

USAA Investment Management Company

9800 Fredericksburg Road
San Antonio, TX 78288-0227

877-314-2255

usaa.com

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This Brochure provides information about the qualifications and business practices of USAA Investment Management Company (IMCO). If you have any questions about the contents of this Brochure, please contact us at 877-314-2255. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about IMCO also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated March 31, 2012, is an amendment filing to our last annual update filed March 31, 2011. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. Our Brochure may be requested by calling 877-314-2255.

Additional information about IMCO is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with IMCO who are registered, or are required to be registered, as investment adviser representatives of IMCO.

October 21, 2011 Brochure Update

Effective October 22, 2011, IMCO closed the SFA, GOP and PIM wrap programs to new accounts.

January 1, 2012 Brochure Update

Effective January 1, 2012, IMCO underwent a corporate restructuring with IMCO continuing to provide advisory services intended for individual clients (e.g. wrap fee programs), while USAA Asset Management Company (AMCO), an indirect wholly owned subsidiary of the United Services Automobile Association (USAA), began providing investment advisory services to institutional and investment company clients, including the 46 separate series of the USAA Mutual Funds Trust. More information about AMCO can be found via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

IMCO is an indirect wholly owned subsidiary of the United Services Automobile Association (USAA), a diversified financial services organization. IMCO has been in the investment services and advisory business since 1970. As of January 1, 2012, IMCO manages approximately \$11 billion in discretionary assets and approximately \$1 billion in non-discretionary assets. IMCO engages in two primary areas of business: a discretionary investment advisory business and a broker-dealer business. Information about IMCO's broker-dealer activities is provided in Item 10 entitled *Other Financial Industry Activities and Affiliations*.

As an adviser, IMCO provides investment advisory services to: (1) individuals and other entities through the USAA Managed Portfolios – UMP™ (UMP) wrap fee program; (2) individuals and other entities through the USAA Global Opportunities Portfolio (GOP) wrap fee program; (3) individuals and other entities through the USAA Strategic Fund Adviser® (SFA) wrap fee program; (4) individuals and other entities through the USAA Private Investment Management® (PIM) wrap fee program; and (5) the USAA Federal Savings Bank's (FSB) Trust Services Department, an affiliated corporate client. PIM, SFA and GOP are closed to new accounts.

1. Managed Money Wrap Fee Programs

IMCO provides discretionary investment management and advisory services to four Managed Money wrap fee programs that provide individuals and other entities with, among other services, portfolio selection and management and brokerage services. The four programs are the USAA Managed Portfolios – UMP (UMP) program, the USAA Strategic Fund Adviser (SFA) program, the USAA Global Opportunities Portfolio (GOP) program, and the USAA Private Investment Management (PIM) program. PIM, SFA, and GOP are closed to new accounts.

a. UMP

The minimum dollar value of account assets required for a client to enroll in the UMP program is \$25,000. IMCO uses an asset allocation model process to manage, on a discretionary basis, the accounts of individuals enrolled in UMP. Assets that may be included in an individual account under UMP include stocks, bonds, exchange-traded funds (ETFs), certificates of deposit (CDs) (including CDs offered by USAA FSB and USAA Savings Bank, each our affiliated company), and mutual funds, including the USAA Mutual Funds Trust (each a "mutual fund" and referred to collectively as "USAA Funds" or individually as a "Fund") sponsored by IMCO and advised by AMCO. Detailed information about the UMP program and program fees is available in the UMP Brochure, which is contained in Appendix A of this Brochure and prepared specifically for prospective and current UMP participants.

b. SFA

SFA is closed to new accounts. The minimum dollar value of account assets required for a client to have enrolled in the SFA program was \$50,000. IMCO uses an asset allocation model process to manage, on a discretionary basis, the accounts of clients enrolled in SFA. Assets that may be included in an individual account under SFA include, primarily, mutual funds and ETFs, including USAA Funds sponsored by IMCO and advised by AMCO. Detailed information about the SFA program and program fees is available in the SFA Brochure, which is contained in Appendix A of this Brochure and prepared specifically for current SFA participants.

c. GOP

GOP is closed to new accounts. The minimum dollar value of account assets required for a client to have enrolled in the GOP program was \$50,000. IMCO uses an asset allocation model process to manage, on a discretionary basis, the accounts of clients enrolled in GOP. Assets that may be included in an individual account under GOP include mutual funds, including USAA Funds sponsored by IMCO and advised by AMCO. Detailed information about the GOP program and program fees is available in the GOP Brochure, which is contained in Appendix A of this Brochure and prepared specifically for current GOP participants.

d. PIM

PIM is closed to new accounts. The minimum dollar value of account assets required for a client to have enrolled in the PIM program was \$500,000. IMCO uses an asset allocation model process to manage, on a discretionary basis, the accounts of individuals enrolled in PIM. Assets that may be included in an individual account under PIM include stocks, bonds, ETFs, certificates of deposit (CDs) (including CDs offered by USAA FSB and USAA Savings Bank, each our affiliated company), and mutual funds, including the USAA Funds sponsored by IMCO and advised by AMCO. Detailed information about the PIM program and program fees is available in the PIM Brochure, which is contained in Appendix A of this Brochure and prepared specifically for current PIM participants.

2. Affiliated Corporate Clients

IMCO serves as non-discretionary investment adviser to FSB's Trust Department. Individuals and other entities that are clients of FSB's Trust Services Department may enroll in an asset allocation program offered by FSB and sub-advised by IMCO. IMCO uses an asset allocation model process very similar to UMP to manage the FSB product accounts. Detailed information, including program fees, is available in the account documentation provided to each client, which is a separate disclosure document prepared specifically for prospective and current Trust Services participants and provided by FSB.

3. Additional Information

IMCO also may advise its clients to invest in commingled funds or private funds (including hedge funds) that utilize various types of investment strategies including long and short exposure to equities, fixed-income investments, commodities, and currencies through the use of futures and forwards. Certain private funds are not registered with the SEC and are only offered to “qualified purchasers,” as such term is defined in the Investment Company Act of 1940 and the rules thereunder, in confidential private placement transactions. IMCO only uses these strategies for certain accounts when consistent with the client’s guidelines, objectives, restrictions, and the nature of the client’s account.

Item 5 – Fees and Compensation

1. Managed Money Wrap Fee Programs

Detailed advisory and expense fee information about the Managed Money wrap fee programs (UMP, SFA, GOP, and PIM) is available in the relevant wrap fee program brochure. The wrap fee program brochures are contained in Appendix A to this Brochure and are prepared specifically for prospective and current participants in the wrap fee programs.

2. Fees for Services to Clients of the Trust Services Department of USAA FSB

Detailed information, including a schedule of fees and expenses, is provided to clients of the FSB Trust Services Department by FSB.

3. 12b-1 Fees - Non-USAA Mutual Funds

With respect to the accounts of wrap fee program clients, IMCO may receive 12b-1 fees from non-USAA mutual funds that it purchases on behalf of clients. These fees are for distribution and shareholder services that IMCO provides to these funds through its mutual fund marketplace. However, this compensation is typically rebated to the relevant client account and, therefore, does not influence the mutual funds selected for a client’s account. More detailed information is provided in the relevant mutual fund’s prospectus, statement of additional information, and annual report.

Clients have the option to purchase investment products that IMCO recommends through other brokers or agents that are not affiliated with IMCO.

Item 6 – Performance-Based Fees and Side-By-Side Management

IMCO does not apply a performance adjustment or otherwise receive compensation based on performance for the wrap fee program accounts and other accounts for which it provides advisory services.

Item 7 – Types of Clients

IMCO offers portfolio management services to individuals (including trusts, estates, 401(k) plans, and IRAs of individuals and their family members), high net worth individuals, affiliated corporate clients, pension and profit sharing plans through our Program accounts, charitable organizations and corporations, or other businesses not listed above.

Other than minimum asset requirements applicable to the Managed Money wrap fee programs described in Item 4, IMCO does not maintain any other requirements for opening or maintaining an account.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

The UMP, SFA, GOP, and PIM Brochures include detailed information about the methods of analysis, investment strategies, and risks of loss specific to each wrap fee program. Please see those documents for additional information about each of the wrap fee programs. For each USAA Fund included in a wrap fee program, detailed information about the Fund's methods of analysis, investment strategies, and risks of loss specific to that Fund is provided in the Fund's prospectus, statement of additional information, and annual report. Please see those documents for additional information about each USAA Fund.

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Item 9 – Disciplinary Information

IMCO is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IMCO or the integrity of IMCO's management. IMCO has no information responsive to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

IMCO is an investment adviser and a registered broker-dealer. In addition, many of IMCO's management persons are registered representatives of IMCO. As a broker-dealer, IMCO underwrites, distributes, and services the USAA Funds; offers an online brokerage operation; and offers brokerage execution, settlement, transaction processing, and custodial services for its affiliate USAA Financial Advisors, Inc. (FAI), a registered broker-dealer.

IMCO, is an indirect wholly owned subsidiary of USAA. USAA is a diversified financial services organization that provides many different financial products to its members, including, among other things, property and casualty insurance, mutual fund and brokerage products, life insurance and banking services, and financial planning. From time to time, IMCO or its advisory clients may have material business relationships with the following companies: (a) USAA, a diversified financial services company and its affiliates; (b) USAA Financial Planning Services (FPS), a registered investment adviser and insurance agency; (c) FAI, a registered broker-dealer and member of FINRA/SIPC; (d) AMCO, a registered investment adviser; (e) USAA Life Insurance Company and its affiliates; and (f) FSB, a federal savings bank.

IMCO is affiliated with FPS, a registered investment adviser and insurance agency. Clients of IMCO may be eligible to receive a free financial plan from FPS, or receive reimbursement for a plan already purchased, if they meet certain threshold requirements (i.e., assets under management, combined account size, or as a promotional incentive). To the extent that FPS refers clients or other USAA members to IMCO, FPS is compensated for such referrals, as described in greater detail in Item 14 entitled *Client Referrals and Other Compensation*.

IMCO is affiliated with FAI, a registered broker-dealer. FAI acts as introducing broker to IMCO, and IMCO acts as the clearing broker. All customer brokerage account funds and securities are held or maintained by IMCO. IMCO compensates FAI in connection with brokerage accounts opened at IMCO and distribution and servicing services FAI provides in connection with the USAA Funds sponsored by IMCO and advised by AMCO or IMCO's wrap fee programs. IMCO also reimburses FAI for administrative costs related to such distribution and servicing functions.

IMCO is affiliated with AMCO, a registered investment adviser. AMCO is the investment adviser for the USAA Funds, for which IMCO is the distributor and which IMCO may recommend for purchase by advisory clients. IMCO and its affiliates are compensated by AMCO pursuant to written agreements for providing services to the USAA Funds. These services include reimbursement for costs associated with distribution and servicing provided, as well as for payments made in connection with services provided and for access to IMCO's brokerage platform.

IMCO is affiliated with FSB through USAA's bank holding company. IMCO provides the following services to FSB: it serves as sub-adviser to FSB's Trust Department; it provides

certain administrative and record keeping services related to brokerage sweep agreements; and it acts as sales agent for the distribution of FSB's certificates of deposit. FSB compensates IMCO for these services pursuant to written agreements.

Item 11 – Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

1. Code of Ethics

IMCO has adopted an Investment Code of Ethics (Code) and policy statement regarding insider trading. The purpose of the Code is to establish minimum standards of ethical conduct for personnel, guard against conflicts of interest, such as those described herein, and ensure compliance with the federal securities laws. All personnel must certify that they receive and understand the Code. The Code also is designed to ensure that USAA personnel with access to information regarding the portfolio transactions in, or recommendations made for, accounts we manage, including wrap program accounts, do not misuse such information for their benefit. Accordingly, the Code, among other things, establishes trading blackout periods applicable to such personnel for securities being purchased or sold for accounts we manage, and requires such personnel to periodically report their securities transactions and holdings to IMCO's Office of Compliance and Ethics. The Code also requires all personnel to report all brokerage accounts in which they have a beneficial interest, and we receive duplicate trade confirmations for each such account. In addition, the Code requires certain personnel to hold securities purchased for a minimum period of time. For example, the Code requires all Access Persons that hold shares in any USAA Funds to hold the shares for at least 30 days. Finally, the Code is overseen by the Investment Code of Ethics Committee and enforced by the Office of Compliance and Ethics. A complete copy of the Code is available upon request by calling 877-314-2255.

2. Potential Conflicts Involving Securities Recommendations

IMCO and its affiliates, where appropriate, may recommend to clients that they buy or sell securities or investment products in which IMCO or an affiliate has some financial interest.

IMCO may recommend to clients the purchase of USAA Funds, and may benefit from investment by our clients in USAA Funds. IMCO and its affiliates, including USAA Transfer Agency Company (d/b/a USAA Shareholder Account Services), receive compensation for services performed for the USAA Funds, including shareholder servicing and transfer agency services. This compensation may exceed amounts IMCO and its affiliates receive from non-USAA mutual funds. AMCO, an IMCO affiliate, receives compensation for investment management services performed for the USAA Funds; however, the advisory fee paid by clients to IMCO is reduced by either a credit or a rebate designed to offset the compensation paid to AMCO for these investment management services. Please see the relevant wrap free program brochure or FSB Trust Services disclosure document for more information regarding the credit or rebate of USAA Fund advisory fees. Notwithstanding

the credit or rebate of USAA Fund advisory fees, because the corresponding expenses incurred by IMCO and its affiliates with respect to USAA and non-USAA mutual funds generally differ, IMCO may receive more net compensation from USAA Funds recommended to clients in comparison to net compensation from non-USAA funds. In addition, IMCO, as a broker-dealer, may execute portfolio transactions for the USAA Funds.

IMCO also may buy or sell securities for itself or its affiliates that it also recommends to or purchases for clients. IMCO generally does not take a position on the opposite side of a transaction in which a client may be engaged (i.e., does not sell securities to, or buy securities from, clients).

In its capacity as an investment adviser, IMCO may be offered the opportunity from time to time to invest in the equity securities of issuers engaged in initial public offerings (IPOs). In no event will IMCO invest in equity IPOs for its own behalf or the proprietary accounts of any affiliate. Furthermore, IMCO does not make investments in IPOs available to clients of the UMP, SFA, GOP, or PIM programs.

Item 12 – Brokerage Practices

IMCO, together with its affiliates, in its capacity as an investment adviser and broker-dealer, is routinely engaged in various securities transactions and trading activities for various clients that could create conflicts of interest among its duties to its clients. Consistent with its duty of best execution, IMCO may receive remuneration, compensation, or other consideration for directing client orders to particular broker-dealers or market centers for execution. The source and nature of any compensation received in connection with a client's particular transaction will be furnished to that client upon written request to IMCO.

FSB and FSB Trust Clients

IMCO may only use brokers approved by FSB's Trust Department for those transactions effected for FSB. IMCO seeks to obtain the best overall terms on the brokerage trades it places for FSB and clients of FSB's Trust Services Department. IMCO may consider all relevant factors, including but not limited to, the price of the security, the size of the transaction, the nature of the market, the amount of the commission, the time of the transaction, market prices and trends, the broker's reputation, experience, financial stability, and the quality of the service the broker has rendered to IMCO in other transactions. Consistent with its duty to obtain best execution, IMCO may execute transactions on behalf of the FSB Trust Department clients. Any brokerage transaction for FSB's Trust Services Department executed through IMCO's brokerage service is done without commission or charge to the FSB Trust Services Department.

UMP, SFA, GOP, and PIM

When selecting broker-dealers to effect security transactions in Managed Money accounts, it is IMCO's policy to seek the best overall terms available, i.e., "best execution," taking into consideration such factors as IMCO deems relevant, including the breadth of the market in the securities, the financial condition and execution capability of the broker-dealers, and the reasonableness of the commissions paid, either for the specific transactions or on a continuing basis for such broker-dealers. Consistent with IMCO's policy of obtaining the best overall terms for such transactions, we may give preference to those broker-dealers that provide research and/or brokerage services to us in soft dollar transactions or fixed price public offerings. With respect to any soft dollar transaction, IMCO shall determine that the amount of any commissions paid by it with respect to such transaction is reasonable with respect to all accounts for which IMCO exercises investment discretion.

More detailed information regarding the brokerage practices for the UMP, SFA, GOP, and PIM programs are provided in Appendices A of this Form ADV: the UMP Brochure, the SFA Brochure, the GOP Brochure, and the PIM Brochure, respectively.

Item 13 – Review of Accounts

UMP, SFA, GOP, and PIM

IMCO, through FPS, offers an account review to each UMP, SFA, GOP, and PIM client annually and at such other times as may be agreed to with the client at the time of entering in the arrangement. IMCO's Investment Strategy Committee, composed of IMCO's senior business and investment officers and appropriate portfolio managers, meets quarterly to review the investments and performance of each program to determine the appropriate asset allocations, and review and approve material changes to the program. IMCO's compliance staff also performs reviews of each program.

Clients receive reports on the following schedule:

- Monthly Statements showing holdings, portfolio performance, and transactions for UMP and PIM program participants.
- Quarterly Market Updates including portfolio manager commentary for UMP and PIM program clients.
- Periodic Statements, at least quarterly, showing holdings and transactions for SFA and GOP program participants.
- Quarterly Statements, showing portfolio performance for SFA and GOP program participants that include quarterly market updates.
- Annual Review Reports confirming investment strategy, risk tolerance, and investment time horizon for all program clients.

FSB Trust Department

Review of FSB Trust accounts includes: (1) review by IMCO personnel and management personnel of the FSB's Trust Department, (2) daily and monthly review of transactions by IMCO's personnel, and (3) other reviews on an "as needed" basis. The Investment Strategy Committee, composed of IMCO's senior and supervisory investment officers and appropriate portfolio managers, meets quarterly to review investments and composite performance and determine the appropriate asset allocations. Officers, employees, and portfolio managers of IMCO also may make oral and written reports regarding transactions and performance to the FSB Trust Oversight Committee and Board of Directors' Trust Committee and other FSB personnel.

The FSB Trust Department receives reports on the following schedule:

- Monthly Commonly Used Funds for FSB Trust Department.
- Monthly Non Approved Purchases for FSB Trust Department.
- Annual Broker/Dealer Approval-Review for FSB Trust Department.
- Semi-Annual Best Execution for FSB Trust Department.
- Annual Approval of Third Party Research for FSB Trust Department.
- Annual Asset Allocation Model for FSB Trust Department.
- Semi-Annual Review of Approved Mutual Funds for FSB Trust Department.

Item 14 – *Client Referrals and Other Compensation*

IMCO is part of the USAA group of companies that collectively offer property and casualty insurance, life and health insurance, banking products and services, and investment products.

Certain IMCO affiliates, including FPS, may refer USAA members to IMCO for advisory services through one or more of IMCO's wrap fee programs and may be compensated for those referrals by IMCO. Such referrals are treated in the same way that cash solicitation services would be treated and therefore the affiliation between the referring affiliate and IMCO is fully disclosed to USAA members who are referred by an IMCO affiliate to IMCO for advisory services.

IMCO does not directly pay any individual person, including employees of its affiliates, for referrals of USAA members to IMCO or recommendations to USAA members with respect to investment products, such as wrap fee programs, offered by IMCO. However, as part of the overall performance evaluation of certain employees of FPS, all of whom are salaried, referrals of USAA members to IMCO for advisory services is taken into account and can affect the member service representative's or financial planner's salary and/or company bonus. Specifically, with respect to FPS employees who are in the Wealth Management Division and participate in the incentive compensation program, the number of accounts opened by IMCO as a result of the FPS employee's referral (Referred Assets) and the total

assets in the Referred Assets are taken into account when determining that individual's total incentive compensation.

FPS employees will often determine that a particular product or service offered by IMCO is appropriate for a particular client and will often directly refer that client to IMCO for advisory services. FPS may also discuss such products with clients and may, when

appropriate, facilitate the opening of IMCO advisory accounts or send fulfillment packages for such products or services to IMCO clients.

Item 15 – Custody

IMCO has custody of client assets because as a discretionary investment adviser, IMCO has the ability to access account assets and because it serves as the custodian for each account. Clients will receive at least quarterly custodial account statements from IMCO. IMCO urges each client to carefully review each such custodial account statement and compare it to any other account statements that we may provide to you. These other account statements may vary from custodial account statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities.

Item 16 – Investment Discretion

IMCO provides discretionary investment advisory services to individuals and other entities through the UMP, SFA, GOP, and PIM wrap fee programs.

Clients in the wrap fee programs may request that reasonable limitations be placed on IMCO's discretionary management over their accounts. Any limitations a client may place on IMCO's discretionary authority in a wrap fee program account are subject to review and approval by IMCO. Additional information about the ability of clients to limit IMCO's investment discretion in the context of a wrap fee program is contained in the UMP, SFA, GOP, and PIM Brochures.

IMCO's investment discretion with respect to the management services provided to FSB is limited by contract or by mutual agreement of the parties. Any limitations imposed by the clients of the Trust Services Department of FSB is dictated by the trust documentation and other relevant documents with the client and the FSB.

Item 17 – Voting *Client* Securities

Proxy Voting Policies

IMCO has adopted written proxy voting policies and procedures to govern its exercise of proxy voting for advisory accounts for which it has voting discretion. IMCO utilizes its delegate Institutional Shareholder Services, Inc. (ISS) to vote shares in a manner designed

to maximize the value of its clients' investments. A summary of the proxy voting policies and procedures applicable to IMCO's Managed Money wrap fee programs (UMP, SFA, GOP, and PIM) are contained in the respective brochure for these programs.

For clients of FSB that IMCO advises and exercises proxy voting authority, IMCO (or its delegate, ISS) will vote those shares in a manner to maximize the value of USAA's investments. In evaluating how to vote, IMCO or its delegate may consider information from many different sources, including IMCO's Investment Strategy Committee, FSB's Executive Trust Committee, ISS, management of a company presenting a proposal, shareholder groups, and other sources. IMCO believes that the recommendation of company management should be given weight in determining how to vote on a particular proposal.

Upon request, a client may obtain information reflecting IMCO's voting on behalf of the client's account. Upon request, the USAA affiliated corporate clients may obtain IMCO's complete proxy voting policies and procedures.

Item 18 – Financial Information

IMCO is required in this Item to provide you with specific financial information or disclosures about IMCO's financial condition. Specifically, IMCO has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.