

USAA Cornerstone Equity Fund // USAA Cornerstone Aggressive Fund // USAA Cornerstone Moderately Aggressive Fund // USAA Cornerstone Moderate Fund // USAA Cornerstone Moderately Conservative Fund // USAA Cornerstone Conservative Fund

Market Commentary

Performance improved across the financial markets in the fourth quarter, helping recover some of the losses incurred over first nine months of the year. Evidence of cooling inflation fueled optimism that the U.S. Federal Reserve (Fed) could reach end of its long series of interest rate increases in the first half of 2023. Current policy remained restrictive, however, as the Fed hiked rates by a three-quarters of a percentage point in November and another half point in December. The benchmark fed funds reached 4.25% - 4.50% in December, up from 0.0% - 0.25% at the start of the year.

Investors were also cheered by China's move away from their zero-COVID policy, as well as hopes that the nation's government may adopt a more pro-growth stance in 2023. The disruptions in China's economy were a key issue for the world as a whole in 2022, given the country's role as a consumer of commodities and an important supplier of products to the West.

These factors led to strong performance across the global equity markets in the quarter. Developed-market international stocks provided especially robust returns, due in part to the revival in foreign currencies relative to the U.S. dollar. All of the gains for stocks came in October and November, as markets weakened late in the year on concerns about the potential for slower growth and declining corporate earnings in 2023.

Bonds posted a solid gain in the quarter, as well. Although prices on U.S. Treasury issues moved slightly lower, the effect was offset by the benefit of yield. The credit-oriented segments of the market (investment-grade and high-yield corporate bonds) outperformed amid the broader improvement in investor sentiment.

Fund Performance and Positioning

All Funds in the Cornerstone Series finished the quarter with positive absolute returns. USAA Cornerstone Conservative Fund and USAA Cornerstone Moderately Conservative Fund outperformed their respective primary benchmarks, while USAA Cornerstone Moderate Fund, USAA Cornerstone Moderately Aggressive Fund, and USAA Cornerstone Aggressive Fund underperformed. Since the Funds are diversified among both equities and bonds and the primary benchmarks are not, these benchmarks do not correspond with the Funds' strategies.

All Funds in the series outperformed their respective secondary benchmarks, with the exception of USAA Cornerstone Conservative Fund.

Relative to their secondary benchmarks, the Funds benefited from a tilt to the value style over growth, and to higher-quality stocks over their lower-quality counterparts. Both categories outperformed as investors gravitated to companies seen as being in the best position to withstand slowing growth and higher interest rates. The Funds were also helped by overweights in developed- and emerging-market equities versus the United States. On the other hand, positions in lower-risk investments—such as shorter-dated bonds—dampened results in the generally positive environment.

Looking ahead, we believe the majority of the Fed's rate increases may be behind us. With stock-market valuations having fallen considerably, we think the stage is set for improving performance for equities (albeit with

elevated volatility). Believing the value style and dividend-paying stocks are poised for continued outperformance, we maintain overweights in these areas. We think volatility is also likely to remain high in the fixed-income market, meaning that a defensive posture is appropriate in the bond portfolio.

More generally speaking, our response to the shifting investment landscape is to stay focused on fundamentals, valuations, and diversification. We believe this approach, while always prudent for long-term investors, is particularly important now given the elevated uncertainty in the outlook for the economy and markets.

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. The Fund will reflect the risks and incur the expenses of the underlying funds in which it invests. The Adviser is subject to conflicts of interest in allocating the Fund's assets among affiliated Underlying Funds (the Victory Funds), unaffiliated Underlying Funds, or a combination of both. The Adviser may have an incentive to allocate the Fund's assets to those Victory Funds for which the net advisory fees payable to the Adviser are higher than the fees payable by other Victory Funds, or unaffiliated Underlying Funds. 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. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Real estate investment trusts (REITs) are subject to changes in economic conditions, credit risk and interest rate fluctuations. The Fund may frequently change its holdings, resulting in higher fees, lower returns, and more capital gains. 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.

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.

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.

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.

V19.133 // 3Q 2022 USAA Cornerstone Funds COM

