

USAA Asset Management Company

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This brochure (“Brochure”) provides information about the qualifications and business practices of USAA Asset Management Company (“AMCO”). 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 AMCO also is available on the SEC’s website at www.adviserinfo.sec.gov.

AMCO is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940 (“Advisers Act”), as amended. Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory service to its clients.

Item 2 – Material Changes

This Brochure dated March 29, 2019, is an update to our last annual filing dated March 29, 2018. No material changes have been made to to this Brochure since the last annual update filed on March 31, 2018.

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.

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Item 4 – Advisory Business

AMCO is an indirect wholly owned subsidiary of the United Services Automobile Association (“USAA”), a diversified financial services organization. AMCO has been in the investment services and advisory business since 2011. As of December 31, 2018, AMCO managed approximately \$148.3 billion in discretionary assets, excluding any amounts managed by AMCO that are invested in mutual funds or exchange-traded funds also managed by AMCO. AMCO also managed approximately \$3.6 billion in non-discretionary assets, but this amount is duplicative of the discretionary assets, as it is invested in mutual funds managed by AMCO. AMCO engages in three primary areas of business:

- 1) AMCO serves as an investment adviser to USAA Mutual Funds Trust (“MF Trust”) and USAA ETF Trust (“ETF Trust”), each a series trust registered with the SEC pursuant to the Investment Company Act of 1940 (“1940 Act”) (each such series of MF Trust a “USAA Mutual Fund” and collectively, the “USAA Mutual Funds” and each such series of ETF Trust a “USAA ETF” and collectively, the “USAA ETFs”, and the USAA Mutual Funds together with the USAA ETFs, the “Funds”);
- 2) AMCO provides non-discretionary investment advisory services to its affiliate and to the Board of Trustees of the College Savings Plans of Nevada (“Nevada Board”) and Ascensus Investment Advisors, LLC (“Ascensus”) with respect to the USAA 529 College Savings Plan (“529 Plan”); and
- 3) AMCO serves as an investment adviser to affiliated investment portfolios, including the USAA insurance, holding company, and federal savings bank proprietary accounts (collectively, the “Affiliate Accounts”).

Below is additional information with respect to each AMCO line of business.

1. Registered Investment Companies.

AMCO serves as the investment adviser to the USAA Mutual Funds and USAA ETFs pursuant to investment advisory or investment management agreements. The USAA Mutual Funds and USAA ETFs include a wide variety of investment strategies. For each USAA Mutual Fund and each USAA ETF investors should refer to the prospectus and Statement of Additional Information (“SAI”) for detailed information regarding the management services AMCO provides as well as disclosures regarding fees, conflicts of interests, investment policies and restrictions, material risks, and valuation practices for each Fund.

2. Non-Discretionary Investment Advice.

AMCO provides non-discretionary, investment advisory services in the form of model portfolios solely to its affiliate—USAA Investment Management Company (“IMCO”)—

with respect to the following two programs (collectively, “Model Portfolio Services”):

- A. **UMP Program.** The USAA Managed Portfolios Program –UMP® program (“UMP Program”) is a wrap fee program offered and sponsored by IMCO. AMCO serves as a “Style Manager” available under the UMP Program for IMCO and in such role it provides non-discretionary investment advice to IMCO’s Portfolio Management Team by creating and providing to IMCO various model portfolios. For each strategy that AMCO serves as a Style Manager, it recommends to IMCO an overall asset allocation and individual securities to complete the asset allocation. AMCO does not have discretionary authority to implement trades in UMP Program accounts. IMCO manages all UMP Program Accounts and is free to accept or reject any of the recommendations made by AMCO.
- B. **Trust Program.** Individuals and other entities are clients of USAA Federal Savings Bank’s (“FSB”) Trust Services Department (“Trust Services”), an affiliated corporate client, through the establishing of an Investment Object and Asset Allocation model offered by FSB Trust Services and sub-advised by IMCO (“Trust Program”). FSB Trust Services serves as the discretionary manager of the Trust Program and IMCO serves as a sub-adviser. AMCO recommends to IMCO certain model portfolios that are consistent with specified investment strategies offered within the Trust Program. For each investment strategy that AMCO serves as a sub-adviser, it recommends to IMCO an overall asset allocation and individual securities to complete the asset allocation. Either FSB Trust Services or IMCO will have investment discretion with respect to the decision to accept or reject any of the recommendations made by AMCO.

Both the UMP Program and the Trust Program allow participants to place reasonable restrictions on an account. In such cases, it remains IMCO’s responsibility to determine whether a restriction request is reasonable and to ensure that any restrictions accepted for an account are honored, although AMCO is informed of account restrictions relating to fixed income model portfolios.

AMCO also provides non-discretionary, investment advisory services to IMCO, the Nevada Board, and Ascensus with respect to the 529 Plan. The 529 Plan is sponsored by the State of Nevada and designed to satisfy the requirements of Section 529 of the Internal Revenue Code for qualified tuition programs. The 529 Plan is administered and marketed by IMCO. The 529 Plan is invested in portfolios of USAA Mutual Funds covering various risk levels. AMCO manages each of the portfolios on a non-discretionary basis, which includes recommending the USAA Mutual Funds underlying each portfolio to IMCO, Ascensus, and the Nevada Board. The Nevada Board retains investment discretion with respect to the decision to accept or reject any of the recommendations made by AMCO. Detailed information about the 529 Plan is available in the USAA 529 Plan Description and Participation Agreement, which is a separate document provided to each 529 Plan participant.

- 3. Discretionary Affiliate Services. AMCO serves as a discretionary investment

manager to the Affiliate Accounts. Each Affiliate Account is subject to a tailored investment policy that AMCO must follow in providing investment advice. Each investment policy sets limitations on the types and amounts of securities that AMCO may purchase and sell in each Affiliate Account. The USAA Chief Financial Office is primarily responsible for setting strategic asset allocation, initiating investment policy amendments, creating benchmarks to model portfolio risk and assessing investment performance for each Affiliate Account. AMCO may use Affiliate Accounts to seed USAA Mutual Funds or USAA ETFs, as permitted by the USAA Chief Financial Office.

Item 5 – Fees and Compensation

1. Fees for Services to the Registered Investment Companies.

a. Fees for Services to the USAA Mutual Funds.

For AMCO's services, each USAA Mutual Fund pays AMCO an investment management fee, which is accrued daily and paid monthly. The base investment management fee is based on a fraction of a percent of assets under management and ranges from an annualized rate of 0.00% up to 1.00%.

Certain of the agreements that AMCO has entered into with the USAA Mutual Funds are subject to performance adjustments, which are calculated separately for each share class. The performance adjustment is calculated on a monthly basis and is added to or subtracted from the base investment management fee depending upon the performance over the performance period of the respective share class relative to the performance of a referenced benchmark. The performance period for each share class consists of the current month plus the previous 35 months.

To determine the amount of the performance adjustment, the annual performance adjustment rate, which varies between four and six basis points depending upon performance, is multiplied by the average daily net assets of the Fund over the entire performance period, which then is multiplied by a fraction, the numerator of which is the number of days in the month and the denominator of which is 365 (366 in leap years). The resulting amount then is added to (in the case of overperformance) or subtracted from (in the case of underperformance) the base investment management fee.

Each USAA Mutual Fund's management fee is subject to approval by a majority of the trustees, including a majority of the independent trustees, of the Board of Trustees of the USAA Mutual Funds Trust and is set forth in the investment advisory or investment management agreement.

Each USAA Mutual Fund bears all expenses of its operations other than those assumed by AMCO under the terms of its investment advisory agreement or investment management agreement. Fund expenses can include but are not limited to: the management fee; 12b-1 fees; shareholder servicing fees and expenses; administration fees and expenses; custodian fees and expenses; legal and auditing fees; registration fees and expenses; expenses of

communicating to existing shareholders, including preparing, printing, and mailing prospectuses and shareholder reports to such shareholders; and proxy and shareholder meeting expenses.

AMCO currently serves as administrator to the USAA Mutual Funds and also provides shareholder servicing to the USAA Mutual Funds pursuant to the Administration and Servicing Agreement. As contemplated in the Administration and Servicing Agreement, AMCO delegates many of its obligations under such agreements to its affiliates, including IMCO, USAA Transfer Agency Company d/b/a USAA Shareholder Account Services (“SAS”), and USAA Financial Advisors, Inc. (“FAI”). Administration and shareholder servicing fees vary by each USAA Mutual Fund and share class.

This discussion of fees and expenses is intended only as a summary of the types of fees and expenses associated with an investment in the USAA Mutual Funds and a complete description of the fees that AMCO and its affiliates receive for their services from each USAA Mutual Fund and the expenses paid by each USAA Mutual Fund’s shareholder is contained in each USAA Mutual Fund’s prospectus or SAI.

b. Fees for Services to the USAA ETFs.

For AMCO’s services to the USAA ETFs, each USAA ETF pays AMCO an investment management fee which is accrued daily and paid monthly. The investment management fee is based on a fraction of a percent of assets under management and ranges from an annualized rate of 0.15% up to 0.30%. AMCO charges the USAA ETFs a set unitary fee, based on a fraction of a percent of assets under management for operating fees and expenses.

Each USAA ETF’s investment management fee is subject to approval by a majority of the trustees, including a majority of the independent trustees, of the Board of Trustees of the USAA ETF Trust and is set forth in the investment management agreement.

A USAA ETF may pay AMCO 1.00% of the investment income (net of any amounts paid to borrowers) on cash collateral and of the loan fees received from borrowers in respect of each securities loan, less custodial and similar expenses relating to such loans other than the portion of such amounts payable by each USAA ETF as fees to a securities lending agent. AMCO has currently agreed to waive this compensation.

Each USAA ETF bears all expenses of its operations other than those assumed by AMCO under the terms of its investment management agreement or in any administration and operating services agreement. AMCO entered into an Administration and Operating Services Agreement with each USAA ETF. Under the terms of such agreement, AMCO contractually agreed, in exchange for a fee that is based on the average daily net assets of each USAA ETF, to provide administrative services to the ETFs and to pay all operating expenses of the ETFs, excluding distribution and/or service fees, taxes, brokerage commissions and transaction costs, acquired fund fees and expenses, and extraordinary expenses (“unitary fee”). The unitary fee is accrued daily and paid monthly.

This discussion of fees and expenses is intended only as a summary of the types of fees and expenses associated with an investment in the USAA ETFs and a complete description of the fees that AMCO and its affiliates receive for their services from each USAA ETF and the expenses paid by each USAA ETF's shareholder is contained in each USAA ETF's prospectus or SAI.

2. Fees for Non-Discretionary Advisory Services.

AMCO receives a fee for sub-advisory services provided to IMCO that is based on the market value of all UMP Program and Trust Program assets invested in equities and fixed income securities, excluding other investment companies (mutual funds and exchange traded funds) and cash, in each strategy advised by IMCO for which AMCO provides model portfolios. The fees vary based upon the strategy and range from 0.05% 0.26%. The fee is calculated on the average value of assets managed within each strategy on a monthly basis, calculated and billed based on the prior month's average asset values.

AMCO does not receive a fee for the advisory services provided in connection with the 529 Plan, although AMCO indirectly receives compensation in connection with the 529 Plan because USAA Mutual Funds held by the 529 Plan pay a management fee and administration and servicing fee to AMCO. IMCO receives an asset-based program management fee for services provided to the 529 Plan, as described in the 529 Plan Description and Participation Agreement, which fee is used to pay state and administrative fees charged by the State of Nevada and Ascensus.

3. Fees for Discretionary Affiliate Services.

For services rendered to Affiliate Accounts, AMCO is generally compensated at an annualized set basis point rate based on the applicable affiliates' average net assets on a monthly basis, calculated and billed on the prior month's average account balance. In addition, AMCO has entered into an arrangement with an Affiliate Account which sets AMCO's compensation based on a valuation of cost recovery. AMCO may invest Affiliate Accounts in USAA Mutual Funds and USAA ETFs. In addition to the management fee that AMCO receives directly from the Affiliate Accounts, it will also receive a management fee from each USAA Mutual Fund and each USAA ETF purchased by an Affiliate Account. The USAA Mutual Funds and USAA ETFs also provide payment to AMCO or its affiliates for administrative and other services that are necessary for the proper administration of the Funds. This compensation exceeds amounts AMCO and its affiliates may receive from non-USAA Mutual Funds and non-USAA ETFs.

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

Certain of the USAA Mutual Funds apply a performance adjustment that adjusts the base management fee that AMCO receives. Performance-based fees can create a conflict of interest by incentivizing advisers to favor accounts or Funds that charge performance-based fees over those that do not. However, because of the range of fees that AMCO

receives from the USAA Mutual Funds, AMCO does not believe that the application of the performance adjustment to the base fee AMCO receives incentivizes it to favor those Funds over other Funds or accounts or relationships to which a performance adjustment is not applied. The performance adjustment is part of the investment advisory agreement with each USAA Mutual Fund and is subject to review and approval by a majority of the trustees, including a majority of the independent trustees of the Board of Trustees of the USAA Mutual Funds Trust.

Item 7 – Types of Clients

As discussed in Item 4 above, AMCO's clients include the USAA Mutual Funds, USAA ETFs, 529 Plan (IMCO, Ascensus, and the Nevada Board), IMCO, and the Affiliate Accounts. AMCO does not impose any minimum account requirements on IMCO, the 529 Plan, or the Affiliate Accounts. Each USAA Mutual Fund has minimum initial purchase requirements, which are described in more detail in its prospectus. USAA ETF shares may only be acquired or tendered in large blocks of shares (called "Creation Units"), which consist of 50,000 shares, through an Authorized Participant (AP).

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

AMCO implements a number of different investment strategies, including equity, fixed income, multi-asset, index, smart-beta, and money market strategies. AMCO may purchase or recommend stocks, bonds, other fixed-income investments (both investment grade and high yield), ETFs, derivative instruments (including options and futures), foreign and emerging markets securities, real estate investment trusts, and other types of securities based on the investment strategy and investment restrictions of each USAA Mutual Fund, USAA ETF, Affiliate Account, or Model Portfolio strategy.

AMCO utilizes a team-oriented approach driven by seasoned professionals with diverse investment experience. AMCO develops critical insights through rigorous research in the areas of equity, fixed income, alternative asset classes, and macro-economics. AMCO leverages its core competencies of security selection, asset allocation, risk management, and manager selection to construct single and multi-asset class portfolios. AMCO believes that markets are often inefficient. As an active manager, AMCO focuses on global valuation and risk management, endeavoring to take advantage of mispriced assets and seek returns that compensate investors for the risks they are taking. AMCO measures success in years, not months. AMCO adheres to a disciplined research and portfolio construction process, even if it causes AMCO to deviate from the crowd.

With respect to the Model Portfolio Services, AMCO currently maintains four specific strategies, which are each described in more detail below.

1. Core Equity Strategy – This strategy seeks capital appreciation, emphasizing the characteristics of growth, quality, and valuation. It seeks to invest in large-cap core

companies, and seeks to outperform its benchmark index, the S&P 500 Index, over a market cycle.

2. Dividend Equity Strategy – This strategy seeks current income with the prospect of increasing dividend income and the potential for capital appreciation, emphasizing the characteristics of dividend growth, yield, quality, and valuation. This strategy seeks to invest in dividend-paying large-cap core companies and seeks to outperform its benchmark index, the Morningstar Dividend Growth Index, over a market cycle.
3. Taxable Fixed Income Strategy – This strategy seeks high current income without undue risk to principal. This strategy seeks to invest in bonds with durations of two to ten years, with an emphasis on investment grade bonds. Its benchmark index is the Bloomberg Barclays US Intermediate Credit TR Index Value Unhedged.
4. Tax-Exempt Fixed Income Strategy – This strategy seeks interest income that is exempt from federal and applicable state income taxes. This strategy seeks to invest in bonds with durations of two to ten years, with an emphasis on investment-grade bonds. Its benchmark index is the Bloomberg Barclays Municipal Managed Money Short/Intermediate Index.

With respect to the 529 Plan, AMCO creates globally diversified portfolios through a disciplined, fundamentally-driven, long-term focused asset allocation process and manager research process. The asset allocation process determines the portfolio allocations and the manager selection process selects the underlying USAA Mutual Funds for each 529 Plan portfolio. The 529 Plan Description and Participation Agreement provided to each 529 Plan participant by IMCO and Ascensus contains detailed information regarding the methods of analysis, investment strategies, and risk of loss applicable to each portfolio.

The sections captioned Investment Objective, Principal Investment Strategy, and More Information on the Fund's Investment Strategy in each USAA Mutual Fund's and USAA ETF's prospectus describes the investment objective(s) and the investment policies applicable to each USAA Mutual Fund and USAA ETF. There can, of course, be no assurance that each USAA Mutual Fund and USAA ETF will achieve its investment objective(s). Each USAA Mutual Fund's and each USAA ETF's objective(s) is not a fundamental policy and may be changed upon written notice to, but without the approval of, each USAA Mutual Fund's or USAA ETF's shareholders. If there is a change in the investment objective(s) of a USAA Mutual Fund or USAA ETF, the USAA Mutual Fund's or USAA ETF's shareholders should consider whether the USAA Mutual Fund or USAA ETF remains an appropriate investment in light of then-current needs.

Material Risks

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.

This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to each specific strategy contemplated by AMCO. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which AMCO may invest or recommend. The particular risks to which a specific client might be exposed will depend on the specific investment strategies incorporated into that client's portfolio. For a complete description of the material risks of investing in each USAA Mutual Fund and each USAA ETF, investors should review each USAA Mutual Fund and USAA ETF's prospectus and SAI, which are provided to each USAA Mutual Fund and USAA ETF shareholder. For a complete description of material risks of investing in a 529 Plan portfolio, investors should review the 529 Plan Description and Participation Agreement provided to each 529 Plan participant. Below is a non-exhaustive list of the risks associated with the strategies contemplated, and investment advisory services offered, by AMCO:

Authorized Participant Concentration Risk: The risk that, at certain times, a USAA ETF's shares may have a limited number of Authorized Participants, which are financial institutions that are able to purchase and redeem Creation Units. To the extent they cannot or otherwise are unwilling to engage in creation and redemption transactions and no other Authorized Participant steps in, shares of the USAA ETFs may trade like closed-end fund shares at a significant discount to net asset value and may face trading halts and delisting from the exchange.

Asset Allocation Risk: The risk that an investment adviser's decisions regarding a portfolio's allocation to asset classes or underlying funds will not fully account for market trends successfully.

Calculation Methodology Risk: The indexes tracked by certain USAA ETFs rely on various sources of information to assess the criteria of issuers included in the indexes, including information that may be based on assumptions and estimates. Neither the USAA ETFs, their index providers, subadvisers, nor AMCO can offer assurances that an index's calculation methodology or sources of information will provide an accurate assessment of included issuers or correct valuation of securities, nor can they guarantee the availability or timeliness of the production of an index.

Credit Risk: The risk that an issuer of a fixed-income security will fail to make timely interest and principal payments on its securities or that negative market perceptions of the issuer's ability to make such payments will cause the price of that security to decline. All fixed-income securities varying from the highest quality to the very speculative have some degree of credit risk.

Currency Risk: The risk that currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over

short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks, national entities such as the International Monetary Fund, or by the imposition of currency controls, or other political developments in the United States or abroad.

Derivatives Risk: Risks associated with derivatives include the risk that the derivative is not well-correlated with the security, index, or currency to which it relates; the risk that derivatives used for risk management may not have the intended effects and may result in losses or missed opportunities; the risk that a portfolio will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; the risk of interest rate movements; and the risk that the derivatives transaction could expose a portfolio to the effects of leverage, which could increase a portfolio's market exposure, magnify investment risks and losses, and cause losses to be realized more quickly.

Equity Market Risk: The risk that stock prices will fall over short or extended periods of time, regardless of the success or failure of a company's operations. Stock markets tend to run in cycles, with periods when stock prices generally go up, and periods when stock prices generally go down. In addition, markets and market participants are increasingly reliant upon information data systems. Errors, malfunctions, or unauthorized use or access, may impair the performance of these systems and may have an adverse impact upon issuers or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in a portfolio being unable to buy or sell certain securities or financial instruments or accurately price its investments.

Exchange-Traded Fund Risk: The USAA ETFs' shares are traded on an exchange and are bought and sold on the secondary market at market prices. The shares may trade at a premium or discount to net asset value ("NAV"); and as a result, investors may pay more than NAV when purchasing shares and receive less than NAV when selling shares. Investors buying or selling shares in the secondary market may pay brokerage commissions, which may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of shares. The USAA ETFs' investments in other investment companies are subject to statutory limitations prescribed by the 1940 Act. It is possible that an active trading market for the shares will not be maintained, or that trading in the shares will be halted such as due to market-wide trading halts or due to the shares no longer meeting the listing requirements of the exchange.

Fixed-Income Market Risk: The prices of fixed-income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed-income securities will decrease in value if interest rates rise and vice versa. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed-income markets.

Foreign and Emerging Markets Risk: Foreign investing is subject to unique risks, such as currency exchange-rate fluctuations; foreign market illiquidity; increased price volatility; uncertain political conditions; exchange control regulations; foreign ownership limits; different accounting, reporting, and disclosure requirements; difficulties in obtaining legal judgments; and foreign withholding taxes. Foreign investing may result in a portfolio experiencing more rapid and extreme changes in value than one that invests exclusively in securities of U.S. companies.

Investments in countries that are in the early stages of their industrial development involve exposure to economic structures that generally are less economically diverse and mature than those in the United States and to political systems that may be less stable. Investments in emerging markets may be subject to the risk of abrupt and severe price declines and their financial markets often lack liquidity. In addition, emerging market countries may be more likely than more developed countries to experience rapid and significant adverse developments in their political or economic structures. Emerging market economies also may be overly reliant on particular industries, and more vulnerable to shifts in international trade, trade barriers, and other protectionist or retaliatory measures. Governments in many emerging market countries participate to a significant degree in their economies and securities markets. Some emerging market countries restrict foreign investments, impose high withholding or other taxes on foreign investments, impose restrictive exchange control regulations, or may nationalize or expropriate the assets of private companies. Emerging market countries also may be subject to high inflation and rapid currency devaluations and currency-hedging techniques may be unavailable in certain emerging market countries.

Interest Rate Risk: The risk that a rise in interest rates will cause a fall in the value of fixed income securities, including U.S. Government securities. A low interest rate environment may present greater interest rate risk, because there may be a greater likelihood of rates increasing and rates may increase more rapidly.

Investment Company Risk: When a portfolio invests in an investment company, including mutual funds, closed-end funds and ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the portfolio may be subject to additional or different risks than if the portfolio had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its value being more volatile than that of the underlying portfolio securities. Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

Leverage Risk: The risk associated with securities or practices that multiply small price movements into large changes in value. The more a portfolio invests in leveraged

instruments or strategies that use leveraged instruments, the more this leverage will magnify any losses on those investments.

Liquidity Risk: Certain securities held by a portfolio may be difficult (or impossible) to sell at the time and at the price desired due to a variety of factors, including general market conditions, the perceived financial strength of the issuer, or specific restrictions on resale of the securities. Consequently, a portfolio may have to hold these securities longer than it would like and may forgo other investment opportunities. It also is possible that a portfolio could lose money or be prevented from realizing capital gains if it cannot sell a security at the time and price that is most beneficial to it.

Management Risk: The risk that the investment techniques and risk analyses used in managing the portfolio will not produce the desired results.

Market Risk: The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

Momentum Risk: Momentum investing entails investing more in securities that exhibit persistence in relative performance evidenced by better recent price performance compared to other securities. These securities may be more volatile than a broad cross-section of securities, and momentum may be an indicator that a security's price is peaking. Momentum can turn quickly and cause significant variation from other types of investments. A portfolio may experience significant losses if momentum stops, turns or otherwise behaves differently than predicted.

Municipal Securities Risk: Municipal securities, like other fixed income securities, rise and fall in value in response to economic and market factors, primarily changes in interest rates, and actual or perceived credit quality. Rising interest rates will generally cause municipal securities to decline in value. Longer-term securities respond more sharply to interest rate changes than do shorter-term securities. A municipal security will also lose value if, due to rating downgrades or other factors, there are concerns about the issuer's current or future ability to make principal or interest payments. State and local governments rely on taxes and, to some extent, revenues from private projects financed by municipal securities, to pay interest and principal on municipal debt. Poor statewide or local economic results or changing political sentiments may reduce tax revenues and increase the expenses of municipal issuers, making it more difficult for them to repay principal and to make interest payments on securities owned by a portfolio. Actual or perceived erosion of the creditworthiness of municipal issuers may reduce the value of a portfolio's holdings. As a result, the portfolio will be more susceptible to factors that adversely affect issuers of municipal obligations than a portfolio which does not have as great a concentration in municipal obligations. Any changes in the financial condition of municipal issuers also may adversely affect the value of the portfolio's securities.

Non-Investment Grade Securities Risk: Fixed-income securities rated below investment grade ("junk" or high-yield bonds) should be regarded as speculative because their issuers

are more susceptible to financial setbacks and recession than more creditworthy companies. High-yield bond issuers include small companies lacking the history or capital to merit investment-grade status, former blue-chip companies downgraded because of financial problems, and firms with heavy debt loads. Many issuers of high-yield securities have characteristics (including, but not limited to, high levels of debt, an untested business plan, significant competitive and technological challenges, legal, and political risks), which cast doubt on their ability to honor their financial obligations. They may be unable to pay interest when due or return all the principal amount of their debt obligations at maturity. Changes in economic conditions or other circumstances are more likely to lead to a weakened capability to make principal and interest payments on these securities than is the case for higher-rated securities.

Portfolio Turnover Risk: To the extent that a portfolio buys and sells securities frequently, such activity may result in increased brokerage or other higher transaction costs and additional capital gains tax liabilities. These costs affect the portfolio's performance. To the extent that a portfolio invests in an underlying fund the portfolio will have no control over the turnover of the underlying fund.

Sector Risk: The risk that returns from a specific type of security may trail returns from other asset classes or the overall market. Sectors will go through cycles of doing better or worse than stocks or bonds in general. These periods may last for several years.

Securities Lending Risk: The Funds and Affiliate Portfolios may lend their portfolio securities to seek income. There is a risk that a borrower may default on its obligations to return loaned securities. The Funds and Affiliate Portfolios will be responsible for the risks associated with the investment of cash collateral, including any collateral invested in a money market fund. The Funds and Affiliate Portfolios may lose money on their investment of cash collateral or may fail to earn sufficient income on their investments to meet obligations to the borrower. In addition, delays may occur in the recovery of securities from borrowers, which could interfere with a Fund's or Affiliate Portfolio's ability to vote proxies or to settle transactions.

Seed Investor or Large Shareholder Risk: Certain large shareholders, including other Funds or portfolios advised by AMCO (including Affiliate Accounts), may from time to time own a substantial amount of a Fund's shares. In addition, seed investors, such as AMCO, an affiliate of AMCO, an Authorized Participant or a lead market maker (for USAA ETFs), or other entity, may contribute all or a majority of the assets in a Fund to facilitate commencement of a Fund or to facilitate a Fund's achieving a specified size or scale. There is a risk that such large shareholders or seed investors may redeem their investments in a Fund, which could have a significant negative impact on the Fund's NAV and market price (for USAA ETFs), and could also accelerate the realization of capital gains and increase a Fund's transaction costs.

Small-Cap Company Risk: Small-cap companies may be more vulnerable than larger companies to adverse business or economic developments. Small-cap companies also may have limited product lines, markets, or financial resources. Securities of such companies

may be less liquid and more volatile than securities of larger companies or the market averages in general and, therefore, may involve greater risk than investing in the securities of larger companies. In addition, small-cap companies may not be well known to the investing public, may not have institutional ownership, and may have only cyclical, static, or moderate growth prospects.

Tax-Efficiency Risk: Creations and redemptions of shares in USAA ETFs may be effected for cash, rather than in-kind, which means that a USAA ETF may need to sell portfolio securities in order to complete an in-cash redemption, and may recognize net gains on these sales. As a result, investments in the shares may be less tax-efficient than investments in ETFs that redeem solely or principally in-kind.

Tracking Error Risk: Tracking error is the divergence of a passively-managed or smart-beta portfolio's performance from that of its index. The performance of the portfolio may diverge from that of its index because of a number of reasons, such as the use of representative sampling, transaction costs, the portfolio's holding of cash, differences in accrual of dividends, changes to the index, tax considerations, rebalancing, or the need to meet new or existing regulatory requirements. Unlike a portfolio, the returns of an index are not reduced by investment and other operating expenses, including the trading costs associated with implementing changes to a portfolio's portfolio of investments. Tracking error risk may be heightened during times of market volatility or other unusual market conditions. To the extent that a Fund calculates its NAV based on fair value prices and the value of the applicable index is based on securities' closing prices (i.e., the value of the index is not based on fair value prices), the Fund's ability to track the index may be adversely affected. For tax efficiency purposes, a portfolio may sell certain securities to realize losses, which will result in a deviation from its index.

U.S. Government Securities Risk: Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

Valuation Risk: The sale price a portfolio could receive for a security may differ from the portfolio's valuation of the security and may differ from the value used by the portfolio's benchmark index, particularly for securities that trade in low volume or volatile markets or that are valued using a fair value methodology. The Funds rely on various sources to calculate their NAVs. The information may be provided by third parties that are believed to be reliable, but the information may not be accurate due to errors by such pricing sources, technological issues, or otherwise.

Value Risk: Value investing entails investing in securities that are inexpensive (or "cheap") relative to other stocks in the universe based on ratios such as earnings to price or book to price. There may be periods when value investing is out of favor, and during which the investment performance of a fund using a value strategy may suffer. In addition, value

stocks are subject to the risks that their intrinsic value may never be realized by the market.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

AMCO is an indirect wholly owned subsidiary of USAA. USAA is a diversified financial services organization that provides many different financial products and services to its members, including, among other things, property and casualty insurance, mutual fund, exchange-traded fund, managed account, and brokerage products, life insurance services, banking services, and financial planning. From time to time, AMCO may have material business relationships with the following companies: (a) USAA, a diversified financial services company and its property and casualty insurance affiliates; (b) IMCO, a registered investment adviser and broker-dealer and member of FINRA; (c) USAA Financial Advisors, Inc (“FAI”), a registered broker-dealer and member of FINRA; (d) USAA Life Insurance Company and its life insurance company affiliates; (e) USAA FSB, a federal savings bank; (f) USAA Savings Bank, a Nevada chartered financial institution; (g) SAS, transfer agent for the USAA Mutual Funds; and (h) USAA Capital Corporation (“CAPCO”), a holding company.

AMCO is affiliated with IMCO, which is registered as an investment adviser and broker-dealer. As a broker-dealer, IMCO underwrites and distributes the USAA Mutual Funds and the USAA ETFs. As an introducing broker-dealer, IMCO also offers an online brokerage operation and facilitates through National Financial Services, LLC (“NFS”) brokerage execution, settlement, transaction processing, and custodial services for its affiliate FAI, also a registered broker-dealer. IMCO and FAI act as introducing broker-dealers, and NFS acts as the clearing broker-dealer with respect to certain IMCO- or FAI-initiated brokerage transactions, including transactions for certain IMCO clients and UMP Program accounts. In addition, NFS serves as the custodian and clearing broker-dealer for UMP Program accounts. As an investment adviser, IMCO provides investment advisory services to individuals and other entities through the UMP Program and the Trust Program. IMCO also provides administrative and distribution services to the 529 Plan.

AMCO compensates IMCO for distribution and servicing services provided in connection with the USAA Mutual Funds and USAA ETFs. AMCO also compensates USAA for certain enterprise-wide services, such as compliance, audit, information technology, and overhead.

AMCO serves as investment adviser to FSB, USB, CAPCO, and the USAA insurance companies, including USAA Life Insurance Company, USAA Life Insurance Company of New York, USAA Casualty Insurance Company, USAA General Indemnity Company, Garrison

Property and Casualty Association, USAA Capital Corporation, USAA County Mutual Insurance Corporation, Catastrophe Reinsurance Corporation, and Enterprise Indemnity Captive Insurance Company, Inc.

AMCO receives compensation for investment management and AMCO or its affiliates receive compensation for other services performed for the USAA Mutual Funds and USAA ETFs, including transfer agency, administration, distribution, and shareholder servicing fees. AMCO and its affiliates have a conflict of interest in recommending USAA Mutual Funds and USAA ETFs because it and its affiliates earn compensation from investments in USAA Mutual Funds and USAA ETFs. This compensation exceeds amounts that AMCO and its affiliates may receive from non-USAA mutual funds and exchange-traded funds. This presents a conflict of interest, because it gives AMCO and its affiliates an incentive to recommend or buy a USAA Mutual Fund or USAA ETF based on the net compensation received across USAA, rather than based on a client's need. AMCO addresses this conflict of interest by disclosing it to current and prospective clients and by complying with its obligation to act consistent with fiduciary duty. AMCO invests in USAA Mutual Funds and USAA ETFs in the Affiliate Accounts and recommends USAA Mutual Funds for the 529 Plan. AMCO may also recommend certain USAA Mutual Funds to IMCO in connection with Model Portfolio Services in special circumstances. Affiliates of AMCO may also recommend the USAA Mutual Funds and USAA ETFs to their clients.

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

1. Code of Ethics.

AMCO has adopted an Investment Code of Ethics (“Code”) in accordance with the requirements of Rule 204A-1 under the Advisers Act and Rule 17j-1 under 1940 Act. The Code incorporates policy statements regarding insider trading and political contributions, among others. 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 and state securities laws. All personnel must certify that they have received, read, understood, and agree to comply with 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 AMCO manages 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 AMCO manages, and requires such personnel to periodically report their securities transactions and holdings to AMCO's Office of Compliance. The Code also requires all personnel to report all brokerage accounts in which they have a beneficial interest, and AMCO's Office of Compliance receives 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 Mutual Funds, except money market and

short-term bond funds, to hold the shares for at least 30 days. All pre-clearance, reporting, and certifications under the Code are processed through an electronic records system. A team of compliance professionals manages compliance with the Code. The AMCO Chief Compliance Officer meets with the manager of this team periodically to review reports and discuss enhancements to its practices. The Code is also overseen by the AMCO/IMCO Investment Code of Ethics Committee.

A complete copy of the Code is available upon request by calling (877) 314-2255.

2. Potential Conflicts Involving Securities Recommendations.

Affiliates of AMCO, where appropriate, may recommend to clients that they buy or sell securities or investment products in which AMCO or an affiliate has a financial interest.

AMCO invests in USAA Mutual Funds and USAA ETFs in the Affiliate Accounts and recommends USAA Mutual Funds for the 529 Plan. AMCO may also recommend certain USAA Mutual Funds to IMCO in connection with Model Portfolio Services in special circumstances. Affiliates of AMCO may also recommend the USAA Mutual Funds and/or USAA ETFs to their clients. AMCO receives compensation for investment management and AMCO and its affiliates receive compensation for other services performed for the USAA Mutual Funds and USAA ETFs, including transfer agency, administration, servicing, and distribution fees. This compensation may exceed amounts AMCO and its affiliates receive from non-USAA mutual funds and exchange-traded funds. In addition, because the corresponding expenses incurred by AMCO and its affiliates with respect to USAA and non-USAA mutual funds and exchange-traded funds generally will differ, AMCO and its affiliates may receive either more or less net compensation from USAA Mutual Funds and USAA ETFs recommended to clients in comparison to net compensation from non-USAA mutual funds and exchange-traded funds. AMCO addresses this conflict of interest by disclosing it to current and prospective clients and by complying with its obligation to act consistent with fiduciary duty.

IMCO, as a broker-dealer, may execute portfolio transactions for the USAA Mutual Funds and USAA ETFs, although the USAA Mutual Funds and USAA ETFs do not currently use IMCO's brokerage services and do not currently intend to in the future.

AMCO may be offered the opportunity, from time to time, to invest in certain limited equity securities, for example those issuers engaged in initial public offerings ("IPOs"), as well as new fixed-income issues, secondary offerings of publicly traded companies, and private offerings or private placements. AMCO will make such investment opportunities available to those clients, including the USAA Mutual Funds and USAA ETFs, for which such investments are suitable. On an issue-by-issue basis, investments in IPOs are allocated among clients in a fair and equitable manner in accordance with AMCO's IPO allocation procedures. AMCO does not recommend investments in IPOs to its Model Portfolio or 529 Plan clients. In no event will AMCO or its affiliates invest in equity IPOs for their own behalf or on behalf of their affiliates.

On behalf of its clients, AMCO may purchase securities on the secondary market of companies for which USAA and its affiliates may own a material financial interest. AMCO has a potential conflict of interest in purchasing such securities for clients because AMCO and/or certain USAA affiliates could benefit financially from the related trading and share price. AMCO addresses this conflict of interest by disclosing it to clients and by complying with its obligation to act consistent with fiduciary duty.

IMCO, an affiliate of AMCO, may take a position on the opposite side of a transaction in which a client may be engaged (i.e., sell securities to, or buy securities from, clients— so called “principal trading”) in limited circumstances (generally, only when a client holds worthless securities and removal of those securities is necessary to more efficiently manage the account) and only with express client consent.

AMCO may buy or sell securities for Affiliate Accounts that it also purchases or recommends to other unaffiliated clients. AMCO may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that AMCO buys or sells the same securities for Affiliates’ Accounts. This creates a conflict of interest in that AMCO may have an incentive to favor one type of client over the next. AMCO maintains compliance policies and procedures for coordinating trades for similar orders for both equity and fixed-income securities. The policy calls for fair and equitable allocation of trades involving the USAA Mutual Funds and USAA ETFs and the Affiliate Accounts. See Item 12 below for additional information on AMCO’s trade allocation procedures.

Item 12 – Brokerage Practices

AMCO is responsible for selecting broker-dealers to execute transactions for Affiliate Accounts and the USAA Mutual Funds and USAA ETFs. Since AMCO provides non-discretionary services with respect to the Model Portfolio Services and 529 Plan, AMCO does not execute transactions and is not responsible for selecting broker-dealers. When selecting broker-dealers, AMCO places orders for the execution of transactions, including for the USAA Mutual Funds and USAA ETFs, according to its best execution policies and procedures. In executing transactions and selecting broker-dealers, AMCO seeks the best overall terms available. In determining the reasonableness of a broker-dealer’s compensation, AMCO considers such factors as it deems relevant, including the price of the security, any mark-up or mark-down on the security, and/or any commission paid to the broker-dealer. In addition to price considerations, AMCO may take into account additional factors, including but not limited to, the likelihood of execution within a desired time frame, market conditions, the responsiveness of a broker-dealer, the creditworthiness of a broker-dealer, the experience between the broker-dealer and AMCO, the ability of the broker-dealer to make a market in particular securities, and the availability of research and brokerage services provided by the broker-dealer.

AMCO has no obligation to deal with any particular broker or group of brokers in the execution of portfolio transactions.

AMCO receives research and other products or services from certain broker-dealers or third parties in connection with client securities transactions (“soft dollar benefits”). In its allocation of brokerage business used to purchase securities, preference may be given to those broker-dealers who provide research and brokerage services to AMCO subject to obtaining the best overall terms available.

Such research and brokerage services may include, for example: advice concerning the value of securities; the advisability of investing in, purchasing, or selling securities, and the availability of securities or the purchasers or sellers of securities; analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and performance of accounts; and various functions incidental to effecting securities transactions, such as clearance and settlement. These research services may also include access to research on third-party databases, such as historical data on companies, financial statements, earnings history and estimates, and corporate releases; real-time quotes and financial news; research on specific fixed-income securities; research on international market news and securities; and rating services on companies and industries. As such, AMCO may be able to supplement its own information and to consider the views and information of other research organizations in arriving at its investment decisions. If such information is received and it is in fact useful to AMCO, it will reduce AMCO’s costs.

AMCO continuously reviews the performance of the broker-dealers with which it places orders for transactions. A periodic evaluation is made of brokerage transaction costs and services. In evaluating the performance of brokers and dealers, AMCO considers whether the broker-dealer generally has provided AMCO with the best overall terms available, which includes obtaining the best available price and most favorable execution.

When AMCO uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, AMCO receives a benefit because AMCO does not have to produce or pay for the research, products, or services.

AMCO may have an incentive to select or recommend a broker-dealer based on AMCO’s interest in receiving the research or other products or services, rather than on a clients’ interest in receiving most favorable execution.

In return for such services, AMCO may cause a client to pay more than may be charged by other brokers for the same or similar transactions, provided that AMCO determines in good faith that such commission is reasonable in relation to the value of the brokerage and research services provided by such broker, viewed in terms of either that particular transaction or of the overall responsibility of AMCO and its other clients. The receipt of research from broker-dealers that execute transactions on behalf of the USAA Mutual Funds and USAA ETFs may be useful to AMCO in rendering investment management services to other clients (including affiliates of AMCO); and conversely, such research provided by broker-dealers who have executed transaction orders on behalf of other clients may be useful to AMCO in carrying out its obligations to the USAA Mutual Funds and USAA ETFs.

Brokerage and research services may be used to service any AMCO client. As a result, brokerage and research services (including soft dollar benefits) may disproportionately benefit some clients over other clients based on the relative amount of commission paid by the client. For example, research that is paid for through credits generated in one USAA Mutual Fund may not be used in managing that USAA Mutual Fund and may instead be used in managing an AMCO affiliate's account. Brokerage and research services obtained through commissions are shared freely within AMCO. AMCO does not attempt to allocate soft dollar benefits proportionately among clients or to track the benefits of brokerage and research services to the commissions associated with a particular client. In addition, AMCO may share research services paid for by its clients via soft dollar commissions and underwriting concessions (as well as proprietary research from brokers) with IMCO, although the selection of such services are made only considering the needs of AMCO's clients.

For more details on applicable brokerage transactions and commissions relating to the Funds, please review each Fund's SAI.

As of December 31, 2018, AMCO had four Commission Sharing Arrangements ("CSA") with broker-dealers where soft dollar commissions generated were then used to pay for four separate research services. The research received by AMCO included macro-economic and geopolitical analysis, and a proprietary scoring and screening service that enables AMCO to seek out alpha opportunities and limit its risk exposure.

AMCO maintains policies and procedures that govern where client transactions are executed. The Research and Trading departments maintain a list of authorized broker-dealers ("Active Brokers List"). The Active Brokers List contains those broker-dealers that have been approved for trading. Additions and deletions to the Active Brokers List may be made only with the appropriate approval. AMCO's Brokerage Allocation Committee ("BAC") reviews the Active Brokers List at each quarterly meeting.

AMCO does not routinely recommend, request or require that any client direct AMCO to execute transactions through a specified broker-dealer, and trading personnel have sole discretion in selecting broker-dealers from the Active Brokers List when seeking best execution of AMCO client account transactions. Trading personnel who wish to place a trade with a broker-dealer who is not currently on the Active Brokers List must obtain approval via e-mail from the appropriate department prior to placing such trade.

AMCO's BAC oversees all aspects of its brokerage allocation processes, including soft dollars. Approval of new research services and CSA arrangements is requested on an as needed basis. A research budget is presented to the BAC annually for approval.

AMCO generally will only acquire research and brokerage products and services with soft dollars if they qualify as eligible products and services under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. Eligible research services and products that may be acquired by AMCO are those products and services that provide advice, analysis, or

reports that will aid AMCO in carrying out its investment decision-making responsibilities. If a service or product is to be used in part for functions that are not Section 28(e) eligible, AMCO will make a reasonable allocation of the cost of the service or product based on its relative uses. Only that portion of the service or product that is a permissible research or brokerage service or product is paid through soft dollars; the remainder of the cost for such service is paid by AMCO using its own assets. AMCO does not currently use soft dollars to pay for any mixed-use products or services.

Investment decisions, including non-discretionary investment recommendations, made to different AMCO clients utilizing similar or overlapping investment strategies, including its Model Portfolio Services, may be expected to be similar because the same research information may be used in formulating advice and the portfolio managers may share investment ideas. Occasionally, traders will receive orders to buy or sell the same security for more than one portfolio. In addition, the Trading department of AMCO may become aware of opportunities to buy securities in a public offering or in the secondary market that may be of interest to one or more portfolio managers on behalf of both Affiliate Accounts and the Funds. Therefore, securities of the same issuer will, from time to time, be purchased, held, or sold at the same time by one or more client accounts for which AMCO acts as the investment adviser, including Affiliate Accounts.

On occasions when AMCO deems the purchase or sale of a security to be in the best interest of one or more of its clients, AMCO, to the extent permitted by applicable laws and regulations, may aggregate such securities to be sold or purchased for its clients, in order to obtain best execution and lower brokerage commissions, if any. Trades are not necessarily combined or “blocked” in all cases. AMCO may purchase or sell securities for one account and not another account, or can take similar action for multiple accounts at different times, even if the accounts have the same investment objective and permissible investments. However, AMCO may, when feasible and when consistent with the fair and equitable treatment of all client accounts and its best execution obligations, aggregate and block orders of one or more accounts for order entry and execution. In some cases, the ability of a client account to participate in volume transactions will produce better executions and prices for the account. In other cases, however, this could have a detrimental effect on the price or value of the security or instrument as far as each account is concerned.

AMCO has established allocation policies and procedures applicable to its non-discretionary advisory services that it provides to IMCO. AMCO does not have the opportunity to aggregate these orders since it does not have discretion over either the ultimate decision to make an investment or the placement of orders for such non-discretionary accounts. However, AMCO seeks to deliver model portfolio recommendations for equity securities at substantially the same time as equity security transactions for fully discretionary accounts managed pursuant to the same strategy. Because AMCO does not have the authority or responsibility to implement recommendations made pursuant to a model portfolio, and because of inherent delays associated with approval and execution by IMCO, which retains ultimate investment discretion with respect to accepting and implementing the model portfolio recommendations, execution of trades for model portfolios by IMCO generally is expected to occur after AMCO’s discretionary accounts.

With respect to fixed-income model portfolios that AMCO provides to IMCO, AMCO fixed income portfolio managers managing model portfolio programs do not coordinate or communicate with fixed-income portfolio managers managing discretionary accounts regarding execution or recommendation of trades. Therefore, recommendations made to IMCO for fixed-income securities may differ from fixed-income recommendations for discretionary accounts; and in the case of the same or similar recommendations, the communication of such recommendations for fixed-income model portfolios to IMCO may occur before or after trades in discretionary accounts offering similar strategies. Accordingly, trading of equity and fixed-income securities for investors in either Model Portfolio Service program may occur after trading for discretionary accounts with similar strategies over which AMCO exercises investment and trading authority. As such, the trading for such discretionary accounts could negatively affect the prices received by Model Portfolio Service participants and have an adverse impact on Model Portfolio Services participants' accounts.

Allocation policies and procedures are not necessary for the management of the 529 Plan, as AMCO recommends only purchases of USAA Mutual Funds, which are priced at their end-of-day net asset value.

AMCO has established allocation policies and procedures applicable to the USAA Mutual Funds, USAA ETFs, and other investment accounts it manages on a discretionary basis to ensure allocations are appropriate given their respective clients' differing investment objectives and other considerations. In cases where orders to purchase or sell securities are aggregated, allocation of the securities purchased or sold, as well as the expenses incurred in the transaction, will be made by AMCO in the manner it considers to be equitable and consistent with its fiduciary obligations to all such customers. In some instances, this procedure may affect the price and size of the position obtainable for a client account. Generally, when the amount of securities available is insufficient to satisfy the volume or price requirements for participating accounts, the amount executed is distributed among participating accounts based on methodologies and factors set forth in the procedures adopted by AMCO, which generally dictate that AMCO will allocate a partially filled order pro rata based upon the relative sizes of the order submitted, with certain limited exceptions. AMCO's procedures permit it to fill orders based on other criteria, subject to the approval of the Compliance department.

Item 13 – Review of Accounts

AMCO's portfolio managers are responsible for the ongoing review of each client account, including monitoring of USAA Mutual Funds, USAA ETFs, Affiliate Accounts, and Model Portfolios on a daily basis.

The Board of Trustees of the USAA Mutual Funds Trust and the Board of Trustees of the USAA ETF Trust are also responsible for periodically reviewing each USAA Mutual Fund or USAA ETF's respective investment performance as well as the quality of other services

provided to the USAA Mutual Funds and USAA ETFs and their shareholders by each service provider, including AMCO and its affiliates.

In addition, AMCO's Investment Strategy Committee ("ISC") provides support services to AMCO by making determinations and monitoring the investment strategy for each of the USAA Mutual Funds, USAA ETFs, Affiliate Accounts, 529 Plan, and the Model Portfolios. The ISC is responsible for setting an investment strategy that seeks to optimize investment returns within an acceptable risk/reward framework, monitoring the ongoing investment strategy, reviewing performance, and convening special meetings to determine actions necessary to respond to unusual market situations.

With respect to its services provided to IMCO, AMCO provides IMCO with monthly performance attribution analyses on each model and a quarterly written summary of model portfolio recommendations.

AMCO provides annual recommendations to the Nevada Board and Ascensus concerning the USAA Mutual Fund investments in the 529 Plan. In connection with these recommendations, AMCO periodically reviews performance of each underlying fund in the 529 Plan.

AMCO generally meets monthly with its affiliates to review current portfolio holdings and performance in the Affiliate Accounts. In addition, AMCO takes part in an annual presentation to discuss each Affiliate Account portfolio. As part of this presentation, AMCO reviews performance, asset allocation, yield, and strategy of the portfolio.

Each USAA Mutual Fund and USAA ETF intends to post its annual and semiannual shareholder reports and quarterly and monthly schedules of portfolio holdings on usaa.com, which reports are also filed with the SEC. Shareholders will separately be provided a copy of shareholder reports in writing or by electronic means.

In addition, each USAA Mutual Fund intends to post its top 10 holdings on usaa.com 15 days following the end of each month, and the money market funds will post information related to their portfolio holdings on usaa.com five business days at the end of each month and will keep such information on the website for six months thereafter. Each USAA ETF intends to post its daily portfolios holdings on usaa.com.

Item 14 – Client Referrals and Other Compensation

IMCO and its registered representatives may receive direct or indirect compensation from AMCO in connection with underwriting, distributing, and servicing the USAA Mutual Funds; and AMCO may compensate its affiliates or their employees, including FAI registered representatives, for other services provided to AMCO.

As described above in Item 12, AMCO currently receives research services through soft dollar commissions.

Item 15 – Custody

State Street Bank and Trust Company is the USAA Mutual Funds' and USAA ETFs' custodian (except for the USAA S&P 500 Index Fund, which uses Northern Trust Company as its custodian) and accounting agent. They are responsible for, among other things, safeguarding and controlling each Fund's cash and securities, handling the receipt and delivery of securities, processing the pricing of each Fund's securities, and collecting interest on each Fund's investments.

AMCO does not select custodians for clients to whom it provides non-discretionary advice. The Affiliate Accounts also select their own custodian. Clients will receive at least quarterly custodial account statements from their custodian. AMCO urges each client to carefully review each such custodial account statement and compare it to any other account statements that AMCO may provide.

Item 16 – Investment Discretion

AMCO accepts discretionary authority to manage the USAA Mutual Funds, USAA ETFs, and the Affiliate Accounts. Clients may place any reasonable restriction on this discretionary authority. Prior to assuming this authority, AMCO enters into an investment advisory agreement authorizing it as power of attorney to act on behalf of each client.

AMCO does not maintain investment discretion with respect to the advisory services provided to IMCO or in connection with the 529 Plan. AMCO provides portfolio allocation recommendations to IMCO in connection with the UMP Program and Trust Program, and IMCO maintains the discretion as to how and whether to implement such recommendations. AMCO provides 529 Plan portfolio allocation recommendations to IMCO, Ascensus, and the Nevada Board on a periodic basis; and the Nevada Board holds the discretion as to how and whether to implement such recommendations.

Item 17 – Voting Client Securities

For the USAA Mutual Funds, USAA ETFs and Affiliate Accounts, AMCO has the authority to vote on proposals presented to shareholders of portfolio securities held by those clients.

AMCO generally will vote on proposals presented to shareholders of portfolio securities held by the Funds. However, AMCO reserves the right not to vote on such proposals where it determines that the cost of exercising voting rights on behalf of a Fund exceeds the benefit of exercising such voting rights. In addition, AMCO generally will not vote on proposals presented to shareholders with respect to foreign securities that are on loan under the Funds' securities lending program, if applicable. AMCO has determined that the potential return from lending such securities generally is more advantageous to the Fund than recalling such securities from the borrower to exercise voting rights with respect thereto. For similar reasons, AMCO generally will not vote on routine proposals presented to shareholders with respect to domestic securities that are on loan. In addition, AMCO

generally will not vote on proposals presented to shareholders with respect to foreign securities that are subject to share blocking where the foreign company prevents the sale of shares for a certain period of time around the shareholder meeting. For companies in countries with share blocking periods, the disadvantage of being unable to sell the stock regardless of changing conditions typically outweighs the advantages of voting at the shareholder meeting.

AMCO has retained Institutional Shareholder Services, Inc. (“ISS”) to receive proxy statements, provide voting recommendations, vote shares according to AMCO’s instructions, and to keep records of our votes on behalf of the USAA Mutual Funds, USAA ETFs, and the Affiliate Accounts. ISS has developed a set of criteria for evaluating and making recommendations on proxy voting issues (for example, elections of boards of directors or mergers and reorganizations). These criteria and general voting recommendations are set forth in the ISS Proxy Voting Guidelines (the “ISS Guidelines”) as customized by AMCO with respect to certain matters. AMCO retains the authority to determine the final vote for securities held by the USAA Mutual Funds, USAA ETFs, and Affiliate Accounts.

To avoid any improper influence on AMCO’s voting decisions that could arise as a result of a material conflict between the interests of AMCO’s clients, on the one hand, and the interests of AMCO and its affiliates on the other, AMCO generally will follow the voting recommendations of ISS, except as briefly described below.

Before any voting deadline, ISS will provide AMCO with a summary of the proposal and a recommendation based on the ISS Guidelines. In evaluating ISS’s recommendations, AMCO may consider information from many sources, including the portfolio manager, AMCO’s ISC, the management of a company presenting a proposal, shareholder groups, and other sources. AMCO believes that the recommendation of management on most issues should be given weight in determining how to vote. In all cases, the ultimate decision rests with AMCO in accordance with each client’s delegation of authority to AMCO. Upon direction from AMCO, ISS will vote the shares.

If portfolio management believes that it would be in the best interests of AMCO’s clients to vote a proxy in a manner other than in accordance with the recommendations made by ISS, then portfolio management will document whether they are aware, based on a reasonable inquiry under the circumstances, of any material conflict between AMCO’s clients, on the one hand, and AMCO and its affiliates. If a material conflict of interest is determined to exist, AMCO may vote contrary to the recommendation of ISS and any such vote must be pre-approved by AMCO’s ISC. With respect to any security where a proxy subject to a material conflict is voted other than in accordance with the recommendation of ISS, AMCO’s respective ISC will document its determination and the basis for its determination. With respect to any such votes made on behalf of a Fund, these determinations will be summarized and presented to the Funds’ Boards of Trustees at their next regularly scheduled meeting.

Copies of AMCO’s proxy voting policies and procedures, approved by the USAA Mutual

Funds Trust's Board of Trustees and USAA ETF Trust's Board of Trustees for use in voting proxies on behalf of the USAA Mutual Funds and USAA ETFs are available without charge (i) by calling (800) 531-USAA (8722) or (210) 531-8722; (ii) at usaa.com; and (iii) in summary within the applicable USAA Mutual Fund or USAA ETF's SAI on the SEC's website at <http://www.sec.gov>. Information regarding how a USAA Mutual Fund or USAA ETF voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) at usaa.com; and (ii) on the SEC's website at <http://www.sec.gov>.

AMCO does not retain proxy voting authority with respect to its Model Portfolio Services or the 529 Plan.

Item 18 – Financial Information

AMCO is required in this Item to provide you with specific financial information or disclosures about AMCO's financial condition. Specifically, AMCO 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.