



## Prenotification of Estimated USAA Mutual Fund Distributions

Thank you for choosing USAA for your investments. Based on preliminary calculations as of the first week of November 2012, some of the funds on the next page may have unscheduled income dividends and/or capital gain distributions in December 2012. Money market and most bond funds accrue dividends daily and distribute them on the last business day of the month. (Tax forms 1099 will be delivered in late January 2013.)

**Note:** Investing in a non-IRA account shortly before a fund distributes dividends and/or capital gains may result in a taxable distribution. In certain cases, especially if that fund is expecting a large distribution, it may be advisable to wait until after the fund's dividends are distributed to invest.

### Distributions\*

The per-share amounts of the capital gain distributions are estimated to be within the ranges shown. The actual distribution amounts will not be available until closer to the distribution date. **If your fund(s) pay a distribution, the following dates will apply:**

|                          | <u>Capital Gains<sup>1</sup></u> | <u>Income Dividends<sup>2</sup></u> | <u>Income Dividends<sup>3</sup></u> |
|--------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| <b>Record Date</b>       | December 6, 2012                 | December 17, 2012                   | December 26, 2012                   |
| <b>Distribution Date</b> | December 7, 2012                 | December 18, 2012                   | December 27, 2012                   |
| <b>Payable Date</b>      | December 10, 2012                | December 19, 2012                   | December 28, 2012                   |

**Record Date** - If you are a shareholder of any of these funds on this date, you will receive a distribution.

**Distribution Date** - Known as the ex-date, the date for which there will be a decline in the net asset value per share because of the distribution amount. If you have selected reinvestment, the distributions will be reinvested as additional shares into the fund at the day's closing price.

**Payable Date** - If you have not selected reinvestment, the distributions will be paid on this date.

### No alternative minimum tax

For the 2012 tax year, **none** of the USAA mutual funds distributed dividend income is subject to the alternative minimum tax for individuals.

### Money Market Capital Gain

Several USAA money market funds produced additional capital gain income above and beyond the normal monthly income distributions in 2012. The fund did this by investing in high-quality, tax-exempt securities that not only provided competitive yields this year, but also had the potential to produce gains if their issuers chose to purchase them back from investors. As a result, for the 2012 tax year, the California Market Fund paid a minimal capital gain distribution. Your 1099 will reflect these capital gains, and you will need to report them on your income tax. Please contact the Tax Center at 1-800-531-6347 if you have questions about how this information relates to your 1099 tax documents.

\*A Form 1099 will not be sent if the distributions are less than \$10.

<sup>1</sup>Capital gains for all applicable funds.

<sup>2</sup>Income dividends for underlying funds in Target funds.

<sup>3</sup>Income dividends for all remaining funds, including Target funds.

| USAA Fund Name  | Income Dividends* | Short-Term Capital Gains* | Long-Term Capital Gains* |
|---|-------------------|---------------------------|--------------------------|
| Aggressive Growth   | Yes               | \$0.00000 to \$0.00000    | \$3.51357 to \$3.55357   |
| California Bond   | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| California Money Market   | Yes**             | \$0.00000 to \$0.02002    | \$0.00000 to \$0.00000   |
| Capital Growth  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Cornerstone Aggressive  | Yes               | \$0.21066 to \$0.25066    | \$0.00000 to \$0.00000   |
| Cornerstone Conservative  | Yes               | \$0.00000 to \$0.02109    | \$0.00000 to \$0.00000   |
| Cornerstone Equity  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Cornerstone Moderate<br>(Formerly Balanced Strategy Fund)                 | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Cornerstone Moderately Aggressive<br>(Formerly Cornerstone Strategy Fund) | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Cornerstone Moderately Conservative                                       | Yes               | \$0.00000 to \$0.03368    | \$0.00000 to \$0.00000   |
| Emerging Markets  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Extended Market Index   | Yes               | \$0.00000 to \$0.00000    | \$0.07338 to \$0.11338   |
| First Start Growth  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Government Securities (Formerly GNMA Trust)                               | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Growth  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Growth & Income   | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Growth and Tax Strategy   | Yes*              | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| High Income (Formerly High-Yield Opportunities)                           | Yes               | \$0.00000 to \$0.03245    | \$0.08033 to \$0.12033   |
| Income  | Yes               | \$0.00000 to \$0.00000    | \$0.01394 to \$0.05394   |
| Income Stock  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Intermediate-Term Bond  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.03991   |
| International   | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Money Market  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Nasdaq-100 Index  | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.02740   |
| New York Bond   | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| New York Money Market   | Yes**             | \$0.00000 to \$0.02009    | \$0.00000 to \$0.00000   |
| Precious Metals and Minerals  | Yes               | \$0.00000 to \$0.00000    | \$0.42289 to \$0.46289   |
| Real Return   | Yes               | \$0.01048 to \$0.05048    | \$0.03908 to \$0.07908   |
| S&P 500 Index   | Yes               | \$0.01601 to \$0.05601    | \$0.98932 to \$1.02932   |
| Science & Technology  | No                | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Short-Term Bond   | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Small Cap Stock   | Yes               | \$0.04276 to \$0.08276    | \$0.29574 to \$0.33574   |
| Target Retirement 2020  | Yes               | \$0.00000 to \$0.02013    | \$0.01937 to \$0.05937   |
| Target Retirement 2030  | Yes               | \$0.00000 to \$0.02032    | \$0.02580 to \$0.06580   |
| Target Retirement 2040  | Yes               | \$0.00000 to \$0.00000    | \$0.02351 to \$0.06351   |
| Target Retirement 2050  | Yes               | \$0.00000 to \$0.00000    | \$0.02817 to \$0.06817   |
| Target Retirement Income  | Yes               | \$0.00000 to \$0.00000    | \$0.01071 to \$0.05071   |
| Tax Exempt Intermediate-Term  | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.03991   |
| Tax Exempt Long-Term  | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Tax Exempt Money Market   | Yes**             | \$0.00000 to \$0.02002    | \$0.00000 to \$0.00000   |
| Tax Exempt Short-Term   | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Total Return Strategy   | No                | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Treasury Money Market   | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Ultra Short-Term Bond   | Yes               | \$0.00000 to \$0.02363    | \$0.00000 to \$0.02300   |
| Value   | Yes               | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Virginia Bond   | Yes**             | \$0.00000 to \$0.00000    | \$0.00000 to \$0.00000   |
| Virginia Money Market   | Yes**             | \$0.00000 to \$0.02005    | \$0.00000 to \$0.00000   |
| World Growth  | Yes               | \$0.00000 to \$0.00000    | \$0.02982 to \$0.06982   |

\* If the fund lists a "Yes" and/or a monetary amount, its distributions may be reported on a tax Form 1099-DIV.

\*\* Tax-exempt income dividends are accrued daily and distributed on the last business day of the month. These distributions will be reported on a tax Form 1099-DIV

† This fund distributes both taxable and tax-exempt income dividends. These distributions will be reported on tax Form 1099-DIV.

*Consider the investment objectives, risks, charges and expenses of the USAA mutual funds carefully before investing. Contact us at (800) 531-8722 for a prospectus containing this and other information about the funds from USAA Investment Management Company, Distributor. Read it carefully before investing. An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

*As interest rates rise, existing bond prices fall. Foreign investing is subject to additional risks, such as currency fluctuations, market illiquidity, and political instability. Non-investment grade securities are considered speculative and are subject to significant credit risks. They are sometimes referred to as junk bonds since they represent a greater risk of default than more creditworthy investment-grade securities. While the value of the Government Securities shares is not guaranteed by the U.S. Government, the Trust endeavors to maintain low-to-moderate fluctuation of share price.*

*Past performance is no guarantee of future results.*

Some income may be subject to state or local taxes or the federal alternative minimum tax.