

Market Commentary

The major U.S. equity indexes 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, the Fed raised its benchmark overnight lending rate by a more modest 50 basis points at its mid-December meeting, leaving the federal funds rate target range at 4.25% to 4.50%. 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.

The Wilshire 4500 Completion IndexSM returned 5.32% for the quarter. Within the benchmark, 9 of 11 market sectors posted positive returns, with only communication services and information technology finishing in negative territory.

Fund Performance and Positioning

In this environment, the USAA Extended Market Index Fund posted a positive total return for the quarter, overperforming its benchmark, the Wilshire 4500 Completion IndexSM.

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. The Fund invests in securities included in, or representative of securities included in, the Index, regardless of their investment merits. The performance of the Fund may diverge from that of the Index. Investments in small- and mid-cap companies typically exhibit higher volatility. 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.

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

The Wilshire 4500 Completion IndexSM is a market-capitalization-weighted index consisting of small- and mid-cap companies in the U.S. equity market. The Index consists of securities within the Wilshire 5000 Total Market Index after eliminating the companies included in the S&P 500[®] Index. 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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