

USAA Money Market Funds Quarterly Commentary

USAA Money Market Fund // USAA Tax Exempt Money Market Fund // USAA Treasury Money Market Trust

Market Commentary

The U.S. Federal Reserve (“the Fed”) kept short-term interest rates unchanged throughout the third quarter, holding the target federal funds rate (“fed funds”) in a range between 0% and 0.25%. In August, during the Fed’s annual economic policy symposium, Fed Chair Jerome Powell announced a major shift in how the U.S. central bank would seek to balance its twin goals of maximum employment and stable inflation. Instead of hiking the fed funds rate when inflation rose above their 2% target, Fed officials planned to wait for a while if higher inflation helped

support the job market. At their September meeting, policymakers signaled that they expected to keep the fed funds rate near zero for at least three more years.

Interest rates on money market instruments remained low during the third quarter, as the Fed held the fed funds rate near zero. As a result, yields on money market mutual funds were low. Investors continued to rely on money market funds because of the minimal risk and the liquidity they offered.

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

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