in connection with the investment of cash collateral and fees based on the investment income received from securities lending activities. Securities lending income (net of these fees) is disclosed on the Statement of Operations. 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.

During the six months ended September 30, 2019, the Fund had no securities on loan.

Federal Income Taxes:

It is the Fund's policy to continue to qualify as a regulated investment company by complying with the provisions available to certain investment companies, as defined in applicable sections of the Internal Revenue Code, and to make distributions of net investment income and net realized gains sufficient to relieve it from all, or substantially all, federal income taxes. Accordingly, no provision for federal income taxes is required in the financial statements. The Fund has a tax year end of March 31.

Management of the Fund has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., all open tax years and the interim tax period since then). Management believes that there is no tax liability resulting from unrecognized tax benefits related to uncertain tax positions taken.

*(Unaudited)***Allocations:**

Expenses directly attributable to the Fund are charged to the Fund, while expenses which are attributable to more than one fund in the Trust, or jointly with an affiliated trust, are allocated among the respective funds in the Trust and/or affiliated trust based upon net assets or another appropriate basis.

Income, expenses (other than class-specific expenses such as transfer agent fees, state registration fees, printing and 12b-1 fees), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets on the date income is earned or expenses and realized and unrealized gains and losses are incurred.

Cross-Trade Transactions:

Pursuant to Rule 17a-7 under the 1940 Act, the Fund may engage in cross-trades which are securities transactions with affiliated investment companies and advisory accounts managed by the Adviser and any applicable sub-adviser. Any such purchase or sale transaction must be effected without brokerage commission or other remuneration, except for customary transfer fees. The transaction must be effected at the current market price, which is either the security's last sale price on an exchange or, if there are no transactions in the security that day, at the average of the highest bid and lowest asked price. For the six months ended September 30, 2019, the Fund engaged in the following securities transactions with affiliated funds, which resulted in the following net realized gains (losses): (amounts in thousands)

<u>Purchases</u>	<u>Sales</u>	<u>Net Realized Gains (Losses)</u>
\$6,400	\$—	\$—

Fees Paid Indirectly:

Expense offsets to custody fees that arise from credits on cash balances maintained on deposit are reflected on the Statement of Operations, as applicable, as "Fees paid indirectly".

3. Purchases and Sales:

Cost of purchases and proceeds from sales/maturities of securities (excluding securities maturing less than one year from acquisition) for the six months ended September 30, 2019 were as follows for the Fund (amounts in thousands):

<u>Excluding U.S. Government Securities</u>	
<u>Purchases</u>	<u>Sales</u>
\$55,008	\$82,827

There were no purchases and sales of U.S. Government Securities during the six months ended September 30, 2019.

4. Fees and Transactions with Affiliates and Related Parties:**Investment Advisory and Management fees:**

Effective with the Transaction on July 1, 2019, investment advisory services are provided to the Fund by the Adviser, a New York corporation registered as an investment adviser with the Securities and Exchange Commission ("SEC"). The Adviser is a wholly-owned indirect subsidiary of Victory Capital Holdings, Inc., a publicly traded Delaware corporation, and a wholly-owned direct subsidiary of Victory Capital Operating, LLC. Under the terms of the Investment Advisory Agreement, the Adviser is entitled to receive a base fee and a performance adjustment. The Fund's base fee is accrued daily and paid monthly as a percentage of the average daily net assets of the Fund, on an annual basis equal to 0.50% of the first \$50 million, 0.40% of that portion over \$50 million but not over \$100 million, and 0.30% of

(Unaudited)

that portion over \$100 million. Amounts incurred and paid to VCM from July 1, 2019 through September 30, 2019 are \$581 thousand and are reflected on the Statement of Operations as Investment Advisory fees.

Prior to the Transaction on July 1, 2019, AMCO provided investment management services to the Fund pursuant to an Advisory Agreement. Under this agreement, AMCO was responsible for managing the business and affairs of the Fund, and for directly managing day-to-day investment of the Fund's assets, subject to the authority of and supervision by the Board. The investment management fee for the Fund was comprised of a base fee and a performance adjustment. The Fund's base fee was accrued daily and paid monthly as a percentage of the average daily net assets of the Fund, which on an annual basis is equal to 0.50% of the first \$50 million, 0.40% of that portion over \$50 million but not over \$100 million, and 0.30% of that portion over \$100 million.

Effective with the Transaction 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.

Prior to the Transaction on July 1, 2019, the performance adjustment for each share class was calculated monthly by comparing the Fund's performance to that of the Lipper California Municipal Debt Funds Index. The Lipper California Municipal Debt Funds Index tracks the total return performance of funds within the Lipper California Municipal Debt Funds category.

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

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

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

Each class' annual performance adjustment rate is multiplied by the average daily net assets of each respective class over the entire performance period, which is then multiplied by a fraction, the numerator of which is the number of days in the month and the denominator of which is 365 (366 in leap years). The resulting amount is then added to (in the case of overperformance), or subtracted from (in the case of underperformance) the base fee.

Under the performance fee arrangement, each class pays a positive performance fee adjustment for a performance period whenever the class outperforms the Lipper California Municipal Debt Funds Index over that period, even if the class has overall negative returns during the performance period.

For the period April 1, 2019 through June 30, 2019, performance adjustments for Fund Shares and Adviser Sharers were \$22 and \$0 thousand, respectively, and 0.00% and 0.00% of net assets, respectively. Base fees incurred and paid to AMCO from April 1, 2019 through June 30, 2019 were \$565 thousand and reflected on the Statement of Operations as Investment Advisory fees.

Administration and Servicing Fees:

Effective with the Transaction on July 1, 2019, VCM serves as the Fund's administrator and fund accountant. Under a Fund Administration, Servicing and Accounting Agreement, VCM is paid for its services an annual fee at a rate of 0.15% of average daily net assets for both the Fund Shares and Adviser Shares. Amounts incurred from July 1, 2019 through September 30, 2019 are \$270 and \$3 thousand for Fund Shares and Adviser Shares, respectively. These amounts are presented on the Statement of Operations as Administration fees.

(Unaudited)

Effective with the Transaction on July 1, 2019, the Fund (as part of the Trust) has entered into an agreement to provide compliance services with the Adviser, pursuant to which the Adviser furnishes its compliance personnel, including the services of the Chief Compliance Officer (“CCO”), and other resources reasonably necessary to provide the Trust with compliance oversight services related to the design, administration and oversight of a compliance program for the Trust in accordance with Rule 38a-1 under the 1940 Act. The CCO is an employee of the Adviser, which pays the compensation of the CCO and his support staff. Funds in the Trust, Victory Variable Insurance Funds, Victory Portfolios and Victory Portfolios II (collectively, the “Victory Funds Complex”) in the aggregate, compensates the Adviser for these services. Amounts incurred during the period from April 1, 2019 to June 30, 2019 are reflected on the Statement of Operations as Chief Compliance Officer Fees.

Effective with the Transaction on July 1, 2019, Citi Fund Services Ohio, Inc. (“Citi”), an affiliate of Citibank, acts as sub-administrator and sub-fund accountant to the Fund pursuant to a Sub-Administration and Sub-Fund Accounting Services Agreement between VCM and Citi. VCM pays Citi a fee for providing these services. The Trust reimburses VCM and Citi for all of their reasonable out-of-pocket expenses incurred in providing these services.

Prior to the Transaction on July 1, 2019, AMCO provided certain administration and servicing functions for the Fund. For such services, AMCO received a fee accrued daily and paid monthly at an annualized rate of 0.15% of average daily net assets for both the Fund Shares and Adviser Shares. Amounts incurred from April 1, 2019 through June 30, 2019 were \$261 and \$2 thousand for Fund Shares and Adviser Shares, respectively. These amounts are presented on the Statement of Operations as Administration fees.

In addition to the services provided under its Administration and Servicing Agreement with the Fund, AMCO also provided certain compliance and legal services for the benefit of the Fund prior to the Transaction on July 1, 2019. The Board approved the reimbursement of a portion of these expenses incurred by AMCO. Amounts reimbursed by the Fund to AMCO for these compliance and legal services are presented on the Statement of Operations as Professional fees.

Transfer Agency Fees:

Effective with the Transaction on July 1, 2019, Victory Capital Transfer Agency, Inc. (“VCTA”), (formerly, USAA Shareholder Account Services (“SAS”)), provides transfer agency services to the Fund. VCTA, an affiliate of the Adviser, provides transfer agent services to the Fund Shares and Adviser Shares based on an annual charge of \$25.50 per shareholder account plus out-of-pocket expenses. VCTA pays a portion of these fees to certain intermediaries for the administration and servicing of accounts that are held with such intermediaries. Amounts incurred and paid to VCTA from July 1, 2019 through September 30, 2019 was \$44 and less than \$1 thousand for the Fund Shares and Adviser Shares, respectively. Amounts incurred and paid to SAS from April 1, 2019 through June 30, 2019 was \$38 and less than \$1 thousand for the Fund Shares and Adviser Shares, respectively. These amounts are reflected on the Statement of Operations as Transfer agent fees.

Effective with the Transaction on July 1, 2019, FIS Investor Services LLC serves as sub-transfer agent and dividend disbursing agent for the Fund pursuant to a Sub-Transfer Agent agreement between VCTA and FIS Investor Services LLC. VCTA provides FIS Investor Services LLC a fee for providing these services.

Distribution and Service 12b-1 Fees:

Effective with the Transaction on July 1, 2019, Victory Capital Advisers, Inc. (the “Distributor”), an affiliate of the Adviser, serves as distributor for the continuous offering of the Adviser Shares pursuant to a Distribution Agreement between the Distributor and the Trust. Pursuant to the Distribution and Service Plans adopted in accordance with Rule 12b-1 under the 1940 Act, the Distributor may receive a monthly distribution and service fee, at an annual rate of up to 0.25% of the average daily net assets of the Adviser Shares. Amounts incurred and paid to the Distributor from July 1, 2019 through September 30, 2019 are \$5 thousand and reflected on the Statement of Operations as 12b-1 Fees.

Adviser Shares are offered and sold without imposition of an initial sales charge or a contingent deferred sales charge.

(Unaudited)

Prior to the Transaction on July 1, 2019, the Fund adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Adviser Shares. Under the plan, the Adviser Shares paid fees to USAA Investment Management Company (“IMCO”), the distributor, for distribution and shareholder services. IMCO paid all or a portion of such fees to intermediaries that made the Adviser Shares available for investment by their customers. The fee was accrued daily and paid monthly at an annual rate of 0.25% of the Adviser Shares’ average daily net assets. IMCO also provided exclusive underwriting and distribution of the Fund’s shares on a continuing best-efforts basis and received no fee or other compensation for these services, but may have received 12b-1 fees as described above, with respect to Adviser Shares. Amounts incurred and paid to IMCO from April 1, 2019 through June 30, 2019 were \$4 thousand and reflected on the Statement of Operations as 12b-1 Fees.

Other Fees:

Prior to the Transaction on July 1, 2019, State Street Bank and Trust Company served as the Fund’s accounting agent and custodian.

Effective August 5, 2019, Citibank, N.A., serves as the Fund’s custodian.

The Trust pays an annual retainer and quarterly meeting fees to each Independent Trustee and a retainer and quarterly meeting fees to each Chair of each Committee of the Board, of which there are four positions. The Chair of the Board also receives an annual retainer. The aggregate amount of the fees and expenses of the Independent Trustees and Chair are allocated amongst all the funds in the Trust and are presented in the Statements of Operations. Amounts incurred during the six month period ended June 30, 2019 are reflected on the Statement of Operations as Trustees’ Fees.

K&L Gates LLP provides legal services to the Trust.

Effective with the Transaction on July 1, 2019, the Adviser has entered into an expense limitation agreement with the Fund until at least June 30, 2021. Under the terms of the agreement, the Adviser has agreed to waive fees or reimburse certain expenses to the extent that ordinary operating expenses incurred by certain classes of the Fund in any fiscal year exceed the expense limit for such classes of the Fund. Such excess amounts will be the liability of the Adviser. Interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with GAAP, and other extraordinary expenses not incurred in the ordinary course of the Fund’s business are excluded from the expense limits. Effective July 1, 2019 through September 30, 2019, the expense limit (excluding voluntary waivers) is 0.80% and 0.54% for the Adviser Shares and Fund Shares, respectively.

Under this expense limitation agreement, the Fund has agreed to repay fees and expenses that were waived or reimbursed by the Adviser for a period up to three years after the fiscal year in which the waiver or reimbursement took place, subject to the lesser of any operating expense limits in effect at the time of: (a) the original waiver or expense reimbursement; or (b) the recoupment, after giving effect to the recoupment amount. As of September 30, 2019, there are no amounts available to be repaid to the Adviser.

The Adviser, may voluntarily waive or reimburse additional fees to assist the Fund in maintaining competitive expense ratios. Voluntary waivers and reimbursements applicable to the Fund are not available to be recouped at a future time. There were no voluntary waivers or reimbursements for the six months ended September 30, 2019.

Certain officers and/or interested trustees of the Fund are also officers and/or employees of the Adviser, Administrator, Sub-Administrator, Sub-Fund Accountant, and Legal.

5. Risks:

The Fund may be subject to other risks in addition to these identified risks.

An investment in the Fund’s shares represent an indirect investment in the securities owned by the Fund, some of which will be traded on a national securities exchange or in the over-the-counter markets. The value of the securities in which the Fund invests, like other market investments, may move up or down, sometimes rapidly and unpredictably. The value of the securities in which the Fund invests may affect the value of the Fund’s shares. An investment in the Fund’s shares at any point in time may be

(Unaudited)

worth less than the original investment, even after taking into account the reinvestment of the Fund's distributions.

The Fund concentrates its investments in California tax-exempt securities and, therefore, may be exposed to more credit risk than portfolios with a broader geographical diversification.

The Fund will be subject to credit risk with respect to the amount it expects to receive from counterparties for financial instruments entered into by the Fund. The Fund may be negatively impacted if a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties. The Fund may experience significant delays in obtaining any recovery in bankruptcy or other reorganization proceeding and the Fund may obtain only limited recovery or may obtain no recovery in such circumstances. The Fund typically enters into transactions with counterparties whose credit ratings are investment grade, as determined by a nationally recognized statistical rating organization or, if unrated, judged by the Adviser to be of comparable quality.

The Fund is subject to credit and interest rate risk with respect to fixed income securities. Credit risk refers to the ability of an issuer to make timely payments of interest and principal. Interest rates may rise, or the rate of inflation may increase, impacting the value of investments in fixed income securities. A debt issuer's credit quality may be downgraded, or an issuer may default. Interest rates may fluctuate due to changes in governmental fiscal policy initiatives and resulting market reaction to those initiatives.

6. Borrowing and Interfund Lending:

Line of Credit:

Effective with the Transaction on July 1, 2019, the Victory Funds Complex participates in a short-term, demand note "Line of Credit" agreement with Citibank. Under the agreement with Citibank, the Victory Funds Complex could borrow up to \$600 million, of which \$300 million is committed and \$300 million is uncommitted. \$40 million of the Line of Credit is reserved for use by the Victory Floating Rate Fund, another series of the Victory Funds Complex, with that Fund paying the related commitment fees for that amount. The purpose of the agreement is to meet temporary or emergency cash needs, including redemption requests that might otherwise require the untimely disposition of securities. Citibank receives an annual commitment fee of 0.15% on \$300 million for providing the Line of Credit. Each fund in the Victory Funds Complex pays a pro-rata portion of the commitment fees plus any interest (one month LIBOR plus one percent) on amounts borrowed. Interest charged to the Fund during the period is presented on the Statements of Operations under line of credit fees.

Prior to the Transaction on July 1, 2019, the line of credit among the Trust, with respect to its funds, and USAA Capital Corporation ("CAPCO") terminated. For the period from April 1, 2019 to June 30, 2019, the Fund paid CAPCO facility fees of \$1 thousand.

The Fund had no borrowings under either agreement with Citibank or CAPCO during the six months ended September 30, 2019.

Interfund Lending:

Effective with the Transaction on July 1, 2019, the Trust and Adviser rely on an exemptive order granted by the SEC in March 2017 (the "Order"), permitting the establishment and operation of an Interfund Lending Facility (the "Facility"). The Facility allows the Fund to directly lend and borrow money to or from any other Fund in the Victory Fund Complex relying upon the Order at rates beneficial to both the borrowing and lending funds. Advances under the Facility are allowed for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities, and are subject to the Fund's borrowing restrictions. The interfund loan rate is determined, as specified in the Order, by averaging the current repurchase agreement rate and the current bank loan rate. As a Borrower, interest charged to the Fund during the period is presented on the Statement of Operations under Interest expense on Interfund lending. As a Lender, interest earned by the Fund during the period is presented on the Statement of Operations under Income on Interfund lending.

(Unaudited)

The Fund did not utilize or participate in the Facility during the period July 1, 2019 through September 30, 2019.

7. Federal Income Tax Information:

The Fund intends to declare daily and distribute any net investment income monthly. Distributable net realized gains, if any, are declared and distributed paid at least annually.

The amounts of dividends from net investment income and distributions from net realized gains (collectively distributions to shareholders) are determined in accordance with federal income tax regulations, which may differ from GAAP. To the extent these “book/tax” differences are permanent in nature (e.g., net operating loss and distribution reclassification), such amounts are reclassified within the components of net assets based on their federal tax-basis treatment; temporary differences (e.g., wash sales) do not require reclassification. To the extent dividends and distributions exceed net investment income and net realized gains for tax purposes, they are reported as distributions of capital. Net investment losses incurred by the Fund may be reclassified as an offset to capital on the accompanying Statement of Assets and Liabilities.

The tax character of current year distributions paid and the tax basis of the current components of accumulated earnings (deficit) will be determined at the end of the current tax year ending March 31, 2020.

The tax character of distributions paid during the most recent tax years ended as noted below were as follows (total distributions paid may differ from the Statement of Changes in Net Assets because, for tax purposes, dividends are recognized when actually paid) (amounts in thousands).

<u>Year Ended March 31, 2019</u>		
<u>Distributions paid from</u>		
<u>Tax-Exempt Income</u>	<u>Net Long-Term Capital Gains</u>	<u>Total Distributions Paid</u>
\$21,488	\$—	\$21,488

As of the most recent tax year ended March 31, 2019, the components of accumulated earnings (deficit) on a tax basis were as follows (amounts in thousands):

<u>Undistributed Tax-Exempt Income</u>	<u>Accumulated Capital and Other Losses</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Total Accumulated Earnings (Deficit)</u>
\$354	\$(4,795)	\$22,709	\$18,268

As of the most recent tax year ended March 31, 2019, the Fund had net capital loss carryforwards (“CLCFs”) not limited as a result of changes in Fund ownership during the year and in prior years and with no expiration date as summarized in the table below (amounts in thousands).

<u>Short-Term Amount</u>	<u>Long-Term Amount</u>	<u>Total</u>
\$34	\$4,761	\$4,795

During the most recent tax year ended March 31, 2019, the Fund utilized \$766 thousand of capital loss carryforwards, to offset capital gains.

8. Subsequent Events:

The Fund has evaluated the need for additional disclosures or adjustments resulting from subsequent events through the date these financial statements were issued. Based on this evaluation, there were no subsequent events to report that would have a material impact on the Fund’s financial statements.

*(Unaudited)***Shareholder Voting Results**

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

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

PROPOSAL 1

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

Number of Shares Voting		
<u>For</u>	<u>Against</u>	<u>Abstain</u>
28,714,152	3,041,972	2,372,173

PROPOSAL 2

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

Number of Shares Voting		
<u>Trustees</u>	<u>For</u>	<u>Votes Withheld</u>
David C. Brown	8,299,565,565	820,887,736
John C. Walters	8,317,935,885	802,517,416

Proxy Voting and Portfolio Holdings Information

Proxy Voting:

Information regarding the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 800-539-3863. The information is also included in the Fund's Statement of Additional Information, which is available on the SEC's website at www.sec.gov.

Information relating to how the Fund voted proxies relating to portfolio securities held during the most recent 12 months ended June 30 is available on the SEC's website at www.sec.gov.

Availability of Schedules of Portfolio Investments:

The Trust files a complete list of Schedules of Portfolio Investments with the SEC for the first and third quarter of each fiscal year on Form N-PORT. Prior to the implementation of Form N-PORT, the trust filed a complete list of Schedules of Portfolio Investments with the SEC for the first and third quarters of each fiscal year on Form N-Q. Forms N-PORT and Forms N-Q are available on the SEC's website at www.sec.gov.

Expense Examples

As a shareholder of the Fund, you may incur two types of costs: (1) transaction costs, and (2) ongoing costs, including management fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2019, through September 30, 2019.

The **Actual Expense** figures in the table below provide information about actual account values and actual expenses. You may use the information below, together with the amount you invested, 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 table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

The **Hypothetical Expense** figures in the table below provide 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 this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note the expenses shown in the table below are meant to highlight your ongoing costs only and do not reflect any transactional costs. If these transactional costs were included, your costs would have been higher.

	Beginning Account Value 4/1/19	Actual Ending Account Value 9/30/19	Hypothetical Ending Account Value 9/30/19	Actual Expenses Paid Period 4/1/19- 9/30/19*	Hypothetical Expenses Paid During Period 4/1/19- 9/30/19*	Annualized Expense Ratio During Period 4/1/19- 9/30/19
Adviser	\$1,000.00	\$1,041.00	\$1,021.10	\$3.98	\$3.94	0.78%
Fund	1,000.00	1,042.30	1,022.35	2.71	2.68	0.53%

* Expenses are equal to the average account value multiplied by the Fund's annualized expense ratio multiplied by 183/366 (the number of days in the most recent fiscal half-year divided by the number of days in the fiscal year).

Advisory Contract Approval

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 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 continuation of the Advisory Agreement with management and with experienced counsel retained by the Independent Trustees (“Independent Counsel”) and received materials from such Independent Counsel discussing the legal standards for their consideration of the proposed continuation of the Advisory Agreement with respect to the Fund. The Independent Trustees also reviewed the proposed continuation of the Advisory Agreement with respect to the Fund in private sessions with Independent Counsel at which no representatives of management were present.

At each regularly scheduled meeting of the Board and its committees, the Board receives and reviews, among other things, information concerning the Fund’s performance and related services provided by 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 information previously received at such meetings.

Advisory Agreement

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

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

¹ At an in-person meeting held on January 15, 2019, the Board, including the Independent Trustees, approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital Management Inc. (“Victory Capital”). Upon the closing of the transaction whereby the Manager is acquired by 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.

(Unaudited)

The Board also considered the significant risks assumed by the Manager in connection with the services provided to the Fund, including investment, operational, enterprise, litigation, regulatory and compliance risks.

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

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

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

In considering the Fund's performance, the Board noted that it reviews at its regularly scheduled meetings information about the Fund's performance results. The Trustees also reviewed various comparative data provided to them in connection with their consideration of the renewal of the Advisory Agreement, including, among other information, a comparison of the Fund's average annual total return with its Lipper index and with that of other mutual funds deemed to be in its peer group by the independent third party in its report (the "performance universe"). The Fund's performance universe consisted of the Fund and all retail and institutional open-end investment companies with the same classification/objective as the Fund regardless of asset size or primary channel of distribution. This comparison indicated that, among other data, the Fund's performance was above the average of its performance universe and its Lipper index for the one-, three-, five- and ten-year periods ended December 31, 2018. The Board also noted that the Fund's percentile performance ranking was in the top 10% of its performance universe for the one-year period ended December 31, 2018, was in the top 40% of its performance universe for the three- and five-year periods ended December 31, 2018, and was in the top 20% of its performance universe for the ten-year period ended December 31, 2018. The Board took into account management's discussion of the Fund's performance, including its strong shorter term and longer term performance.

Compensation and Profitability — The Board took into consideration the level and method of computing the Fund's management fee. The information considered by the Board included operating profit margin information for the Manager's business as a whole. The Board also received and considered profitability information related to the management revenues from the Fund. This information included a review of the methodology used in the allocation of certain costs to the Fund. The Trustees reviewed the profitability of the Manager's relationship with the Fund before tax expenses. The Board was also provided with an Investment Management Profitability

(Unaudited)

Analysis prepared by an independent information service. In reviewing the overall profitability of the management fee to the Manager, the Board also considered the fact that the Manager and its affiliates provide shareholder servicing and administrative services to the Fund for which they receive compensation. The Board also considered the possible direct and indirect benefits to 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 — The Board noted that the Fund has advisory fee breakpoints that allow the Fund to participate in economies of scale and that such economies of scale currently were reflected in the advisory fee. The Board also considered the effect of the Fund's growth and size on its performance and fees, noting that the Fund may realize additional economies of scale if assets increase proportionally more than some expenses. The Board determined that the current investment management fee structure was reasonable.

Conclusions — The Board reached the following conclusions regarding the Fund's Advisory Agreement with the Manager, among others: (i) the Manager has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (ii) the Manager maintains an appropriate compliance program; (iii) the performance of the Fund is reasonable in relation to the performance of funds with similar investment objectives and to relevant indices; (iv) the Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by 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.

Privacy Policy

Protecting the Privacy of Information

The Trust respects your right to privacy. We also know that you expect us to conduct and process your business in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. This is the information we collect from you on applications or other forms, and from the transactions you make with us or third parties. It may include your name, address, social security number, account transactions and balances, and information about investment goals and risk tolerance.

We do not disclose any information about you or about former customers to anyone except as permitted or required by law. Specifically, we may disclose the information we collect to companies that perform services on our behalf, such as the transfer agent that processes shareholder accounts and printers and mailers that assist us in the distribution of investor materials. We may also disclose this information to companies that perform marketing services on our behalf. This allows us to continue to offer you Victory investment products and services that meet your investing needs, and to effect transactions that you request or authorize. These companies will use this information only in connection with the services for which we hired them. They are not permitted to use or share this information for any other purpose.

To protect your personal information internally, we permit access only by authorized employees and maintain physical, electronic and procedural safeguards to guard your personal information.*

* You may have received communications regarding information about privacy policies from other financial institutions which gave you the opportunity to “opt-out” of certain information sharing with companies which are not affiliated with that financial institution. The Trust does not share information with other companies for purposes of marketing solicitations for products other than the Trust. Therefore, the Trust does not provide opt-out options to their shareholders.

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