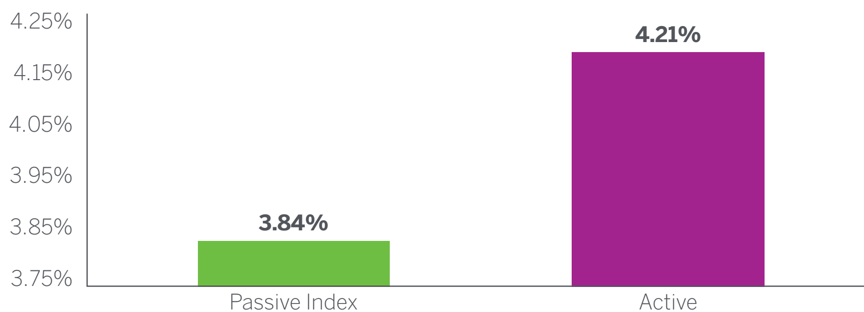
IN BRIEF

The benefits of staying active

Passive investing in fixed income ETFs may not be the optimal way to build a core bond portfolio. For starters, any strategy that tracks an index that is issuance-weighted inherently overweights issuers with the most debt, rather than those with the most attractive pricing and fundamentals.

MAINTAINING AN ACTIVE EDGE

10-year annualized return (1/1/2011 to 12/31/2020)



Source: Morningstar Direct.

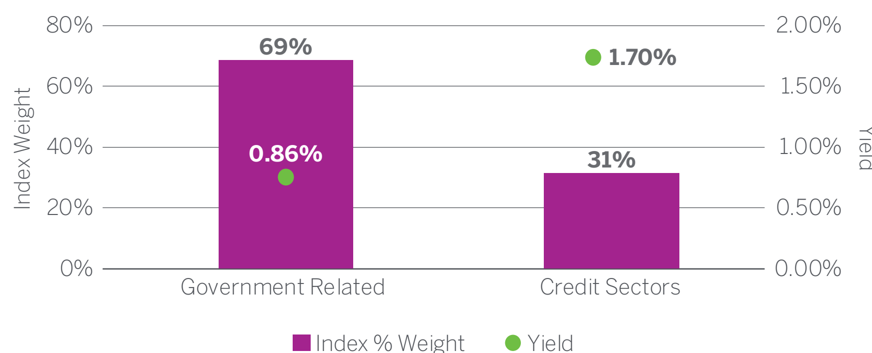
Passive Index is the Bloomberg Barclays Aggregate Bond Index.

Active is the Morningstar category average annualized return for the Morningstar US Fund Intermediate Core-Plus Bond Category (net of fees).

We believe investing in an actively managed, yield-focused portfolio—built around fundamental analysis, vigilant credit selection, and prudent risk management—can be a potential avenue to outperforming passive strategies over the longer term.

PASSIVE* TILTS HEAVILY TOWARD LOWER-YIELDING GOVERNMENT SECTORS

Yields and index weights are as of 12/31/2020



Source: Bloomberg.

**Passive is represented by the Bloomberg Barclays U.S. Aggregate Index.*

Yields are calculated as the weighted average for each component.

Government related includes: US Treasuries, Agencies, SupraNationals, US MBS, and Sovereign.

Credit sectors includes: Corporate bonds, Taxable Munis, CMBS, and ABS.

Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance does not reflect management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

The most common passive strategies—those that track the Bloomberg Barclays U.S. Aggregate Index—are tilted towards lower-yielding Treasury and Agency securities.

In contrast, an active approach focused on "credit" sectors (broadly defined as corporate, asset-backed securities, and taxable municipal debt) offer the potential for higher yields and improved returns.

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Maintaining an active edge

1. An active, fixed income strategy ETF offers the potential benefits of low relative costs, ample liquidity, and tax efficiency.

2. USAA® Investments, a Victory Capital Investment franchise, manages approximately $37 billion in fixed income assets (as of year-end 2020). This provides enough scale to access all corners of the credit markets, but it's not so large that it requires straying from an investment philosophy or introducing leverage and derivatives to generate returns.

3. Our yield-focused portfolios are built through independent research and credit selection. They are duration-neutral and not arbitrarily constrained to a benchmark.

4. USAA Investments, a Victory Capital Investment Franchise, has been deploying a vetted, actively managed fixed income philosophy for over five decades in various credit environments.

VictoryShares USAA Core Short-Term Bond ETF

VictoryShares USAA Core Intermediate-Term Bond ETF

To learn more about VictoryShares active fixed income solutions, please consult with your financial advisor or visit www.victoryshares.com

Carefully consider a fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus or summary prospectus containing this and other important information, visit www.vcm.com/prospectus. Read it carefully before investing.

All investing involves risk, including the potential loss of principal. The Fund has the same risks as the underlying securities traded on the exchange throughout the day. Redemptions are limited, and commissions are often charged on each trade. ETFs may trade at a premium or discount to their net asset value. Fixed income securities are subject to interest rate, inflation, credit and default risk. The bond market is volatile. Bonds and bond funds will decrease in value as interest rates rise and vice versa. Credit risk refers to the possibility that debt issuers may not be able to make principal and interest payments or may have their debt downgraded by ratings agencies. High yield securities may be more volatile, be subject to greater levels of credit or default risk, and may be less liquid and more difficult to sell at an advantageous time or price than higher-rated securities of similar maturity. Mortgage-backed securities ("MBS") are subject to credit, prepayment and extension risk and may react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain MBS. Derivatives may not work as intended and may result in losses. The value of your investment is also subject to geopolitical risks such as wars, terrorism, environmental disasters, and public health crises; the risk of technology malfunctions or disruptions; and the responses to such events by governments and/or individual companies.

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