



USAA Investment Services Company  
9800 Fredericksburg Road  
San Antonio, Texas 78288

# USAA'S REFERRAL ARRANGEMENT DISCLOSURE

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## Referral Arrangement Disclosure

You ("You" or "Member") are being referred by USAA Investment Services Company ("ISCO") to Charles Schwab & Co., Inc. ("Schwab") so that You can consider whether to enroll or partake in one of Schwab's investment advisory services (the "Advisory Services") offered under the Investment Advisers Act of 1940 (the "Referral"). This Referral is governed in part by a written agreement between ISCO and Schwab (the "Referral Agreement") under which Schwab pays ISCO based upon a percentage of the assets in Schwab accounts attributable to the Referral (the "Referral Fee"), as explained in more detail below.

The Referral is not a recommendation of specific investments or account types. It is up to You to determine what types of investments, accounts, and Advisory Services, if any, are right for You. Schwab and ISCO are independent, separate businesses. Schwab is not an agent or employee of ISCO and is not affiliated with or under common ownership with ISCO. ISCO does not supervise Schwab or its services and does not monitor or undertake any duty to evaluate the management or performance of any Schwab account. It is entirely your decision whether to open an account with Schwab or partake of any Schwab service, and ISCO has no authority or responsibility to make that decision or to terminate any relationship between You and Schwab once begun.

Schwab offers a variety of Advisory Services in addition to its broker-dealer services. The Advisory Services include discretionary and non-discretionary investment management, referrals to independent third-party investment advisers and financial planning. Schwab charges a fee for some but not all of the Advisory Services, and the fees include both asset-based and flat fees, all of which are described in detail in Schwab's investment advisory agreements and Form ADV Part 2 disclosure brochures applicable to each of its Advisory Services.

Under the Referral Agreement, Schwab pays ISCO an annual percentage fee of 0.15% (15 basis points) of asset balances in the household accounts of Members successfully "referred" within the meaning of the Referral Agreement, regardless of whether those assets are in an Advisory Service or not. Thus, for example, a Referral of a Member to an Advisory Service would result in a Referral Fee being paid not only on the assets in accounts enrolled in the Advisory Service, but also on assets in Schwab brokerage accounts of the Member or the Member's household. Likewise, a Referral that results in a Member opening a Schwab brokerage account would result in a Referral Fee being paid on that account and on any Advisory Accounts opened by the Member or Member's household. Schwab will pay the Referral Fee to ISCO for a period of 24 months from the date of the original qualifying Referral.

Neither ISCO nor Schwab will charge You for the Referral, and You do not pay additional fees at Schwab on the basis of having been referred. If You enroll or partake in one of the Advisory Services, You will not pay a higher Advisory Service fee as a result of the Referral or Schwab's payment of the Referral Fee. Similarly, you will not pay higher fees on non-Advisory Services accounts as a result of the Referral.

ISCO's receipt of the Referral Fee creates a conflict of interest insofar as ISCO has a financial incentive to recommend Schwab.