

## Market Commentary

Global mining stocks finished the second quarter of 2020 sharply higher, with returns outstripping the broader stock market by a wide margin. Entering the quarter, investors were encouraged by the extraordinary level of support from policy makers globally in response to the COVID-19 pandemic. Leading central banks engaged in unprecedented stimulus efforts, slashing interest rates, acting as asset buyer of last resort and implementing lending facilities. The U.S. Federal Reserve signaled that it expected to leave its benchmark overnight lending rate at zero at least well into 2022. The outlook for lower rates for longer raised the prospect of a weakening dollar, which has historically been supportive of gold. June saw rising concerns around a spike in COVID-19 cases in a number of states, highlighting gold's traditional "safe haven" status. Gold finished the quarter at \$1780 an ounce, up approximately 12.9% from its starting point of \$1577. Gold mining stocks returned 54.72% for the quarter as gauged by the MSCI ACWI Select Gold Miners IMI Index.

## Fund Performance and Positioning

The Fund had a positive total return for the quarter and outperformed both its primary benchmark and secondary benchmark.

The Fund selects holdings from among the universe of gold miner stocks. In doing so, the Fund uses quantitative analysis to identify companies that meet one of the following criteria: trade at attractive valuations, exhibit positive momentum, and/or are high quality as measured by strong and stable profitability.

Relative to the Fund's secondary benchmark, security selection aided performance for the quarter, most notably among Canadian miners which constitute more than half of the secondary benchmark. An underweight to the United States also aided return. Out-of-benchmark exposure to China led detractors, followed by an overweight to Russia relative to the secondary benchmark.

Any increase in the price of gold supported by a sustained low interest rate environment would be helpful to miner results and share prices. In addition, geopolitical developments have the potential to increase the appeal of gold as a safe haven. As always, the principal reason to include gold in a portfolio is for the incremental diversification it provides.

**Consider the investment objectives, risks, charges and expenses of the USAA Mutual Funds carefully before investing. To obtain a prospectus or summary prospectus containing this and other information visit [www.usaa.com/prospectus](http://www.usaa.com/prospectus). Read it carefully before investing.**

**Investing involves risk, including potential loss of principal. There is no assurance the objective(s) will be met.** As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. A fund's performance may be affected by risks that include those associated with nondiversification, non-investment grade debt securities, high-yield/high-risk securities, undervalued or overlooked companies, investments in specific industries or countries and potential conflicts of interest. Additional risks to a fund may also include, but are not limited to, those associated with investing in foreign securities, emerging markets, initial public offerings, real estate investment trusts (REITs), derivatives, short sales, commodity-linked investments and companies with relatively small market capitalizations. Each fund has different risks. Please see a prospectus for more information about risks, fund holdings and other details.

Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

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.

Discussion based on the fund share class. Other classes have different performance characteristics.

Holdings, if any, are subject to change without notice and should not be considered purchase recommendations.

An index is unmanaged and not available for direct investment; therefore, its performance does not reflect the expenses associated with the active management of an actual portfolio.

As of July 1, 2019, Victory Capital Management Inc. is the investment advisor for USAA Mutual Funds.

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V19.049 // 2Q 2020 USAA Precious Metals and Minerals Fund COM