



MUTUAL FUNDS

June 30, 2019

# Semiannual Report

## USAA Target Retirement Funds

<b>Income Fund</b>	<b>2020 Fund</b>	<b>2030 Fund</b>	<b>2040 Fund</b>	<b>2050 Fund</b>	<b>2060 Fund</b>
URINX	URTNX	URTRX	URFRX	URFFX	URSIX

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

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

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

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

---

# TABLE OF CONTENTS

---

<b>Investment Overview</b>	<b>1</b>
<b>Shareholder Voting Results</b>	<b>7</b>
<b>Financial Information</b>	
Portfolio of Investments	<b>9</b>
Notes to Portfolio of Investments	<b>21</b>
Financial Statements	<b>24</b>
Notes to Financial Statements	<b>32</b>
Financial Highlights	<b>63</b>
<b>Expense Example</b>	<b>69</b>
<b>Advisory Agreement(s)</b>	<b>72</b>

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

## **IRA DISTRIBUTION WITHHOLDING DISCLOSURE**

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

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

For more specific information, please consult your tax adviser.

---

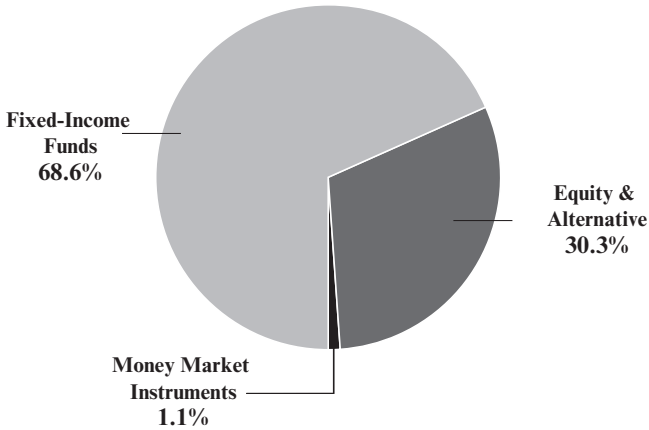
---

# INVESTMENT OVERVIEW

---

■ **TARGET RETIREMENT INCOME FUND** ■

**ASSET ALLOCATION – 6/30/19**  
(% of Net Assets)



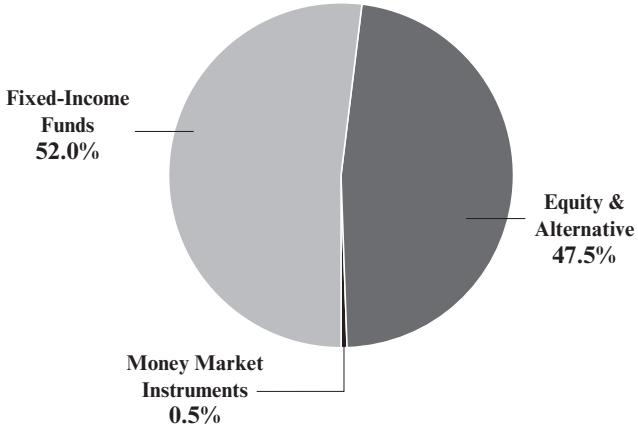
Percentages are of the net assets of the Fund and may not equal 100%.

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

---

■ **TARGET RETIREMENT 2020 FUND** ■

**ASSET ALLOCATION\* – 6/30/19**  
(% of Net Assets)



\*Does not include short-term investments purchased with cash collateral from securities loaned.

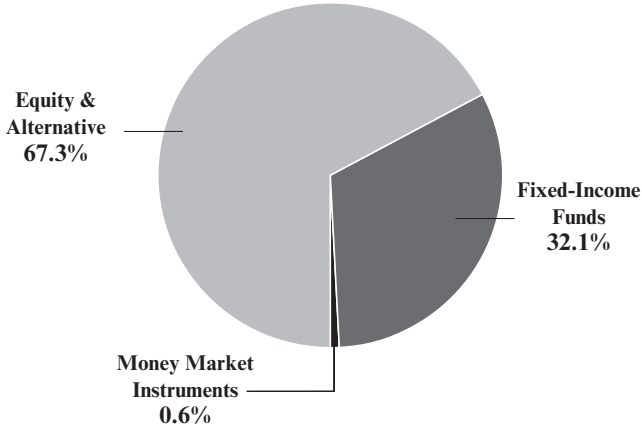
Percentages are of the net assets of the Fund and may not equal 100%.

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

---

■ **TARGET RETIREMENT 2030 FUND** ■

**ASSET ALLOCATION\* – 6/30/19**  
(% of Net Assets)



\*Does not include short-term investments purchased with cash collateral from securities loaned.

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

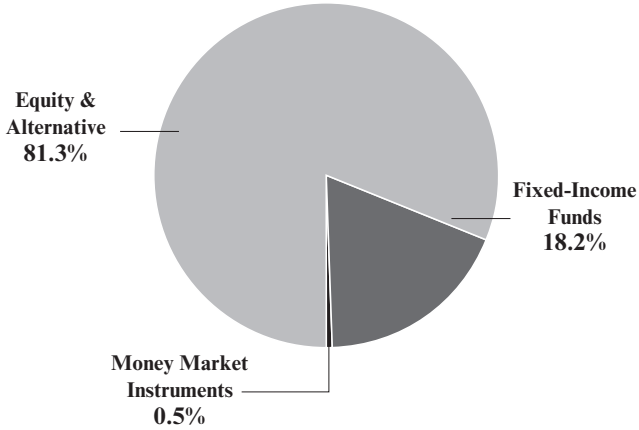
Refer to the Portfolio of Investments for a complete list of securities.

---

■ **TARGET RETIREMENT 2040 FUND** ■

**ASSET ALLOCATION – 6/30/19**

(% of Net Assets)



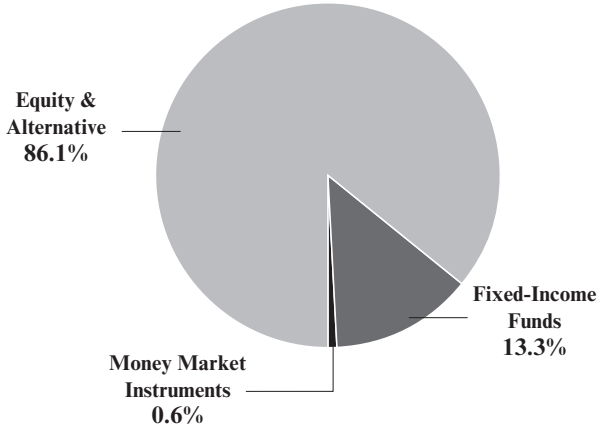
Percentages are of the net assets of the Fund and may not equal 100%.

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

---

■ **TARGET RETIREMENT 2050 FUND** ■

**ASSET ALLOCATION\* – 6/30/19**  
(% of Net Assets)



\*Does not include short-term investments purchased with cash collateral from securities loaned.

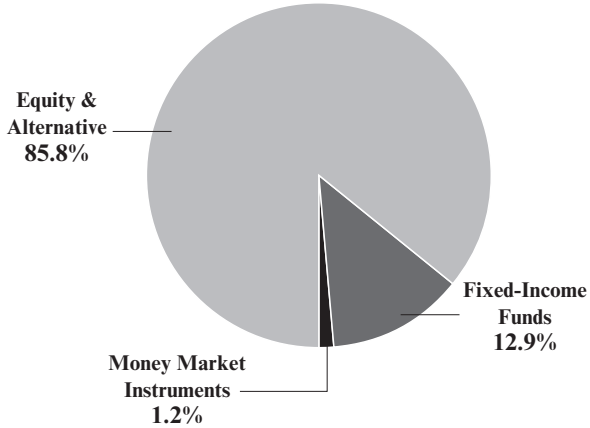
Percentages are of the net assets of the Fund and may not equal 100%.

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

---

■ **TARGET RETIREMENT 2060 FUND** ■

**ASSET ALLOCATION – 6/30/19**  
(% of Net Assets)



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

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



# SHAREHOLDER VOTING RESULTS

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

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

## PROPOSAL 1

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

Fund Name	Number of shares voting		
	For	Against	Abstain
Target Retirement Income	17,438,238	1,610,625	781,679
Target Retirement 2020	29,093,624	3,209,007	2,371,261
Target Retirement 2030	60,167,182	5,864,190	6,257,073
Target Retirement 2040	65,226,160	8,518,075	8,335,929
Target Retirement 2050	33,888,727	4,720,533	5,356,771
Target Retirement 2060	3,129,993	248,613	710,524

---

## PROPOSAL 2

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

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

# PORTFOLIOS OF INVESTMENTS

## USAA TARGET RETIREMENT INCOME FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>BONDS (68.6%)</b>		
<b>FIXED-INCOME FUNDS (68.6%)</b>		
10,583,519	USAA Government Securities Fund Institutional Shares	\$104,883
1,007,406	USAA High Income Fund Institutional Shares	7,979
5,073,671	USAA Income Fund Institutional Shares	67,327
5,465,261	USAA Short-Term Bond Fund Institutional Shares	<u>50,390</u>
	Total Fixed-Income Funds (cost: \$223,549)	<u>230,579</u>
	Total Bonds (cost: \$223,549)	<u>230,579</u>
<b>EQUITY SECURITIES (30.3%)</b>		
<b>EQUITY &amp; ALTERNATIVE (30.3%)</b>		
263,079	USAA Capital Growth Fund Institutional Shares	2,986
81,359	USAA Emerging Markets Fund Institutional Shares	1,477
3,013,123	USAA Global Managed Volatility Fund Institutional Shares	32,602
188,653	USAA Growth Fund Institutional Shares	5,929
205,112	USAA Income Stock Fund Institutional Shares	4,031
404,398	USAA International Fund Institutional Shares	12,294
87,345	USAA MSCI Emerging Markets Value Momentum Blend Index ETF	3,906
133,978	USAA MSCI International Value Momentum Blend Index ETF	6,060
18,285	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	933
149,900	USAA MSCI USA Value Momentum Blend Index ETF	7,683
62,924	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	918
82,596	USAA S&P 500 Index Fund Reward Shares	3,417
112,058	USAA Small Cap Stock Fund Institutional Shares	1,880
1,551,631	USAA Target Managed Allocation Fund	16,416
73,147	USAA Value Fund Institutional Shares	<u>1,413</u>
	Total Equity & Alternative (cost: \$86,416)	<u>101,945</u>
	Total Equity Securities (cost: \$86,416)	<u>101,945</u>
<b>MONEY MARKET INSTRUMENTS (1.1%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (1.1%)</b>		
3,786,052	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$3,786)	<u>3,786</u>
	<b>Total Investments (cost: \$313,751)</b>	<b><u>\$336,310</u></b>

(S in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Bonds:				
Fixed-Income Funds	\$230,579	\$-	\$-	\$230,579
Equity Securities:				
Equity & Alternative	101,945	-	-	101,945
Money Market Instruments:				
Government & U.S. Treasury				
Money Market Funds	3,786	-	-	3,786
<b>Total</b>	<b>\$336,310</b>	<b>\$-</b>	<b>\$-</b>	<b>\$336,310</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.

# USAA TARGET RETIREMENT 2020 FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>BONDS (52.0%)</b>		
<b>FIXED-INCOME FUNDS (52.0%)</b>		
31,835	USAA Core Intermediate-Term Bond ETF <sup>(c)</sup>	\$ 1,631
14,806,719	USAA Government Securities Fund Institutional Shares	146,735
1,771,718	USAA High Income Fund Institutional Shares	14,032
6,843,892	USAA Income Fund Institutional Shares	90,818
10,530	USAA Intermediate-Term Bond Fund Institutional Shares	114
5,554,366	USAA Short-Term Bond Fund Institutional Shares	<u>51,211</u>
	Total Fixed-Income Funds (cost: \$289,984)	<u>304,541</u>
	Total Bonds (cost: \$289,984)	<u>304,541</u>
<b>EQUITY SECURITIES (47.5%)</b>		
<b>EQUITY &amp; ALTERNATIVE (47.5%)</b>		
721,752	USAA Capital Growth Fund Institutional Shares	8,192
143,260	USAA Emerging Markets Fund Institutional Shares	2,600
8,259,174	USAA Global Managed Volatility Fund Institutional Shares	89,364
614,243	USAA Growth Fund Institutional Shares	19,306
682,307	USAA Income Stock Fund Institutional Shares	13,407
1,056,958	USAA International Fund Institutional Shares	32,132
146,361	USAA MSCI Emerging Markets Value Momentum Blend Index ETF <sup>(c)</sup>	6,545
334,621	USAA MSCI International Value Momentum Blend Index ETF	15,136
53,393	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	2,723
410,383	USAA MSCI USA Value Momentum Blend Index ETF	21,035
110,440	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	1,611
263,408	USAA S&P 500 Index Fund Reward Shares	10,897
313,325	USAA Small Cap Stock Fund Institutional Shares	5,258
4,127,778	USAA Target Managed Allocation Fund	43,672
347,469	USAA Value Fund Institutional Shares	<u>6,713</u>
	Total Equity & Alternative (cost: \$229,148)	<u>278,591</u>
	Total Equity Securities (cost: \$229,148)	<u>278,591</u>
<b>MONEY MARKET INSTRUMENTS (0.5%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.5%)</b>		
2,759,363	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$2,759)	<u>2,759</u>

Number of Shares	Security	Market Value (000)
<b>SHORT-TERM INVESTMENT PURCHASED WITH CASH COLLATERAL FROM SECURITIES LOANED (0.0%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.0%)</b>		
219,900	Goldman Sachs Financial Square Government Fund Institutional Class, 2.27% <sup>(b)</sup> (cost: \$220)	\$ 220
<b>Total Investments (cost: \$522,111)</b>		<b><u>\$586,111</u></b>

(S in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Bonds:				
Fixed-Income Funds	\$304,541	\$–	\$–	\$304,541
Equity Securities:				
Equity & Alternative	278,591	–	–	278,591
Money Market Instruments:				
Government & U.S. Treasury Money Market Funds	2,759	–	–	2,759
Short-Term Investment Purchased with Cash Collateral from Securities Loaned:				
Government & U.S. Treasury Money Market Funds	220	–	–	220
<b>Total</b>	<b>\$586,111</b>	<b>\$–</b>	<b>\$–</b>	<b>\$586,111</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.

# USAA TARGET RETIREMENT 2030 FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>EQUITY SECURITIES (67.3%)</b>		
<b>EQUITY &amp; ALTERNATIVE (67.3%)</b>		
2,254,381	USAA Capital Growth Fund Institutional Shares	\$ 25,587
419,167	USAA Emerging Markets Fund Institutional Shares	7,608
26,116,351	USAA Global Managed Volatility Fund Institutional Shares	282,579
2,090,806	USAA Growth Fund Institutional Shares	65,714
2,237,731	USAA Income Stock Fund Institutional Shares	43,971
3,208,921	USAA International Fund Institutional Shares	97,551
432,058	USAA MSCI Emerging Markets Value Momentum Blend Index ETF	19,322
978,123	USAA MSCI International Value Momentum Blend Index ETF	44,242
197,114	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	10,053
1,249,544	USAA MSCI USA Value Momentum Blend Index ETF <sup>(c)</sup>	64,047
249,586	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	3,642
866,606	USAA S&P 500 Index Fund Reward Shares	35,852
1,021,649	USAA Small Cap Stock Fund Institutional Shares	17,143
12,954,616	USAA Target Managed Allocation Fund	137,060
1,767,713	USAA Value Fund Institutional Shares	34,152
	Total Equity & Alternative (cost: \$747,635)	<u>888,523</u>
	Total Equity Securities (cost: \$747,635)	<u>888,523</u>
<b>BONDS (32.1%)</b>		
<b>FIXED-INCOME FUNDS (32.1%)</b>		
98,632	USAA Core Intermediate-Term Bond ETF <sup>(c)</sup>	5,054
21,800,314	USAA Government Securities Fund Institutional Shares	216,041
3,487,535	USAA High Income Fund Institutional Shares	27,621
9,050,727	USAA Income Fund Institutional Shares	120,103
22,634	USAA Intermediate-Term Bond Fund Institutional Shares	244
5,837,565	USAA Short-Term Bond Fund Institutional Shares	53,823
	Total Fixed-Income Funds (cost: \$400,886)	<u>422,886</u>
	Total Bonds (cost: \$400,886)	<u>422,886</u>
<b>MONEY MARKET INSTRUMENTS (0.6%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.6%)</b>		
7,495,713	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$7,496)	<u>7,496</u>

Number of Shares	Security	Market Value (000)
<b>SHORT-TERM INVESTMENT PURCHASED WITH CASH COLLATERAL FROM SECURITIES LOANED (0.1%) GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.1%)</b>		
1,590,250	HSBC U.S. Government Money Market Fund Class I, 2.27% <sup>(b)</sup> (cost: \$1,590)	\$ 1,590
<b>Total Investments (cost: \$1,157,607)</b>		<b><u>\$1,320,495</u></b>

(\$ in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Equity Securities:				
Equity & Alternative	\$ 888,523	\$-	\$-	\$ 888,523
Bonds:				
Fixed-Income Funds	422,886	-	-	422,886
Money Market Instruments:				
Government & U.S. Treasury Money Market Funds	7,496	-	-	7,496
Short-Term Investment Purchased with Cash Collateral from Securities Loaned:				
Government & U.S. Treasury Money Market Funds	1,590	-	-	1,590
<b>Total</b>	<b>\$1,320,495</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,320,495</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.



# USAA TARGET RETIREMENT 2040 FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>EQUITY SECURITIES (81.3%)</b>		
<b>EQUITY &amp; ALTERNATIVE (81.3%)</b>		
3,036,970	USAA Capital Growth Fund Institutional Shares	\$ 34,470
585,794	USAA Emerging Markets Fund Institutional Shares	10,632
35,203,362	USAA Global Managed Volatility Fund Institutional Shares	380,900
2,814,710	USAA Growth Fund Institutional Shares	88,466
2,977,278	USAA Income Stock Fund Institutional Shares	58,503
4,444,629	USAA International Fund Institutional Shares	135,117
578,083	USAA MSCI Emerging Markets Value Momentum Blend Index ETF	25,852
1,312,882	USAA MSCI International Value Momentum Blend Index ETF	59,384
253,894	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	12,949
1,742,691	USAA MSCI USA Value Momentum Blend Index ETF	89,324
277,582	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	4,050
1,162,419	USAA S&P 500 Index Fund Reward Shares	48,089
1,430,206	USAA Small Cap Stock Fund Institutional Shares	23,999
17,446,156	USAA Target Managed Allocation Fund	184,580
2,393,505	USAA Value Fund Institutional Shares	46,243
	Total Equity & Alternative (cost: \$1,005,609)	<u>1,202,558</u>
	Total Equity Securities (cost: \$1,005,609)	<u>1,202,558</u>
<b>BONDS (18.2%)</b>		
<b>FIXED-INCOME FUNDS (18.2%)</b>		
76,293	USAA Core Intermediate-Term Bond ETF	3,909
14,561,891	USAA Government Securities Fund Institutional Shares	144,308
2,897,973	USAA High Income Fund Institutional Shares	22,952
5,624,782	USAA Income Fund Institutional Shares	74,641
16,315	USAA Intermediate-Term Bond Fund Institutional Shares	176
2,614,150	USAA Short-Term Bond Fund Institutional Shares	24,103
	Total Fixed-Income Funds (cost: \$255,347)	<u>270,089</u>
	Total Bonds (cost: \$255,347)	<u>270,089</u>
<b>MONEY MARKET INSTRUMENTS (0.5%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.5%)</b>		
7,438,687	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$7,439)	<u>7,439</u>
	<b>Total Investments (cost: \$1,268,395)</b>	<b><u>\$1,480,086</u></b>

(S in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Equity Securities:				
Equity & Alternative	\$1,202,558	\$-	\$-	\$1,202,558
Bonds:				
Fixed-Income Funds	270,089	-	-	270,089
Money Market Instruments:				
Government & U.S. Treasury				
Money Market Funds	7,439	-	-	7,439
<b>Total</b>	<b>\$1,480,086</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,480,086</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.

# USAA TARGET RETIREMENT 2050 FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>EQUITY SECURITIES (86.1%)</b>		
<b>EQUITY &amp; ALTERNATIVE (86.1%)</b>		
1,836,535	USAA Capital Growth Fund Institutional Shares	\$ 20,845
420,712	USAA Emerging Markets Fund Institutional Shares	7,636
21,459,532	USAA Global Managed Volatility Fund Institutional Shares	232,192
1,717,216	USAA Growth Fund Institutional Shares	53,972
1,783,187	USAA Income Stock Fund Institutional Shares	35,040
2,724,392	USAA International Fund Institutional Shares	82,821
357,400	USAA MSCI Emerging Markets Value Momentum Blend Index ETF	15,983
798,656	USAA MSCI International Value Momentum Blend Index ETF	36,125
170,557	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	8,698
1,038,466	USAA MSCI USA Value Momentum Blend Index ETF <sup>(c)</sup>	53,228
155,949	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	2,275
694,175	USAA S&P 500 Index Fund Reward Shares	28,718
890,936	USAA Small Cap Stock Fund Institutional Shares	14,950
10,548,026	USAA Target Managed Allocation Fund	111,598
1,423,425	USAA Value Fund Institutional Shares	27,501
	Total Equity & Alternative (cost: \$615,986)	<u>731,582</u>
	Total Equity Securities (cost: \$615,986)	<u>731,582</u>
<b>BONDS (13.3%)</b>		
<b>FIXED-INCOME FUNDS (13.3%)</b>		
19,425	USAA Core Intermediate-Term Bond ETF	995
6,920,376	USAA Government Securities Fund Institutional Shares	68,581
265,043	USAA High Income Fund Institutional Shares	2,099
2,478,127	USAA Income Fund Institutional Shares	32,885
12,471	USAA Intermediate-Term Bond Fund Institutional Shares	135
947,507	USAA Short-Term Bond Fund Institutional Shares	8,736
	Total Fixed-Income Funds (cost: \$109,109)	<u>113,431</u>
	Total Bonds (cost: \$109,109)	<u>113,431</u>
<b>MONEY MARKET INSTRUMENTS (0.6%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.6%)</b>		
5,343,116	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$5,343)	<u>5,343</u>

Number of Shares	Security	Market Value (000)
<b>SHORT-TERM INVESTMENTS PURCHASED WITH CASH COLLATERAL FROM SECURITIES LOANED (0.1%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (0.1%)</b>		
622,400	Goldman Sachs Financial Square Government Fund Institutional Class, 2.27%(b)	\$ 622
90,000	HSBC U.S. Government Money Market Fund Class I, 2.27%(b)	90
	Total Government & U.S. Treasury Money Market Funds (cost: \$712)	712
	Total Short-Term Investments Purchased with Cash Collateral from Securities Loaned (cost: \$712)	712
	<b>Total Investments (cost: \$731,150)</b>	<b><u>\$851,068</u></b>

(\$ in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Equity Securities:				
Equity & Alternative	\$731,582	\$-	\$-	\$731,582
Bonds:				
Fixed-Income Funds	113,431	-	-	113,431
Money Market Instruments:				
Government & U.S. Treasury Money Market Funds	5,343	-	-	5,343
Short-Term Investments Purchased with Cash Collateral from Securities Loaned:				
Government & U.S. Treasury Money Market Funds	712	-	-	712
<b>Total</b>	<b>\$851,068</b>	<b>\$-</b>	<b>\$-</b>	<b>\$851,068</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.

# USAA TARGET RETIREMENT 2060 FUND

June 30, 2019 (unaudited)

Number of Shares	Security	Market Value (000)
<b>EQUITY SECURITIES (85.8%)</b>		
<b>EQUITY &amp; ALTERNATIVE (85.8%)</b>		
222,895	USAA Capital Growth Fund Institutional Shares	\$ 2,530
55,164	USAA Emerging Markets Fund Institutional Shares	1,001
2,744,983	USAA Global Managed Volatility Fund Institutional Shares	29,701
210,876	USAA Growth Fund Institutional Shares	6,628
224,233	USAA Income Stock Fund Institutional Shares	4,406
331,256	USAA International Fund Institutional Shares	10,070
44,420	USAA MSCI Emerging Markets Value Momentum Blend Index ETF	1,986
113,568	USAA MSCI International Value Momentum Blend Index ETF	5,137
22,395	USAA MSCI USA Small Cap Value Momentum Blend Index ETF	1,142
131,761	USAA MSCI USA Value Momentum Blend Index ETF	6,754
19,382	USAA Precious Metals and Minerals Fund Institutional Shares <sup>(a)</sup>	283
87,004	USAA S&P 500 Index Fund Reward Shares	3,599
120,083	USAA Small Cap Stock Fund Institutional Shares	2,015
1,352,744	USAA Target Managed Allocation Fund	14,312
186,263	USAA Value Fund Institutional Shares	3,599
	Total Equity & Alternative (cost: \$87,137)	<u>93,163</u>
	Total Equity Securities (cost: \$87,137)	<u>93,163</u>
<b>BONDS (12.9%)</b>		
<b>FIXED-INCOME FUNDS (12.9%)</b>		
870,139	USAA Government Securities Fund Institutional Shares	8,623
25,312	USAA High Income Fund Institutional Shares	200
304,212	USAA Income Fund Institutional Shares	4,037
816	USAA Intermediate-Term Bond Fund Institutional Shares	9
120,035	USAA Short-Term Bond Fund Institutional Shares	1,107
	Total Fixed-Income Funds (cost: \$13,458)	<u>13,976</u>
	Total Bonds (cost: \$13,458)	<u>13,976</u>
<b>MONEY MARKET INSTRUMENTS (1.2%)</b>		
<b>GOVERNMENT &amp; U.S. TREASURY MONEY MARKET FUNDS (1.2%)</b>		
1,370,283	State Street Institutional Treasury Money Market Fund Premier Class, 2.17% <sup>(b)</sup> (cost: \$1,370)	<u>1,370</u>
	<b>Total Investments (cost: \$101,965)</b>	<b><u>\$108,509</u></b>

(S in 000s)	VALUATION HIERARCHY			
Assets	LEVEL 1	LEVEL 2	LEVEL 3	Total
Equity Securities:				
Equity & Alternative	\$ 93,163	\$-	\$-	\$ 93,163
Bonds:				
Fixed-Income Funds	13,976	-	-	13,976
Money Market Instruments:				
Government & U.S. Treasury				
Money Market Funds	1,370	-	-	1,370
<b>Total</b>	<b>\$108,509</b>	<b>\$-</b>	<b>\$-</b>	<b>\$108,509</b>

At June 30, 2019, the Fund did not have any transfers into/out of Level 3.

# NOTES TO PORTFOLIO OF INVESTMENTS

June 30, 2019 (unaudited)

## ■ GENERAL NOTES

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

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

At June 30, 2019, the Funds' investments in foreign securities were as listed below:

	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Investments in foreign securities	7.1%	9.6%	12.8%	15.6%	16.8%	16.8%

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

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

---

## ■ SPECIFIC NOTES

- (a) Non-income-producing security.
- (b) Rate represents the money market fund annualized seven-day yield at June 30, 2019.
- (c) The security, or a portion thereof, was out on loan as of June 30, 2019.

See accompanying notes to financial statements.



This Page Intentionally Left Blank

## STATEMENTS OF ASSETS AND LIABILITIES (IN THOUSANDS)

June 30, 2019 (unaudited)

	USAA Target Retirement Income Fund
<b>ASSETS</b>	
Investments in affiliated underlying funds, at market value (cost of \$309,965, \$519,132, \$1,148,521, \$1,260,956, \$725,095, and \$100,595, respectively)	\$332,524
Investments in unaffiliated securities, at market value (including securities on loan \$0, \$214, \$1,558, \$0, \$702, and \$0, respectively) (cost of \$3,786, \$2,979, \$9,086, \$7,439, \$6,055, and \$1,370, respectively)	3,786
Receivables:	
Capital shares sold	33
USAA Asset Management Company (Note 6)	–
Dividends from affiliated underlying funds	314
Interest	7
Other	–
Total assets	336,664
<b>LIABILITIES</b>	
Payables:	
Upon return of securities loaned	–
Securities purchased	314
Capital shares redeemed	48
Other accrued expenses and payables	37
Total liabilities	399
Net assets applicable to capital shares outstanding	\$336,265
<b>NET ASSETS CONSIST OF:</b>	
Paid-in capital	\$309,956
Distributable earnings	26,309
Net assets applicable to capital shares outstanding	\$336,265
Capital shares outstanding, no par value	29,402
Net asset value, redemption price, and offering price per share	\$ 11.44

See accompanying notes to financial statements.

**USAA Target Retirement**

<b>2020 Fund</b>	<b>2030 Fund</b>	<b>2040 Fund</b>	<b>2050 Fund</b>	<b>2060 Fund</b>
\$583,132	\$1,311,409	\$1,472,647	\$845,013	\$107,139
2,979	9,086	7,439	6,055	1,370
76	564	174	208	103
—	—	—	—	34
399	548	334	153	19
3	8	16	10	2
—	—	—	1	—
<u>586,589</u>	<u>1,321,615</u>	<u>1,480,610</u>	<u>851,440</u>	<u>108,667</u>
220	1,590	—	712	—
399	548	334	153	19
80	215	421	514	25
36	57	56	57	35
<u>735</u>	<u>2,410</u>	<u>811</u>	<u>1,436</u>	<u>79</u>
<u>\$585,854</u>	<u>\$1,319,205</u>	<u>\$1,479,799</u>	<u>\$850,004</u>	<u>\$108,588</u>
\$500,543	\$1,104,798	\$1,201,897	\$693,523	\$ 98,747
85,311	214,407	277,902	156,481	9,841
<u>\$585,854</u>	<u>\$1,319,205</u>	<u>\$1,479,799</u>	<u>\$850,004</u>	<u>\$108,588</u>
<u>47,308</u>	<u>99,634</u>	<u>110,370</u>	<u>62,768</u>	<u>8,682</u>
<u>\$ 12.38</u>	<u>\$ 13.24</u>	<u>\$ 13.41</u>	<u>\$ 13.54</u>	<u>\$ 12.51</u>

# STATEMENTS OF OPERATIONS

## (IN THOUSANDS)

Six-month period ended June 30, 2019 (unaudited)

	USAA Target Retirement
	Income Fund
<b>INVESTMENT INCOME</b>	
Income distributions from affiliated underlying funds	\$ 3,567
Interest	21
Securities lending (net)	1
Total income	<u>3,589</u>
<b>EXPENSES</b>	
Custody and accounting fees	32
Postage	10
Shareholder reporting fees	4
Trustees' fees	18
Registration fees	27
Professional fees	32
Other	9
Total expenses	<u>132</u>
Expenses reimbursed	—
Net expenses	<u>132</u>
<b>NET INVESTMENT INCOME</b>	<u>3,457</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>	
Net realized gain (loss) on:	
Sales of affiliated underlying funds	801
Change in net unrealized appreciation/(depreciation) of affiliated underlying funds	20,871
Net realized and unrealized gain	<u>21,672</u>
Increase in net assets resulting from operations	<u>\$25,129</u>

See accompanying notes to financial statements.

USAA Target Retirement				
2020 Fund	2030 Fund	2040 Fund	2050 Fund	2060 Fund
\$ 5,144	\$ 8,354	\$ 6,881	\$ 3,279	\$ 410
18	68	82	60	11
–	1	5	1	–
5,162	8,423	6,968	3,340	421
33	38	36	33	29
12	30	35	26	7
7	17	20	14	2
18	18	18	18	18
27	36	36	31	31
32	37	37	37	32
10	11	11	10	9
139	187	193	169	128
–	–	–	–	(78)
139	187	193	169	50
5,023	8,236	6,775	3,171	371
4,634	6,344	7,121	3,511	(141)
43,948	122,652	155,637	92,554	11,793
48,582	128,996	162,758	96,065	11,652
\$53,605	\$137,232	\$169,533	\$99,236	\$12,023

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

Six-month period ended June 30, 2019 (unaudited), and year ended December 31, 2018

	USAA Target Retirement Income Fund	
	6/30/2019	12/31/2018
<b>FROM OPERATIONS</b>		
Net investment income	\$ 3,457	\$ 8,623
Net realized gain (loss) on sales of affiliated underlying funds	801	9,297
Net realized gain on capital gain distributions from affiliated underlying funds	—	3,935
Change in net unrealized appreciation/(depreciation) of affiliated underlying funds	20,871	(31,905)
Increase (decrease) in net assets resulting from operations	25,129	(10,050)
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS</b>		
	(3,157)	(19,060)
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold	23,548	52,125
Reinvested dividends	3,120	18,863
Cost of shares redeemed	(31,171)	(72,948)
Increase (decrease) in net assets from capital share transactions	(4,503)	(1,960)
Net increase (decrease) in net assets	17,469	(31,070)
<b>NET ASSETS</b>		
Beginning of period	318,796	349,866
End of period	\$336,265	\$318,796
<b>CHANGE IN SHARES OUTSTANDING</b>		
Shares sold	2,103	4,525
Shares issued for dividends reinvested	276	1,719
Shares redeemed	(2,799)	(6,359)
Increase (decrease) in shares outstanding	(420)	(115)

See accompanying notes to financial statements.

USAA Target Retirement			
2020 Fund		2030 Fund	
6/30/2019	12/31/2018	6/30/2019	12/31/2018
\$ 5,023	\$ 14,446	\$ 8,236	\$ 28,747
4,634	27,861	6,344	51,913
–	11,330	–	34,688
43,948	(82,699)	122,652	(205,485)
53,605	(29,062)	137,232	(90,137)
–	(44,523)	–	(95,056)
24,534	60,443	69,257	139,251
–	44,322	1	94,862
(46,439)	(94,609)	(70,849)	(151,749)
(21,905)	10,156	(1,591)	82,364
31,700	(63,429)	135,641	(102,829)
554,154	617,583	1,183,564	1,286,393
\$585,854	\$554,154	\$1,319,205	\$1,183,564
2,050	4,732	5,433	10,136
–	3,837	–	7,770
(3,887)	(7,434)	(5,549)	(11,104)
(1,837)	1,135	(116)	6,802

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

Six-month period ended June 30, 2019 (unaudited), and year ended December 31, 2018

	USAA Target Retirement 2040 Fund	
	6/30/2019	12/31/2018
<b>FROM OPERATIONS</b>		
Net investment income	\$ 6,775	\$ 29,609
Net realized gain (loss) on sales of affiliated underlying funds	7,121	70,540
Net realized gain on capital gain distributions from affiliated underlying funds	–	46,563
Change in net unrealized appreciation/(depreciation) of affiliated underlying funds	155,637	(268,528)
Increase (decrease) in net assets resulting from operations	169,533	(121,816)
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM DISTRIBUTABLE EARNINGS</b>		
	–	(121,300)
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold	76,613	149,298
Reinvested dividends	–	121,220
Cost of shares redeemed	(76,675)	(141,142)
Increase (decrease) in net assets from capital share transactions	(62)	129,376
Net increase (decrease) in net assets	169,471	(113,740)
<b>NET ASSETS</b>		
Beginning of period	1,310,328	1,424,068
End of period	\$1,479,799	\$1,310,328
<b>CHANGE IN SHARES OUTSTANDING</b>		
Shares sold	5,953	10,559
Shares issued for dividends reinvested	–	9,864
Shares redeemed	(5,947)	(10,010)
Increase (decrease) in shares outstanding	6	10,413

See accompanying notes to financial statements.



USAA Target Retirement			
2050 Fund		2060 Fund	
6/30/2019	12/31/2018	6/30/2019	12/31/2018
\$ 3,171	\$ 15,866	\$ 371	\$ 1,784
3,511	39,416	(141)	989
–	28,250	–	3,276
92,554	(157,012)	11,793	(14,926)
99,236	(73,480)	12,023	(8,877)
–	(69,927)	–	(4,012)
54,898	104,037	17,562	32,589
–	69,884	–	4,009
(45,579)	(93,986)	(8,400)	(13,905)
9,319	79,935	9,162	22,693
108,555	(63,472)	21,185	9,804
741,449	804,921	87,403	77,599
\$850,004	\$741,449	\$108,588	\$ 87,403
4,233	7,252	1,466	2,567
–	5,641	–	355
(3,504)	(6,553)	(697)	(1,101)
729	6,340	769	1,821

# NOTES TO FINANCIAL STATEMENTS

June 30, 2019 (unaudited)

---

## **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

USAA MUTUAL FUNDS TRUST (the Trust), registered under the Investment Company Act of 1940, as amended (the 1940 Act), is an open-end management investment company organized as a Delaware statutory trust consisting of 47 separate funds. The USAA Target Retirement Income Fund (Target Income), the USAA Target Retirement 2020 Fund (Target 2020), the USAA Target Retirement 2030 Fund (Target 2030), the USAA Target Retirement 2040 Fund (Target 2040), the USAA Target Retirement 2050 Fund (Target 2050), and the USAA Target Retirement 2060 Fund (Target 2060) (each, a Fund and collectively, the Funds) qualify as registered investment companies under Accounting Standards Codification Topic 946. The information presented in this semiannual report pertains only to the Funds, which are classified as diversified under the 1940 Act and are authorized to issue an unlimited number of shares. Each Fund's investment objective is to provide capital appreciation and current income consistent with its current investment allocation.

Each Fund is a "fund of funds" in that it invests in a portfolio of underlying USAA equity and alternative, fixed-income, and ultra-short mutual funds (underlying USAA Funds) managed by USAA Asset Management Company (the Manager), an affiliate of the Funds, according to an asset allocation strategy designed for investors planning to start withdrawing funds for retirement in or within a few years of each Fund's specific year (target date) included in its name.

On November 6, 2018, United Services Automobile Association (USAA), the parent company of USAA Asset Management Company (AMCO or the Manager), the investment adviser to the Funds, and USAA Transfer Agency Company, d/b/a USAA Shareholder Account Services (SAS), the transfer

agent to the Funds, announced that AMCO and SAS would be acquired by Victory Holdings, a global investment management firm headquartered in Cleveland, Ohio (the Transaction), on July 1, 2019.

A special shareholder meeting was held on April 18, 2019, at which shareholders of the Funds approved a new investment advisory agreement between the Trust, on behalf of the Funds, and Victory Capital, an independent investment management company. In addition, shareholders of the Funds also elected the following two new directors to the Board of the Trust to serve upon the closing of the Transaction: (1) David C. Brown, to serve as an Interested Trustee; and (2) John C. Walters, to serve as an Independent Trustee. **Please refer to the Subsequent Event Note to the Financial Statements in this semiannual report for additional important information.**

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

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

1. Investments in the underlying USAA Funds and other open-end investment companies, other than exchange-traded funds (ETFs) are valued at their net asset value (NAV) at the end of each business day and are categorized in Level 1 of the fair value hierarchy.
2. Equity securities, including ETFs, except as otherwise noted, traded primarily on a domestic securities exchange or the over-the-counter markets, are valued at the last sales price or official closing price on the exchange or primary market on which they trade. Securities traded primarily on foreign securities exchanges or markets are

---

valued at the last quoted sale price, or the most recently determined official closing price calculated according to local market convention, available at the time a fund is valued. If no last sale or official closing price is reported or available, the average of the bid and ask prices generally is used.

3. The underlying USAA Funds have specific valuation procedures. In the event that price quotations or valuations are not readily available, are not reflective of market value, or a significant event has been recognized in relation to a security or class of securities, the securities are valued in good faith by the Committee in accordance with valuation procedures approved by the Board. The effect of fair value pricing is that securities may not be priced on the basis of quotations from the primary market in which they are traded and the actual price realized from the sale of a security may differ materially from the fair value price. Valuing these securities at fair value is intended to cause a fund's NAV to be more reliable than it otherwise would be.

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

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

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

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

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

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

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

For the six-month period ended June 30, 2019, the Funds did not incur any income tax, interest, or penalties, and has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions. On an ongoing basis, the Manager will monitor the Fund’s tax basis to determine if adjustments to this conclusion are necessary. The statute of limitations on the Fund’s tax return filings generally remain open for the three preceding fiscal reporting year ends and remain subject to examination by the Internal Revenue Service and state taxing authorities.

- E. **Indemnifications** – Under the Trust’s organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the

---

performance of their duties to the Trust. In addition, in the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties that provide general indemnifications. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, the Trust expects the risk of loss to be remote.

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

## **(2) LINE OF CREDIT**

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

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

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

For the six-month period ended June 30, 2019, the facility fees paid (in thousands) to CAPCO by the Funds and the related percent of those fees to the total fees paid to CAPCO by the funds of the Trusts are as follows:

	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Fees paid	\$1	\$2	\$5	\$6	\$3	\$0
% of total fees	0.4%	0.7%	1.5%	1.7%	1.0%	0.1%

The Funds had no borrowings under this agreement during the six-month period ended June 30, 2019. **Please refer to the Subsequent Event Note to the Financial Statements in this semiannual report for additional important information.**

### (3) DISTRIBUTIONS

The tax basis of distributions and any accumulated undistributed net investment income will be determined as of the Funds' tax year-end of December 31, 2019, in accordance with applicable federal tax law.

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

At December 31, 2018, the Fund had no capital loss carryforwards, for federal income tax purposes. Net capital losses incurred after October 31, and within the taxable year are deemed to arise on the first business day of the Funds' next taxable year. For the year ended December 31, 2018, the post October capital losses deferred to January 1, 2019 were as follows:

Fund	Capital Losses
Target Income	\$ (54,000)
Target 2030	(322,000)
Target 2040	(329,000)
Target 2050	(75,000)

As of June 30, 2019, the cost of securities, including short-term securities, for federal income tax purposes, was approximately the same as the cost reported in the financial statements.

Gross unrealized appreciation and depreciation of investments as of June 30, 2019, and resulting net unrealized appreciation were as follows (in thousands):

	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Unrealized appreciation	\$23,643	\$67,204	\$172,861	\$225,161	\$128,108	\$7,543
Unrealized depreciation	1,084	3,204	9,973	13,470	8,190	999
Net	\$22,559	\$64,000	\$162,888	\$211,691	\$119,918	\$6,544

#### (4) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales/maturities of securities, excluding short-term securities, for the six-month period ended June 30, 2019, were as follows (in thousands):

	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Cost of purchases	\$ 7,479	\$16,330	\$46,367	\$52,788	\$39,711	\$11,445
Proceeds from sales/maturities	14,267	34,582	44,910	49,215	28,289	2,190

#### (5) SECURITIES LENDING

The Funds, through a securities lending agreement with Citibank, N.A. (Citibank), may lend its securities to qualified financial institutions, such as certain broker-dealers, to earn additional income, net of income retained by Citibank. The borrowers are required to secure their loans continuously with collateral in an amount at least equal to 102% of the fair value of domestic securities and foreign government securities loaned and 105% of the fair value of foreign securities and all other securities loaned. Collateral may be cash, U.S. government securities, or other securities as permitted by SEC guidelines. Cash collateral may be invested in high-quality short-term investments. Collateral requirements are determined daily based on the value of each of the Funds' securities on loan as of the end of the prior business day. Loans are terminable upon demand and the borrower must return the loaned securities within the lesser of one standard settlement period or five business days. Risks relating to



securities-lending transactions include that the borrower may not provide additional collateral when required or return the securities when due, and that the value of the short-term investments will be less than the amount of cash collateral required to be returned to the borrower. The Funds' agreement with Citibank does not include master netting provisions. Non-cash collateral received by the Funds may not be sold or re-pledged except to satisfy borrower default. Cash collateral is listed in the Funds' Portfolio of Investments and Financial Statements while non-cash collateral is not included.

At June 30, 2019, the Fund's value of outstanding securities on loan and the value of collateral are as follows:

Fund	Value of Securities on Loan	Non Cash Collateral Received	Cash Collateral Received
Target 2020	\$ 214,000	\$-	\$ 220,000
Target 2030	1,558,000	-	1,590,000
Target 2050	702,000	-	712,000

## (6) AGREEMENTS WITH MANAGER

**Advisory agreement** – The Manager carries out the Funds' investment policies and manages the Funds' portfolios pursuant to an Advisory Agreement. The Manager does not receive any management fees from the Funds for these services. **Please refer to the Subsequent Event Note to the Financial Statements in this semiannual report for additional important information.**

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

In addition to the services provided under its Administration and Servicing Agreement with the Funds, the Manager also provides certain compliance and legal services for the benefit of the Funds. The Board has approved the billing of these expenses to the Funds. These expenses are included in the professional

fees on the Funds' Statements of Operations and, for the six-month period ended June 30, 2019, were as follows (in thousands):

	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Compliance and legal services	\$1	\$2	\$5	\$6	\$3	\$3

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

**Expense limitation** – The Manager agreed, through April 30, 2020, to limit the total annual operating expenses of Target 2060 to 0.10% of its average daily net assets, excluding extraordinary expenses and before reductions of any expenses paid indirectly, and to reimburse Target 2060 for all expenses in excess of that amount. This expense limitation arrangement may not be changed or terminated through April 30, 2020, without approval of the Board, and may be changed or terminated by the Manager at any time after that date. For the six-month period ended June 30, 2019, Target 2060 incurred reimbursable expenses of \$78,000, of which \$34,000 was receivable from the Manager.

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

**Underwriting services** – USAA Investment Management Company provides exclusive underwriting and distribution of the Funds' shares on a continuing best-efforts basis and receives no fee or other compensation for these services. **Please refer to the Subsequent Event Note to the Financial Statements in this semiannual report for additional important information.**

## **(7) TRANSACTIONS WITH AFFILIATES**

The Manager is indirectly wholly owned by USAA, a large, diversified financial services institution.

Certain trustees and officers of the Funds are also directors, officers, and/or employees of the Manager. None of the affiliated trustees or Funds officers

received any compensation from the Funds. **Please refer to the Subsequent Event Note to the Financial Statements in this semiannual report for additional important information.**

## (8) TRANSACTIONS WITH AFFILIATED FUNDS

- A. **Share ownership** – The Funds do not invest in the affiliated underlying USAA Funds for the purpose of exercising management or control; however, investments by the Funds may represent a significant portion of the affiliated underlying USAA Funds’ net assets. The affiliated underlying funds’ annual or semiannual reports may be viewed at [usaa.com](http://usaa.com). At June 30, 2019, the Funds owned the following percentages of the total outstanding shares of each of the underlying USAA Funds:

Affiliated USAA Fund	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Capital Growth Fund Institutional Shares	0.3%	0.9%	2.7%	3.7%	2.2%	0.3%
Core Intermediate- Term Bond ETF	–	0.6	1.9	1.4	0.4	–
Emerging Markets Fund Institutional Shares	0.2	0.3	0.9	1.3	1	0.1
Global Managed Volatility Fund Institutional Shares	3.1	8.4	26.7	36	21.9	2.8
Government Securities Fund Institutional Shares	9.6	13.5	19.8	13.2	6.3	0.8
Growth Fund Institutional Shares	0.2	0.7	2.3	3.1	1.9	0.2
High Income Fund Institutional Shares	0.4	0.7	1.3	1.1	0.1	–*
Income Fund Institutional Shares	0.8	1.1	1.4	0.9	0.4	–*
Income Stock Fund Institutional Shares	0.1	0.5	1.5	2	1.2	0.2

Affiliated USAA Fund	Target Income	Target 2020	Target 2030	Target 2040	Target 2050	Target 2060
Intermediate-Term Bond Fund						
Institutional Shares	—%	—%*	—%*	—%*	—%*	—%*
International Fund						
Institutional Shares	0.3	0.8	2.5	3.5	2.1	0.3
MSCI Emerging Markets Value Momentum Blend Index ETF	2.2	3.6	10.7	14.3	8.8	1.1
MSCI International Value Momentum Blend Index ETF	1.9	4.7	13.7	18.4	11.2	1.6
MSCI USA Small Cap Value Momentum Blend Index ETF	0.9	2.5	9.4	12.1	8.1	1.1
MSCI USA Value Momentum Blend Index ETF	1.7	4.6	14	19.5	11.6	1.5
Precious Metals and Minerals Fund						
Institutional Shares	0.2	0.3	0.6	0.7	0.4	—*
S&P 500 Index Fund Reward Shares	—*	0.1	0.5	0.6	0.4	—*
Short-Term Bond Fund Institutional Shares	1.6	1.7	1.8	0.8	0.3	—*
Small Cap Stock Fund Institutional Shares	0.1	0.3	1.1	1.5	0.9	0.1
Target Managed Allocation Fund Institutional Shares	3.1	8.3	26.1	35.1	21.2	2.7
Value Fund Institutional Shares	—*	—*	—*	—*	—*	—*

\*Represents less than 0.1%.

**B. Transactions with affiliated funds** – The following tables provide details related to each Fund’s investment in the underlying USAA funds as of June 30, 2019 (in thousands):

**Target Income:**

(\$ in 000s)				Realized	Capital	Change			
Affiliated	Purchase	Sales	Dividend	Gain	Gain	in net	Market Value		
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Distributions	unrealized	12/31/2018	06/30/2019	
						appreciation/			
						depreciation			
Capital									
Growth Fund									
Institutional									
Shares	\$ 2,909	\$ –	\$ –	\$ –	\$–	\$ 77	\$ –	\$ 2,986	
Emerging									
Markets Fund									
Institutional									
Shares	–	322	–	(49)	–	265	1,583	1,477	
Global Managed									
Volatility Fund	–	2,668	–	(112)	–	4,382	31,000	32,602	
Government									
Securities Fund									
Institutional									
Shares	1,303	1,510	1,303	(55)	–	3,323	101,822	104,883	
Growth Fund									
Institutional									
Shares	–	1,097	–	355	–	812	5,859	5,929	
High Income									
Fund									
Institutional									
Shares	229	445	229	(5)	–	513	7,687	7,979	
Income Fund									
Institutional									
Shares	1,083	2,100	1,083	(73)	–	3,943	64,474	67,327	
Income Stock									
Fund									
Institutional									
Shares	134	–	47	–	–	471	3,426	4,031	
International									
Fund									
Institutional									
Shares	–	2,637	–	(257)	–	2,055	13,133	12,294	

(\$ in 000s)	Purchase	Sales	Dividend	Realized	Capital	Change	Market Value	
							Cost <sup>(a)</sup>	Proceeds
Affiliated				Gain	Distributions	appreciation/		
USAA Fund				(Loss)		depreciation		
MSCI Emerging Markets Value Momentum Blend Index ETF	\$ -	\$ -	\$ 10	\$ -	\$-	\$ 261	\$ 3,645	\$ 3,906
MSCI International Value Momentum Blend Index ETF	-	-	95	-	-	505	5,555	6,060
MSCI USA Small Cap Value Momentum Blend Index ETF	-	-	5	-	-	103	830	933
MSCI USA Value Momentum Blend Index ETF	-	-	59	-	-	928	6,755	7,683
Precious Metals and Minerals Fund Institutional Shares	822	-	-	-	-	96	-	918
S&P 500 Index Fund Reward Shares	30	-	30	-	-	503	2,884	3,417
Short-Term Bond Fund Institutional Shares	707	162	707	(1)	-	924	48,922	50,390
Small Cap Stock Fund Institutional Shares	262	-	-	-	-	260	1,358	1,880
Target Managed Allocation Fund	-	825	-	(85)	-	2,113	15,213	16,416
Value Fund Institutional Shares	-	2,501	-	1,083	-	(663)	3,494	1,413
<b>Total</b>	<b>\$7,479</b>	<b>\$14,267</b>	<b>\$3,568</b>	<b>\$ 801</b>	<b>\$-</b>	<b>\$20,871</b>	<b>\$317,640</b>	<b>\$332,524</b>

(a) Includes reinvestment of distributions from dividend income and realized gains.

**Target 2020:**

(\$ in 000s)	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
Capital Growth Fund Institutional Shares	\$ 8,001	\$ -	\$ -	\$ -	\$-	\$ 191	\$ -	\$ 8,192
Core Intermediate-Term Bond ETF	-	-	24	-	-	100	1,531	1,631
Emerging Markets Fund Institutional Shares	-	572	-	(20)	-	409	2,783	2,600
Global Managed Volatility Fund	-	5,153	-	(159)	-	11,709	82,967	89,364
Government Securities Fund Institutional Shares	1,825	1,142	1,825	(20)	-	4,608	141,464	146,735
Growth Fund Institutional Shares	-	4,379	-	1,210	-	2,754	19,721	19,306
High Income Fund Institutional Shares	416	949	416	26	-	879	13,660	14,032
Income Fund Institutional Shares	1,473	3,044	1,472	(47)	-	5,328	87,108	90,818
Income Stock Fund Institutional Shares	1,896	817	158	(33)	-	1,669	10,692	13,407
Intermediate-Term Bond Fund Institutional Shares	2	-	2	-	-	7	105	114

(\$ in 000s) Affiliated USAA Fund	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
International Fund Institutional Shares	\$ -	\$ 6,609	\$ -	\$ 647	\$-	\$ 4,101	\$ 33,993	\$ 32,132
MSCI Emerging Markets Value Momentum Blend Index ETF	-	-	17	-	-	437	6,108	6,545
MSCI International Value Momentum Blend Index ETF	-	-	237	-	-	1,263	13,873	15,136
MSCI USA Small Cap Value Momentum Blend Index ETF	-	-	15	-	-	299	2,424	2,723
MSCI USA Value Momentum Blend Index ETF	-	-	162	-	-	2,543	18,492	21,035
Precious Metals and Minerals Fund Institutional Shares	1,443	-	-	-	-	168	-	1,611
S&P 500 Index Fund Reward Shares	98	583	98	13	-	1,668	9,701	10,897
Short-Term Bond Fund Institutional Shares	718	-	718	-	-	936	49,557	51,211



(\$ in 000s)							Change		
	Affiliated	Purchase	Sales	Dividend	Realized	Capital	in net	Market Value	
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Gain	Gain	unrealized	12/31/2018	06/30/2019
					Distributions	depreciation/	appreciation/		
Small Cap Stock									
Fund									
Institutional									
Shares	\$ 458	\$ 578	\$ -	\$ 55	\$-	\$ 804	\$ 4,519	\$ 5,258	
Target Managed									
Allocation Fund	-	2,142	-	(220)	-	5,610	40,424	43,672	
Value Fund									
Institutional Shares	-	8,614	-	3,182	-	(1,535)	13,680	6,713	
<b>Total</b>	<b>\$16,330</b>	<b>\$34,582</b>	<b>\$5,144</b>	<b>\$4,634</b>	<b>\$-</b>	<b>\$43,948</b>	<b>\$552,802</b>	<b>\$583,132</b>	

(a) Includes reinvestment of distributions from dividend income and realized gains.

**Target 2030:**

(\$ in 000s)				Realized	Capital	Change		
Affiliated	Purchase	Sales	Dividend	Gain	Gain	in net	Market Value	
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Distributions	unrealized/	12/31/2018	06/30/2019
						depreciation/		
Capital Growth Fund Institutional Shares	\$25,002	\$ -	\$ -	\$ -	\$-	\$ 585	\$ -	\$ 25,587
Core Intermediate-Term Bond ETF	-	-	74	-	-	311	4,743	5,054
Emerging Markets Fund Institutional Shares	-	628	-	78	-	950	7,208	7,608
Global Managed Volatility Fund	-	-	-	-	-	34,735	247,844	282,579
Government Securities Fund Institutional Shares	4,027	5,246	2,724	(38)	-	6,896	210,402	216,041
Growth Fund Institutional Shares	-	9,436	-	382	-	12,384	62,384	65,714
High Income Fund Institutional Shares	773	-	773	-	-	1,669	25,179	27,621
Income Fund Institutional Shares	1,907	-	1,907	-	-	6,819	111,377	120,103
Income Stock Fund Institutional Shares	9,366	-	513	-	-	5,010	29,595	43,971

(\$ in 000s)	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
Intermediate-Term Bond Fund Institutional Shares	\$ 4	\$ -	\$ 4	\$ -	\$-	\$ 14	\$ 226	\$ 244
International Fund Institutional Shares	-	12,510	-	1,029	-	13,065	95,967	97,551
MSCI Emerging Markets Value Momentum Blend Index ETF	-	-	50	-	-	1,292	18,030	19,322
MSCI International Value Momentum Blend Index ETF	-	-	691	-	-	3,689	40,553	44,242
MSCI USA Small Cap Value Momentum Blend Index ETF	-	-	55	-	-	1,106	8,947	10,053
MSCI USA Value Momentum Blend Index ETF	-	-	494	-	-	7,743	56,304	64,047
Precious Metals and Minerals Fund Institutional Shares	3,193	-	-	-	-	387	62	3,642
S&P 500 Index Fund Reward Shares	314	-	314	-	-	5,275	30,263	35,852

(\$ in 000s) Affiliated USAA Fund	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
Short-Term Bond Fund Institutional Shares	\$ 755	\$ -	\$ 755	\$ -	\$-	\$ 984	\$ 52,084	\$ 53,823
Small Cap Stock Fund Institutional Shares	1,026	462	-	44	-	2,604	13,931	17,143
Target Managed Allocation Fund	-	-	-	-	-	16,193	120,867	137,060
Value Fund Institutional Shares	-	16,628	-	4,849	-	941	44,990	34,152
<b>Total</b>	<b>\$46,367</b>	<b>\$44,910</b>	<b>\$8,354</b>	<b>\$6,344</b>	<b>\$-</b>	<b>\$122,652</b>	<b>\$1,180,956</b>	<b>\$1,311,409</b>

(a) Includes reinvestment of distributions from dividend income and realized gains.

**Target 2040:**

(\$ in 000s)	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net		Market Value	
						unrealized appreciation/ depreciation	12/31/2018	06/30/2019	
Capital Growth Fund Institutional Shares	\$33,575	\$ -	\$ -	\$ -	\$-	\$ 895	\$ -	\$ 34,470	
Core Intermediate-Term Bond ETF	-	-	57	-	-	241	3,668	3,909	
Emerging Markets Fund Institutional Shares	-	1,503	-	255	-	1,269	10,611	10,632	
Global Managed Volatility Fund	-	-	-	-	-	46,820	334,080	380,900	
Government Securities Fund Institutional Shares	1,784	-	1,784	-	-	4,487	138,037	144,308	
Growth Fund Institutional Shares	-	12,272	-	706	-	16,449	83,583	88,466	
High Income Fund Institutional Shares	642	-	642	-	-	1,387	20,923	22,952	
Income Fund Institutional Shares	1,200	1,782	1,200	-*	-	4,295	70,928	74,641	
Income Stock Fund Institutional Shares	10,116	-	682	-	-	6,729	41,658	58,503	
Intermediate-Term Bond Fund Institutional Shares	3	-	3	-	-	10	163	176	

(\$ in 000s) Affiliated USAA Fund	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
International Fund Institutional Shares	\$ -	\$13,985	\$ -	\$ 714	\$-	\$ 18,522	\$ 129,866	\$ 135,117
MSCI Emerging Markets Value Momentum Blend Index ETF	-	-	66	-	-	1,729	24,123	25,852
MSCI International Value Momentum Blend Index ETF	-	-	928	-	-	4,952	54,432	59,384
MSCI USA Small Cap Value Momentum Blend Index ETF	-	-	71	-	-	1,425	11,524	12,949
MSCI USA Value Momentum Blend Index ETF	-	-	689	-	-	10,798	78,526	89,324
Precious Metals and Minerals Fund Institutional Shares	3,564	-	-	-	-	428	58	4,050
S&P 500 Index Fund Reward Shares	420	-	421	-	-	7,075	40,594	48,089
Short-Term Bond Fund Institutional Shares	338	-	338	-	-	441	23,324	24,103
Small Cap Stock Fund Institutional Shares	1,146	-	-	-	-	3,651	19,202	23,999

(\$ in 000s)							Change		
	Affiliated	Purchase	Sales	Dividend	Realized	Capital	in net	Market Value	
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Gain	Gain	unrealized	12/31/2018	06/30/2019
					Distributions		depreciation/		
Target Managed									
Allocation									
Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$-	\$ 21,807	\$ 162,773	\$ 184,580
Value Fund									
Institutional									
Shares	-	19,673	-	5,446	-	-	2,227	58,243	46,243
<b>Total</b>	<b>\$52,788</b>	<b>\$49,215</b>	<b>\$6,881</b>	<b>\$7,121</b>	<b>\$-</b>	<b>\$-</b>	<b>\$155,637</b>	<b>\$1,306,316</b>	<b>\$1,472,647</b>

\*Represents less than \$500.

(a)Includes reinvestment of distributions from dividend income and realized gains.

**Target 2050:**

(\$ in 000s) Affiliated USAA Fund	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
Capital Growth Fund Institutional Shares	\$20,297	\$ -	\$ -	\$ -	\$-	\$ 548	\$ -	\$ 20,845
Core Intermediate- Term Bond ETF	-	-	14	-	-	61	934	995
Emerging Markets Fund Institutional Shares	-	397	-	44	-	959	7,030	7,636
Global Managed Volatility Fund	1,537	-	-	-	-	28,487	202,168	232,192
Government Securities Fund Institutional Shares	2,425	-	835	-	-	2,116	64,040	68,581
Growth Fund Institutional Shares	-	6,447	-	296	-	10,034	50,089	53,972
High Income Fund Institutional Shares	59	-	59	-	-	127	1,913	2,099
Income Fund Institutional Shares	522	-	522	-	-	1,867	30,496	32,885
Income Stock Fund Institutional Shares	7,749	-	408	-	-	3,984	23,307	35,040



(\$ in 000s)								Change in net	
Affiliated	Purchase	Sales	Dividend	Realized	Capital	unrealized	Market Value		
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	Gain (Loss)	Gain Distributions	appreciation/ depreciation	12/31/2018	06/30/2019	
Intermediate- Term Bond Fund Institutional Shares	\$ 2	\$ —	\$ 2	\$ —	\$—	\$ 9	\$ 124	\$ 135	
International Fund Institutional Shares	1,675	8,276	—	571	—	11,000	77,851	82,821	
MSCI Emerging Markets Value Momentum Blend Index ETF	—	—	41	—	—	1,069	14,914	15,983	
MSCI International Value Momentum Blend Index ETF	—	—	565	—	—	3,013	33,112	36,125	
MSCI USA Small Cap Value Momentum Blend Index ETF	—	—	48	—	—	956	7,742	8,698	
MSCI USA Value Momentum Blend Index ETF	2,377	—	411	—	—	6,221	44,630	53,228	
Precious Metals and Minerals Fund Institutional Shares	2,038	—	—	—	—	237	—	2,275	
S&P 500 Index Fund Reward Shares	251	—	251	—	—	4,225	24,242	28,718	

(\$ in 000s)				Realized	Capital	Change	Market Value		
	Affiliated	Purchase	Sales	Dividend	Gain	Gain	in net	12/31/2018	06/30/2019
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Distributions	depreciation/			
Short-Term Bond Fund Institutional Shares	\$ 122	\$ -	\$ 123	\$ 1	\$-	\$ 159	\$ 8,454	\$ 8,736	
Small Cap Stock Fund Institutional Shares	657	-	-	-	-	2,282	12,011	14,950	
Target Managed Allocation Fund	-	-	-	-	-	13,185	98,413	111,598	
Value Fund Institutional Shares	-	13,169	-	2,599	-	2,015	36,056	27,501	
<b>Total</b>	<b>\$39,711</b>	<b>\$28,289</b>	<b>\$3,279</b>	<b>\$3,511</b>	<b>\$-</b>	<b>\$92,554</b>	<b>\$737,526</b>	<b>\$845,013</b>	

**Target 2060:**

(\$ in 000s)	Purchase Cost <sup>(a)</sup>	Sales Proceeds	Dividend Income	Realized Gain (Loss)	Capital Gain Distributions	Change in net unrealized appreciation/ depreciation	Market Value	
							12/31/2018	06/30/2019
Capital Growth Fund Institutional Shares	\$2,464	\$ -	\$ -	\$ -	\$-	\$ 66	\$ -	\$ 2,530
Emerging Markets Fund Institutional Shares	-	-	-	-	-	127	874	1,001
Global Managed Volatility Fund	2,483	-	-	-	-	3,472	23,746	29,701
Government Securities Fund Institutional Shares	1,154	-	101	-	-	262	7,207	8,623
Growth Fund Institutional Shares	-	407	-	14	-	1,221	5,800	6,628
High Income Fund Institutional Shares	52	-	6	-	-	10	138	200
Income Fund Institutional Shares	158	-	64	-	-	228	3,651	4,037
Income Stock Fund Institutional Shares	1,405	-	51	-	-	483	2,518	4,406
Intermediate-Term Bond Fund Institutional Shares	-*	-	-*	-	-	1	8	9

(\$ in 000s)	Purchase	Sales	Dividend	Realized	Capital	Change	Market Value	
							Cost <sup>(a)</sup>	Proceeds
Affiliated				(Loss)	Distributions	appreciation/ depreciation		
International Fund Institutional Shares	\$ 679	\$ 494	\$ -	\$ (16)	\$-	\$ 1,333	\$ 8,568	\$ 10,070
MSCI Emerging Markets Value Momentum Blend Index ETF	-	-	5	-	-	132	1,854	1,986
MSCI International Value Momentum Blend Index ETF	92	-	80	-	-	424	4,621	5,137
MSCI USA Small Cap Value Momentum Blend Index ETF	92	-	6	-	-	119	931	1,142
MSCI USA Value Momentum Blend Index ETF	832	-	51	-	-	746	5,176	6,754
Precious Metals and Minerals Fund Institutional Shares	254	-	-	-	-	29	-	283
S&P 500 Index Fund Reward Shares	212	-	32	-	-	510	2,877	3,599
Short-Term Bond Fund Institutional Shares	172	-	14	-	-	19	916	1,107

(\$ in 000s)				Realized	Capital	Change in net	Market Value	
Affiliated	Purchase	Sales	Dividend	Gain	Gain	unrealized	12/31/2018	06/30/2019
USAA Fund	Cost <sup>(a)</sup>	Proceeds	Income	(Loss)	Distributions	depreciation/		
Small Cap Stock Fund								
Institutional Shares	\$ 245	\$ -	\$ -	\$ -	\$-	\$ 290	\$ 1,480	\$ 2,015
Target Managed Allocation Fund	1,152	-	-	-	-	1,609	11,551	14,312
Value Fund Institutional Shares	-	1,289	-	(139)	-	712	4,315	3,599
<b>Total</b>	<b>\$11,446</b>	<b>\$2,190</b>	<b>\$410</b>	<b>\$(141)</b>	<b>\$-</b>	<b>\$11,793</b>	<b>\$86,231</b>	<b>\$107,139</b>

(a) Includes reinvestment of distributions from dividend income and realized gains.

\*Represents less than \$500.

## (9) UPCOMING REGULATORY MATTERS

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

## (10) RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the SEC adopted amendments to Regulation S-X for investment companies governing the form and content of financial

---

statements. The amendments to Regulation S-X took effect on November 5, 2018, and the financial statements have been modified accordingly, for the current and prior periods.

**ASU 2018-13, Fair Value Measurement**

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

**(11) SUBSEQUENT EVENT NOTE**

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

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

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

---

Trust and its affiliated persons. Under a manager of managers structure, the investment adviser may select (with approval of the Board and without shareholder approval) one or more subadvisers to manage the day-to-day investment of a fund's assets.

Effective July 1, 2019, Victory Capital added new portfolio managers from one or more investment teams employed by Victory Capital to serve as additional portfolio managers, or replace current portfolio managers, to manage all or a portion of the Fund according to each team's own investment process.

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

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

Effective July 1, 2019, the Trust will rely on an exemptive order granted to Victory Capital and its affiliated funds by the SEC in March 2017 (the IFL Order), permitting the establishment and operation of an Interfund Lending

---

Facility (the Facility). The Facility allows each Fund to directly lend and borrow money to or from certain other affiliated Funds relying upon the IFL Order at rates beneficial to both the borrowing and lending funds. Advances under the Facility are allowed for temporary or emergency purposes, including the meeting of redemption requests that are subject to each Fund's borrowing restrictions. The interfund loan rate is determined, as specified in the IFL Order, by averaging the current repurchase agreement rate and the current bank loan rate.

Effective July 1, 2019, the Trust entered into an Agreement to Provide Compliance ("Compliance Agreement") with the Adviser, pursuant to which the Adviser furnishes its compliance personnel, including the services of the 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 Funds in the Victory Funds complex, in the aggregate, compensate the Adviser for these services. This agreement replaces an arrangement in place with AMCO previously.



# FINANCIAL HIGHLIGHTS

## TARGET INCOME (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 10.69	\$ 11.69	\$ 11.41	\$ 11.09	\$ 11.82	\$ 11.84
Income (loss) from investment operations:						
Net investment income	.12	.29	.28	.28	.28	.34
Net realized and unrealized gain (loss)	.74	(.64)	.70	.42	(.50)	.05
Total from investment operations	.86	(.35)	.98	.70	(.22)	.39
Less distributions from:						
Net investment income	(.11)	(.29)	(.28)	(.28)	(.28)	(.40)
Realized capital gains	—	(.36)	(.42)	(.10)	(.23)	(.01)
Total distributions	(.11)	(.65)	(.70)	(.38)	(.51)	(.41)
Net asset value at end of period	\$ 11.44	\$ 10.69	\$ 11.69	\$ 11.41	\$ 11.09	\$ 11.82
Total return (%)*	8.04	(3.01)	8.66	6.36	(1.95)	3.36
Net assets at end of period (000)	\$336,265	\$318,796	\$349,866	\$317,856	\$330,809	\$367,307
Ratios to average daily net assets:**						
Expenses (%) <sup>(a)</sup>	.08 <sup>(b)</sup>	.07	.07	.07	.06	.05
Net investment income (%)	2.13 <sup>(b)</sup>	2.53	2.44	2.41	2.36	2.80
Portfolio turnover (%)	2	29	41 <sup>(c)</sup>	14	35	11

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$327,418,000.

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

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

(c) Overall increase in purchases and sales of securities.

## TARGET 2020 (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 11.28	\$ 12.86	\$ 12.28	\$ 11.85	\$ 12.56	\$ 12.63
Income (loss) from investment operations:						
Net investment income	.11	.30	.30	.30	.30	.37
Net realized and unrealized gain (loss)	.99	(.92)	1.25	.60	(.60)	.07
Total from investment operations	1.10	(.62)	1.55	.90	(.30)	.44
Less distributions from:						
Net investment income	—	(.30)	(.30)	(.38)	(.21)	(.37)
Realized capital gains	—	(.66)	(.67)	(.09)	(.20)	(.14)
Total distributions	—	(.96)	(.97)	(.47)	(.41)	(.51)
Net asset value at end of period	\$ 12.38	\$ 11.28	\$ 12.86	\$ 12.28	\$ 11.85	\$ 12.56
Total return (%)*	9.75	(4.85)	12.71	7.57	(2.40)	3.45
Net assets at end of period (000)	\$585,854	\$554,154	\$617,583	\$570,796	\$583,926	\$650,362
Ratios to average daily net assets:**						
Expenses (%) <sup>(a)</sup>	.05 <sup>(b)</sup>	.04	.04	.04	.04	.03
Net investment income (%)	1.76 <sup>(b)</sup>	2.41	2.33	2.33	2.31	2.82
Portfolio turnover (%)	3	34	39 <sup>(c)</sup>	11	30	15

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$575,727,000.

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

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

(c) Overall increase in purchases and sales of securities.

## TARGET 2030 (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 11.87	\$ 13.84	\$ 12.89	\$ 12.34	\$ 13.05	\$ 13.13
Income (loss) from investment operations:						
Net investment income	.08	.30	.30	.30	.27	.35
Net realized and unrealized gain (loss)	1.29	(1.25)	1.77	.77	(.63)	.11
Total from investment operations	1.37	(.95)	2.07	1.07	(.36)	.46
Less distributions from:						
Net investment income	–	(.30)	(.32)	(.48)	(.08)	(.35)
Realized capital gains	–	(.72)	(.80)	(.04)	(.27)	(.19)
Total distributions	–	(1.02)	(1.12)	(.52)	(.35)	(.54)
Net asset value at end of period	\$ 13.24	\$ 11.87	\$ 13.84	\$ 12.89	\$ 12.34	\$ 13.05
Total return (%)*	11.54	(6.99)	16.12	8.70	(2.81)	3.43
Net assets at end of period (000)	\$1,319,205	\$1,183,564	\$1,286,393	\$1,098,440	\$1,060,971	\$1,135,347
Ratios to average daily net assets:**						
Expenses (%) <sup>(a)</sup>	.03 <sup>(b)</sup>	.03	.03	.03	.03	.03
Net investment income (%)	1.30 <sup>(b)</sup>	2.25	2.29	2.22	2.08	2.63
Portfolio turnover (%)	4	36	32	8	32	15

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$1,274,037,000.

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

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

## TARGET 2040 (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 11.87	\$ 14.25	\$ 12.82	\$ 12.23	\$ 12.89	\$ 12.99
Income (loss) from investment operations:						
Net investment income	.06	.27	.29	.26	.23	.30
Net realized and unrealized gain (loss)	1.48	(1.46)	2.07	.83	(.58)	.11
Total from investment operations	1.54	(1.19)	2.36	1.09	(.35)	.41
Less distributions from:						
Net investment income	—	(.28)	(.29)	(.48)	(.00) <sup>(a)</sup>	(.30)
Realized capital gains	—	(.91)	(.64)	(.02)	(.31)	(.21)
Total distributions	—	(1.19)	(.93)	(.50)	(.31)	(.51)
Net asset value at end of period	\$ 13.41	\$ 11.87	\$ 14.25	\$ 12.82	\$ 12.23	\$ 12.89
Total return (%) <sup>*</sup>	12.97	(8.53)	18.46	8.97	(2.71)	3.15
Net assets at end of period (000)	\$1,479,799	\$1,310,328	\$1,424,068	\$1,195,926	\$1,128,269	\$1,173,210
Ratios to average daily net assets: <sup>**</sup>						
Expenses (%) <sup>(b)</sup>	.03 <sup>(c)</sup>	.02	.03	.03	.03	.03
Net investment income (%)	.96 <sup>(c)</sup>	2.08	2.15	1.99	1.78	2.33
Portfolio turnover (%)	3	35	32	9 <sup>(d)</sup>	35	16

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$1,425,230,000.

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

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

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

(d) Overall decrease in purchases and sales of securities.

## TARGET 2050 (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 11.95	\$ 14.45	\$ 12.78	\$ 12.18	\$ 12.81	\$ 12.86
Income (loss) from investment operations:						
Net investment income	.05	.26	.27	.23	.20	.26
Net realized and unrealized gain (loss)	1.54	(1.54)	2.20	.87	(.52)	.13
Total from investment operations	1.59	(1.28)	2.47	1.10	(.32)	.39
Less distributions from:						
Net investment income	–	(.26)	(.28)	(.42)	(.00) <sup>(a)</sup>	(.26)
Realized capital gains	–	(.96)	(.52)	(.08)	(.31)	(.18)
Total distributions	–	(1.22)	(.80)	(.50)	(.31)	(.44)
Net asset value at end of period	\$ 13.54	\$ 11.95	\$ 14.45	\$ 12.78	\$ 12.18	\$ 12.81
Total return (%) <sup>*</sup>	13.31	(9.02)	19.39	9.02	(2.48)	3.02
Net assets at end of period (000)	\$850,004	\$741,449	\$804,921	\$659,642	\$603,281	\$607,896
Ratios to average daily net assets: <sup>**</sup>						
Expenses (%) <sup>(b)</sup>	.04 <sup>(c)</sup>	.04	.04	.05	.04	.04
Net investment income (%)	.78 <sup>(c)</sup>	1.96	2.00	1.87	1.58	2.09
Portfolio turnover (%)	4	36	30	6 <sup>(d)</sup>	39	16

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$814,714,000.

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

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

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

(d) Overall decrease in purchases and sales of securities.

## TARGET 2060 (unaudited)

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

	Six-Month Period Ended June 30,		Year Ended December 31,			
	2019	2018	2017	2016	2015	2014
Net asset value at beginning of period	\$ 11.05	\$ 12.74	\$ 11.07	\$ 10.48	\$ 10.93	\$ 10.85
Income (loss) from investment operations:						
Net investment income	.04	.23	.22	.15	.18 <sup>(a)</sup>	.25 <sup>(a)</sup>
Net realized and unrealized gain (loss)	1.42	(1.39)	1.93	.77	(.45) <sup>(a)</sup>	.07 <sup>(a)</sup>
Total from investment operations	1.46	(1.16)	2.15	.92	(.27) <sup>(a)</sup>	.32 <sup>(a)</sup>
Less distributions from:						
Net investment income	—	(.23)	(.22)	(.30)	(.01)	(.18)
Realized capital gains	—	(.30)	(.26)	(.03)	(.17)	(.06)
Total distributions	—	(.53)	(.48)	(.33)	(.18)	(.24)
Net asset value at end of period	\$ 12.51	\$ 11.05	\$ 12.74	\$ 11.07	\$ 10.48	\$ 10.93
Total return (%)*	13.21	(9.18)	19.51	8.80	(2.47)	2.91
Net assets at end of period (000)	\$108,588	\$87,403	\$77,599	\$53,142	\$37,963	\$25,808
Ratios to average daily net assets:**						
Expenses (%) <sup>(b)</sup>	.10 <sup>(c)</sup>	.10	.10	.10	.10	.10
Expenses, excluding reimbursements (%) <sup>(b)</sup>	.26 <sup>(c)</sup>	.23	.29	.41	.51	.78
Net investment income (%)	.74 <sup>(c)</sup>	2.00	1.95	1.85	1.64	2.25
Portfolio turnover (%)	2	36	37 <sup>(d)</sup>	4 <sup>(e)</sup>	35	16

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

\*\* For the six-month period ended June 30, 2019, average daily net assets were \$101,179,000.

(a) Calculated using average shares.

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

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

(d) Overall increase in purchases and sales of securities.

(e) Overall decrease in purchases and sales of securities.

# EXPENSE EXAMPLE

June 30, 2019 (unaudited)

---

## EXAMPLE

As a shareholder of the Funds, you incur two types of costs: direct costs, such as wire fees, redemption fees, and low balance fees; and indirect costs, including Fund operating expenses. This example is intended to help you understand your indirect costs, also referred to as “ongoing costs” (in dollars), of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. Each Fund also indirectly bears its pro-rata share of the expenses of the underlying USAA funds in which it invests (acquired funds). These acquired fund fees and expenses are not included in the Funds’ annualized expense ratios used to calculate the expense estimates in the table on the next page.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period of January 1, 2019, through June 30, 2019.

## ACTUAL EXPENSES

The line labeled “actual” in the table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested at the beginning of the period, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the “actual” line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period. The actual expenses of each Fund, net of reimbursements, are zero.

---

## **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The line labeled “hypothetical” in the table provides information about hypothetical account values and hypothetical expenses based on the Funds’ actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any direct costs, such as wire fees, redemption fees, or low balance fees. Therefore, the line labeled “hypothetical” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If these direct costs were included, your costs would have been higher. Acquired fund fees and expenses



are not included in the Funds' annualized expense ratio used to calculate the expenses paid in the table below.

	Beginning Account Value January 1, 2019	Ending Account Value June 30, 2019	Expenses Paid During Period* January 1, 2019 – June 30, 2019
<b>Target Income</b>			
Actual	\$1,000.00	\$1,080.40	\$0.41
Hypothetical (5% return before expenses)	1,000.00	1,024.40	0.40
<b>Target 2020</b>			
Actual	1,000.00	1,097.50	0.26
Hypothetical (5% return before expenses)	1,000.00	1,024.55	0.25
<b>Target 2030</b>			
Actual	1,000.00	1,115.40	0.16
Hypothetical (5% return before expenses)	1,000.00	1,024.65	0.15
<b>Target 2040</b>			
Actual	1,000.00	1,129.70	0.16
Hypothetical (5% return before expenses)	1,000.00	1,024.65	0.15
<b>Target 2050</b>			
Actual	1,000.00	1,133.10	0.21
Hypothetical (5% return before expenses)	1,000.00	1,024.60	0.20
<b>Target 2060</b>			
Actual	1,000.00	1,132.10	0.53
Hypothetical (5% return before expenses)	1,000.00	1,024.30	0.50

\*Expenses equal each Fund's annualized expense ratio of 0.08% for Target Income, 0.05% for Target 2020, 0.03% for Target 2030, 0.03% for Target 2040, 0.04% for Target 2050, and 0.10% for Target 2060, which are net of any reimbursements and expenses paid indirectly and excludes expenses of the acquired funds, multiplied by the average account value over the period, multiplied by 181 days/365 days (to reflect the one-half year period). Each Funds' actual ending account value is based on its actual total return for the current period of January 1, 2019, through June 30, 2019. These total returns equaled 8.04%, 9.75%, 11.54%, 12.97%, 13.31%, and 13.21% for the Target Income, Target 2020, Target 2030, Target 2040, Target 2050, and Target 2060 Funds, respectively.

# ADVISORY AGREEMENT(S)

(between the Trust and Victory Capital Management Inc.)

June 30, 2019 (unaudited)

---

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

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

---

## **BACKGROUND FOR THE BOARD APPROVALS**

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

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

---

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

The Board’s evaluation of the New Agreements reflected the information provided specifically in connection with its review of the New Agreements, as well as, where relevant, information that was previously furnished to the Board in connection with the most recent renewal of the Existing Management Agreements and Existing Subadvisory Agreements at an in-person meeting of the Board on April 18, 2018 (the “2018 15(c) Meeting”) and at other subsequent Board meetings in 2018. The Board’s evaluation of the New Agreements also reflected the knowledge gained as Board members of the Funds with respect to services provided by AMCO, its affiliates, and each subadviser to the Funds.

The Board’s approvals and recommendations were based on its determination, within its business judgment, that it would be in the best interests of each Fund and its respective shareholders, for Victory Capital and, as applicable, the subadvisers, to provide investment advisory, investment subadvisory, and related services to the Funds, following the closing of the Transaction.

## **FACTORS CONSIDERED IN APPROVING THE NEW ADVISORY AGREEMENT**

In connection with the Board's consideration of the New Advisory Agreement, Victory Capital and AMCO advised the Board about a variety of matters, including the following:

- The nature, extent, and quality of the services to be provided to the Funds by Victory Capital Post-Transaction are expected to be of at least the same level as the services currently provided to the Funds by AMCO.
- Victory Capital's stated commitment to maintaining and enhancing the USAA member/USAA Fund shareholder experience, including creating a dedicated USAA Fund sales and client service call center that will provide ongoing client service and advice to existing and new USAA members.
- Victory Capital proposes to: (1) replace the underlying indexes for the USAA Extended Market Index Fund and USAA S&P 500 Index Fund with indexes designed to provide shareholders with comparable exposure and investment outcomes; (2) change the USAA Extended Market Index Fund's and USAA S&P 500 Index Fund's investment objectives and strategies in light of the changes to their underlying indexes; and (3) change the name of the USAA S&P 500 Index Fund to the USAA 500 Index Fund.
- Victory Capital does not propose changes to the investment objective(s) of any other Funds. Although the investment processes used by Victory Capital's portfolio managers may differ from those used by AMCO's portfolio managers or, if applicable, any subadviser's portfolio managers, such differences are not currently expected to result in changes to the principal investment strategies or principal investment risks of the Funds.
- The New Advisory Agreement does not change any Fund's advisory fee rate or the computation method for calculating such fees (except that Victory Capital, subject to Board approval, may in the future use a single designated share class to calculate the performance adjustment).

---

For at least two years after the Transaction closes, Victory Capital has agreed to waive fees and/or reimburse expenses so that each Fund's annual expense ratio (excluding certain customary items) does not exceed the levels reflected in each Fund's most recent audited financial statements at the time the Transaction closes (or the levels of AMCO's then-current expense caps, if applicable), excluding the impact of any performance adjustment to the Fund's advisory fee.

- The portfolio managers at AMCO that manage the Fixed Income Funds<sup>1</sup> as well as the USAA's Global Multi-Asset team servicing the Cornerstone Funds<sup>2</sup>, Target Retirement Funds<sup>3</sup>, Global Managed Volatility Fund, Managed Allocation Fund, and Target Managed Allocation Fund, are expected to continue to do so Post-Transaction as employees of Victory Capital, if they choose to become employees of Victory Capital. Post-Transaction, the investment teams for the Funds, other than the Fixed Income Funds, will be replaced or augmented.
- With the exception of the USAA S&P 500 Index Fund, USAA Extended Market Index Fund, and USAA Nasdaq-100 Index Fund, which will be advised by Victory Capital through its Victory Solutions platform, Victory Capital proposes that the same subadvisers be retained Post-Transaction, although Victory Capital may change the allocation to a particular subadviser Post-Transaction. No changes are expected to the portfolio managers of the subadvisers who will serve as subadvisers Post-Transaction.

<sup>1</sup>The Fixed Income Funds include the following Funds: California Bond Fund, Government Securities Fund, High Income Fund, Income Fund, Intermediate-Term Bond Fund, Tax Exempt Intermediate-Term Fund, Tax Exempt Long-Term Fund, New York Bond Fund, Short-Term Bond Fund, Tax Exempt Short-Term Fund, Ultra Short-Term Bond Fund, Virginia Bond Fund, Money Market Fund, Tax Exempt Money Market Fund and Treasury Money Market Trust.

<sup>2</sup>The Cornerstone Funds include the following Funds: Cornerstone Aggressive Fund, Cornerstone Conservative Fund, Cornerstone Equity Fund, Cornerstone Moderate Fund, Cornerstone Moderately Aggressive Fund, and Cornerstone Moderately Conservative Fund.

<sup>3</sup>The Target Retirement Funds include the following Funds: Target Retirement 2020 Fund, Target Retirement 2030 Fund, Target Retirement 2040 Fund, Target Retirement 2050 Fund, Target Retirement 2060 Fund, and Target Retirement Income Fund.

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

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

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

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

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



education, affiliations and/or other credentials or qualifications of the anticipated portfolio managers at Victory Capital that would manage the Equity Funds<sup>4</sup>, Cornerstone Funds, and Target Retirement Funds. The Board noted that the Equity Funds or portions of Equity Funds currently managed by AMCO would be replaced with portfolio managers from Victory Capital.

The Board considered that certain Funds would continue to operate in a manager-of-managers structure Post-Transaction. The Board considered that Victory Capital's experience in allocating assets to, and overseeing the advisory services of, its investment franchises and the Victory Solutions platform, was similar to AMCO's role in allocating assets to and overseeing the advisory services provided by the subadvisers.

The Board considered that the terms and conditions of the New Advisory Agreement are substantially similar to the terms and conditions of the Existing Management Agreements. The Board also considered that the New Subadvisory Agreements are substantially similar to the terms and conditions of the Existing Subadvisory Agreements and that no changes were proposed to the allocation of responsibilities as between Victory Capital and any subadviser, except to the extent that under the New Subadvisory Agreements each subadviser would be responsible for voting proxies with respect to assets allocated to that subadviser, while AMCO currently votes all Fund proxies. The Board considered that Victory Capital also would provide certain administrative, fund accounting, and shareholder servicing services under a separate administration agreement with the Funds. In this connection, the Board considered information on Victory Capital's use of third-party service providers to provide certain sub-administration and sub-accounting services to the Funds.

After review of these and other considerations, the Board concluded that Victory Capital will be capable of providing investment advisory services of the same high quality as the investment advisory services provided to the Funds by AMCO, and that these services are appropriate in nature and extent in light of the Funds' operations and investor needs.

<sup>4</sup>The Equity Funds include the following Funds: Aggressive Growth Fund, Growth & Income Fund, Income Stock Fund, Global Equity Income Fund, and Precious Metals and Minerals Fund.

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

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

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

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

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

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

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

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

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

# ADVISORY AGREEMENT(S)

(between the Trust and the Manager)

June 30, 2019 (unaudited)

---

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

At an in-person meeting of the Board of Trustees (the Board) held on April 17, 2019, the Board, including the Trustees who are not “interested persons” (as that term is defined in the Investment Company Act of 1940, as amended) of the Trust (the Independent Trustees), approved for an annual period the continuance of the Advisory Agreement between the Trust and the Manager with respect to each of Target Retirement Income Fund, Target Retirement 2020 Fund, Target Retirement 2030 Fund, Target Retirement 2040 Fund, Target Retirement 2050 Fund, and Target Retirement 2060 Fund (together, the Funds).<sup>1</sup>

In advance of the meeting, the Trustees received and considered a variety of information relating to the Advisory Agreement and the Manager and were given the opportunity to ask questions and request additional information from management. The information provided to the Board included, among

<sup>1</sup>At an in-person meeting held on January 15, 2019, the Board, including the Independent Trustees, approved a new investment advisory agreement between the Trust, on behalf of the Fund, and Victory Capital Management Inc. (“Victory Capital”). Effective July 1, 2019, upon the closing of the transaction whereby the Manager acquired by Victory Capital Holdings, Inc., the parent company of Victory Capital, the Advisory Agreement between the Trust and the Manager and the Sub-advisory Agreement with the Subadviser terminated and the new investment advisory agreement between the Trust and Victory Capital went into effect. The factors the Board considered in approving the new investment advisory agreement with Victory Capital are discussed above. Effective June 30, 2019, the Subadviser no longer manages any portion of the Fund.

---

other things: (i) a separate report prepared by an independent third party, which provided a statistical analysis comparing the Funds' investment performance, expenses, and fees to comparable investment companies; (ii) information concerning the services rendered to the Funds, as well as information regarding the Manager's revenues and costs of providing services to the Funds and compensation paid to affiliates of the Manager; and (iii) information about the Manager's operations and personnel. Prior to voting, the Independent Trustees reviewed the proposed continuance of the Advisory Agreement with management and with experienced counsel retained by the Independent Trustees (Independent Counsel) and received materials from such Independent Counsel discussing the legal standards for their consideration of the proposed continuance of the Advisory Agreement with respect to the Funds. The Independent Trustees also reviewed the proposed continuation of the Advisory Agreement with respect to the Funds in private sessions with their counsel at which no representatives of management were present.

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

## **ADVISORY AGREEMENT**

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

---

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

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

The Board also reviewed the compliance and administrative services provided to the Funds by the Manager and its affiliates, including the Manager’s oversight of the Funds’ day-to-day operations and oversight of



---

Fund accounting. The Trustees, guided also by information obtained from their experiences as trustees of the Trust, also focused on the quality of the Manager's compliance and administrative staff.

**Expenses and Performance** – In connection with its consideration of the Advisory Agreement, the Board evaluated the Funds' advisory fees and total expense ratios as compared to other open-end investment companies deemed to be comparable to the Funds as determined by the independent third party in its report. The Funds' expenses were compared to (i) a group of investment companies chosen by the independent third party to be comparable to the Funds based upon certain factors, including fund type (in this case, other funds-of-funds that invest in affiliated funds of the investing fund with front-end loads and no sales loads), comparability of investment objective and classification, sales load type, asset size, and expense components (the "expense group") and (ii) a larger group of investment companies that includes all front-end load and no-load affiliated retail open end investment companies with the same investment classifications/objectives as the Funds regardless of asset size, excluding outliers (the "expense universe"). The Board noted that the Manager does not receive a management fee from the Funds. The data indicated that the total expense ratio for each Fund, which included underlying fund expenses and any reimbursements, was below the median of its respective expense group and its respective expense universe. The Board took into account the various services provided to the Funds by the Manager and its affiliates. The Board also took into account the high quality of services provided by the Manager.

In considering the Funds' performance, the Board noted that it reviews at its regularly scheduled meetings information about the Funds' performance results. The Trustees also reviewed various comparative data provided to them in connection with their consideration of the renewal of the Advisory Agreement, including, among other information, a comparison of the Funds' average annual total returns with their Lipper indexes and with that of other mutual funds deemed to be in their peer group by the independent third party in its report (the "performance universe"). Each Fund's performance universe consisted of the Fund and all retail and institutional open-end investment companies with the same classification/objective as the

Fund regardless of asset size or primary channel of distribution. This comparison indicated that, among other data, the performance of the Target Retirement Income Fund was above the average of its performance universe and its Lipper index for the one-, three- and ten-year periods ended December 31, 2018, and was above the average of its performance universe and below its Lipper index for the five-year period ended December 31, 2018; the performance of the Target Retirement 2020 Fund was above the average of its performance universe and its Lipper index for the three-year period ended December 31, 2018, and was below the average of its performance universe and its Lipper index for the one-, five- and ten-year periods ended December 31, 2018; the performance of the Target Retirement 2030 Fund was below the average of its performance universe and its Lipper index for the one-, five- and ten-year periods ended December 31, 2018, and was above the average of its performance universe and below its Lipper index for the three-year period ended December 31, 2018; the performance of each of the Target Retirement 2040 Fund and Target Retirement 2050 Fund was below the average of its respective performance universe and its Lipper index for the one-, three- and five- and ten-year periods ended December 31, 2018; and the performance of the Target Retirement 2060 Fund was below the average of its performance universe and its Lipper index for the one-, three- and five- periods ended December 31, 2018. The Board also noted that the Target Retirement Income Fund's percentile performance ranking was in the top 35% of its performance universe for the one-year period ended December 31, 2018, was in the top 25% of its performance universe for the three-year period ended December 31, 2018, was in the top 50% of its performance universe for the five-year period ended December 31, 2018, and was in the top 20% of its performance universe for the ten-year period ended December 31, 2018; the Target Retirement 2020 Fund's percentile performance was in the top 35% of its performance universe for the three-year period ended December 31, 2018, and was in the bottom 50% of its performance universe for the one-, five- and ten-year periods ended December 31, 2018; the Target Retirement 2030 Fund's percentile performance information was in the top 50% of its performance universe for the three-year period ended December 31, 2018, and was in the bottom 50% of its performance universe for the one-, five- and ten-year periods ended

---

December 31, 2018; the Target Retirement 2040 Fund's and Target Retirement 2050 Fund's percentile performance information was each in the bottom 50% of its performance universe for the one-, three-, five- and ten-year periods ended December 31, 2018; and the Target Retirement 2060 Fund's percentile performance information was in the bottom 50% of its performance universe for the one-, three- and five-year periods ended December 31, 2018, and the Board took into account management's discussion of the Funds' performance, including the Funds' investment approaches and the impact of market conditions on the Funds' performance relative to their peers.

**Compensation and Profitability** – The Board took into consideration that the Manager does not collect a management fee from the Funds. The information considered by the Board included operating profit margin information for the Manager's business as a whole. This information included a review of the methodology used in the allocation of certain costs to the Funds. The Trustees reviewed the profitability of the Manager's relationship with the Funds before tax expenses. The Board was also provided with an Investment Management Profitability Analysis prepared by an independent information service. The Board also considered the fact that affiliates provide shareholder servicing and administrative services to the Funds for which they receive no compensation. The Board also took into account the Manager's receipt of fees from the underlying funds. The Board also noted that the manager reimburses certain expenses for each Fund. The Board also considered the possible direct and indirect benefits to the Manager from its relationship with the Trust, including that the Manager may derive reputational and other benefits from its association with the Funds. The Board also took into account the high quality of services received by the Funds from the Manager. The Trustees recognized that the Manager should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the Funds and the entrepreneurial risk that it assumes as Manager.

**Economies of Scale** – With respect to the consideration of any economies of scale to be realized by the Funds, the Board took into account that the Manager does not receive any advisory fees under the Advisory Agreement. The Board took into account management's discussion of the Fund's current

---

advisory fee structure. The Board also considered the effects of the Funds' growth and size on the Funds' performance and fees, noting that if the Funds' assets increase over time, the Funds may realize other economies of scale if assets increase proportionally more than some expenses. The Board determined that the current fee structure was reasonable.

**Conclusions** – The Board reached the following conclusions regarding the Advisory Agreement with the Manager with respect to each Fund, among others: (i) the Manager has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (ii) the Manager maintains an appropriate compliance program; (iii) the performance of each of the Funds is reasonable in relation to the performance of funds with similar investment objectives and to relevant indices in view of the Fund's investment approach and management is appropriately monitoring the Fund's performance; (iv) each Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Manager; and (v) the Manager's and its affiliates level of profitability from their relationship with each Fund, if any, is reasonable in light of the nature and high quality of services provided by the Manager and the type of Funds. Based on its conclusions, the Board determined that the continuation of the Advisory Agreement would be in the best interests of the Funds and its shareholders.

**As of July 1, 2019**

**Trustees**

Daniel S. McNamara  
Robert L. Mason, Ph.D.  
Jefferson C. Boyce  
Dawn M. Hawley  
Paul L. McNamara  
Richard Y. Newton III  
Barbara B. Ostdiek, Ph.D.  
Michael F. Reimherr  
David C. Brown  
John C. Walters

---

**Administrator and  
Investment Adviser**

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

---

**Underwriter and  
Distributor**

Victory Capital Advisers, Inc.  
4900 Tiedeman Road  
Brooklyn, Ohio 44144

---

**Transfer Agent**

Victory Capital Transfer Agency, Inc.  
9800 Fredericksburg Road  
San Antonio, Texas 78288

---

**Custodian,  
Accounting Agent, and  
Sub-Administrator**

State Street Bank and Trust Company  
P.O. Box 1713  
Boston, Massachusetts 02105

---

**Independent  
Registered Public  
Accounting Firm**

Ernst & Young LLP  
100 West Houston St., Suite 1700  
San Antonio, Texas 78205

---

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

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