



## INVESTMENTS

A VICTORY CAPITAL® INVESTMENT FRANCHISE

# USAA HIGH INCOME FUND

FUND: USHYX A: UHYOX INSTITUTIONAL: UIHIX R6: URHIX

Q2 // JUNE 30, 2020

## FUND FACTS

Class	Inception Date	Ticker	Expense Ratio:	
			Gross	Net
A	08/02/10	UHYOX	1.21%	1.02%
Fund	08/02/99	USHYX	0.84%	0.84%
Inst	08/01/08	UIHIX	0.76%	0.75%
R6	12/01/16	URHIX	0.98%	0.67%

Net expense ratio reflects fee waivers, reimbursements or recoupment, as applicable, contractually agreed to through June 30, 2021.

### Investment Style

High Yield Bond

### Investment Objective and Strategy

The Fund seeks to provide an attractive total return primarily through high current income and secondarily through capital appreciation. The Fund primarily invests in U.S. dollar-denominated, high-yield securities, including bonds, convertible securities, leveraged loans, and preferred stocks, with an emphasis on non-investment grade debt securities. Although the Fund will invest primarily in U.S. securities, it may invest without limit in dollar-denominated foreign securities and to a limited extent in non-dollar-denominated foreign securities, including in each case emerging markets securities. The Fund may also invest in certain derivatives, such as futures and options.

### About the Fund

- Offers diversification because high-yield has characteristics of both stocks and bonds.
- Less sensitive to changes in interest rates than traditional bonds.
- Long-term returns historically fall between stocks and higher quality bonds.

### Portfolio Managers

Julianne Bass, CFA. Since 2007.

Kurt Daum, J.D. Since 2016.

John Spear, CFA. Since 2016.

Jim Jackson, CFA. Since 2019.

Neal Graves, CFA, CPA. Since 2019.

## MORNINGSTAR RATINGS AND RANKINGS

	Overall	3 Year	5 Year	10 Year
Morningstar Rating	★★★★	★★	★★	★★★★
Morningstar Ranking (%)	—	83	72	47
# of Funds	639	639	546	346

Morningstar Category: High Yield Bond

Morningstar ratings and rankings are based on the Fund share class.

The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable)

Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Morningstar percentile ranking is based on a fund’s average annual total return (excluding sales charges) relative to all funds in the same category. The highest (most favorable) percentile rank is 1%, and the lowest (least favorable) percentile rank is 100%. Fund performance used for the rankings reflects certain fee waivers, without which, Morningstar rankings would have been lower and Morningstar ratings may have been lower.

## PERFORMANCE

### Average Annual Total Returns (%)

As of June 30, 2020	Q2 2020	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
A Shares, without sales charge	10.34	-7.66	-4.81	0.97	2.73	—	5.15
A Shares, with sales charge (max. 2.25%)	7.88	-9.70	-6.92	0.21	2.27	—	4.90
Fund Shares	10.43	-7.59	-4.66	1.15	2.94	5.66	6.17
Institutional Shares	10.47	-7.67	-4.59	1.19	3.04	5.80	6.71
Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index	10.14	-3.83	—	3.32	4.79	6.67	—

### Calendar Year Performance (%)

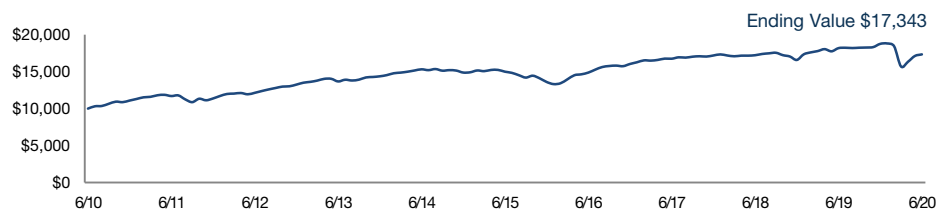
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
A Shares, without sales charge	—	2.28	16.30	8.30	3.36	-8.79	17.49	6.90	-3.66	12.92
A Shares, with sales charge (max. 2.25%)	—	0.02	13.61	5.85	1.03	-10.89	14.82	4.45	-5.84	10.40
Fund Shares	17.14	2.53	16.53	8.47	3.53	-8.56	17.91	7.17	-3.52	13.13
Institutional Shares	17.46	2.64	16.95	8.63	3.64	-8.47	17.90	7.26	-3.45	13.37
Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index	14.94	4.96	15.78	7.44	2.46	-4.43	17.13	7.50	-2.08	14.32

Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year are annualized.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, visit [www.usaa.com](http://www.usaa.com).**

Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower.

### Growth of a Hypothetical \$10,000 Investment Fund Shares (6/30/2010–6/30/2020)



Not FDIC Insured • May Lose Value • No Bank Guarantee

20200724-1252501

**PORTFOLIO INFORMATION** As of June 30, 2020

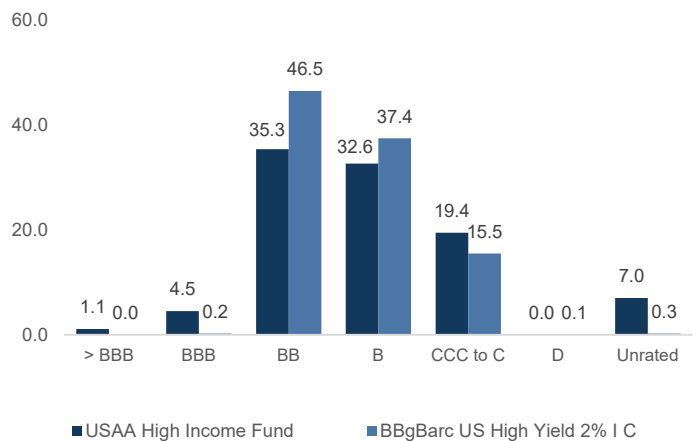
Top Ten Issuers	% Fund
Charter Communications Hldgs Llc	2.09
Ford Motor Company	1.98
Sprint Communications Inc	1.71
Kraft Heinz Co/The	1.6
Community Health Systems	1.6
Altice France Sa	1.56
Tenet Healthcare Corp	1.38
Valeant Pharmaceuticals Intl	1.3
Deutsche Bank, A.G.	1.26
Navient Corp	1.24
<b>Total</b>	<b>15.72</b>

Issuers are subject to change.

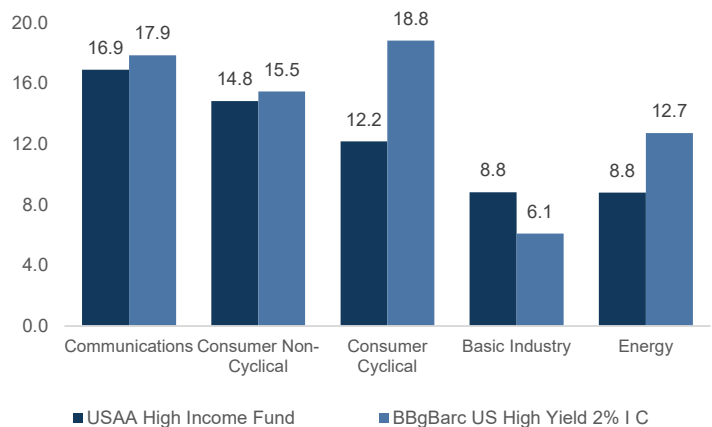
General Statistics	Fund	BBgBarc US High Yield 2% I C
Net Assets (\$)	1.8B	-
Average Effective Duration (years)	4.4	4.0
Number of Securities	461	2,068
30-Day SEC Yield Subsidized	6.31%	-
30-Day SEC Yield Unsubsidized	6.31%	-

Yields shown reflects the Fund share class.

**Credit Quality (% Fund)**



**Top 5 Sectors (% Fund)**



**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 important information visit [www.usaa.com/prospectus](http://www.usaa.com/prospectus). Read it carefully before investing.**

Not all share classes are available to all investors.

**All investing involves risk, including potential loss of principal.** Bonds and bond funds decrease in value as interest rates rise and are subject to credit risk, which refers to the possibility that the 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. Non-U.S. investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Derivatives may not work as intended and may result in losses.

**Credit Quality** Ratings table reflects the highest long-term rating from a Nationally Recognized Statistical Rating Organization (NRSRO), with the four highest long-term credit ratings labeled, in descending order of credit quality, AAA, AA, A and BBB. These categories represent investment-grade quality. The credit ratings shown are provided by Standard & Poor's, Moody's Investors Service, Fitch Ratings, and A.M. Best. Ratings apply to the credit worthiness of the issuers of the underlying securities and not to the fund or its shares. Ratings are subject to change. **Average Effective Duration** provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

**Subsidized Yield** reflects the current fee waiver. **Unsubsidized Yield** represents what the Yield would have been without the current fee waivers and/or expense limitations.

**The unmanaged Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index (BBgBarc US High Yield 2% I C)** is an index comprised of fixed rate, non-investment grade debt securities that are dollar denominated and nonconvertible. The index limits the maximum exposure to any one issuer to 2%.

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

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