

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

USAA MUTUAL FUND INC

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Important Information

Through our ongoing efforts to reduce expenses and respond to shareholder requests, your annual and semiannual report mailings are "streamlined." One copy of each report is sent to each address, rather than to every registered owner. For many shareholders and their families, this eliminates duplicate copies, saving paper and postage costs to the Fund.

If you are the primary shareholder on at least one account, prefer not to participate in streamlining, and would like to continue receiving one report per registered account owner, you may request this in writing to:

USAA Investment Management Company
 Attn: Report Mail
 9800 Fredericksburg Road
 San Antonio, TX 78284-8916

or phone a Mutual Fund Representative at 1-800-531-8448 during business hours.

This report is for the information of the shareholders and others who have received a copy of the currently effective prospectus of the USAA Aggressive Growth Fund, managed by USAA Investment Management Company (IMCO). It may be used as sales literature only when preceded or accompanied by a current prospectus which gives further details about the Fund.

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USAA Family of Funds Summary

Fund Type/Name -----	Volatility -----	Minimum Investment* -----
CAPITAL APPRECIATION		
Aggressive Growth	Very high	\$3,000
Emerging Markets(1)	Very high	\$3,000
First Start Growth	Moderate to high	\$3,000
Gold(1)	Very high	\$3,000
Growth	Moderate to high	\$3,000
Growth & Income	Moderate	\$3,000
International(1)	Moderate to high	\$3,000
S&P 500 (Registered Trademark) Index(2)	Moderate	\$3,000
Science & Technology(5)	Very high	\$3,000
World Growth(1)	Moderate to high	\$3,000
ASSET ALLOCATION		
Balanced Strategy(1)	Moderate	\$3,000
Cornerstone Strategy(1)	Moderate	\$3,000
Growth and Tax Strategy(3)	Moderate	\$3,000

Growth Strategy(1)	Moderate to high	\$3,000
Income Strategy	Low to moderate	\$3,000

INCOME - TAXABLE

GNMA	Low to moderate	\$3,000
Income	Moderate	\$3,000
Income Stock	Moderate	\$3,000
Short-Term Bond	Low	\$3,000

INCOME - TAX EXEMPT

Long-Term(3)	Moderate	\$3,000
Intermediate-Term(3)	Low to moderate	\$3,000
Short-Term(3)	Low	\$3,000
State Bond Income(3)**	Moderate	\$3,000

MONEY MARKET

Money Market(4)	Very low	\$3,000
Tax Exempt Money Market(3), (4)	Very low	\$3,000
Treasury Money Market Trust(4)	Very low	\$3,000
State Money Market(3), (4)**	Very low	\$3,000

(1) Foreign investing is subject to additional risks, which are discussed in the funds' prospectuses.

(2) S&P 500 (Registered Trademark) is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use. The Product is not sponsored, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the Product.

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

(4) 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 per share, it is possible to lose money by investing in the fund.

(5) This Fund may be more volatile than a fund that diversifies across many industries.

* The InveStart (Registered Trademark) program is available for investors without the \$3,000 initial investment required to open an IMCO mutual fund account. A mutual fund account can be opened with no initial investment if you elect to have monthly automatic investments of at least \$50 from a bank account. InveStart is not available on tax-exempt funds or the S&P 500 Index Fund. The minimum initial investment for IRAs is \$250, except for the \$2,000 minimum required for the S&P 500 Index Fund. IRAs are not available for tax-exempt funds. The Growth and Tax Strategy Fund is not available as an investment for your IRA because the majority of its income is tax exempt.

** California, Florida, New York, Texas, and Virginia funds available to residents only.

Non-deposit investment products are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by, USAA Federal Savings Bank, and are subject to investment risks, and may lose value.

For more complete information about the mutual funds managed and distributed by USAA Investment Management Company, including charges and operating expenses, please call 1-800-531-8181 for a prospectus. Read it carefully before you invest.

Message from the President

[PHOTOGRAPH OF PRESIDENT AND VICE CHAIRMAN OF THE BOARD, MICHAEL J.C. ROTH ,CFA APPEARS HERE]

Over the past four years I have written many times of our grandchildren. As of December 4, 1998, we have five. Adam Roth Bethel was born to my daughter, Marnie, and her husband, Jeff, in Austin, Texas. The best news is that I think he's incredibly handsome and Jeff's mother thinks he looks like me. As do his four cousins, Adam has an InveStart(Registered Trademark)-type account that we've set up. His is in the USAA First Start Growth Fund. Adam is, of course, extremely bright. I am sure that in years to come he will enjoy learning about investments through the USAA First Start Program.

Adam's cousins' accounts with us are in four other USAA funds. The oldest of these accounts is now over four years old and belongs to Karl Joseph Marbach. when I last checked, its balance was over \$4,600. The account is in the Income Stock Fund and, thus, is subject to all the risks of stocks. Indeed, its value dropped last August when the stock market declined sharply. But it nevertheless demonstrates the positive aspects of this kind of investment plan.

My wife and I decided to help with our grandchildren's education. Our monthly contributions have been the main driver behind Karl's account and those of his cousins. There will no doubt be future market declines, as there will be market advances. And Karl's parents no doubt add to this fund on occasion. But the key thing is that we are providing a systematic plan of adding to this investment for Karl's higher education. I'll bet such a plan will work for Adam as well.

Sincerely

Michael J.C. Roth, CFA
President and
Vice Chairman of the Board

Systematic investment plans do not assure a profit or protect against loss in declining markets.

The USAA Income Stock Fund's average annual total returns for the 1-, 5-, and 10-year periods ending January 31, 1999, were 10.68%, 15.31%, and 14.44%, respectively.

Past performance is no guarantee of future results; the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For more complete information about the mutual funds managed and distributed by USAA Investment Management Company, including charges and operating expenses, please call for a prospectus. Read it carefully before investing.

Investment Review

USAA AGGRESSIVE GROWTH FUND

OBJECTIVE: Appreciation of capital.

TYPES OF INVESTMENTS: Equity securities of companies with prospects of rapidly growing earnings.

	7/31/98	1/31/99
Net Assets	\$736.5 Million	\$913.6 Million
Net Asset Value Per Share	\$31.62	\$34.03

AVERAGE ANNUAL TOTAL RETURNS AS OF 1/31/99

7/31/98 to 1/31/99	1 Year	5 Years	10 Years
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(+) Total returns for periods of less than one year are not annualized. This six-month return is cumulative.

Total return equals income yield plus share price change and assumes reinvestment of all dividends and capital gain distributions. No adjustment has been made for taxes payable by shareholders on their reinvested income dividends and capital gain distributions. The performance data quoted represent past performance and are not an indication of future results. Investment return and principal value of an investment will fluctuate, and an investor's shares, when redeemed, may be worth more or less than their original cost.

CUMULATIVE PERFORMANCE COMPARISON

A chart in the form of a line graph appears here, illustrating the comparison of a \$10,000 hypothetical investment in the USAA Aggressive Growth Fund, the Russell 2000 Index, and the Lipper Small Cap Funds Average for the period of 01/31/89 through 01/31/99. The data points from the graph are as follows:

	USAA Aggressive Growth Fund	Russell 2000 Index	Lipper Small Cap Funds Average
01/89	\$10,000	\$10,000	\$10,000
07/89	11,484	11,391	11,609
01/90	10,264	10,157	10,735
07/90	11,188	10,795	12,052
01/91	11,218	9,772	11,454
07/91	13,486	11,843	13,806
01/92	16,425	14,148	16,866
07/92	13,835	13,561	15,445
01/93	15,689	16,022	18,420
07/93	14,998	16,742	18,995
01/94	17,199	19,001	21,658
07/94	14,840	17,514	19,675
01/95	16,259	17,859	20,825
07/95	22,258	21,888	26,358
01/96	25,023	23,208	27,710
07/96	26,967	23,401	28,777
01/97	30,606	27,606	33,461
07/97	32,361	31,215	37,263
01/98	31,754	32,595	37,939
07/98	33,625	31,937	38,379
01/99	42,845	32,704	39,726

Data from 1/31/89 through 1/31/99

The graph illustrates the comparison of a \$10,000 hypothetical investment in the USAA Aggressive Growth Fund to the broad-based Russell 2000 (Registered Trademark) Index and the Lipper Small Cap Funds Average. The Russell 2000 (Registered Trademark) is a widely recognized unmanaged small cap index consisting of the 2,000 smallest companies within the Russell 3000 (Registered Trademark) Index. The Lipper Small Cap Funds Average is an average of all the small cap funds, as reported by Lipper Analytical Services, an independent organization that monitors the performance of mutual funds.

Message from the Managers

[PHOTOGRAPH OF PORTFOLIO MANAGERS: ERIC M. EFRON, CFA AND JOHN K. CABELL, JR., CFA APPEARS HERE]

MARKET CONDITIONS

During the six-month period ending January 31, 1999, investors in small cap equities, which constitute most of the assets in the Fund, experienced both the dark and the bright sides of volatility. The Russell 2000 (Registered Trademark)

Index, perhaps the best known indicator of small cap stock performance, plummeted 19.5% in August, 1998. It then rallied 11.3% between September 1 and September 23. Between September 23 and October 8, it plunged another 15.7% before it hit bottom for the period. A hefty 37.7% rebound through January closed the index just below its semiannual peak level.

For the six month period, the Russell 2000 (Registered Trademark) Index eked out a modest 1.8% total return. This vastly underperformed the robust results of large cap stocks as represented by the following indices:

Dow Jones Industrial Average(1)	+5.4%
S&P 500(2)	+14.2%
NASDAQ Composite(3)	+33.8%

This extended a trend set over the several previous years in which investors have overlooked the growth prospects and modest valuations of small cap stocks in favor of the liquidity and perceived safety of large cap equities.

- (1) The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded blue chip stocks. Prepared and published by Dow Jones & CO.
- (2) The S&P 500 Index is an unmanaged index representing the weighted average performance of a group of 500 widely held, publicly traded stocks. It is not possible to invest directly in the S&P 500 Index.
- (3) NYSE Composite Index - market value-weighted index which relate all NYSE stocks to an aggregate market value as of December 31, 1965, adjusted for capitalization changes. The base value of the Index is \$50 and point changes are expressed in dollars and cents.

PERFORMANCE

Although past performance is no guarantee of future results, your Fund's total return was 27.4% for the six months ended January 31, 1999. We are pleased that we were able to overcome the relative weakness of the small cap investment environment and outperformed the Lipper Small Cap Funds Average and most major stock market indices, with the exception of the NASDAQ, by a wide margin.

PORTFOLIO STRATEGY

We remain steadfast in our commitment to growth as the primary builder and determinant of value. Because there appears to be a positive correlation between growth rates and stock price appreciation over the longer term, we believe that companies with the greatest growth potential represent the most attractive investment opportunities. Likewise, we continue to believe that well-managed smaller companies represent appropriate vehicles through which to pursue rapid growth. Because they are relatively unencumbered by legacy products and infrastructures, innovative and smaller young companies often have better flexibility to rapidly seize upon the commercial opportunities brought about by ongoing societal and economic change.

The Fund has also continued to invest in large capitalization companies with rapid earnings growth potential. We believe there are many larger companies that have retained their vigor as they have grown and that remain suitable investment vehicles. Also, because their short-term price movements tend not to move in lockstep with those of smaller stocks, larger stocks also have the potential to contribute to more consistent portfolio returns for the Fund over time. With this in mind, we have dedicated a portion of the portfolio to large cap stocks such as:

- Intel
- Dell Computer
- Infinity Broadcasting
- Microsoft
- Ascend Communications
- Clear Channel Communications
- Cisco Systems
- Home Depot

Large cap stocks contributed significantly to the performance of the Fund in the August 1998-January 1999 period, helping it rise above the disfavor into which small cap stocks have fallen.

During the period under review, the Fund had significant investment positions in the following:

- Biotechnology (Immunex, Sepracor)
- Telephone services (Metromedia Fiber Network)
- Retailing (Abercrombie & Fitch,
- Healthcare (Express Scripts)
- Financial services (NCO Group)
- Technology

and 99(cent) Only Stores)

Within technology, the Fund has invested in a broad range of industries including communication equipment, semiconductors, semiconductor capital equipment, networking, computer software and services, and Internet (Network Solutions) services. The internet area, which has excellent growth prospects, has provided impressive returns over the past year and, in our opinion, has become very speculative. We have sold many of our internet holdings at significant profits in order to limit our exposure.

See page 8 for a complete listing of the Portfolio of Investments in Securities.

OUTLOOK

Over the past year or so, U.S. equity markets have passed through a gauntlet of economic and political crises in Asia and Russia and continued skirmishes in the Middle East. On the domestic front, we have experienced political scandals, hedge fund failures, as well as a punishing mid 1998 correction. Despite these ordeals, we think U.S. equities have performed very well because of moderate overall economic growth, low inflation and interest rates, and generally good corporate earnings. If, as we expect, these conditions persist into 1999, the environment would appear positive for stock market investments, particularly in the growth area.

We are also encouraged by the narrowing of the performance gap of small cap stocks relative to large cap equities over the past few months. Perhaps this spells the beginning of a reversal of the chronic underperformance that has afflicted small cap investors and portfolio managers for so long. Small cap stocks certainly appear to have the attractive growth and valuation characteristics to merit a return of investor confidence in them.

At the same time, we are mindful that the net asset value of the Fund has appreciated sharply since early October. Given the historical volatility of the Fund, we do not believe that such performance is sustainable indefinitely into the future. With the release of many companies' annual earnings results upon us, it would not be too surprising to see investors become nervous and stock prices briefly give back some of their recent gains in the months that lie ahead.

TOP 10 EQUITY HOLDINGS (% OF NET ASSETS)		TOP 10 INDUSTRIES (% OF NET ASSETS)	
Network Solutions	3.1	Biotechnology	7.4
Express Scripts	2.6	Internet Services	7.1
Metromedia Fiber Network	2.3	Healthcare-Specialized Services	7.0
Dell Computer	2.1	Electronics-Semiconductors	6.9
Cisco Systems	2.0	Telephones	6.6
3Com	1.9	Retail-Specialty	4.7
Microsoft	1.8	Computer-Networking	4.6
Immunex	1.7	Computer Software & Service	4.4
Med Immune	1.6	Communication Equipment	4.1
Sepracor	1.5	Equipment-Semiconductors	3.7

See page 8 for a complete listing of the Portfolio of Investments in Securities.

USAA AGGRESSIVE GROWTH FUND
PORTFOLIO OF INVESTMENTS

January 31, 1999
(Unaudited)

Number of Shares	Security	Market Value (000)
COMMON STOCKS (97.7%)		
Aerospace/Defense (2.6%)		
425,000	AAR Corp.	\$ 8,234
170,000	Aviation Sales Co.*	7,650
180,000	TriStar Aerospace Co.*	1,474
200,000	Triumph Group, Inc.*	6,125

	Air Freight (0.4%)	
130,000	Eagle USA Airfreight, Inc.*	3,746

	Airlines (0.8%)	
100,000	Atlantic Coast Airlines, Inc.*	3,038
155,000	Midwest Express Holdings, Inc.*	4,514

		7,552

	Banks - Major Regional (1.1%)	
100,000	Bank United Corp. "A"	4,000
150,000	Columbia Banking Systems, Inc.*	2,550
130,000	Hamilton Bancorp, Inc.*	3,396

		9,946

	Beverages - Alcoholic (1.1%)	
100,000	Beringer Wine Estates Holdings, Inc. "B"*	4,500
100,000	Golden State Vintners, Inc.*	1,494
100,000	Robert Mondavi Corp. "A"*	3,975

		9,969

	Biotechnology (7.4%)	
100,000	Centocor, Inc.*	4,206
120,000	Genzyme Corp.*	6,540
100,000	IDEC Pharmaceuticals Corp.*	5,050
100,000	Immunex Corp.*	15,613
300,000	Med Immune, Inc.*	14,850
53,000	SangStat Medical Corp.*	1,462
120,000	Sepracor, Inc.*	13,770
255,000	Techne Corp.*	6,439

		67,930

	Broadcasting - Radio & TV (2.8%)	
210,000	Clear Channel Communications, Inc.*	12,994
162,700	Cumulus Media, Inc. "A"*	2,766
66,900	Entercom Communications Corp.*	1,505
83,100	Gray Communications Systems, Inc. "B"	1,153
118,100	Infinity Broadcasting Corp.*	3,270
85,800	Univision Communications, Inc. "A"*	3,850

		25,538

	Building Material Group (0.4%)	
90,000	Fastenal Co.	3,471

	Communication Equipment (4.1%)	
127,800	Advanced Fibre Communications, Inc.*	1,510
300,000	Brightpoint, Inc.*	5,250
36,000	CIENA Corp.*	727
152,000	Datum, Inc.*	1,235
161,805	Digital Microwave Corp.*	1,537
242,900	Harmonic Lightwaves, Inc.*	5,951
102,100	JDS Fitel, Inc.*	4,565
207,000	Ortel Corp.*	2,225
200,000	P-Com, Inc.*	2,025
228,200	Paigain Technologies, Inc.*	2,439
143,450	REMEC, Inc.*	2,869
186,900	Spectrian Corp.*	3,084
108,300	Terayon Communication Systems, Inc.*	4,386

		37,803

	Computer - Hardware (2.9%)	
192,800	Dell Computer Corp.*	19,280
263,600	Sandisk Corp.*	7,611
		26,891
	Computer - Networking (4.6%)	
378,250	3Com Corp.*	17,778
166,500	Cisco Systems, Inc.*	18,575
168,800	FORE Systems, Inc.*	2,838
159,600	Xylan Corp.*	3,232
		42,423
	Computer - Peripherals (0.9%)	
283,600	HMT Technology Corp.*	3,067
286,700	Read-Rite Corp.*	4,784
		7,851
	Computer Software & Service (4.4%)	
101,700	CBT Group Public Ltd. Co.*	1,818
60,700	Deltek Systems, Inc.*	1,093
173,600	DSET Corp.*	3,168
163,200	Macrovision Corp.*	5,059
96,400	Microsoft Corp.*	16,870
66,800	Microstrategy, Inc.*	1,937
100,000	PLATINUM Technology International, Inc.*	1,325
206,500	Rational Software Corp.*	6,827
87,300	Saville Systems plc*	1,910
112,800	Softworks, Inc.*	677
		40,684
	Distributions - Food/Health (0.4%)	
130,000	United Natural Foods, Inc.*	3,591
	Drugs (1.8%)	
160,000	Elan Corp. plc ADR*	10,800
130,000	Jones Pharma, Inc.*	4,144
60,000	Roberts Pharmaceutical Corp.*	1,170
		16,114
	Electronics - Semiconductors (6.9%)	
149,200	Applied Micro Circuits Corp.*	6,266
201,700	Genesis Microchip, Inc.*	6,631
81,900	Intel Corp.	11,543
103,500	Lattice Semiconductor Corp.*	5,667
151,500	MIPS Technologies, Inc.*	5,927
140,400	MMC Networks, Inc.*	2,115
71,200	Rambus, Inc.*	5,349
195,100	TranSwitch Corp.*	7,658
118,600	Triquint Semiconductor, Inc.*	2,876
179,000	Vitesse Semiconductor Corp.*	9,252
		63,284
	Engineering & Construction (0.1%)	
35,800	Quanta Services, Inc.*	1,007
	Equipment - Semiconductors (3.7%)	
171,600	Brooks Automation, Inc.*	4,129
135,000	Cerprobe Corp.*	2,329
196,100	CFM Technologies, Inc.*	2,231
181,100	Cymer, Inc.*	5,320
150,500	Electroglas, Inc.*	2,521
80,000	Etec Systems, Inc.*	4,295

244,900	Integrated Process Equipment Corp.*	3,428
111,400	Photronics, Inc.*	2,868
113,700	PRI Automation, Inc.*	4,036
147,300	Speedfam International, Inc.*	3,075
		34,232

Finance - Consumer (0.7%)		
193,300	NCO Group, Inc.*	6,814

Finance - Diversified (0.4%)		
120,000	Heller Financial, Inc. "A"	3,285

Foods (1.4%)		
150,000	American Italian Pasta Co. "A"*	4,200
100,000	Horizon Organic Holding Corp.*	1,575
190,000	Suiza Foods Corp.*	6,757
		12,532

Healthcare - Diversified (1.1%)		
100,000	ICON plc ADR*	2,900
131,200	PAREXEL International Corp.*	3,411
100,000	Professional Detailing, Inc.*	3,400
		9,711

Healthcare - Specialized Services (7.0%)		
355,000	Express Scripts, Inc. "A"*	23,341
200,000	MedQuist, Inc.*	6,925
330,000	Orthodontic Centers of America, Inc.*	6,311
140,000	Pediatrix Medical Group, Inc.*	9,039
80,000	QuadraMed Corp.*	2,270
225,000	Renal Care Group, Inc.*	6,975
150,000	Superior Consultant Holdings Corp.*	6,244
110,000	Total Renal Care Holdings, Inc.*	2,564
		63,669

Home Furnishings & Appliances (1.1%)		
220,000	Ethan Allen Interiors, Inc.	10,505

Hospitals (0.2%)		
100,000	Province Healthcare Co.*	2,156

Insurance - Life/Health (0.1%)		
40,200	MONY Group, Inc.*	1,126

Internet Services (7.1%)		
84,600	24/7 Media, Inc.*	3,183
181,200	Concentric Network Corp.*	7,882
143,500	Digital River, Inc.*	8,144
95,300	Entrust Technologies, Inc.*	3,359
86,800	NetGravity, Inc.*	1,964
118,900	Network Solutions, Inc. "A"*	28,655
196,800	Preview Travel, Inc.*	5,227
199,400	USWeb Corp.*	6,082
		64,496

Investment Banks / Brokerage (0.6%)		
120,000	Knight/Trimark Group, Inc.*	5,445

Lodging/Hotel (0.7%)		
110,000	Four Seasons Hotels, Inc.	3,438

125,000	ResortQuest International, Inc.*	2,820
		6,258

Medical Products & Supplies (3.0%)		
130,000	Henry Schein, Inc.*	5,468
109,600	Ocular Sciences, Inc.*	2,534
200,000	Omnicare, Inc.	6,125
238,050	Serologicals Corp.*	6,279
250,000	Sybron Corp.*	6,750
		27,156

Nursing Care (0.6%)		
125,000	Sunrise Assisted Living, Inc.*	5,250
		5,543

Oil & Gas - Drilling/Equipment (0.6%)		
100,000	Carbo Ceramics, Inc.	1,600
200,000	Petroleum Geo-Services ADR*	2,700
170,000	Varco International, Inc.*	1,243
		5,543

Personal Care (1.1%)		
100,000	Estee Lauder Companies, Inc. "A"	8,206
130,000	Revlon, Inc. "A"*	2,137
		10,343

Precious Metals & Mining (0.2%)		
75,000	Stillwater Mining Co.*	1,969
		3,131

Railroads/Shipping (0.3%)		
100,000	MotivePower Industries, Inc.*	3,131
		10,826

Restaurants (1.2%)		
60,000	P. F. Chang's China Bistro, Inc.*	1,215
235,850	Papa John's International, Inc.*	9,611
		10,826

Retail - Building Supplies (1.4%)		
210,000	Home Depot, Inc.	12,679
		2,887

Retail - Food (0.3%)		
120,000	Wild Oats Markets, Inc.*	2,887
		11,013

Retail - General Merchandising (1.2%)		
255,000	Dollar Tree Stores, Inc.*	11,013
		43,078

Retail - Specialty (4.7%)		
250,000	99 Cents Only Stores*	11,094
130,000	Abercrombie & Fitch Co. "A"*	9,945
120,000	Cost Plus, Inc.*	4,260
85,000	CSK Auto Corp.*	2,869
130,000	Hibbett Sporting Goods, Inc.*	2,308
150,000	Party City Corp.*	2,700
176,900	Rental Service Corp.*	4,301
70,000	Restoration Hardware, Inc.*	1,439
120,000	Williams-Sonoma, Inc.*	4,162
		43,078

	Retail - Specialty Apparel (0.3%)	
150,000	Delia's, Inc.*	2,475

	Services - Commercial & Consumer (1.8%)	
100,000	Barra, Inc.*	2,138
130,900	Carreker-Antinori, Inc.*	818
300,000	MSC Industrial Direct Co. "A"*	7,762
320,000	Stewart Enterprises, Inc. "A"	5,600
		16,318

	Services - Computer Systems (1.2%)	
146,600	Flextronics International Ltd.*	6,212
75,537	Sanmina Corp.*	5,004
		11,216

	Services - Data Processing (0.6%)	
126,100	Checkfree Holdings Corp.*	5,107

	Telecommunications - Cellular/Wireless (1.4%)	
122,800	Crown Castle International Corp.*	2,656
114,500	IDT Corp.*	1,775
233,500	Microcell Telecommunications, Inc. "B"*	1,861
118,200	Omnipoint Corp.*	1,684
92,300	Powertel, Inc.*	1,465
114,000	Western Wireless Corp. "A"*	2,992
		12,433

	Telecommunications - Long Distance (2.3%)	
47,000	Global Crossing Ltd.*	2,485
249,200	ITC DeltaCom, Inc.*	3,738
63,600	IXC Communications, Inc.*	2,258
53,000	Level 3 Communications, Inc.*	2,776
45,500	Pacific Gateway Exchange, Inc.*	1,507
58,000	Qwest Communications International, Inc.*	3,476
77,000	RSL Communications Ltd. "A"*	1,973
151,085	STAR Telecommunications, Inc.*	2,021
105,800	Startec Global Communications Corp.*	893
		21,127

	Telephones (6.6%)	
36,200	Covad Communications Group, Inc.*	1,910
178,700	e.spire Communications, Inc.*	927
135,900	Electric Lightwave, Inc. "A"*	1,206
93,600	Global TeleSystems Group, Inc.*	5,862
208,700	GST Telecommunications, Inc.*	1,761
151,500	Hyperion Telecommunications, Inc. "A"*	2,007
64,200	ICG Communications, Inc.*	1,208
83,000	Intermedia Communications of Florida, Inc.*	1,152
46,100	McLeod, Inc.*	1,916
458,000	Metromedia Fiber Network, Inc. "A"*	20,982
142,200	MetroNet Communications Corp. "B"*	5,261
87,700	NEXTLINK Communications, Inc. "A"*	3,875
281,900	Northeast Optic Network, Inc.*	4,440
96,600	Teligent, Inc. "A"*	3,381
98,000	Winstar Communications, Inc.*	4,208
		60,096

	Textiles - Apparel (1.3%)	
110,000	Columbia Sportswear Co.*	1,911
80,000	North Face, Inc.*	1,105
120,000	Tommy Hilfiger Corp.*	8,460
		11,476

	Truckers (0.8%)	
230,000	Coach USA, Inc.*	6,886

	Total common stocks (cost: \$544,071)	892,521

Principal
Amount
(000)

	SHORT-TERM (1.1%)	
	Commercial Paper	
\$ 10,112	General Electric Capital Corp., 4.81%, 2/01/1999 (cost: \$10,109)	10,109

	Total investments (cost: \$554,180)	\$902,630
=====		

USAA AGGRESSIVE GROWTH FUND
NOTES TO PORTFOLIO OF INVESTMENTS

January 31, 1999
(Unaudited)

GENERAL NOTES

Market values of securities are determined by procedures and practices discussed in note 1 to the financial statements.

The cost of securities for federal income tax purposes is approximately the same as that reported in the financial statements.

The percentages shown represent the percentage of the investments to net assets. Investments in foreign securities were 6.7% of net assets at January 31, 1999.

ADR - American Depositary Receipts are foreign shares held by a U.S. bank which issues a receipt evidencing ownership. Dividends are paid in U.S. dollars.

SPECIFIC NOTES

* Non-income producing.

See accompanying notes to financial statements.

<TABLE>

USAA AGGRESSIVE GROWTH FUND
STATEMENT OF ASSETS AND LIABILITIES
(IN THOUSANDS)

January 31, 1999
(Unaudited)

<S>	<C>
ASSETS	
Investments in securities, at market value (identified cost of \$554,180)	\$902,630
Cash	157
Receivables:	
Capital shares sold	526
Dividends	54
Securities sold	15,916

Total assets	919,283

LIABILITIES

Securities purchased	3,706
Capital shares redeemed	1,400
USAA Investment Management Company	274
USAA Transfer Agency Company	201
Accounts payable and accrued expenses	110

Total liabilities	5,691

Net assets applicable to capital shares outstanding	\$913,592
	=====

REPRESENTED BY:

Paid-in capital	\$553,917
Accumulated net investment loss	(2,135)
Accumulated net realized gain on investments	13,360
Net unrealized appreciation of investments	348,450

Net assets applicable to capital shares outstanding	\$913,592
	=====
Capital shares outstanding	26,843
	=====
Authorized shares of \$.01 par value	55,000
	=====
Net asset value, redemption price, and offering price per share	\$ 34.03
	=====

See accompanying notes to financial statements.

</TABLE>

USAA AGGRESSIVE GROWTH FUND
STATEMENT OF OPERATIONS
(IN THOUSANDS)

Six-month period ended January 31, 1999
(Unaudited)

Net investment loss:

Income:	
Dividends (net of foreign taxes withheld of \$1)	\$ 231
Interest	358

Total income	589

Expenses:	
Management fees	1,376
Transfer agent's fees	1,062
Custodian's fees	76
Postage	108
Shareholder reporting fees	26
Directors' fees	2
Registration fees	52
Professional fees	16
Other	6

Total expenses	2,724

Net investment loss	(2,135)
Net realized and unrealized gain on investments:	
Net realized gain	13,446
Change in net unrealized appreciation/depreciation	186,427

Net realized and unrealized gain	199,873

Increase in net assets resulting from operations	\$197,738
	=====

See accompanying notes to financial statements.

<TABLE>

USAA AGGRESSIVE GROWTH FUND
STATEMENTS OF CHANGES IN NET ASSETS
(IN THOUSANDS)

Six-month period ended January 31, 1999
and Year ended July 31, 1998
(Unaudited)

<CAPTION>

	1/31/99	7/31/98
<S>	<C>	<C>
From operations:		
Net investment loss	\$ (2,135)	\$ (2,882)
Net realized gain on investments	13,446	125,534
Change in net unrealized appreciation/depreciation of investments	186,427	(95,797)
Increase in net assets resulting from operations	197,738	26,855
Distributions to shareholders from:		
Net realized gains	(91,694)	(54,316)
From capital share transactions:		
Proceeds from shares sold	162,001	221,629
Shares issued for dividends reinvested	90,619	51,253
Cost of shares redeemed	(181,522)	(262,955)
Increase in net assets from capital share transactions	71,098	9,927
Net increase (decrease) in net assets	177,142	(17,534)
Net assets:		
Beginning of period	736,450	753,984
End of period	\$913,592	\$736,450
Undistributed net investment loss included in net assets:		
End of period	\$ (2,135)	\$ -
Change in shares outstanding:		
Shares sold	6,024	6,779
Shares issued for dividends reinvested	4,176	1,690
Shares redeemed	(6,644)	(8,156)
Increase in shares outstanding	3,556	313

See accompanying notes to financial statements.

</TABLE>

USAA AGGRESSIVE GROWTH FUND
NOTES TO FINANCIAL STATEMENTS

January 31, 1999
(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USAA MUTUAL FUND, INC. (the Company), registered under the Investment Company Act of 1940, as amended, is a diversified, open-end management investment company incorporated under the laws of Maryland consisting of ten separate

funds. The information presented in this semiannual report pertains only to the USAA Aggressive Growth Fund (the Fund). The Fund's investment objective is appreciation of capital. USAA Investment Management Company (the Manager) seeks to achieve this objective by investing the Fund's assets primarily in equity securities of companies that have the prospect of rapidly growing earnings.

A. Security valuation - The value of each security is determined (as of the close of trading on the New York Stock Exchange on each business day the Exchange is open) as set forth below:

1. Portfolio securities, except as otherwise noted, traded primarily on a domestic securities exchange are valued at the last sales price on that exchange.
2. Over-the-counter securities are priced at the last sales price or, if not available, at the average of the bid and asked prices.
3. Securities purchased with maturities of 60 days or less are stated at amortized cost which approximates market value.
4. Securities which cannot be valued by the methods set forth above, and all other assets, are valued in good faith at fair value, using methods determined by the Manager under the general supervision of the Board of Directors.

B. Federal taxes - The Fund's policy is to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its income to its shareholders. Therefore, no federal income or excise tax provision is required.

C. Investments in securities - Security transactions are accounted for on the date the securities are purchased or sold (trade date). Gain or loss from sales of investment securities is computed on the identified cost basis. Dividend income is recorded on the ex-dividend date. If the ex-dividend date has passed, certain dividends from foreign securities are recorded upon notification. Interest income is recorded on the accrual basis. Discounts and premiums on short-term securities are amortized over the life of the respective securities.

D. Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts in the financial statements.

(2) LINES OF CREDIT

The fund participates with other USAA funds in three joint short-term revolving loan agreements totaling \$850 million, two with USAA Capital Corporation (CAPCO), an affiliate of the Manager (\$250 million committed and \$500 million uncommitted), and one with NationsBank of Texas, N.A. (\$100 million committed). The purpose of the agreements is to meet temporary or emergency cash needs, including redemption requests that might otherwise require the untimely disposition of securities. Subject to availability under both agreements with CAPCO, the Fund may borrow from CAPCO an amount up to 5% of the Fund's total assets at CAPCO's borrowing rate with no markup. Subject to availability under its agreement with NationsBank, the Fund may borrow from NationsBank an amount which, when added to outstanding borrowings under the CAPCO agreements, does not exceed 25% of the Fund's total assets at NationsBank's borrowing rate plus a markup. The Fund had no borrowings under any of these agreements during the six-month period ended January 31, 1999.

(3) DISTRIBUTIONS

Distributions of net investment income and realized gains from security transactions not offset by capital losses are made in the succeeding fiscal year or as otherwise required to avoid the payment of federal taxes.

(4) INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales of securities, excluding short-term securities, for the six-month period ended January 31, 1999 were \$88.4 million and \$115.4 million, respectively.

Gross unrealized appreciation and depreciation of investments as of January 31, 1999 was \$388.5 million and \$40.0 million, respectively.

(5) TRANSACTIONS WITH MANAGER

A. Management fees - USAA Investment Management Company carries out the Fund's investment policies and manages the Fund's portfolio. The Fund's management fees are computed as a percentage of its annual average net assets, which on an annual basis is equal to .50% of the first \$200 million, .40% of that portion

over \$200 million but not over \$300 million, and .33% of the portion over \$300 million.

B. Transfer agent's fees - USAA Transfer Agency Company, d/b/a USAA Shareholder Account Services, an affiliate of the Manager, provides transfer agent services to the Fund based on an annual charge of \$26 per shareholder account plus out-of-pocket expenses.

C. Underwriting services - The Manager provides exclusive underwriting and distribution of the Fund's shares on a continuing best efforts basis. The Manager receives no commissions or fees for this service.

(6) TRANSACTIONS WITH AFFILIATES

Certain directors and officers of the Fund are also directors, officers, and/or employees of the Manager. None of the affiliated directors or Fund officers received any compensation from the Fund.

(7) YEAR 2000

Like other mutual funds, the Fund could be adversely affected if the computer systems used by the Manager and the Fund's other service providers are not able to perform their intended functions effectively after 1999 because of the inability of computer software to distinguish the year 2000 from the year 1900. The Manager is taking steps to address this potential year 2000 problem with respect to the computer systems that they use and to obtain satisfactory assurances that comparable steps are being taken by the Fund's other major service providers. At this time, however, there can be no assurance that these steps will be sufficient to avoid any adverse impact to the Fund from this problem.

<TABLE>

(8) FINANCIAL HIGHLIGHTS

Per share operating performance for a share outstanding throughout each period is as follows:

<CAPTION>

	Six-month Period Ended January 31,		Year Ended July 31,		Ten-month Period Ended July 31,	
	1999	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	\$ 31.62	\$ 32.82	\$ 27.88	\$ 24.49	\$ 17.74	\$ 20.40
Net investment loss	(.08) (a)	(.12) (a)	(.14) (a)	(.12) (a)	(.05) (a)	(.02) (a)
Net realized and unrealized gain (loss)	6.48	1.26	5.65	5.12	8.35	(1.37)
Distributions from net investment income	-	-	-	-	-	(.02)
Distributions of realized capital gains	(3.99)	(2.34)	(.57)	(1.61)	(1.55)	(1.25)
Net asset value at end of period	\$ 34.03	\$ 31.62	\$ 32.82	\$ 27.88	\$ 24.49	\$ 17.74
Total return (%) *	27.42	3.91	20.00	21.16	49.98	(7.31)
Net assets at end of period (000)	\$913,592	\$736,450	\$753,984	\$607,437	\$363,390	\$248,953
Ratio of expenses to average net assets (%)	.77 (b)	.71	.74	.74	.86	.83 (b)
Ratio of net investment loss to average net assets (%)	(.60) (b)	(.38)	(.47)	(.42)	(.28)	(.10) (b)
Portfolio turnover (%)	12.50	83.32	57.15	43.75	138.32	98.99

* Assumes reinvestment of all dividend income and capital gain distributions during the period.

(a) Calculated using weighted average shares.

(b) Annualized. The ratio is not necessarily indicative of 12 months of operations.

</TABLE>

DIRECTORS

Robert G. Davis, Chairman of the Board
Michael J.C. Roth, President and Vice Chairman of the Board
John W. Saunders, Jr., Vice President
Barbara B. Dreeben
Howard L. Freeman, Jr.
Robert L. Mason
Richard A. Zucker

INVESTMENT ADVISER, UNDERWRITER AND DISTRIBUTOR

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TRANSFER AGENT

USAA Shareholder Account Services
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