

Market Commentary

U.S. equities finished the fourth quarter well into positive territory, trimming the extent of their losses for the full year. The market's gains were achieved in October and November, when signs that inflation had peaked alongside less hawkish commentary from U.S. Federal Reserve Chairman Jerome Powell raised hopes that the central bank would end its interest rate hiking cycle in early 2023. Indeed, both the Fed and the European Central Bank raised their benchmark overnight lending rates by a more modest 50 basis points in mid-December. Also supporting sentiment, the Chinese government began to ease the zero-COVID policy that had weighed on global economic growth for much of 2022. However, stocks retreated into year-end as investors focused on the impact of higher rates on economic growth and corporate earnings in the coming year. In keeping with most of 2022, value stocks strongly outperformed their growth counterparts, largely due to continued weakness in mega-cap technology stocks.

Large-cap growth stocks as gauged by the Russell 1000® Growth Index returned 2.20% for the quarter, as compared to 12.42% for large-cap value stocks as measured by the Russell 1000® Value Index. Within the Russell 1000® Growth Index, 9 of 11 sectors posted positive returns, with consumer discretionary and

communication services the only sectors to finish in negative territory. Positive contributions to the Index's return were led by the health care, information technology and industrials sectors.

Fund Performance and Positioning

In this environment, the USAA Growth Fund posted a positive return while outperforming its benchmark, the Russell 1000® Growth Index.

Stock selection contributed positively to the Fund's performance relative to the benchmark, partially offset by negative sector allocation. Selection was most beneficial within the consumer discretionary and information technology sectors, while an overweight to communication services was the biggest detractor.

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. Information technology companies are particularly vulnerable to rapid changes in technological product cycles, severe competition and government regulation. 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. 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 Russell 1000® Growth Index is a market-capitalization-weighted index that measures the performance of Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Value Index is a market-capitalization-weighted index that measures the performance of Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. 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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