

Market Commentary

Precious metals stocks—as represented by the Fund's benchmark, the MSCI ACWI Select Gold Miners IMI Index—returned -14.09% in the third quarter, adding to the loss of 28.83% in the previous three months. At its nadir on September 26, the index stood at its lowest level since the depths of the COVID-induced sell-off in March 2020. However, a rally in the last three days of the quarter helped reduce the extent of the loss.

Gold stocks were hurt by the combination of weakness in gold bullion and the broader downturn in the world equity markets. Gold and other precious metals tend to weaken when central banks are raising rates since bonds become a more competitive option on a relative basis. Even more important, real (after-inflation) rates—while remaining in negative territory—rose during the quarter. This was a particularly challenging development for gold, which tends to move in the opposite direction of real rates. A strong rally in the U.S. dollar acted as an additional headwind given that gold is traded in dollars worldwide. In this environment, the price of gold bullion declined from \$1817.00/oz on June 30, 2022, to \$1671.75/oz on the final day of September, a loss of 7.99%. Gold stocks underperformed the metal due to the broad-based sell-off in equities in the latter half of 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. In addition to the normal risks associated with investing, 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. Investments concentrated in an industry or group of industries may face more risks and exhibit higher volatility than investments that are more broadly diversified over industries or sectors. Precious metals and minerals industries can be significantly affected by global economic, financial, and political developments. Investments in companies related to precious metals and minerals may fluctuate in price substantially over short periods of time, so the Fund's share price may be more volatile than other types of investments. The Fund is non-diversified, which means that it may invest a large portion of its assets in a small number of issuers. Non-diversified funds may be more susceptible to economic or credit risks than diversified funds. 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.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Fund Performance and Positioning

The Fund trailed its primary benchmark, the MSCI All Country World Index, reflecting the continued underperformance for precious-metals stocks versus the broader equity market. The Fund outperformed its secondary benchmark, the MSCI ACWI Select Gold Miners IMI Index. Currency allocation contributed to performance, led by an overweight in the U.S. dollar and an underweight in international currencies. Stock selection was mixed, with underperformance in Canada outweighing stronger results in Australia and the United States.

The Fund uses quantitative analysis to identify gold mining companies that trade at attractive valuations, exhibit positive momentum, and/or are higher quality based on their profitability characteristics. Despite the recent weakness in gold stocks, the management team believes the sector can continue to provide a source of portfolio diversification over time. In addition, it continues to represent a way to capitalize on a potential reversal in the U.S. dollar's unusually robust performance thus far in 2022.

Discussion based on the Fund share class. Other classes are available and may have different performance characteristics.

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

The MSCI ACWI Select Gold Miners IMI Index aims to focus on companies primarily engaged in the gold mining industry that are highly sensitive to underlying prices of gold. The index includes companies primarily engaged in gold mining or that derive a majority of their revenues from gold mining and additionally that do not hedge their exposure to underlying gold prices.

The MSCI All-Country World Index (ACWI) is a free float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed and emerging markets. 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.

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