



MUTUAL FUNDS

JANUARY 31, 2020

# Semi Annual Report

## USAA High Income Fund

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](http://usaa.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

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

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

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# TABLE OF CONTENTS

USAA Mutual  
Funds Trust

<b>Investment Objective &amp; Portfolio Holdings</b>	<b>2</b>
<b>Financial Statements</b>	
<i>Schedule of Portfolio Investments</i>	<b>5</b>
<i>Statement of Assets and Liabilities</i>	<b>21</b>
<i>Statement of Operations</i>	<b>22</b>
<i>Statements of Changes in Net Assets</i>	<b>23</b>
<i>Financial Highlights</i>	<b>26</b>
<b>Notes to Financial Statements</b>	<b>30</b>
<b>Supplemental Information</b>	<b>40</b>
<i>Expense Examples</i>	<b>40</b>
<i>Proxy Voting and Portfolio Holdings Information</i>	<b>40</b>
<i>Privacy Policy (inside back cover)</i>	

*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:**

The USAA High Income Fund seeks to provide an attractive total return primarily through high current income and secondarily through capital appreciation.

**Top 10 Holdings\***

1/31/20

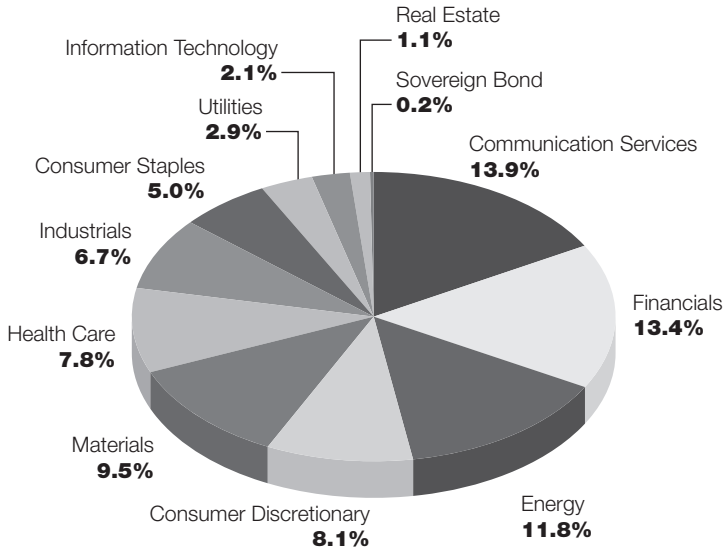
(% of Net Assets)

<i>iShares iBoxx High Yield Corporate Bond ETF</i>	3.2%
<i>SPDR Bloomberg Barclays High Yield Bond ETF</i>	3.0%
<i>CCO Holdings LLC/CCO Holdings Capital Corp.</i>	1.3%
<i>NuStar Logistics LP</i>	1.2%
<i>Sprint Corp.</i>	1.0%
<i>CHS, Inc.</i>	1.0%
<i>Dairy Farmers of America, Inc.</i>	1.0%
<i>Altice Luxembourg SA</i>	0.9%
<i>HCA, Inc.</i>	0.8%
<i>Petroleos Mexicano</i>	0.8%

\*Does not include futures, money market instruments, and short-term investments purchased with cash collateral from securities loaned.

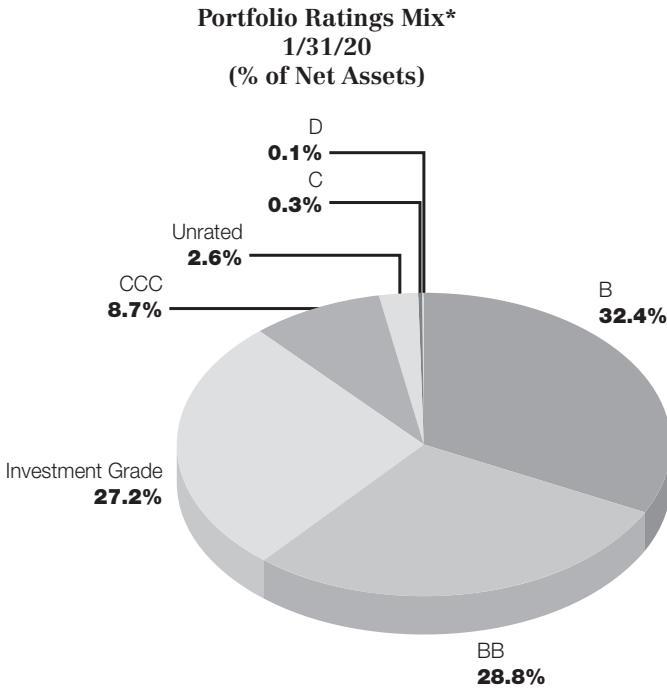
Refer to the Schedule of Portfolio Investments for a complete list of securities.

**Sector Allocation\*:  
1/31/20  
(% of Net Assets)**



\*Does not include futures, money market instruments, and short term investments purchased with cash collateral from securities loaned.

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



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

\*Does not include futures, money market instruments, and short-term investments purchased with cash collateral from securities loaned.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Shares or Principal Amount	Value
<b>Asset Backed Securities (0.1%)</b>		
NP SPE II LLC, Series 2019-2A Class C1, 6.44%, 11/19/49 (a) . . . . .	\$ 2,929	\$ 2,954
<b>Total Asset Backed Securities (Cost \$2,928)</b>		<b>2,954</b>
<b>Collateralized Mortgage Obligations (0.2%)</b>		
Banc of America Commercial Mortgage Trust, Series 2008-1 Class AJ, 6.79%, 2/10/51 (b) . . . . .	163	171
Bear Stearns Commercial Mortgage Securities Trust, Series 2007-T26 Class AJ, 5.56%, 1/12/45, Callable 2/8/22 @ 100 (b) . . . . .	5,000	4,065
CHL Mortgage Pass-Through Trust, Series 2004-25 Class 1A6, 2.62%(LIBOR01M+96bps), 2/25/35, Callable 2/25/20 @ 100 (c) . . . . .	2,228	652
Credit Suisse Commercial Mortgage Trust, Series 2007-C1 Class AMFL, 1.86%(LIBOR01M+19bps), 2/15/40 (c) . . . . .	50	48
Credit Suisse First Boston Mortgage Securities Corp., Series 1998-C1 Class AX, 2.11%, 5/17/40, Callable 3/11/20 @ 100 (b) . . . . .	79	2
<b>Total Collateralized Mortgage Obligations (Cost \$6,341)</b>		<b>4,938</b>
<b>Common Stocks (2.6%)</b>		
<b>Communication Services (0.5%):</b>		
AT&T, Inc. . . . .	50,503	1,899
CenturyLink, Inc. . . . .	63,000	861
Clear Channel Outdoor Holdings, Inc. (d) . . . . .	163,905	447
Comcast Corp. Class A . . . . .	77,900	3,365
Iheartmedia, Inc. Class A (d) (e) . . . . .	69,703	1,232
Verizon Communications, Inc. . . . .	28,650	1,703
		<u>9,507</u>
<b>Consumer Discretionary (0.0%): (f)</b>		
Las Vegas Sands Corp. (g) . . . . .	13,500	882
<b>Consumer Staples (0.1%):</b>		
Kimberly-Clark Corp. . . . .	11,242	1,610
<b>Energy (0.4%):</b>		
BP PLC, ADR . . . . .	53,764	1,942
GenOn Energy, Inc. (d) (h) (i) . . . . .	16,168	3,234
Nine Point Energy (d) (h) (i) . . . . .	21,663	22
Nine Point Energy Holdings, Inc. (d) (h) (i) . . . . .	464	46
Paragon Litigation Class B (d) (h) (i) . . . . .	2,542	1
Paragon Litigation Class A (d) (h) (i) . . . . .	3,813	57
Royal Dutch Shell PLC, ADR . . . . .	32,263	1,683
Thunderbird Resources (d) (h) (i) . . . . .	22,883	2
		<u>6,987</u>
<b>Financials (0.6%):</b>		
CME Group, Inc. . . . .	24,700	5,364
JPMorgan Chase & Co. . . . .	18,507	2,450
KeyCorp . . . . .	111,918	2,094
MetLife, Inc. . . . .	21,952	1,091
MFA Financial, Inc. . . . .	129,100	1,007

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Shares or Principal Amount	Value
Prospect Capital Corp. (e) .....	202,933	\$ 1,321
Regions Financial Corp. ....	109,207	1,700
Synchrony Financial .....	13,639	442
		15,469
<b>Health Care (0.4%):</b>		
AbbVie, Inc. ....	22,300	1,807
CVS Health Corp. ....	18,400	1,248
Johnson & Johnson .....	16,562	2,466
Merck & Co., Inc. ....	30,900	2,640
		8,161
<b>Industrials (0.1%):</b>		
United Airlines Holdings, Inc. (d) .....	23,000	1,720
<b>Information Technology (0.2%):</b>		
Microsoft Corp. (g) .....	18,200	3,098
<b>Materials (0.2%):</b>		
LyondellBasell Industries NV Class A .....	19,215	1,496
Newmont Corp. ....	33,650	1,516
		3,012
<b>Real Estate (0.1%):</b>		
Crown Castle International Corp. ....	17,000	2,547
<b>Total Common Stocks (Cost \$37,757)</b>		52,993
<b>Preferred Stocks (3.7%)</b>		
<b>Communication Services (0.3%):</b>		
Qwest Corp., 6.50%, 9/1/56 .....	\$ 200,000	5,150
<b>Consumer Staples (1.8%):</b>		
CHS, Inc., cumulative redeemable, Series 1, 7.88% (j) .....	200,000	5,570
CHS, Inc., cumulative redeemable, Series 2, 7.10%(LIBOR03M+429bps) (c) (j) ..	400,000	11,240
Dairy Farmers of America, Inc., cumulative redeemable, 7.88% (a) (j) .....	200,000	20,000
		36,810
<b>Energy (1.3%):</b>		
NuStar Logistics LP, 8.57%(LIBOR03M+673bps), 1/15/43 (c) (e) (g) .....	937,213	24,809
<b>Financials (0.1%):</b>		
American Overseas Group Ltd., non-cumulative, Series A, 5.66%(LIBOR03M+356bps), 12/15/66 (c) (h) (i) .....	3,000	750
US Bancorp, non-cumulative, Series A, 3.50%(LIBOR03M+102bps) (c) (j) .....	3,399	2,992
		3,742
<b>Real Estate (0.2%):</b>		
Equity Residential, cumulative redeemable, Series K, 8.29% (j) .....	53,362	3,388
<b>Total Preferred Stocks (Cost \$71,337)</b>		73,899

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Shares or Principal Amount	Value
<b>Convertible Preferred Stocks (0.0%)</b>		
<b>Financials (0.0%): (f)</b>		
Ditech Holding Corp. (h) (j) (k) .....	928 \$	—(l)
<b>Total Convertible Preferred Stock (Cost \$1,735)</b>		<b>—(l)</b>
<b>Senior Secured Loans (4.2%)</b>		
Abe Investment Holdings, Inc., 1st Lien Term Loan B, 6.31%(LIBOR01M+450bps), 2/19/26 (c) .....	\$ 2,974	2,946
Academy Ltd., 1st Lien Term Loan B, 5.78%(LIBOR01M+400bps), 7/2/22 (c) ...	9,720	7,769
Advantage Sales & Marketing, Inc., 2nd Lien Term Loan, 8.30%(LIBOR01M+650bps), 7/25/22 (c) .....	5,000	4,547
Avaya, Inc., 1st Lien Term Loan B, 5.93%(LIBOR01M+425bps), 12/15/24 (c) ...	2,691	2,631
Bass Pro Group LLC, Term Loan B, 6.80%(LIBOR01M+500bps), 12/16/23 (c) ...	6,957	6,924
California Resources Corp., 6.40%(LIBOR01M+475bps), 12/31/22 (c) .....	2,000	1,804
Cengage Learning, Inc., 1st Lien Term Loan B, 6.05%(LIBOR01M+425bps), 6/7/23 (c) .....	2,888	2,751
Chesapeake Energy Corp., 9.93%(LIBOR03M+800bps), 6/9/24 (c) (m) .....	5,000	5,019
CITGO Petroleum Corp., 6.94%(LIBOR03M+500bps), 3/22/24 (c) .....	2,382	2,382
Envision Healthcare Corp., 1st Lien Term Loan B, 5.55%(LIBOR01M+375bps), 10/11/25 (c) .....	4,950	4,151
H-Food Holdings LLC, 1st Lien Term Loan, 5/31/25 (m) (s) .....	2,000	1,977
Intelsat Jackson Holdings SA, 1st Lien Term Loan B5, 6.63%(LIBOR+663bps), 1/2/24 (c) .....	1,000	1,008
Lucid Energy Group II Borrower LLC, 1st Lien Term Loan, 4.80%(LIBOR01M+300bps), 2/18/25 (c) .....	4,950	4,613
Mallinckrodt International Finance SA, 1st Lien Term Loan B, 4.69%(LIBOR03M+275bps), 9/24/24 (c) .....	5,000	4,176
McDermott Technology Americas, Inc., DIP 11.90%(LIBOR03M+1000bps), 10/21/21 (c) (k) (m) .....	1,143	1,234
McDermott Technology Americas, Inc., 1st Lien Term Loan B, 6.94%(LIBOR03M+500bps), 5/10/25 (c) (k) .....	1,985	1,218
Mitchell International, Inc., 9.05%(LIBOR01M+725bps), 12/1/25 (c) .....	5,000	4,850
Neiman Marcus Group Ltd. LLC, 1st Lien Term Loan, 7.73%(LIBOR01M+600bps), 10/25/23 (c) .....	6,949	5,877
NPC International, Inc., 2nd Lien Term Loan, 9.43%(LIBOR03M+750bps), 4/18/25 (c) .....	3,000	86
PetSmart, Inc., 1st Lien Term Loan B2, 5.67%(LIBOR01M+400bps), 3/10/22 (c) .....	1,541	1,536
Pregis TopCo Corp., 1st Lien Term Loan B, 5.80%(LIBOR01M+400bps), 7/25/26 (c) .....	1,500	1,500
Quicksilver Resources, Inc., 6/21/19 (h) (s) .....	3,993	6
Serta Simmons Bedding LLC, 2nd Lien Term Loan, 9.66%(LIBOR01M+800bps), 11/8/24 (c) .....	3,048	900
Team Health Holdings, Inc., 1st Lien Term Loan B, 4.55%(LIBOR01M+275bps), 2/6/24 (c) .....	5,973	4,764
Veritas US, Inc., 1st Lien Term Loan B, 6.30%(LIBOR01M+450bps), 1/27/23 (c) ..	1,343	1,278

See notes to financial statements.



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(Unaudited)

Security Description	Principal Amount	Value
Veritas US, Inc., 1st Lien Term Loan B, 6.44%(LIBOR03M+450bps) (c) . . . . .	\$ 258	\$ 246
Versant Health Holdco, Inc., 2nd Lien Term Loan, 8.55%(LIBOR01M+675bps), 12/1/25 (c) . . . . .	4,500	4,508
WaterBridge Midstream Operating LLC, 1st Lien Term Loan B, 7.83%(LIBOR06M+575bps), 6/21/26 (c) . . . . .	2,993	2,944
Wok Holdings, Inc., 1st Lien Term Loan B, 8.17%(LIBOR06M+625bps), 3/1/26 (c) . . . . .	2,978	2,425
<b>Total Senior Secured Loans (Cost \$97,723)</b>		<b>86,070</b>

**Corporate Bonds (56.9%)**

**Communication Services (10.9%):**

AMC Entertainment Holdings, Inc., 6.13%, 5/15/27, Callable 5/15/22 @ 103.06 (e) . . . . .	6,000	5,176
CCO Holdings LLC/CCO Holdings Capital Corp., 4.75%, 3/1/30, Callable 9/1/24 @ 102.38 (a) . . . . .	25,000	25,697
CenturyLink, Inc. 7.50%, 4/1/24, Callable 1/1/24 @ 100 . . . . .	5,000	5,651
7.65%, 3/15/42 . . . . .	6,621	7,147
Cincinnati Bell, Inc. 7.00%, 7/15/24, Callable 3/9/20 @ 105.25 (a) . . . . .	6,000	6,277
8.00%, 10/15/25, Callable 10/15/20 @ 106 (a) . . . . .	4,000	4,260
Clear Channel Worldwide Holdings, Inc., 5.13%, 8/15/27, Callable 8/15/22 @ 102.56 (a) . . . . .	1,667	1,717
CSC Holdings LLC 5.38%, 2/1/28, Callable 2/1/23 @ 102.69 (a) . . . . .	1,000	1,066
7.50%, 4/1/28, Callable 4/1/23 @ 103.75 (a) . . . . .	3,000	3,410
6.50%, 2/1/29, Callable 2/1/24 @ 103.25 (a) . . . . .	4,500	5,013
5.75%, 1/15/30, Callable 1/15/25 @ 102.88 (a) . . . . .	11,000	11,818
Dish DBS Corp. 5.00%, 3/15/23 . . . . .	5,000	5,084
5.88%, 11/15/24 . . . . .	6,000	6,073
7.75%, 7/1/26 . . . . .	7,000	7,350
Embarq Corp., 8.00%, 6/1/36 . . . . .	5,000	5,554
Frontier Communications Corp. 11.00%, 9/15/25, Callable 6/15/25 @ 100 . . . . .	10,000	4,587
8.50%, 4/1/26, Callable 4/1/21 @ 106.38 (a) . . . . .	4,000	4,086
9.00%, 8/15/31 . . . . .	9,000	4,115
Getty Images, Inc., 9.75%, 3/1/27, Callable 3/1/22 @ 104.88 (a) . . . . .	1,500	1,508
Iheartcommunications, Inc. 6.38%, 5/1/26, Callable 5/1/22 @ 103.19 (e) . . . . .	394	427
8.38%, 5/1/27, Callable 5/1/22 @ 104.19 . . . . .	3,714	4,042
Meredith Corp., 6.88%, 2/1/26, Callable 2/1/21 @ 103.44 . . . . .	5,000	5,153
National CineMedia LLC, 5.75%, 8/15/26, Callable 8/15/21 @ 102.88 . . . . .	5,000	4,956
Netflix, Inc. 4.88%, 4/15/28 . . . . .	5,000	5,344
3.88%, 6/15/30, Callable 3/15/30 @ 100 (a) . . . . .	2,500	2,611
Nexstar Escrow, Inc., 5.63%, 7/15/27, Callable 7/15/22 @ 104.22 (a) . . . . .	3,000	3,155
Radiate Holdco LLC/Radiate Finance, Inc., 6.88%, 2/15/23, Callable 3/9/20 @ 103.44 (a) . . . . .	3,000	3,076

See notes to financial statements.

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(Unaudited)

Security Description	Principal Amount	Value
Salem Media Group, Inc., 6.75%, 6/1/24, Callable 6/1/20 @ 103.38 (a) (e) . . . . .	\$ 5,000	\$ 4,852
Scripps Escrow, Inc., 5.88%, 7/15/27, Callable 7/15/22 @ 104.41 (a) . . . . .	1,000	1,050
Sinclair Television Group, Inc., 5.50%, 3/1/30, Callable 12/1/24 @ 102.75 (a) . . .	8,000	8,214
Sprint Corp.		
7.63%, 2/15/25, Callable 11/15/24 @ 100 (g) . . . . .	20,000	20,921
7.63%, 3/1/26, Callable 11/1/25 @ 100 . . . . .	10,000	10,441
T-Mobile USA, Inc.		
6.50%, 1/15/24, Callable 2/18/20 @ 102.17 . . . . .	5,000	5,134
6.00%, 4/15/24, Callable 2/18/20 @ 104.5 . . . . .	5,000	5,163
4.75%, 2/1/28, Callable 2/1/23 @ 102.38 . . . . .	10,000	10,641
Trilogy International Partners LLC/Trilogy International Finance, Inc.,		
8.88%, 5/1/22, Callable 3/9/20 @ 104.44 (a) . . . . .	2,500	2,328
Windstream Services LLC/Windstream Finance Corp., 9.00%, 6/30/25,		
Callable 6/30/21 @ 104.5 (a) (k) (n) . . . . .	3,000	1,150
Zayo Group LLC/Zayo Capital, Inc.		
6.38%, 5/15/25, Callable 5/15/20 @ 103.19 . . . . .	5,000	5,114
5.75%, 1/15/27, Callable 1/15/22 @ 102.88 (a) . . . . .	500	511
		219,872
<b>Consumer Discretionary (6.9%):</b>		
Ashton Woods USA LLC/Ashton Woods Finance Co.		
6.75%, 8/1/25, Callable 8/1/20 @ 105.06 (a) . . . . .	4,000	4,130
9.88%, 4/1/27, Callable 4/1/22 @ 107.41 (a) . . . . .	2,000	2,303
Beazer Homes USA, Inc., 7.25%, 10/15/29, Callable 10/15/24 @ 103.63 (a) . . . . .	10,000	10,926
CEC Entertainment, Inc., 8.00%, 2/15/22, Callable 3/9/20 @ 100 . . . . .	5,000	4,932
Sports Group LLC, 6.63%, 8/15/27, Callable 8/15/22 @ 103.31 (a) (e) . . . . .	3,000	2,808
Eldorado Resorts, Inc.		
7.00%, 8/1/23, Callable 3/9/20 @ 103.5 . . . . .	2,000	2,076
6.00%, 4/1/25, Callable 4/1/20 @ 104.5 . . . . .	2,500	2,620
Ford Motor Co., 6.63%, 10/1/28 . . . . .	10,000	11,450
Golden Nugget, Inc., 8.75%, 10/1/25, Callable 10/1/20 @ 104.38 (a) . . . . .	10,000	10,528
L Brands, Inc., 6.95%, 3/1/33 . . . . .	5,000	4,519
LGI Homes, Inc., 6.88%, 7/15/26, Callable 7/15/21 @ 103.44 (a) . . . . .	2,500	2,638
M/I Homes, Inc., 4.95%, 2/1/28, Callable 2/1/23 @ 103.71 (a) . . . . .	3,000	3,090
Mattel, Inc., 6.75%, 12/31/25, Callable 12/31/20 @ 105.06 (a) . . . . .	3,000	3,217
Midas Intermediate Holdco II LLC/Midas Intermediate Holdco II		
Finance, Inc., 7.88%, 10/1/22, Callable 2/24/20 @ 100 (a) . . . . .	4,733	4,530
Newell Brands, Inc., 5.37%, 4/1/36, Callable 10/1/35 @ 100 (o) . . . . .	3,500	3,840
Panther BF Aggregator 2 LP/Panther Finance Co., Inc., 8.50%, 5/15/27,		
Callable 5/15/22 @ 104.25 (a) . . . . .	7,500	8,063
Party City Holdings, Inc., 6.63%, 8/1/26, Callable 8/1/21 @ 103.31 (a) (e) . . . . .	3,000	2,149
PetSmart, Inc.		
7.13%, 3/15/23, Callable 3/9/20 @ 103.56 (a) . . . . .	5,000	4,980
8.88%, 6/1/25, Callable 6/1/20 @ 104.44 (a) (e) . . . . .	3,000	3,075
5.88%, 6/1/25, Callable 6/1/20 @ 102.94 (a) . . . . .	1,670	1,719
Scientific Games International, Inc., 8.25%, 3/15/26,		
Callable 3/15/22 @ 104.13 (a) . . . . .	10,000	10,796
Taylor Morrison Communities, Inc., 5.75%, 1/15/28,		
Callable 10/15/27 @ 100 (a) . . . . .	5,000	5,469
Tesla, Inc., 5.30%, 8/15/25, Callable 8/15/20 @ 103.98 (a) (e) . . . . .	5,000	5,060
The Men's Wearhouse, Inc., 7.00%, 7/1/22, Callable 3/9/20 @ 101.75 (e) . . . . .	5,162	5,086

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Trident TPI Holdings, Inc., 6.63%, 11/1/25, Callable 11/1/20 @ 103.31 (a) . . . . .	\$ 3,000	\$ 2,730
USA Compression Partners LP/USA Compression Finance Corp., 6.88%, 9/1/27, Callable 9/1/22 @ 105.16 . . . . .	3,000	3,130
Weekley Homes LLC/Weekley Finance Corp., 6.63%, 8/15/25, Callable 8/15/20 @ 104.97 . . . . .	5,000	5,232
Williams Scotsman International, Inc., 6.88%, 8/15/23, Callable 8/15/20 @ 103.44 (a) . . . . .	3,000	3,151
Yum! Brands, Inc., 4.75%, 1/15/30, Callable 10/15/29 @ 100 (a) . . . . .	4,000	4,274
		<u>138,521</u>
<b>Consumer Staples (2.2%):</b>		
Albertsons Cos. LLC, 5.75%, 3/15/25, Callable 3/9/20 @ 104.31 . . . . .	12,000	12,450
Constellation Merger Sub, Inc., 8.50%, 9/15/25, Callable 9/15/20 @ 104.25 (a) (e) . . . . .	3,000	2,732
Coty, Inc., 6.50%, 4/15/26, Callable 4/15/21 @ 104.88 (a) (e) . . . . .	5,000	5,251
Energizer Holdings, Inc., 7.75%, 1/15/27, Callable 1/15/22 @ 103.88 (a) . . . . .	3,000	3,318
H-Food Holdings LLC/Hearthside Finance Co., Inc., 8.50%, 6/1/26, Callable 6/1/21 @ 104.25 (a) . . . . .	4,000	3,531
JBS Investments II GMBH, 5.75%, 1/15/28, Callable 7/15/22 @ 102.88 (a) . . . . .	1,500	1,585
JBS USA Lux SA/JBS USA Finance, Inc., 5.88%, 7/15/24, Callable 3/9/20 @ 102.94 (a) . . . . .	3,000	3,086
NBM US Holdings, Inc., 6.63%, 8/6/29, Callable 8/6/24 @ 103.31 (a) . . . . .	3,000	3,229
Pilgrim's Pride Corp., 5.88%, 9/30/27, Callable 9/30/22 @ 102.94 (a) . . . . .	3,000	3,189
Post Holdings, Inc. 5.75%, 3/1/27, Callable 3/1/22 @ 102.88 (a) . . . . .	3,000	3,166
5.50%, 12/15/29, Callable 12/15/24 @ 102.75 (a) (e) . . . . .	2,500	2,652
		<u>44,189</u>
<b>Energy (7.4%):</b>		
Alliance Resource Operating Partners LP/Alliance Resource Finance Corp., 7.50%, 5/1/25, Callable 5/1/20 @ 105.63 (a) (e) . . . . .	5,000	4,325
Antero Midstream Partners LP/Antero Midstream Finance Corp., 5.75%, 3/1/27, Callable 3/1/22 @ 102.88 (a) . . . . .	3,000	2,345
Antero Resources Corp., 5.63%, 6/1/23, Callable 3/9/20 @ 102.81 . . . . .	3,000	2,158
Blue Racer Midstream LLC/Blue Racer Finance Corp., 6.13%, 11/15/22, Callable 3/9/20 @ 101.53 (a) . . . . .	5,000	4,892
Buckeye Partners LP, 5.60%, 10/15/44, Callable 4/15/44 @ 100 . . . . .	12,754	11,737
California Resources Corp., 8.00%, 12/15/22, Callable 3/9/20 @ 102 (a) . . . . .	2,662	903
Carrizo Oil & Gas, Inc., 8.25%, 7/15/25, Callable 7/15/20 @ 106.19 . . . . .	3,000	3,061
Citgo Holding, Inc., 9.25%, 8/1/24, Callable 8/1/21 @ 104.63 (a) . . . . .	1,000	1,075
Citgo Petroleum Corp., 6.25%, 8/15/22, Callable 3/9/20 @ 101.56 (a) . . . . .	1,875	1,900
CONSOL Energy, Inc., 11.00%, 11/15/25, Callable 11/15/21 @ 105.5 (a) (e) . . . . .	5,000	3,489
CSI Compressco LP/CSI Compressco Finance, Inc., 7.25%, 8/15/22, Callable 3/9/20 @ 101.81 . . . . .	5,000	4,716
Diamond Offshore Drilling, Inc., 7.88%, 8/15/25, Callable 5/15/25 @ 100 (e) . . . . .	3,500	2,852
Energy Transfer Operating LP 7.13%(H15T5Y+531bps), Callable 5/15/30 @ 100 (c) (j) . . . . .	3,000	3,055
4.93%(LIBOR03M+302bps), 11/1/66, Callable 3/16/20 @ 100 (c) . . . . .	3,000	2,449
Enlink Midstream Partners LP, 6.00%(LIBOR03M+411bps), Callable 12/15/22 @ 100 (c) (j) . . . . .	7,000	4,887

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Enterprise Products Operating LLC, 4.68%(LIBOR03M+278bps), 6/1/67, Callable 3/9/20 @ 100 (c) .....	\$ 3,000	\$ 2,931
Enterprise TE Partners LP, 4.68%(LIBOR03M+278bps), 6/1/67, Callable 3/9/20 @ 100 (c) .....	3,000	2,798
EQT Corp., 7.00%, 2/1/30, Callable 10/1/29 @ 100 .....	1,821	1,603
GenOn Energy, Inc., 9.88%, 10/15/20 (h) .....	7,000	—
Hess Midstream Partners LP, 5.13%, 6/15/28, Callable 6/15/23 @ 102.56 (a) ...	2,000	2,064
Highpoint Operating Corp., 7.00%, 10/15/22, Callable 3/9/20 @ 101.17 (e) .....	6,000	5,689
Hilcorp Energy I, LP/Hilcorp Finance Co., 6.25%, 11/1/28, Callable 11/1/23 @ 103.13 (a) .....	3,000	2,663
Martin Midstream Partners, LP/Martin Midstream Finance Corp., 7.25%, 2/15/21, Callable 3/9/20 @ 100 .....	3,000	2,759
MPLX LP, 6.88%(LIBOR03M+465bps), Callable 2/15/23 @ 100 (c) (j) .....	5,000	5,040
Murphy Oil Corp. 6.88%, 8/15/24, Callable 3/9/20 @ 105.16 .....	4,000	4,180
5.75%, 8/15/25, Callable 8/15/20 @ 104.31 .....	3,000	3,087
Nabors Industries, Inc., 5.75%, 2/1/25, Callable 11/1/24 @ 100 .....	3,500	2,898
Natural Resource Partners LP/NRP Finance Corp., 9.13%, 6/30/25, Callable 10/30/21 @ 104.56 (a) (e) .....	500	449
NGL Energy Partners LP/NGL Energy Finance Corp., 7.50%, 4/15/26, Callable 4/15/22 @ 103.75 (a) .....	5,000	4,851
PBF Holding Co. LLC/PBF Finance Corp., 7.25%, 6/15/25, Callable 6/15/20 @ 105.44 .....	5,000	5,315
Petroleos Mexicanos, 6.63%, 6/15/35 .....	15,000	15,663
Range Resources Corp., 4.88%, 5/15/25, Callable 2/15/25 @ 100 (e) .....	5,000	3,902
Rex Energy Corp., 8.00%, 10/1/20 (i) .....	2,408	18
Rowan Companies, Inc., 7.38%, 6/15/25, Callable 3/15/25 @ 100 .....	3,500	2,218
Southern Union Co., 4.93%(LIBOR03M+302bps), 11/1/66, Callable 3/9/20 @ 100 (c) .....	2,000	1,469
Southwestern Energy Co. 4.10%, 3/15/22, Callable 12/15/21 @ 100 (e) .....	3,000	2,950
6.20%, 1/23/25, Callable 10/23/24 @ 100 (o) .....	7,000	5,821
7.75%, 10/1/27, Callable 10/1/22 @ 103.88 (e) .....	2,000	1,669
SRC Energy, Inc., 6.25%, 12/1/25, Callable 12/1/20 @ 104.69 .....	5,000	5,043
Targa Resources Partners LP/Targa Resources Partners Finance Corp., 5.00%, 1/15/28, Callable 1/15/23 @ 102.5 .....	4,000	4,071
Whiting Petroleum Corp., 6.63%, 1/15/26, Callable 10/15/25 @ 100 .....	7,000	3,942
WPX Energy, Inc., 8.25%, 8/1/23, Callable 6/1/23 @ 100 .....	3,000	3,453
		150,390
<b>Financials (8.3%):</b>		
Adient Global Holdings Corp., 4.88%, 8/15/26, Callable 8/15/21 @ 102.44 (a) ...	7,000	6,602
AmTrust Financial Services, Inc., 6.13%, 8/15/23 .....	10,000	10,136
AmWINS Group, Inc., 7.75%, 7/1/26, Callable 7/1/21 @ 105.81 (a) .....	4,000	4,371
Banc of California, Inc., 5.25%, 4/15/25, Callable 1/15/25 @ 100 .....	5,000	5,129
Bank OZK, 5.50%(LIBOR03M+443bps), 7/1/26, Callable 7/1/21 @ 100 (c) .....	5,000	5,177
Credit Acceptance Corp. 5.13%, 12/31/24, Callable 12/31/21 @ 102.56 (a) .....	4,000	4,181
6.63%, 3/15/26, Callable 3/15/22 @ 103.31 (a) .....	9,750	10,561
First Midwest Bancorp, Inc., 5.88%, 9/29/26, Callable 8/29/26 @ 100 .....	5,000	5,707

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(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Flex Acquisition Co., Inc.		
6.88%, 1/15/25, Callable 3/9/20 @ 103.44 (a) . . . . .	\$ 3,150	\$ 3,165
7.88%, 7/15/26, Callable 7/15/21 @ 103.94 (a) . . . . .	2,000	2,038
Ford Motor Credit Co. LLC, 5.11%, 5/3/29, Callable 2/3/29 @ 100 . . . . .	10,000	10,464
Genworth Holdings, Inc., 3.91%(LIBOR03M+200bps), 11/15/66, Callable 2/24/20 @ 100 (c) . . . . .	3,000	1,890
HUB International Ltd., 7.00%, 5/1/26, Callable 5/1/21 @ 103.5 (a) . . . . .	5,000	5,166
ILFC E-Capital Trust II, 4.15%, 12/21/65, Callable 3/9/20 @ 100 (a) . . . . .	5,362	4,425
LABL Escrow Issuer LLC		
6.75%, 7/15/26, Callable 7/15/22 @ 103.38 (a) . . . . .	1,000	1,073
10.50%, 7/15/27, Callable 7/15/22 @ 105.25 (a) . . . . .	2,000	2,120
Lehman Brothers Holdings, 5.75%, 4/25/11, MTN (i) (n) . . . . .	1,000	13
Lehman Brothers Treasury Co. BV, MTN (j) (p) . . . . .	1,447	15
MetLife, Inc., 10.75%, 8/1/69, Callable 8/1/34 @ 100 . . . . .	2,000	3,352
Navient Corp.		
6.75%, 6/25/25 (e) . . . . .	7,000	7,643
6.75%, 6/15/26 . . . . .	5,000	5,445
5.63%, 8/1/33, MTN . . . . .	13,000	11,860
PPL Capital Funding, Inc., 4.63%(LIBOR03M+267bps), 3/30/67, Callable 3/16/20 @ 100 (c) . . . . .	5,000	4,883
Prudential Financial, Inc., 5.20%(LIBOR03M+304bps), 3/15/44, Callable 3/15/24 @ 100 (c) . . . . .	5,000	5,336
Resideo Funding, Inc., 6.13%, 11/1/26, Callable 11/1/21 @ 104.59 (a) (e) . . . . .	1,500	1,476
SBL Holdings, Inc., 5.13%, 11/13/26, Callable 9/13/26 @ 100 (a) . . . . .	5,000	5,133
Springleaf Finance Corp.		
7.13%, 3/15/26 . . . . .	9,000	10,339
6.63%, 1/15/28, Callable 7/15/27 @ 100 . . . . .	1,000	1,128
5.38%, 11/15/29, Callable 5/15/29 @ 100 . . . . .	3,500	3,642
Synovus Financial Corp., 5.90%(USSW5+338bps), 2/7/29, Callable 2/7/24 @ 100 (c) . . . . .	10,000	10,714
The Hanover Insurance Group, Inc., 8.21%, 2/3/27 . . . . .	3,780	4,446
The Hartford Financial Services Group, Inc., 4.03%(LIBOR03M+213bps), 2/12/67, Callable 3/16/20 @ 100 (a) (c) . . . . .	5,000	4,813
Zenith National Insurance Capital Trust I, 8.55%, 8/1/28 (a) . . . . .	2,000	2,402
		164,845
<b>Health Care (6.4%):</b>		
Bausch Health Cos., Inc.		
5.00%, 1/30/28, Callable 1/30/23 @ 102.5 (a) . . . . .	3,133	3,169
5.25%, 1/30/30, Callable 1/30/25 @ 102.63 (a) . . . . .	13,370	13,608
Centene Corp., 4.63%, 12/15/29, Callable 12/15/24 @ 102.31 (a) . . . . .	1,500	1,616
CHS, Inc.		
6.88%, 2/1/22, Callable 3/9/20 @ 100 (e) . . . . .	3,339	3,055
8.00%, 3/15/26, Callable 3/15/22 @ 104 (a) . . . . .	20,000	20,865
CHS/Community Health System, 6.63%, 2/15/25, Callable 2/15/22 @ 103.31 (a) (m) . . . . .	6,000	6,058
DaVita, Inc.		
5.13%, 7/15/24, Callable 2/24/20 @ 102.56 . . . . .	3,000	3,067
5.00%, 5/1/25, Callable 5/1/20 @ 102.5 . . . . .	5,000	5,119
Eastern Maine Healthcare Systems, 5.02%, 7/1/36 . . . . .	3,000	3,127
Encompass Health Corp., 5.75%, 9/15/25, Callable 9/15/20 @ 102.88 . . . . .	2,000	2,090

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(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
HCA, Inc., 5.63%, 9/1/28, Callable 3/1/28 @ 100	\$ 14,500	\$ 16,802
Mednax, Inc., 6.25%, 1/15/27, Callable 1/15/22 @ 104.69 (a)	5,000	5,096
Ortho-Clinical Diagnostics, Inc./Ortho-Clinical Diagnostics SA, 7.25%, 2/1/28, Callable 2/1/23 @ 103.63 (a)	1,000	1,017
Par Pharmaceutical, Inc., 7.50%, 4/1/27, Callable 4/1/22 @ 105.63 (a)	5,250	5,332
RegionalCare Hospital Partners Holdings, Inc., 8.25%, 5/1/23, Callable 3/9/20 @ 106.19 (a)	10,000	10,501
Select Medical Corp., 6.25%, 8/15/26, Callable 8/15/22 @ 103.13 (a)	5,000	5,400
Tenet Healthcare Corp. 6.75%, 6/15/23	14,000	15,186
7.00%, 8/1/25, Callable 8/1/20 @ 103.5 (e)	6,425	6,674
		<u>127,782</u>
<b>Industrials (5.0%):</b>		
ADT Security Corp., 4.88%, 7/15/32 (a)	3,500	3,253
Advanced Drainage Systems, Inc., 5.00%, 9/30/27, Callable 9/30/22 @ 102.5 (a)	1,000	1,036
Ahern Rentals, Inc., 7.38%, 5/15/23, Callable 3/9/20 @ 103.69 (a)	3,000	2,402
Aptim Corp., 7.75%, 6/15/25, Callable 6/15/20 @ 103.88 (a) (e)	3,312	2,070
Arconic, Inc., 5.95%, 2/1/37	5,000	5,574
Brand Energy & Infrastructure Services, Inc., 8.50%, 7/15/25, Callable 7/15/20 @ 106.34 (a)	4,000	4,023
Builders FirstSource, Inc., 6.75%, 6/1/27, Callable 6/1/22 @ 103.38 (a)	2,333	2,556
Covanta Holding Corp., 5.88%, 7/1/25, Callable 7/1/20 @ 104.41	3,000	3,117
Gates Global LLC/Gates Corp., 6.25%, 1/15/26, Callable 1/15/22 @ 103.13 (a)	3,000	3,087
General Electric Co., 5.00%(LIBOR03M+333bps), Callable 1/21/21 @ 100 (c) (j)	5,000	4,968
H&E Equipment Services, Inc., 5.63%, 9/1/25, Callable 9/1/20 @ 104.22	2,000	2,089
Hertz Corp. 7.63%, 6/1/22, Callable 3/9/20 @ 103.81 (a)	2,000	2,071
6.00%, 1/15/28, Callable 1/15/23 @ 103 (a)	5,000	5,043
IAA, Inc., 5.50%, 6/15/27, Callable 6/15/22 @ 102.75 (a)	2,250	2,393
Icahn Enterprises LP/Icahn Enterprises Finance Corp., 5.25%, 5/15/27, Callable 11/15/26 @ 100 (a)	4,000	4,013
JB Poindexter & Co., Inc., 7.13%, 4/15/26, Callable 4/15/21 @ 105.34 (a)	3,000	3,218
Mathews International C, 5.25%, 12/1/25, Callable 12/1/20 @ 103.94 (a)	3,500	3,509
Prime Security Services Borrower LLC/Prime Finance, Inc., 6.25%, 1/15/28, Callable 1/15/23 @ 103.13 (a)	8,000	7,896
RR Donnelley & Sons Co., 6.00%, 4/1/24	3,000	3,061
Textron Financial Corp., 3.64%(LIBOR03M+174bps), 2/15/42, Callable 2/24/20 @ 100 (a) (c)	5,000	4,098
Titan International, Inc., 6.50%, 11/30/23, Callable 3/9/20 @ 104.88	3,000	2,657
TransDigm, Inc. 7.50%, 3/15/27, Callable 3/15/22 @ 103.75	5,000	5,471
5.50%, 11/15/27, Callable 11/15/22 @ 102.75 (a)	9,000	9,064
United Rentals North America, Inc., 5.50%, 5/15/27, Callable 5/15/22 @ 102.75	3,000	3,192
Univar Solutions USA, Inc., 5.13%, 12/1/27, Callable 12/1/22 @ 102.56 (a)	1,000	1,040
Waste Pro USA, Inc., 5.50%, 2/15/26, Callable 2/15/21 @ 104.13 (a)	3,000	3,090
XPO Logistics, Inc., 6.75%, 8/15/24, Callable 8/15/21 @ 103.38 (a)	5,333	5,761
Zekelman Industries, Inc., 9.88%, 6/15/23, Callable 3/9/20 @ 104.94 (a)	1,198	1,259
		<u>101,011</u>

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Security Description	Principal Amount	Value
<b>Information Technology (1.9%):</b>		
CommScope Technologies LLC		
6.00%, 6/15/25, Callable 6/15/20 @ 103 (a) . . . . .	\$ 6,000	\$ 5,746
5.00%, 3/15/27, Callable 3/15/22 @ 102.5 (a) . . . . .	12,000	10,814
GTT Communications, Inc., 7.88%, 12/31/24, Callable 3/9/20 @ 105.91 (a) . . . . .	1,000	780
Itron, Inc., 5.00%, 1/15/26, Callable 1/15/21 @ 102.5 (a) . . . . .	1,500	1,557
NCR Corp., 6.13%, 9/1/29, Callable 9/1/24 @ 103.06 (a) . . . . .	1,500	1,637
Refinitiv US Holdings, 6.25%, 5/15/26, Callable 11/15/21 @ 103.13 (a) . . . . .	3,000	3,251
Solera LLC/Solera Finance, Inc., 10.50%, 3/1/24, Callable 3/9/20 @ 105.25 (a) . . . . .	3,500	3,709
Sophia, LP/Sophia Finance, Inc., 9.00%, 9/30/23, Callable 3/9/20 @ 102.25 (a) . . . . .	6,000	6,163
Veritas US, Inc., 10.50%, 2/1/24, Callable 2/18/20 @ 105.25 (a) (e) . . . . .	1,500	1,380
Western Digital Corp., 4.75%, 2/15/26, Callable 11/15/25 @ 100 . . . . .	3,000	3,202
		38,239
<b>Materials (5.2%):</b>		
AK Steel Corp., 6.38%, 10/15/25, Callable 10/15/20 @ 103.19 (e) . . . . .		
	7,417	7,284
Allegheny Ludlum LLC, 6.95%, 12/15/25 . . . . .	10,456	11,151
Allegheny Technologies, Inc., 5.88%, 12/1/27, Callable 12/1/22 @ 102.94 . . . . .	500	510
Bway Holding Co., 7.25%, 4/15/25, Callable 4/15/20 @ 103.63 (a) . . . . .	10,000	9,951
Compass Minerals International, Inc., 6.75%, 12/1/27, Callable 12/1/22 @ 103.38 (a) . . . . .		
	4,000	4,286
Freeport-McMoRan, Inc., 5.45%, 3/15/43, Callable 9/15/42 @ 100 . . . . .	10,000	10,190
Kraton Polymers LLC/Kraton Polymers Capital Corp., 7.00%, 4/15/25, Callable 4/15/20 @ 105.25 (a) . . . . .		
	3,000	3,060
Kronos Acquisition Holdings, Inc., 9.00%, 8/15/23, Callable 3/9/20 @ 104.5 (a) . . . . .	8,000	7,676
New Enterprise Stone & Lime Co., Inc. 10.13%, 4/1/22, Callable 3/9/20 @ 107.59 (a) . . . . .		
	2,000	2,101
6.25%, 3/15/26, Callable 3/15/21 @ 103.13 (a) . . . . .	1,000	1,048
Novelis Corp., 4.75%, 1/30/30, Callable 1/30/25 @ 102.38 (a) . . . . .	5,000	5,026
Olin Corp., 5.00%, 2/1/30, Callable 2/1/24 @ 102.5 . . . . .	5,000	5,090
Plastipak Holdings, Inc., 6.25%, 10/15/25, Callable 10/15/20 @ 103.13 (a) (e) . . . . .	3,000	2,643
Reynolds Group Issuer, Inc., 7.00%, 7/15/24, Callable 3/16/20 @ 103.5 (a) . . . . .	3,250	3,346
Sealed Air Corp., 6.88%, 7/15/33 (a) . . . . .	3,000	3,565
SunCoke Energy Partners, LP/SunCoke Energy Partners Finance Corp., 7.50%, 6/15/25, Callable 6/15/20 @ 105.63 (a) . . . . .		
	5,000	4,831
The Chemours Co., 5.38%, 5/15/27, Callable 2/15/27 @ 100 . . . . .	3,000	2,601
United States Steel Corp., 6.25%, 3/15/26, Callable 3/15/21 @ 103.13 (e) . . . . .	10,000	8,439
Venator Finance SARL/Venator Materials LLC, 5.75%, 7/15/25, Callable 7/15/20 @ 104.31 (a) . . . . .		
	5,000	4,625
Warrior Met Coal LLC, 8.00%, 11/1/24, Callable 11/1/20 @ 104 (a) . . . . .	7,000	7,279
		104,702
<b>Real Estate (0.8%):</b>		
Outfront Media Capital LLC/Outfront Media Capital Corp., 4.63%, 3/15/30, Callable 3/15/25 @ 102.31 (a) . . . . .		
	1,000	1,031
Sabra Health Care LP, 5.13%, 8/15/26, Callable 5/15/26 @ 100 . . . . .	3,000	3,279
Uniti Group LP/Uniti Group Finance, Inc./CSL Capital LLC, 7.13%, 12/15/24, Callable 3/9/20 @ 105.34 (a) (e) . . . . .		
	2,000	1,584
VICI Properties LP/VICI Note Co., Inc., 4.13%, 8/15/30, Callable 2/15/25 @ 102.06 (a) (m) . . . . .		
	750	760
Washington Prime Group LP, 5.95%, 8/15/24, Callable 6/15/24 @ 100 (e) . . . . .	10,000	8,915
		15,569

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<b>Utilities (1.9%):</b>		
Calpine Corp.		
5.75%, 1/15/25, Callable 3/9/20 @ 102.88 .....	\$ 10,000	\$ 10,275
4.50%, 2/15/28, Callable 2/15/23 @ 102.25 (a) .....	3,000	2,974
Genesis Energy LP, 6.50%, 10/1/25, Callable 10/1/20 @ 104.88 .....	4,000	3,893
Genesis Energy LP/Genesis Energy Finance Corp., 7.75%, 2/1/28, Callable 2/1/23 @ 105.81 .....	3,500	3,528
NRG Energy, Inc.		
7.25%, 5/15/26, Callable 5/15/21 @ 103.63 .....	1,500	1,623
5.75%, 1/15/28, Callable 1/15/23 @ 102.88 .....	3,000	3,232
Talen Energy Supply LLC, 7.25%, 5/15/27, Callable 5/15/22 @ 103.63 (a) .....	3,000	3,077
Vistra Energy Corp., 5.88%, 6/1/23, Callable 3/9/20 @ 101.96 .....	5,000	5,105
Vistra Operations Co. LLC, 5.00%, 7/31/27, Callable 7/31/22 @ 102.5 (a) .....	5,000	5,150
		<u>38,857</u>
<b>Total Corporate Bonds (Cost \$1,121,727)</b>		<u>1,143,977</u>

**Yankee Dollar (19.3%)**

**Communication Services (2.2%):**

Altice France SA		
7.38%, 5/1/26, Callable 5/1/21 @ 103.69 (a) .....	10,000	10,665
8.13%, 2/1/27, Callable 2/1/22 @ 106.09 (a) .....	4,000	4,477
Altice Luxembourg SA, 7.63%, 2/15/25, Callable 3/9/20 @ 103.81 (a) .....	16,500	17,182
Digicel International Finance Ltd./Digicel Holdings Bermuda Ltd.,		
8.75%, 5/25/24, Callable 5/25/21 @ 104.38 (a) .....	5,000	4,976
Digicel Ltd., 6.00%, 4/15/21, Callable 3/9/20 @ 100 (a) .....	3,500	2,771
Telecom Italia Capital SA, 7.20%, 7/18/36 .....	5,000	6,197
		<u>46,268</u>

**Consumer Discretionary (1.2%):**

Brookfield Residential Properties, Inc., 6.38%, 5/15/25, Callable 5/15/20 @ 103.19 (a) .....		
	3,000	3,113
Cirsa Finance International S.A.R.L., 7.88%, 12/20/23, Callable 6/20/20 @ 103.94 (a) .....		
	2,702	2,853
IHO Verwaltungs GMBH PIK, 6.38%, 5/15/29, Callable 5/15/24 @ 103.19 (a) (t) ..	3,000	3,279
Mattamy Group Corp., 6.50%, 10/1/25, Callable 10/1/20 @ 104.88 (a) .....	1,250	1,337
Melco Resorts Finance Ltd., 5.38%, 12/4/29, Callable 12/4/24 @ 102.69 (a) ....	3,000	3,014
Wynn Macau Ltd., 5.13%, 12/15/29, Callable 12/15/24 @ 102.56 (a) (e) .....	3,000	2,975
YPSO Finance BIS SA, 6.00%, 2/15/28 (m) .....	10,000	9,891
		<u>26,462</u>

**Consumer Staples (0.9%):**

Avon International Capital PLC, 6.50%, 8/15/22, Callable 3/16/20 @ 103.94 (a) ..		
	7,000	7,255
JBS USA LUX SA/JBS USA Finance, Inc., 6.75%, 2/15/28, Callable 2/15/23 @ 103.38 (a) .....		
	6,000	6,659
Minerva Luxembourg SA, 5.88%, 1/19/28, Callable 1/19/23 @ 102.94 (a) .....	3,000	3,167
NBM US Holdings, Inc., 7.00%, 5/14/26, Callable 5/14/22 @ 103.5 .....	800	858
		<u>17,939</u>

See notes to financial statements.



(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
<b>Energy (2.7%):</b>		
Baytex Energy Corp., 8.75%, 4/1/27, Callable 4/1/23 @ 106.56 (a) (m) . . . . .	\$ 3,000	\$ 2,920
Hunt Oil Co. of Peru LLC Sucursal Del Peru, 6.38%, 6/1/28 (a) . . . . .	3,060	3,318
Meg Energy Corp., 7.00%, 3/31/24, Callable 3/9/20 @ 102.33 (a) . . . . .	8,000	8,063
Noble Holding International Ltd., 7.95%, 4/1/25, Callable 1/1/25 @ 100 . . . . .	4,250	2,034
Petrobras Global Finance BV, 5.75%, 2/1/29 . . . . .	4,093	4,727
Petroleos Mexicanos, 5.95%, 1/28/31, Callable 10/28/30 @ 100 (a) . . . . .	3,000	3,046
Petroleos Mexicanos		
6.50%, 3/13/27 . . . . .	2,000	2,166
6.84%, 1/23/30, Callable 10/23/29 @ 100 (a) . . . . .	6,000	6,510
Tecpetrol SA, 4.88%, 12/12/22, Callable 12/12/20 @ 102.44 (a) (e) . . . . .	5,000	4,916
Transocean, Inc.		
9.00%, 7/15/23 (a) . . . . .	4,000	4,293
7.50%, 1/15/26, Callable 1/15/21 @ 105.63 (a) . . . . .	4,000	3,728
7.50%, 4/15/31 . . . . .	3,750	2,733
Transportadora de Gas del Sur SA, 6.75%, 5/2/25, Callable 5/2/22 @ 103.38 (a) (e) . . . . .	5,000	4,591
		<u>53,045</u>
<b>Financials (4.4%):</b>		
Alice Financing SA, 5.00%, 1/15/28, Callable 1/15/23 @ 102.5 (a) . . . . .	5,000	4,950
Alice Finco SA, 7.63%, 2/15/25, Callable 3/9/20 @ 103.81 (a) . . . . .	11,500	11,959
BBVA Bancomer SA, 5.88%(H15T5Y+431bps), 9/13/34, Callable 9/13/29 @ 100 (a) (c) . . . . .	4,500	5,015
Deutsche Bank AG		
4.50%, 4/1/25 . . . . .	5,000	5,155
4.30%(USSW5+225bps), 5/24/28, Callable 5/24/23 @ 100 (c) . . . . .	2,000	1,979
4.87%(USISDA05+255bps), 12/1/32, Callable 12/1/27 @ 100 (c) . . . . .	14,000	13,958
Intelsat Jackson Holdings SA		
5.50%, 8/1/23, Callable 3/9/20 @ 101.83 . . . . .	5,000	4,014
8.50%, 10/15/24, Callable 10/15/20 @ 106.38 (a) . . . . .	5,000	4,204
9.75%, 7/15/25, Callable 7/15/21 @ 104.88 (a) . . . . .	5,000	4,259
Intesa Sanpaolo SpA, 5.71%, 1/15/26 (a) . . . . .	5,000	5,534
QBE Capital Funding III Ltd., 7.25%(USSW10+405bps), 5/24/41, Callable 5/24/21 @ 100 (a) (c) . . . . .	5,000	5,281
Rede D'or Finance Sarl, 4.50%, 1/22/30, Callable 10/22/29 @ 100 (a) . . . . .	3,000	3,021
Royal Bank of Scotland Group PLC, 4.26%(LIBOR03M+232bps), Callable 9/30/27 @ 100 (c) (j) . . . . .	5,000	4,999
Schahin II Finance Co. SPV Ltd.		
8.00%, 5/25/20 (a) (h) . . . . .	135	125
5.88%, 9/25/22 (i) (n) . . . . .	5,212	337
Transcanada Trust, 5.63%(LIBOR03M+353bps), 5/20/75, Callable 5/20/25 @ 100 (c) . . . . .	3,000	3,162
UniCredit SpA, 7.30%(USISDA05+491bps), 4/2/34, Callable 4/2/29 @ 100 (a) (c) . . . . .	10,000	11,813
		<u>89,765</u>
<b>Health Care (1.0%):</b>		
Bausch Health Cos., Inc.		
6.13%, 4/15/25, Callable 4/15/20 @ 103.06 (a) . . . . .	5,000	5,154
7.25%, 5/30/29, Callable 5/30/24 @ 103.63 (a) . . . . .	5,000	5,620

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Principal Amount	Value
Teva Pharmaceutical Finance Netherlands III BV		
6.75%, 3/1/28, Callable 12/1/27 @ 100 (e) . . . . .	\$ 5,000	\$ 5,217
4.10%, 10/1/46 . . . . .	5,000	3,843
		<u>19,834</u>
<b>Industrials (1.6%):</b>		
Bombardier, Inc.		
7.50%, 3/15/25, Callable 3/16/20 @ 103.75 (a) . . . . .	15,000	14,502
7.88%, 4/15/27, Callable 4/15/22 @ 103.94 (a) . . . . .	10,000	9,504
Latam Airlines Pass Through Trust B, 4.50%, 8/15/25 . . . . .	3,059	3,065
Norwe Air Shuttle ASA, 7.50%, 5/10/25 (a) . . . . .	3,667	3,779
		<u>30,850</u>
<b>Materials (4.1%):</b>		
Alcoa Nederland Holding, 6.13%, 5/15/28, Callable 5/15/23 @ 103.06 (a) . . . . .	4,000	4,218
ArcelorMittal, 7.00%, 10/15/39 . . . . .	10,000	12,642
Ardagh Packaging Finance PLC/Holdings USA, Inc., 6.00%, 2/15/25, Callable 2/18/20 @ 104.5 (a) . . . . .	3,000	3,134
Cemex SAB de CV, 5.45%, 11/19/29, Callable 11/19/24 @ 102.73 (a) . . . . .	3,000	3,197
Eldorado Gold Corp., 9.50%, 6/1/24, Callable 12/1/21 @ 107.13 (a) . . . . .	3,000	3,223
First Quantum Minerals Ltd.		
7.50%, 4/1/25, Callable 4/1/20 @ 105.63 (a) . . . . .	10,000	9,828
6.88%, 3/1/26, Callable 3/1/21 @ 105.16 (a) . . . . .	3,000	2,911
Infrabuild Australia Pty Ltd., 12.00%, 10/1/24, Callable 10/1/21 @ 109 (a) . . . . .	3,000	3,050
Methanex Corp., 5.25%, 12/15/29, Callable 9/15/29 @ 100 . . . . .	5,000	5,261
Mineral Resources Ltd., 8.13%, 5/1/27, Callable 5/1/22 @ 106.09 (a) . . . . .	3,000	3,276
New Gold, Inc., 6.38%, 5/15/25, Callable 5/15/20 @ 104.78 (a) . . . . .	1,394	1,311
Smurfit Kappa Treasury Funding DAC, 7.50%, 11/20/25 . . . . .	3,200	3,980
Starfruit Finco BV/Starfruit US Holdco LLC, 8.00%, 10/1/26, Callable 10/1/21 @ 104 (a) (e) . . . . .	5,000	5,249
Teck Resources Ltd., 6.13%, 10/1/35 . . . . .	10,000	11,873
Vedanta Resources Ltd.		
8.25%, 6/7/21 (a) . . . . .	5,000	5,167
6.38%, 7/30/22 (a) (e) . . . . .	3,000	2,929
		<u>81,249</u>
<b>Sovereign Bond (0.2%):</b>		
Bahamas Government International Bond, 6.00%, 11/21/28, Callable 8/21/28 @ 100 (a) (e) . . . . .	3,000	3,394
<b>Utilities (1.0%):</b>		
AES Gener SA, 7.13%(USSW5+464bps), 3/26/79, Callable 4/7/24 @ 100 (a) (c) . . . . .	5,000	5,368
Electricite de France SA, 5.25%(USSW10+371bps), Callable 1/29/23 @ 100 (a) (c) (j) . . . . .	5,000	5,267
Empresa Electrica Cochrane SpA, 5.50%, 5/14/27 (a) . . . . .	3,000	3,130
ENEL SpA, 8.75%(USSW5+588bps), 9/24/73, Callable 9/24/23 @ 100 (a) (c) . . . . .	4,975	5,876
		<u>19,641</u>
<b>Total Yankee Dollar (Cost \$369,128)</b>		<u>388,447</u>

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Shares or Principal Amount	Value
<b>Municipal Bonds (0.2%)</b>		
<b>Illinois (0.1%):</b>		
City of Chicago, GO, Series B, 7.05%, 1/1/29 . . . . .	\$ 2,000	\$ 2,308
<b>New Jersey (0.1%):</b>		
South Jersey Transportation Authority Revenue, Series B, 3.36%, 11/1/28 . . . . .	1,375	1,405
<b>Total Municipal Bonds (Cost \$3,375)</b>		<b>3,713</b>
<b>U.S. Government Agency Mortgages (0.2%)</b>		
Federal Home Loan Mortgage Corp.		
Series K052 Class A2, 3.15%, 11/25/25 . . . . .	3,000	3,227
<b>Total U.S. Government Agency Mortgages (Cost \$3,051)</b>		<b>3,227</b>
<b>U.S. Treasury Obligations (0.0%) (f)</b>		
U.S. Treasury Notes, 2.00%, 2/15/25 . . . . .	550	568
<b>Total U.S. Treasury Obligations (Cost \$545)</b>		<b>568</b>
<b>Exchange-Traded Funds (6.2%)</b>		
iShares iBoxx High Yield Corporate Bond ETF (e) . . . . .	724,568	63,421
SPDR Bloomberg Barclays High Yield Bond ETF . . . . .	556,281	60,657
<b>Total Exchange-Traded Funds (Cost \$119,740)</b>		<b>124,078</b>
<b>Warrants (0.0%) (f)</b>		
<b>Energy (0.0%):</b>		
Sabine Oil & Gas Holdings, Inc. (i) . . . . .	1,282	17
Sabine Oil & Gas Holdings, Inc. (i) . . . . .	8,785	144
SandRidge Energy, Inc. (i) . . . . .	13,764	—(l)
SandRidge Energy, Inc. . . . .	5,795	—(l)
		161
<b>Total Warrants (Cost \$—)</b>		<b>161</b>
<b>Commercial Paper (6.2%)</b>		
Cabot Corp., 1.73%, 2/6/20 (a) (q) . . . . .	7,500	7,498
CSL Holdings, Inc., 1.72%, 2/3/20 (a) (q) . . . . .	16,000	15,997
Duke Energy Corp., 1.69%, 2/6/20 (a) (q) . . . . .	5,300	5,299
Eaton Corp., 1.68%, 2/3/20 (a) (q) . . . . .	6,700	6,699
Enbridge US, Inc., 1.76%, 2/21/20 (a) (q) . . . . .	11,000	10,989
Glencore Funding LLC, 1.89%, 2/10/20 (a) (q) . . . . .	12,000	11,994
Hyundai Capital America, 1.69%, 2/5/20 (a) (q) . . . . .	15,000	14,996
Kentucky Utilities Co., 1.74%, 2/13/20 (a) (q) . . . . .	7,000	6,996
ONEOK, Inc., 1.87%, 2/4/20 (a) (q) . . . . .	10,000	9,998
Ontario Power Generation, 1.79%, 2/4/20 (a) (q) . . . . .	5,600	5,599
Plains All American Pipeline LP		
1.69%, 2/5/20 (a) (q) . . . . .	5,200	5,199
1.69%, 2/6/20 (a) (q) . . . . .	9,000	8,997
Spire, Inc., 1.68%, 2/3/20 (a) (q) . . . . .	15,000	14,998
<b>Total Commercial Paper (Cost \$125,264)</b>		<b>125,259</b>

See notes to financial statements.

(Amounts in Thousands, Except for Shares)

(Unaudited)

Security Description	Shares	Value
<b>Collateral for Securities Loaned<sup>^</sup> (4.3%)</b>		
HSBC U.S. Government Money Market Fund, I Shares, 1.52% (r) . . . . .	85,665,131	\$ 85,665
<b>Total Collateral for Securities Loaned (Cost \$85,665)</b>		<b>85,665</b>
<b>Total Investments (Cost \$2,046,316) — 104.1%</b>		<b>2,095,949</b>
<b>Liabilities in excess of other assets — (4.1%)</b>		<b>(82,649)</b>
<b>NET ASSETS — 100.00%</b>		<b>\$2,013,300</b>

<sup>^</sup> Purchased with cash collateral from securities on loan.

- (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 based upon procedures approved by the Board of Trustees. As of January 31, 2020, the fair value of these securities was \$997,042 thousand and amounted to 49.5% of net assets.
- (b) The rate for certain asset-backed and mortgage backed securities may vary based on factors relating to the pool of assets underlying the security. The rate disclosed is the rate in effect at January 31, 2020.
- (c) Variable or Floating-Rate Security. Rate disclosed is as of January 31, 2020.
- (d) Non-income producing security.
- (e) All or a portion of this security is on loan.
- (f) Amount represents less than 0.05% of net assets.
- (g) All or a portion of this security has been segregated as collateral for securities purchased on a when-issued basis.
- (h) Security was fair valued based upon procedures approved by the Board of Trustees and represents 0.2% of the Fund's net assets as of January 31, 2020. This security is classified as Level 3 within the fair value hierarchy. (See Note 2)
- (i) The Fund's Adviser has deemed this security to be illiquid based upon procedures approved by the Board of Trustees. As of January 31, 2020, illiquid securities were 0.2% of the Fund's net assets.
- (j) Security is perpetual and has no final maturity date but may be subject to calls at various dates in the future.
- (k) At January 31, 2020, the issuer was in bankruptcy.
- (l) Rounds to less than \$1 thousand.
- (m) Security purchased on a when-issued basis.
- (n) Defaulted security.
- (o) 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.
- (p) Zero-coupon bond.

See notes to financial statements.

*(Unaudited)*

- (q) Rate represents the effective yield at January 31, 2020.
- (r) Rate disclosed is the daily yield on January 31, 2020.
- (s) The rates for this senior secured loan will be known on settlement date of the loan, subsequent to this report date. Senior secured loans have rates that will fluctuate over time in line with prevailing interest rates.
- (t) 7.125% of coupon is paid in kind.

ADR — American Depositary Receipt

bps — Basis points

ETF — Exchange-Traded Fund

DIP — Debtor in Possession

GO — General Obligation

H15T5Y — 5 Year Treasury Constant Maturity Rate

LIBOR — London InterBank Offered Rate

LIBOR01M — 1 Month US Dollar LIBOR, rate disclosed as of January 31, 2020, based on the last reset date of the security

LIBOR03M — 3 Month US Dollar LIBOR, rate disclosed as of January 31, 2020, based on the last reset date of the security

LIBOR06M — 6 Month US Dollar LIBOR, rate disclosed as of January 31, 2020, based on the last reset date of the security

LLC — Limited Liability Company

LP — Limited Partnership

MTN — Medium Term Note

PIK — Payment in-kind

PLC — Public Limited Company

USISDA05 — 5 Year ICE Swap Rate, rate disclosed as of January 31, 2020

USSW10 — USD 10 Year Swap Rate, rate disclosed as of January 31, 2020

USSW5 — USD 5 Year Swap Rate, rate disclosed as of January 31, 2020

*See notes to financial statements.*

## Statement of Assets and Liabilities

USAA Mutual Funds Trust

January 31, 2020

*(Amounts in Thousands, Except Per Share Amounts)*

*(Unaudited)*

	<b>USAA High Income Fund</b>
<b>Assets:</b>	
Investments, at value (Cost \$2,046,316)	\$2,095,949(a)
Deposits with brokers for futures contracts	53
Receivables:	
Interest and dividends	27,362
Capital shares issued	847
Investments sold	8,836
From Adviser	38
Prepaid expenses	6
Total assets	2,133,091
<b>Liabilities:</b>	
Payables:	
Cash	4,373
Collateral received on loaned securities	85,665
Investments purchased	26,866
Capital shares redeemed	1,360
Accrued expenses and other payables:	
Investment advisory fees	859
Administration fees	223
Custodian fees	118
Transfer agent fees	165
Compliance fees	—(b)
12b-1 fees	1
Other accrued expenses	161
Total liabilities	119,791
<b>Net Assets:</b>	
Capital	2,096,863
Total distributable earnings/(loss)	(83,563)
Net assets	\$2,013,300
Net Assets:	
Fund Shares	\$1,199,719
Institutional Shares	797,837
Adviser Shares	10,103
R6 Shares	5,641
Total	\$2,013,300
Shares (unlimited number of shares authorized with no par value):	
Fund Shares	151,378
Institutional Shares	100,782
Adviser Shares	1,272
R6 Shares	712
Total	254,144
Net asset value, offering and redemption price per share: (c)	
Fund Shares	\$ 7.93
Institutional Shares	7.92
Adviser Shares	7.94
R6 Shares	7.92

(a) Includes \$82,763 of securities on loan.

(b) Rounds to less than \$1 thousand.

(c) 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 January 31, 2020

*(Amounts in Thousands)*

*(Unaudited)*

**USAA High  
Income Fund**

**Investment Income:**

Dividends	\$ 8,552
Interest	59,169
Securities lending (net of fees)	370
Total Income	68,091

**Expenses:**

Investment advisory fees	5,130
Administration fees — Fund Shares	908
Administration fees — Institutional Shares	413
Administration fees — Adviser Shares	8
Administration fees — R6 Shares	1
Sub-Administration fees	11
12b-1 fees — Adviser Shares	13
Custodian fees	113
Transfer agent fees — Fund Shares	785
Transfer agent fees — Institutional Shares	413
Transfer agent fees — Adviser Shares	4
Transfer agent fees — R6 Shares	—(a)
Trustees' fees	22
Compliance fees	6
Legal and audit fees	61
State registration and filing fees	58
Interest expense on Interfund lending	1
Other expenses	134
Total Expenses	8,081
Expenses waived/reimbursed by Adviser	(60)
Net Expenses	8,021

Net Investment Income (Loss)	60,070
------------------------------	--------

**Realized/Unrealized Gains (Losses) from Investments:**

Net realized gains (losses) from investment securities	(48,967)
Net realized gains (losses) from affiliated security transactions	41
Net change in unrealized appreciation/depreciation on investment securities	51,680
Net realized/unrealized gains (losses) on investments	2,754
Change in net assets resulting from operations	\$ 62,824

(a) Rounds to less than \$1 thousand.

*See notes to financial statements.*

*(Amounts in Thousands)*

	USAA High Income Fund	
	Six-Months Ended January 31, 2020 (unaudited)	Year Ended July 31, 2019
<b>From Investments:</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 60,070	\$ 126,090
Net realized gains (losses) from investments	(48,926)	(7,451)
Net change in unrealized appreciation (depreciation) on investments	51,680	(20,776)
Change in net assets resulting from operations	62,824	97,863
<b>Distributions to Shareholders:</b>		
Fund Shares	(34,737)	(71,053)
Institutional Shares	(23,553)	(55,401)
Adviser Shares	(281)	(574)
R6 Shares	(158)	(315)
Change in net assets resulting from distributions to shareholders	(58,729)	(127,343)
Change in net assets resulting from capital transactions	(132,340)	(17,963)
Change in net assets	(128,245)	(47,443)
<b>Net Assets:</b>		
Beginning of period	2,141,545	2,188,988
End of period	\$2,013,300	\$2,141,545
<b>Capital Transactions:</b>		
<b>Fund Shares</b>		
Proceeds from shares issued	\$ 88,528	\$ 205,681
Distributions reinvested	32,238	66,013
Cost of shares redeemed	(136,564)	(250,114)
Total Fund Shares	\$ (15,798)	\$ 21,580
<b>Institutional Shares</b>		
Proceeds from shares issued	\$ 33,575	\$ 76,300
Distributions reinvested	22,833	53,355
Cost of shares redeemed	(173,418)	(169,564)
Total Institutional Shares	\$ (117,010)	\$ (39,909)
<b>Adviser Shares</b>		
Proceeds from shares issued	\$ 628	\$ 926
Distributions reinvested	128	255
Cost of shares redeemed	(698)	(1,036)
Total Adviser Shares	\$ 58	\$ 145
<b>R6 Shares</b>		
Proceeds from shares issued	\$ 634	\$ 243
Distributions reinvested	11	9
Cost of shares redeemed	(235)	(31)
Total R6 Shares	\$ 410	\$ 221
Change in net assets resulting from capital transactions	\$ (132,340)	\$ (17,963)

*(continues on next page)*

See notes to financial statements.



*(Amounts in Thousands)**(continued)*

	USAA High Income Fund	
	Six-Months Ended January 31, 2020 (unaudited)	Year Ended July 31, 2019
<b>Share Transactions:</b>		
<b>Fund Shares</b>		
Issued	11,243	26,154
Reinvested	4,097	8,428
Redeemed	(17,345)	(31,952)
Total Fund Shares	(2,005)	2,630
<b>Institutional Shares</b>		
Issued	4,261	9,714
Reinvested	2,904	6,820
Redeemed	(22,080)	(21,566)
Total Institutional Shares	(14,915)	(5,032)
<b>Adviser Shares</b>		
Issued	80	118
Reinvested	16	32
Redeemed	(89)	(133)
Total Adviser Shares	7	17
<b>R6 Shares</b>		
Issued	81	31
Reinvested	1	1
Redeemed	(30)	(4)
Total R6 Shares	52	28
Change in Shares	(16,861)	(2,357)

See notes to financial statements.

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For a Share Outstanding Throughout Each Period

	Investment Activities				Distributions to Shareholders From	
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses) on Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investments
<b>USAA High Income Fund</b>						
<b>Fund Shares</b>						
Six-Months Ended						
January 31, 2020 (unaudited)	\$7.91	0.23(d)	0.02	0.25	(0.23)	—
Year Ended						
July 31, 2019	\$8.01	0.47	(0.10)	0.37	(0.47)	—
Year Ended						
July 31, 2018	\$8.27	0.47	(0.26)	0.21	(0.47)	—
Year Ended						
July 31, 2017	\$7.90	0.47	0.37	0.84	(0.47)	—
Year Ended						
July 31, 2016	\$8.17	0.48	(0.28)	0.20	(0.47)	—
Year Ended						
July 31, 2015	\$8.91	0.47	(0.68)	(0.21)	(0.47)	(0.06)
<b>Institutional Shares</b>						
Six-Months Ended						
January 31, 2020 (unaudited)	\$7.90	0.23(d)	0.02	0.25	(0.23)	—
Year Ended						
July 31, 2019	\$8.00	0.47	(0.09)	0.38	(0.48)	—
Year Ended						
July 31, 2018	\$8.26	0.48	(0.26)	0.22	(0.48)	—
Year Ended						
July 31, 2017	\$7.90	0.48	0.36	0.84	(0.48)	—
Year Ended						
July 31, 2016	\$8.16	0.48	(0.26)	0.22	(0.48)	—
Year Ended						
July 31, 2015	\$8.91	0.48	(0.69)	(0.21)	(0.48)	(0.06)

\* 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 5 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) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

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

(e) Amount is less than \$0.005.

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)	Net Investment Income (Loss)(b)	Gross Expenses(b)	Net Assets, End of Period (000's)	Portfolio Turnover(a)(c)
(0.23)	—	\$7.93	3.19%	0.82%	5.83%	0.82%	\$1,199,719	24%
(0.47)	—(e)	\$7.91	4.85%	0.85%	5.93%	0.85%	\$1,212,711	31%
(0.47)	—(e)	\$8.01	2.65%	0.81%	5.79%	0.81%	\$1,207,790	22%
(0.47)	—(e)	\$8.27	10.92%	0.83%	5.80%	0.83%	\$1,225,990	21%
(0.47)	—(e)	\$7.90	2.95%	0.82%	6.22%	0.82%	\$1,105,081	36%
(0.53)	—(e)	\$8.17	(2.42)%	0.89%	5.46%	0.89%	\$1,322,058	16%
(0.23)	—	\$7.92	3.23%	0.73%	5.92%	0.74%	\$ 797,837	24%
(0.48)	—(e)	\$7.90	4.94%	0.78%	6.00%	0.78%	\$ 913,599	31%
(0.48)	—(e)	\$8.00	2.74%	0.72%	5.88%	0.72%	\$ 966,124	22%
(0.48)	—(e)	\$8.26	10.89%	0.75%	5.89%	0.75%	\$ 970,767	21%
(0.48)	—(e)	\$7.90	3.19%	0.71%	6.32%	0.71%	\$ 990,980	36%
(0.54)	—(e)	\$8.16	(2.44)%	0.80%	5.55%	0.80%	\$ 811,060	16%

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See notes to financial statements.

*For a Share Outstanding Throughout Each Period**(continued)*

	Investment Activities				Distributions to Shareholders From	
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses) on Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investments
<b>USAA High Income Fund</b>						
<b>Adviser Shares</b>						
Six, Months Ended						
January 31, 2020 (unaudited)	\$7.93	0.22(d)	0.01	0.23	(0.22)	—
Year Ended						
July 31, 2019	\$8.03	0.46	(0.10)	0.36	(0.46)	—
Year Ended						
July 31, 2018	\$8.28	0.46	(0.26)	0.20	(0.45)	—
Year Ended						
July 31, 2017	\$7.92	0.46	0.35	0.81	(0.45)	—
Year Ended						
July 31, 2016	\$8.18	0.44	(0.25)	0.19	(0.45)	—
Year Ended						
July 31, 2015	\$8.92	0.45	(0.69)	(0.24)	(0.45)	(0.06)
<b>R6 Shares</b>						
Six, Months Ended						
January 31, 2020 (unaudited)	\$7.90	0.24(d)	0.01	0.25	(0.23)	—
Year Ended						
July 31, 2019	\$8.01	0.48	(0.10)	0.38	(0.49)	—
Year Ended						
July 31, 2018	\$8.26	0.48	(0.25)	0.23	(0.48)	—
December 1, 2016 (i) through						
July 31, 2017	\$7.98	0.32	0.28	0.60	(0.32)	—

\* 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 5 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) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

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

(e) Amount is less than \$0.005.

See notes to financial statements.

For a Share Outstanding Throughout Each Period

Total Distributions	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)	Net Investment Income (Loss)(b)	Gross Expenses(b)	Net Assets, End of Period (000's)	Portfolio Turnover(a)(c)
(0.22)	—	\$7.94	2.98%	1.00%	5.66%	1.23%	\$ 10,103	24%
(0.46)	—(e)	\$7.93	4.69%	1.00%	5.78%	1.21%	\$ 10,021	31%
(0.45)	—(e)	\$8.03	2.55%	1.02%(f)	5.58%	1.13%	\$ 10,019	22%
(0.45)	—(e)	\$8.28	10.49%	1.08%(g)	5.55%	1.15%	\$ 10,096	21%
(0.45)	—(e)	\$7.92	2.73%	1.15%	5.88%	1.19%	\$ 9,183	36%
(0.51)	0.01	\$8.18	(2.67)%	1.16%(h)	5.19%	1.21%	\$ 12,545	16%
(0.23)	—	\$7.92	3.27%	0.65%	5.98%	0.94%	\$ 5,641	24%
(0.49)	—	\$7.90	4.95%	0.65%	6.13%	0.96%	\$ 5,214	31%
(0.48)	—	\$8.01	2.94%	0.65%	5.95%	0.92%	\$ 5,055	22%
(0.32)	—	\$8.26	7.64%	0.65%	5.88%	1.26%	\$ 5,177	21%

(f) Prior to December 1, 2017, USAA Asset Management Company ("AMCO") (previous Investment Adviser) voluntarily agreed to limit the annual expenses of the Adviser Shares to 1.05% of the Adviser Shares' average daily net assets.

(g) Prior to December 1, 2016, AMCO (previous Investment Adviser) voluntarily agreed to limit the annual expenses of the Adviser Shares to 1.15% of the Adviser Shares' average daily net assets.

(h) Prior to December 1, 2014, AMCO (previous Investment Adviser) voluntarily agreed to limit the annual expense of the Adviser Shares to 1.20% of the Adviser Shares' average daily net assets.

(i) Commencement of operations.

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 High Income Fund (the “Fund”). The Fund offers four classes of shares: Fund Shares, Institutional Shares, Adviser Shares, and R6 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.

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.)
- 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 administers and oversees the Fund’s valuation policies and procedures, which are approved by the Board.

Portfolio securities listed or traded on securities exchanges, including exchange-traded funds (“ETFs”), American Depositary Receipts (“ADRs”) and Rights, are valued at the closing price on the exchange or

*(Unaudited)*

system where the security is principally traded, if available, or the over-the-counter markets, are valued at the last sales price or official closing price. If there have been no sales for that day on the exchange or system, then a security is valued at the last available bid quotation on the exchange or system where the security is principally traded. In each of these situations, valuations typically are categorized as Level 1 in the fair value hierarchy.

Investments in open-end investment companies are valued at net asset value. These valuations typically are 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.

Futures are valued at the settlement price at the close of market on the principal exchange on which they are traded or, in the absence of any transactions that day, the last sale on the prior trading date. These valuations typically are categorized as Level 1 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 typically are 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 January 31, 2020, 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>
Asset Backed Securities . . . . .	\$ —	\$ 2,954	\$ —	\$ 2,954
Collateralized Mortgage Obligations . . . . .	—	4,938	—	4,938
Common Stocks . . . . .	49,632	3,291	70	52,993
Preferred Stocks . . . . .	49,760	23,389	750	73,899
Convertible Preferred Stock . . . . .	—	—	—(a)	—
Senior Secured Loans . . . . .	—	86,064	6	86,070
Corporate Bonds . . . . .	—	1,532,299	125	1,532,424
Municipal Bonds . . . . .	—	3,713	—	3,713
U.S. Government Agency Mortgages . . . . .	—	3,227	—	3,227
U.S. Treasury Obligations . . . . .	—	568	—	568
Exchange-Traded Funds . . . . .	124,078	—	—	124,078
Warrants . . . . .	—	161	—	161
Commercial Paper . . . . .	—	125,259	—	125,259
Collateral for Securities Loaned . . . . .	85,665	—	—	85,665
<b>Total . . . . .</b>	<b><u>\$309,135</u></b>	<b><u>\$1,785,863</u></b>	<b><u>\$951</u></b>	<b><u>\$2,095,949</u></b>

(a) Amount is less than \$1 thousand.

For the six-months ended January 31, 2020, there were no transfers in or out of the Level 3 fair value hierarchy.



**Real Estate Investment Trusts (“REITs”):**

The Fund may invest in REITs, which report information on the source of their distributions annually. REITs are pooled investment vehicles that invest primarily in income producing real estate or real estate related loans or interests (such as mortgages). Certain distributions received from REITs during the year are recorded as realized gains or return of capital as estimated by the Fund or when such information becomes known.

**Investment Companies:****Exchange-Traded Funds:**

The Fund may invest in ETFs. ETFs are a type of index fund, the shares of which are bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. The Fund may purchase shares of an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market while awaiting purchase of underlying securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity of an ETF could result in it being more volatile. Additionally, ETFs have fees and expenses that reduce their value.

**Open-End Funds:**

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.

**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, 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.

**Mortgage- and Asset-Backed Securities:**

The values of some mortgage-related or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Fund to a lower rate of return upon reinvestment of principal. The values of mortgage and asset-backed securities depend in part on the credit quality and adequacy of the underlying assets or collateral and may fluctuate in response to the market’s perception of these factors as well as current

*(Unaudited)*

and future repayment rates. Some mortgage-backed securities are backed by the full faith and credit of the U.S. government (e.g., mortgage-backed securities issued by the Government National Mortgage Association, commonly known as “Ginnie Mae”), while other mortgage-backed securities (e.g., mortgage-backed securities issued by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, commonly known as “Fannie Mae” and “Freddie Mac”), are backed only by the credit of the government entity issuing them. In addition, some mortgage-backed securities are issued by private entities and, as such, are not guaranteed by the U.S. government or any agency or instrumentality of the U.S. government.

**Leveraged Loans:**

The Fund may invest in leveraged loans, a type of bank loan. Leveraged loans are adjustable-rate bank loans made to companies rated below investment grade. The interest rates on leveraged loans are reset periodically based upon the fluctuations of a base interest rate such as LIBOR and a “spread” above that base interest rate that represents a risk premium to the lending banks and/or other participating investors. Many bank loans bear an adjustable rate of interest; however, leveraged loans provide for a greater “spread” over the base interest rate than other bank loans because they are considered to represent a greater credit risk. Because they are perceived to represent a greater credit risk, leveraged loans possess certain attributes that are similar to high-yield securities. However, because they are often secured by collateral of the borrower, leveraged loans possess certain attributes that are similar to other bank loans.

**Below Investment Grade Securities:**

The Fund may invest in below investment grade securities (i.e. lower-quality, “junk” debt), which are subject to various risks. Lower-quality debt is considered to be speculative because it is less certain that the issuer will be able to pay interest or repay the principal than in the case of investment grade debt. These securities can involve a substantially greater risk of default than higher-rated securities, and their values can decline significantly over short periods of time. Lower-quality debt securities tend to be more sensitive to adverse news about their issuers, the market and the economy in general, than higher-quality debt securities. The market for these securities can be less liquid, especially during periods of recession or general market decline.

**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.

Withholding taxes on interest, dividends, and gains as a result of certain investments in ADRs by the Fund have been provided for in accordance with each investment’s applicable country’s tax rules and rates.

**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 thousand. 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

*(Unaudited)*

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. The following table (amounts in thousands) is a summary of the Fund's securities lending transactions as of January 31, 2020:

<u>Value of Securities on Loan</u>	<u>Non-Cash Collateral</u>	<u>Cash Collateral</u>
\$82,763	\$—	\$85,665

**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 July 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., the last four tax year ends 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.

**Allocations:**

Expenses directly attributable to the Fund are charged to the Fund, while expenses that 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, distribution and service 12b-1 fees, and printing 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 January 31, 2020, 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>
\$—	\$5,041	\$41

*(Unaudited)***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 January 31, 2020, were as follows for the Fund (amounts in thousands):

<u>Purchases (excluding U.S. Government Securities)</u>	<u>Sales (excluding U.S. Government Securities)</u>	<u>Purchases of U.S. Government Securities</u>	<u>Sales of U.S. Government Securities</u>
\$453,563	\$580,814	\$—	\$4,650

**4. Affiliated Fund Ownership:**

The Fund offers its shares for investment by other USAA funds. The USAA fund-of-funds do not invest in the underlying funds for the purpose of exercising management or control, and the affiliated fund-of-funds' annual and semi-annual reports may be viewed at [usaa.com](http://usaa.com). As of January 31, 2020, certain USAA fund-of-funds owned total outstanding shares of the Fund:

USAA Cornerstone Conservative Fund .....	0.3%
USAA Target Retirement Income Fund .....	0.3%
USAA Target Retirement 2020 Fund .....	0.6%
USAA Target Retirement 2030 Fund .....	1.4%
USAA Target Retirement 2040 Fund .....	1.1%
USAA Target Retirement 2050 Fund .....	0.1%
USAA Target Retirement 2060 Fund .....	0.0%*

\* Amount is less than 0.05%.

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

Investment advisory services are provided to the Fund by Victory Capital Management Inc. ("VCM" or "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 at an annualized rate of 0.50% of the Fund's average daily net assets. Amounts incurred and paid to VCM are reflected on the Statement of Operations as Investment Advisory fees.

No performance adjustments will be made for periods beginning July 1, 2019, through June 30, 2020. Only performance beginning as of July 1, 2019, and thereafter will be utilized in calculating future performance adjustments.

The performance adjustment will be calculated monthly by comparing each class' performance to that of the Lipper High Yield Bond Funds Index. The Lipper High Yield Bond Funds Index tracks the total return performance of each class within the Lipper High Yield Bond Funds category.

*(Unaudited)*

The performance period for each class will consist of the current month plus the previous number of months beginning July 1, 2019. The following table is utilized to determine the extent of the performance adjustment:

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

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

Each class' annual performance adjustment rate is multiplied by the average daily net assets of the 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 High Yield Bond Funds Index over that period, even if the class has overall negative returns during the performance period.

The Trust relies on an exemptive order granted to VCM and its affiliated funds by the SEC in March 2019 permitting the use of a "manager-of-managers" structure for certain funds. Under a manager-of-managers structure, the investment adviser may select (with approval of the Board and without shareholder approval) one or more subadvisers to manage the day-to-day investment of a fund's assets. For the six-months ended January 31, 2020, the Fund had no subadvisors.

#### **Administration and Servicing Fees:**

VCM serves as the Fund's administrator and fund accountant. Under the 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 of the Fund Shares and Adviser Shares, 0.10% of average daily net assets of the Institutional Shares, and 0.05% of average daily net assets of the R6 Shares. Amounts incurred are reflected on the Statement of Operations as Administration fees.

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 support staff. Funds in the Trust, Victory Variable Insurance Funds, Victory Portfolios, and Victory Portfolios II (collectively, the "Victory Funds Complex") in the aggregate, compensate the Adviser for these services. Amounts incurred are reflected on the Statement of Operations as Compliance fees.

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 and certain other expenses specifically allocated to the Funds, under the Fund Administration, Servicing, and Accounting Agreement. Amounts incurred are reflected on the Statement of Operations as Sub-Administration fees.

**Transfer Agency Fees:**

Victory Capital Transfer Agency, Inc. (“VCTA”), 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. Transfer agent’s fees for Institutional Shares and R6 Shares are paid monthly based on a fee accrued daily at an annualized rate of 0.10% and 0.01%, respectively, of average daily net assets, plus out-of-pocket expenses. Amounts incurred are reflected on the Statement of Operations as Transfer Agent fees.

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.

**Distributor/Underwriting Services:**

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 are 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.

**Other Fees:**

Citibank, N.A., serves as the Fund’s custodian.

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

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.

The expense limits (excluding voluntary waivers) are 0.83%, 0.73%, 1.00%, and 0.65% for Fund Shares, Institutional Shares, Adviser Shares, and R6 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 January 31, 2020, the following amounts are available to be repaid to the Adviser (amounts in thousands). Amounts repaid to the Adviser during the six-months ended January 31, 2020, if any, are reflected on the Statement of Operations as “Expenses waived/reimbursed by Adviser.”

**Expires July 31, 2023**

\$60

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 January 31, 2020.

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.

**6. Risks:**

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

The value of a debt security or other income-producing security changes in response to various factors, including, for example, market-related factors (such as changes in interest rates or changes in the risk appetite of investors generally) and changes in the actual or perceived ability of the issuer (or of issuers generally) to meet its (or their) obligations.

The fixed-income securities in the Fund's portfolio are subject to credit risk, which is the possibility that an issuer of a fixed-income security will fail to make timely interest and/or principal payments on its securities or that negative market perceptions of the issuer's ability to make such payments will cause the price of that security to decline. The Fund accepts some credit risk as a recognized means to enhance an investor's return. All fixed-income securities, varying from the highest quality to the very speculative, have some degree of credit risk.

Fixed-income securities rated below investment grade, also known as "junk" or high-yield bonds, generally entail greater economic, credit, and liquidity risk than investment-grade securities. Their prices may be more volatile, especially during economic downturns, financial setbacks, or liquidity events. High-yield securities also can involve a substantially greater risk of default than higher quality debt securities, and their values can decline significantly over short periods of time.

**7. Borrowing and Interfund Lending:****Line of Credit:**

The Victory Funds Complex participate 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. 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, if any, during the period is presented on the Statement of Operations under line of credit fees.

The Fund had no borrowings under the Line of Credit agreement during the six-months ended January 31, 2020.

**Interfund Lending:**

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. 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, if any, during the period is reflected on the Statement of Operations under Income on Interfund lending.

*(Unaudited)*

The average borrowing and lending for the days outstanding and average interest rate for the Fund during the six-months ended January 31, 2020 were as follows (amounts in thousands):

	Borrower or Lender	Amount Outstanding at January 31, 2020	Average Borrowing*	Days Borrowing Outstanding	Average Interest Rate*	Maximum Borrowing During the Period
USAA High Income Fund . . . . .	Borrower	\$—	\$3,281	5	2.49%	\$5,765

\*For the six-months ended January 31, 2020, based on the number of days borrowings were outstanding.

## 8. Federal Income Tax Information:

The Fund intends to distribute any net investment income monthly. Distributable net realized gains, if any, are declared and 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 July 31, 2020.

As of the most recent tax year ended July 31, 2019, the Fund had no capital loss carryforwards for federal income tax purposes.

## 9. Subsequent Event

An outbreak of respiratory disease called COVID-19 was first detected in China in December 2019 and subsequently spread internationally. The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings and other significant travel restrictions and disruptions, significant disruptions to business operations, supply chains and consumer activity, significant challenges in healthcare service preparation and delivery, and quarantines, as well as general concern and uncertainty that has negatively affected the economic environment and that occurred subsequent to year end may have a significant negative impact on the operations and profitability of the Funds’ investments. These impacts have caused significant volatility and declines in global financial markets, which have caused losses for investors. The impact of the COVID-19 pandemic may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession. Public health crises may exacerbate other pre-existing political, social, economic, market and financial risks. The extent of the impact to the financial performance of the Funds’ investments will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted.



**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 August 1, 2019, through January 31, 2020.

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 8/1/19	Actual Ending Account Value 1/31/20	Hypothetical Ending Account Value 1/31/20	Actual Expenses Paid During Period 8/1/19- 1/31/20*	Hypothetical Expenses Paid During Period 8/1/19- 1/31/20*	Annualized Expense Ratio During Period 8/1/19- 1/31/20
Fund Shares . . . . .	\$1,000.00	\$1,031.90	\$1,021.01	\$4.19	\$4.17	0.82%
Institutional Shares . . . . .	1,000.00	1,032.30	1,021.47	3.73	3.71	0.73%
Adviser Shares . . . . .	1,000.00	1,029.80	1,020.11	5.10	5.08	1.00%
R6 Shares . . . . .	1,000.00	1,032.70	1,021.87	3.32	3.30	0.65%

\* Expenses are equal to the average account value multiplied by the Fund’s annualized expense ratio multiplied by 184/366 (the number of days in the most recent fiscal half-year divided by the number of days in the fiscal year).

**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](http://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](http://www.sec.gov).

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. Forms N-PORT are available on the SEC’s web site at [www.sec.gov](http://www.sec.gov).

# 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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MUTUAL FUNDS

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