

December 1, 2017

Schwab Bank Collective Trust Funds

SMRT Funds New Unit Class

Notice of Updated Declaration of Trust and Participation Agreement

Charles Schwab Bank announces new target date fund pricing for larger retirement plans with a 0.33% expense ratio unit class of the Schwab Managed Retirement Trust Funds™.

The Schwab Managed Retirement Trust Funds™ (SMRT Funds) are bank-sponsored collective trust funds, maintained by Charles Schwab Bank as trustee.

Effective December 1, 2017, a lower cost unit class of the SMRT Funds will be available with an expense ratio of 0.33% for plans that map a minimum of \$1 billion into the SMRT Funds. The SMRT Funds:

- Are composed of strategies sub-advised¹ by industry-recognized investment managers, unlike the typical target date funds where it is common to find only proprietary investment choices as the underlying strategies.
- Utilize a blend of active and passive strategies that offers participants a more efficient and consistent portfolio.

*Unit class transfers will not automatically occur. For clients that now qualify for Class VI, please contact your Schwab Representative.

	Unit Class	Expense Ratio	Revenue Credit All Platforms	Additional Information
SMRT Funds	I	0.89%	0.44%	No Minimum
	II	0.69%	0.24%	No Minimum
	III	0.54%	0.09%	No Minimum
	IV	0.45%	0.00%	No Minimum
	V ²	0.35%	0.00%	\$100MM
	VI ³	0.33%	0.00%	\$1B

¹Charles Schwab Bank uses an open-architecture sub-advised approach to investing. Fund investments are selected based on advice received from, or products (such as mutual funds, collective trust funds, or ETFs) offered by industry-recognized investment management firms (“sub-advisors”). The Funds may invest in other Schwab Bank Collective Trust Funds to access the underlying sub-advised strategies.

²To invest in Unit Class V by a plan either custodied or not custodied with Charles Schwab Bank, a minimum of \$100 million mapping is required or plans must be greater than \$400 million in total plan assets.

³To invest in Unit Class VI by a plan either custodied or not custodied with Charles Schwab Bank, a minimum of \$1 billion mapping is required.

SMRT Funds Investment Line-up

	FUND INVESTMENT	MANAGER(S)	CATEGORY
Domestic Equity >	Schwab Instl Large Cap Value Trust Fund*	Dodge & Cox	Large Value
	BNY Mellon Large Cap Stock Index Fund	BNY Mellon	Large Blend
	Schwab Instl Large Cap Growth Trust Fund*	Wellington Mgmt.	Large Growth
	Vanguard Mid-Cap Index Fund Instl Plus	Vanguard	Mid-Cap Blend
	BNY Mellon Small Cap Stock Index Fund Instl	BNY Mellon	Small Blend
	Schwab Instl Small Cap Trust Fund*	Wellington Mgmt. Voya	Small Value Small Growth
International Equity >	Schwab Instl International Diversified Trust Fund*	Franklin Templeton	Foreign Large Value
		American Funds	Foreign Large Growth
		DFA	Foreign Sm/Mid Value
		William Blair	Foreign Sm/Mid Growth
Diversified Emerging Markets >	SSgA Emerging Markets Index Fund A	SSgA	Diversified Emerging Markets
Real Assets >	BlackRock Developed Real Estate Index Fund E	BlackRock	Global Real Estate
	BlackRock Commodity Index Daily Fund E	BlackRock	Commodities Broad Basket
Short-Term Bond >	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	BNY Mellon	Short-Term Bond
Intermediate-Term Bond >	Schwab Instl Core Plus FI Trust Fund III*	BNY Mellon	Intermediate-Term Bond (Core)
		Wells Fargo	
		TCW MetWest	Intermediate-Term Bond (Core Plus)
		Loomis Sayles	
World Bond >	BlackRock Global Aggregate Bond Fund Ex-USD	BlackRock	World Bond
Real Assets >	BlackRock U.S. TIPS Index Fund E	BlackRock	Inflation-Protected Bond (U.S. TIPS)
Cash Equivalents >	State Street U.S. Government Short Term Investment Fund	SSgA	Cash Equivalents

*The SMRT Funds invest in other Schwab Bank Collective Trust Funds to gain exposure to the underlying third-party sub-advised strategies..

■ **Passive**

Charles Schwab Bank Collective Trust Funds Declaration of Trust and Participation Agreement Amendments dated October 20, 2017.

Charles Schwab Bank (Schwab Bank), as trustee of the Schwab Bank Collective Trust Funds (Funds) has amended the Schwab Bank Collective Trust Funds Declaration of Trust and Participation Agreement mainly to reflect the addition of SMRT VI, the merger of Schwab Indexed Retirement Trust (SIRT) Unit Class II into SIRT Unit Class I, and the closure of the Schwab Diversified Conservation Allocation Trust, Schwab Diversified Growth Allocation Trust and Schwab Diversified Aggressive Allocation Trust Funds.

An amended and restated Declaration of Trust and Participation Agreement is now available. No action is required by plan sponsors as a result of these changes.

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The values of the funds will fluctuate up to and after the target dates. Past performance is no guarantee of future results. There is no guarantee the funds will provide adequate income at or through retirement.

The Schwab Managed Retirement Trust Funds™, Schwab Indexed Retirement Trust Funds® and Schwab Institutional Trust Funds® are collective trust funds maintained by Charles Schwab Bank (Schwab Bank), as trustee of the Funds. They are available for investment only by eligible retirement plans and entities. Schwab Bank Collective Trust Funds (Funds) are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by Schwab Bank or any of its affiliates; and involve investment risks, including possible loss of principal invested. The Funds are not mutual funds and are exempt from registration and regulation under the Investment Company Act of 1940 ("1940 Act"), and their units are not registered under the Securities Act of 1933, or applicable securities laws of any state or other jurisdiction. Unit holders of the Funds are not entitled to the protections of the 1940 Act. The decision to invest in the Funds should be carefully considered. The Funds' unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. The Funds are not sold by prospectus and are not available for investment by the public; Fund prices are not quoted in newspapers.

The Charles Schwab Corporation provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank ("Schwab Bank"); Charles Schwab & Co., Inc.; Charles Schwab Investment Management, Inc. ("CSIM"); and Schwab Retirement Plan Services, Inc. Trust and custody products and services are offered by Schwab Bank. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Schwab Retirement Plan Services, Inc. provides recordkeeping and related services to retirement plans. CSIM provides investment research, advisory and fund administration services to Schwab Bank and the Funds. CSIM is an investment advisers registered with the Securities and Exchange Commission.

The Schwab Bank Collective Trust Funds select investments based on advice received from or products offered by industry-recognized investment management firms ("sub-advisors"). The Funds access strategies through various investment vehicles including, but not limited to, collective trust funds, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Bank Collective Trust Funds. See the Funds' Financial Statements for additional information.

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