

The portfolio managers of the USAA Growth and Tax Strategy Fund invest the Fund's assets in municipal bonds and blue-chip stocks. The USAA team manages the Fund's fixed income portfolio with a goal of producing a high level of tax-exempt income, and Victory Solutions, which uses active tax management and stock selection aiming to provide aggregate investment characteristics similar to those of the S&P 500® Index without sacrificing performance, manages the equity portfolio.

During the third quarter, the USAA Growth and Tax Strategy Fund underperformed its composite benchmark, which is composed of 53% bonds and 47% stocks.

The Municipal Portfolio

The Bloomberg Municipal Bond Index returned -3.46% for the third quarter, which brought YTD performance to -12.13%. Negative returns continued across other fixed income asset classes this quarter, which brought YTD returns for the Bloomberg U.S. Aggregate Bond Index to -14.61%, the Bloomberg U.S. Universal Index to -14.90%, and the Bloomberg U.S. Treasury Index to -13.09%.

See below for an update on some of the key metrics in the muni market that we continue to monitor.

- AAA muni yields (the benchmark rate of the safest municipal securities) have increased materially since the first of the year. As a reminder, an increase in bond yields means that bond prices decrease. Bloomberg AAA muni yields increased across the yield curve, with short- and intermediate-term tax-exempt yields at decades highs and long-term tax-exempt yield at the highest since the 2013 Taper Tantrum. See below for yield changes from 12/31/2021 to 9/30/2022 at several key maturities.
 - 3-year: 0.33% to 3.09%
 - 10-year: 1.05% to 3.25%
 - 30-year: 1.54% to 3.94%
- Fund flows for municipal bond mutual funds have remained negative (after last year's record-setting inflows). Total fund flows year to date in 2022 are roughly -\$91.5 billion.
- Credit spreads (the difference between riskier bonds and AAA bonds) rose a bit in the first half of the year but remained relatively unchanged during the quarter. The BBB credit spread increased from 0.61% to 1.15% during the first half of the year and closed the third quarter at 1.12%.

The municipal portion of the Fund continued to benefit from our efforts to generate income. As always, we worked with our in-

house team of credit analysts, selecting investments on a bond-by-bond basis. Our team carefully analyzes and continually monitors every bond in the municipal portfolio, selectively choosing issues with coupons and structures that can contribute to dividend yield. We employ fundamental analysis that emphasizes an issuer's ability and willingness to repay its debt. The municipal portion of the Fund remains well diversified across positions, states, and sectors.

The Equity Portfolio

The U.S. equity market declined in the third quarter as reflected in the -4.88% return for the S&P 500® Index, continuing the downward trend from the first half of 2022. The quarter began with a rally that continued into mid-August, on hopes that the U.S. Federal Reserve (Fed) would pivot toward a more accommodative policy. However, messaging from Chairman Powell and a stronger-than-expected inflation report in early September dampened investor optimism over the central bank's trajectory and the odds of avoiding recession. The Fed went on to hike rates aggressively by three-quarters of a point twice during the quarter, bringing the benchmark fed funds rate target to a range of 3.0% to 3.25%, as compared to 0% to 0.25% at the beginning of the year. Other factors that weighed on sentiment during the quarter included the ongoing Russia-Ukraine war, an energy crisis in Europe, and the resumption of COVID-19 lockdowns in China.

During the quarter, 9 of 11 market sectors registered negative returns, with communication services and real estate posting the biggest losses. Performance was led by consumer discretionary and energy, which were positive for the quarter.

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. Asset allocation and diversification do not promise any level of performance or guarantee against loss of principal. 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. Some income may be subject to state or local taxes or the federal alternative minimum tax (AMT). The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. 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.

The opinions are as of the date noted and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

The Bloomberg Municipal Bond Index is considered to be generally representative of investment-grade municipal issues having remaining maturities greater than 1 year and a national scope.

The Bloomberg U.S. Aggregate Bond Index measures the investment grade, USD-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

The Bloomberg U.S. Universal Index is an index that represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment-grade or below-investment-grade.

The S&P 500® Index is a market-capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.

Victory Capital means Victory Capital Management Inc., the investment adviser of the Victory Capital mutual funds and USAA Mutual Funds. Victory Capital mutual funds and USAA Mutual Funds are distributed by Victory Capital Services, Inc. (VCS), member FINRA, an affiliate of Victory Capital. Victory Capital and its affiliates are not affiliated with United Services Automobile Association or its affiliates. USAA and the USAA logos are registered trademarks and the USAA Mutual Funds and USAA Investments logos are trademarks of United Services Automobile Association and are being used by Victory Capital and its affiliates under license.

©2022 Victory Capital Management Inc.

V19.130 // 3Q 2022 USAA Growth and Tax Strategy Fund COM

**Past performance does not guarantee future results.
To obtain standardized average annual returns for the fund, visit www.vcm.com.**

