

Schwab Managed Retirement Trust Funds™ (SMRT Funds)

Collective trust funds maintained by
Charles Schwab Bank

Performance reports as of March 31, 2018

The logo for Charles Schwab, featuring the name "charles" in a lowercase, italicized serif font above the word "SCHWAB" in a bold, uppercase, sans-serif font, all contained within a blue square.

charles
SCHWAB

Own your tomorrow®

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Schwab Target Date Solutions

*Includes Schwab Managed Retirement Trust Funds ("SMRT") and Schwab Indexed Retirement Trust Funds ("SIRT"), collective trusts maintained by Charles Schwab Bank, and Schwab Target Funds and Schwab Target Index Funds, mutual funds maintained by Charles Schwab Investment Management, Inc.

Schwab's target date fund solutions

	Schwab Managed Retirement Trust Funds™ (SMRT Funds)	Schwab Indexed Retirement Trust Funds® (SIRT Funds)	Schwab Target Funds	Schwab Target Index Funds
Structure	Collective Trust Funds		Mutual Funds	
Target market	Designed exclusively for qualified retirement plans		Designed for retail investors and employer-sponsored retirement plans	
Underlying investments	Sub-Advised		Proprietary and Sub-Advised/Third Party	Proprietary
Oversight structure	Maintained by Schwab Bank as trustee for the funds		Maintained and managed by CSIM	
Investment style	Active/Passive	Passive	Active/Passive	Passive
AUM (\$MM)	\$12,144	\$2,329	\$4,090	\$557
Inception	10/1/2002	1/05/2009	7/01/2005	8/25/2016
Net expense	0.33%–0.89% Six unit classes	0.08% One unit class	0.30%–0.77% ¹ One share class	0.08% ² One share class

As of March 31, 2018.

Investment minimums may apply.

¹As of the most recent prospectus, the investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (excluding interest, taxes, and certain non-routine expenses) of each of the funds to 0.00% for so long as the investment advisor serves as the advisor to the fund. This agreement may only be amended or terminated with the approval of a fund's Board of Trustees. This agreement to limit the total annual fund operating expenses is limited to the fund's direct operating expenses and, therefore, does not apply to acquired fund fees and expenses (AFFE), which are indirect expenses incurred by the fund through its investments in the underlying funds.

²As of the most recent prospectus, the investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (including acquired fund fees and expenses (AFFEs), but excluding, taxes and certain non-routine expenses) of each of the funds 0.08% for so long as the investment adviser serves as adviser to the funds. This agreement may only be amended or terminated with the approval of a fund's Board of Trustees. AFFEs are indirect expenses incurred by the fund through its investments in the underlying funds.

Investment management teams share accountability

Collaborative management by dedicated teams coupled with institutional oversight.

CSIM Multi-Asset Strategic Leadership

- Collaborates with investment teams
- Prioritizes strategic portfolio needs and research agenda

Asset Allocation Research

- Annual capital markets assumptions
- Glide path review
- Asset class review
- Scenario modeling, stress tests, real data comparison

Portfolio Management

- Evaluates research and develops recommendations
- Implements decisions, maintains allocations, rebalancing and cash flow management
- Accountable for adherence to objectives and guidelines and fund performance

Sub-Advisor Oversight¹

- Thorough ongoing due diligence by experienced analysts with a dedicated focus
- Utilize quantitative and qualitative criteria to identify best in class strategies
- Present strategies that best fit portfolio needs

Investment Risk Oversight

- An objective set of eyes, specifically focused on identifying and reducing risk

Investment Committees²

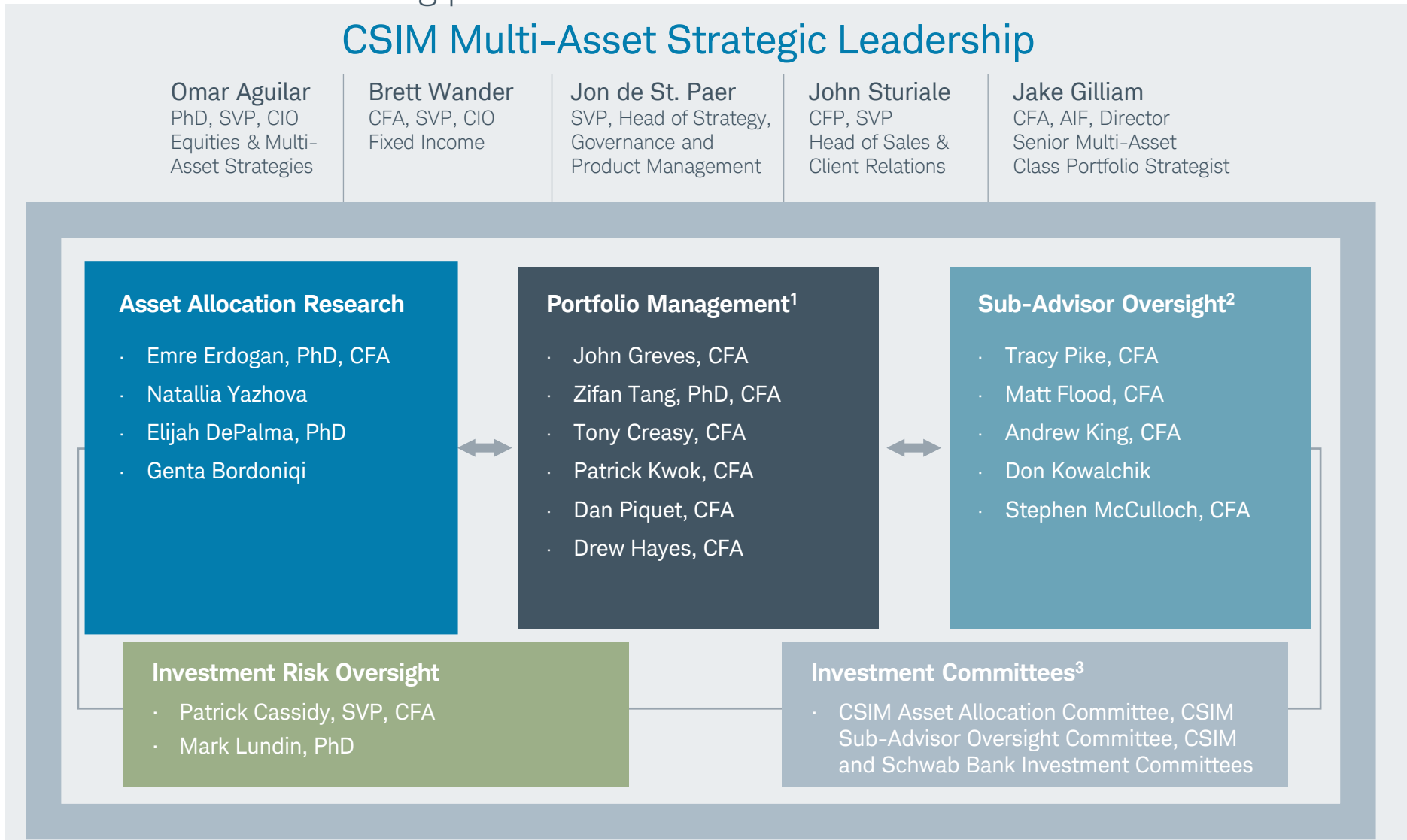
- Oversee all decisions to ensure that processes are properly followed

¹Sub-Advisor Oversight provides direct oversight of all sub-advised and third-party strategies.

²For collective trust funds, recommendations are given to the Charles Schwab Bank's Collective Trust Fund Administrative Committee and Investment Committee for final decision and implementation. (0117-SAPY)

An experienced investment management team

Our approach combines a set of diverse perspectives that **aligns your interests** with a robust and scalable investing process.



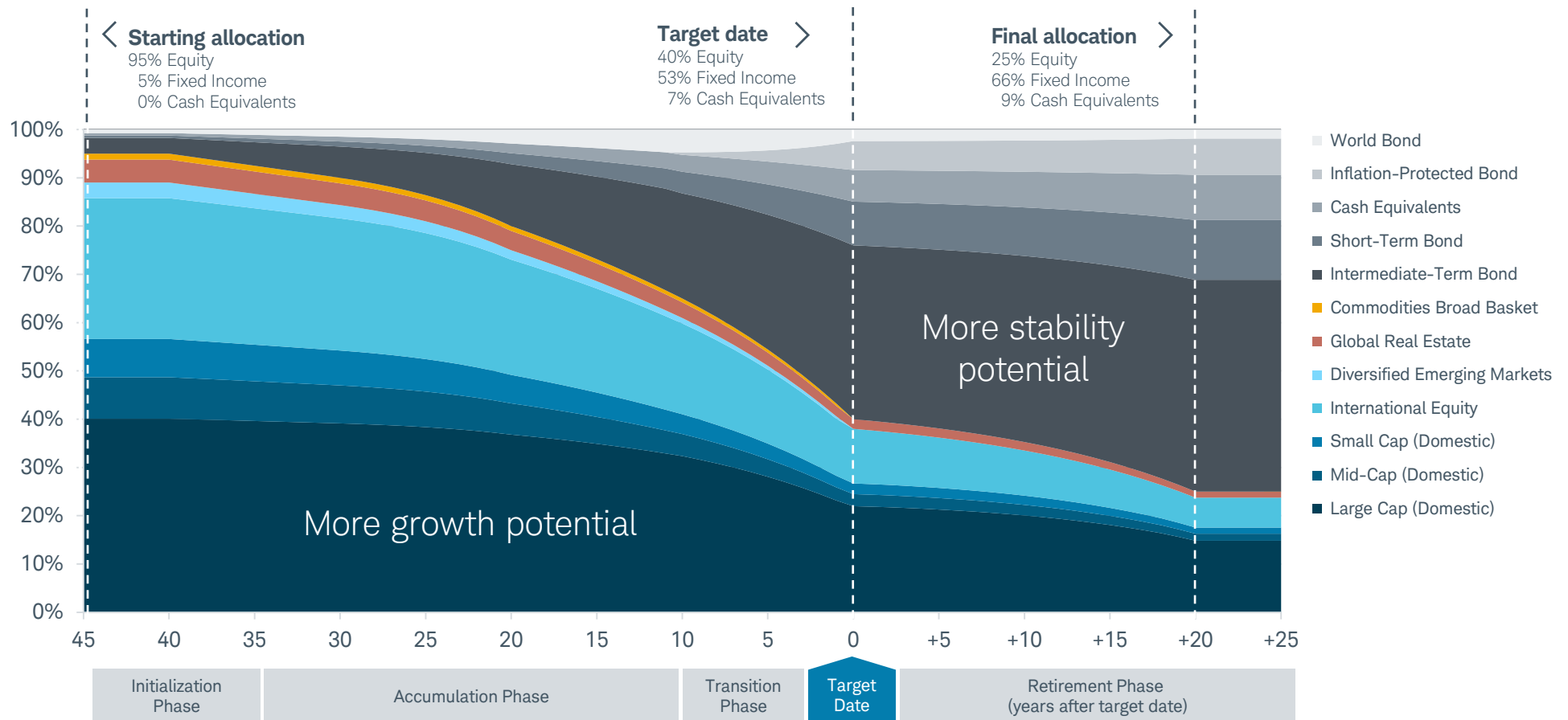
¹ Zifan Tang, Patrick Kwok, and Drew Hayes manage both the Schwab Target Funds and Schwab Target Index Funds. Tony Creasy and Dan Piquet manage the SMRT and SIRT Funds.

² Sub-Advisor Oversight provides direct oversight of all sub-advised and third-party strategies.

³ For collective trust funds, recommendations are given to the Charles Schwab Bank's Collective Trust Fund Administrative Committee and Investment Committee for final decision and implementation.

Our glide path has been designed with retirement plan participants in mind

SMRT Funds glide path (and underlying asset classes)

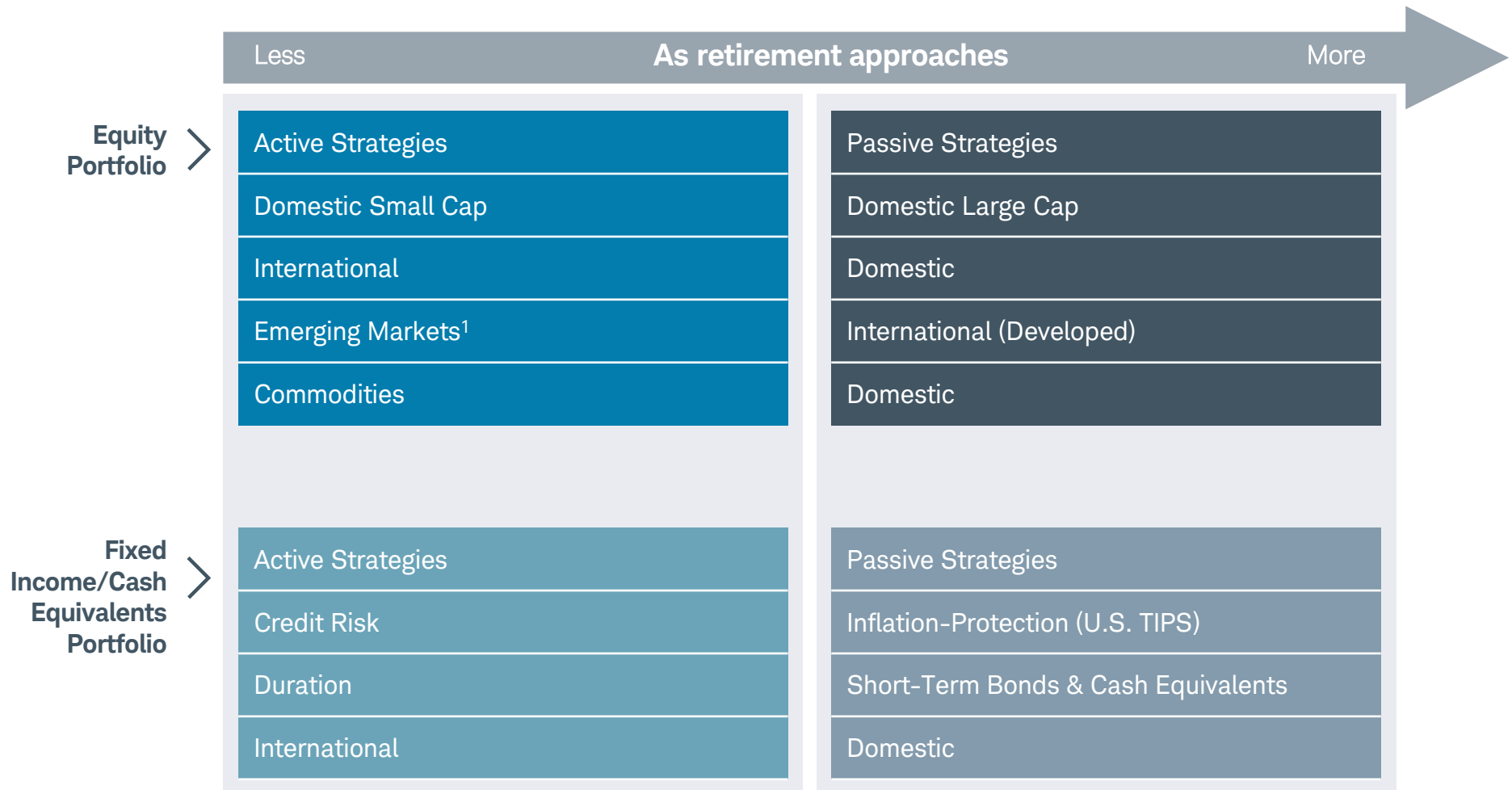


The values of the funds will fluctuate up to and after the target dates. There is no guarantee the funds will provide adequate income at or through retirement. Asset diversification and allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

Equity asset classes include Domestic Equity, International Equity, Diversified Emerging Markets, Global Real Estate and Commodities. Fixed Income asset classes include Intermediate-Term Bond, Short-Term Bond, Cash Equivalents, Inflation-Protected Bond and World Bond.

(0218-81FH)

Key risks are potentially reduced as retirement approaches and beyond



¹Represents dedicated emerging markets exposure only. Indirect emerging markets exposure may be present through other underlying international strategies.

Access to premier investment strategies



As of March 31, 2018.

The SMRT Funds may invest in other Schwab Bank Collective Trust Funds to gain exposure to underlying third-party sub-advised strategies. See schwabbankfunds.com for additional information.

Equity, fixed income and cash equivalents allocations

	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 AMNA	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 AMNA	Small Blend
	Schwab Instl Small Cap Trust Fund*	Wellington Mgmt.	Small Value
Voya		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 AMNA	Short-Term Bond
Intermediate-Term Bond >	Schwab Instl Core Plus FI Trust Fund III*	BNY Mellon AMNA	Intermediate-Term Bond (Core)
		Baird Advisors	Intermediate-Term Bond (Core)
		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. See schwabbankfunds.com for additional information.

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■ Passive

Charles Schwab

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The DOL has provided general guidance for selecting and monitoring TDFs

“**Non-proprietary TDFs** could also offer advantages by including component funds that are managed by fund managers other than the TDF provider itself, thus **diversifying participants’ exposure** to one investment provider.”

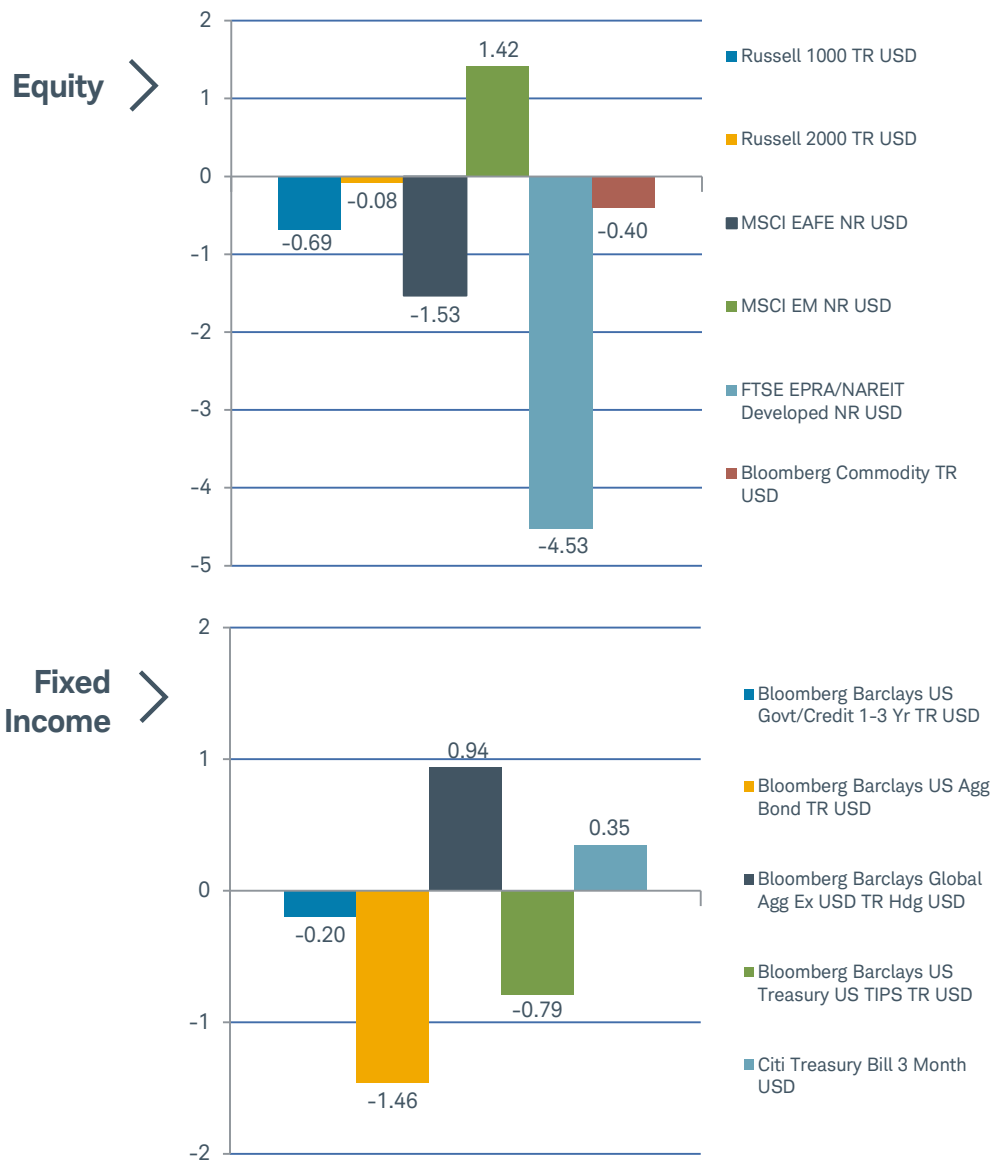
-U.S. DOL, 2013¹

		DOL Guidance Highlights
Evaluation	Objectively comparing and selecting TDFs	✓
	Evaluating non-proprietary or custom TDFs	✓
	Using resources to evaluate the selected TDFs	✓
Plan’s TDF Investment	Understanding the TDF’s investments	✓
	Review fees and investment expenses	✓
	Periodic review of selected TDFs	✓
Communications	Develop effective employee communications	✓
Recordkeeping	Documenting the process	✓

¹Source: U.S. Department of Labor, “Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries,” February 2013. The complete fact sheet is available at www.dol.gov/ebsa/newsroom/fstdf.html.

Capital Markets Review

Capital markets summary—1st quarter 2018



Rocky Road

The quarter started off in positive territory, with a number of indices peaking on January 26th, however, volatility appeared in February and continued throughout March which resulted in many major equity and fixed income indices ending the quarter down. Overall, the MSCI Emerging Markets Index was the top performing index while the Bloomberg Barclays US Aggregate Bond Index ended lower than most domestic equity indices. During the quarter, investors became jittery due to ongoing negative political news, surfacing global trade issues, rising inflation fears and continuing tightening of monetary policy by the Federal Reserve. At the last Federal Open Market Committee meeting, the new Fed chair Jerome Powell, indicated that a continual pace of rate hikes were likely based on the Committee's positive economic predictions. While the markets were unsteady, the U.S. economy did not show signs of slowing down. Leading economic indicators continued upward trends, corporate earnings remained strong and global merger and acquisition deals recorded the third biggest month ever in March. For the quarter, most major domestic equity indices ended down led by global REITs, developed international markets and domestic large cap equities.

Within the U.S., large cap equities impacted by global trade concerns underperformed small cap equities and growth continued to outperform value. Within sectors, technology was the best performing sector while dividend-paying sectors performed poorly as a result of rising rates. Commodities ended the quarter in negative territory due to falling livestock prices in the U.S. and falling industrial metal prices.

Overseas markets like the U.S. started the quarter off well, positive macroeconomic, geopolitical and strong corporate conditions continued from 2017. However, as in U.S., February and March turned out to be a challenge for international equities; investors grew negative based on rising concerns of increased inflation and interest rates and most importantly fears of a global trade war. Overall, smaller cap equities, which are less dependent upon foreign trade and the global economy, outperformed larger cap equities and growth outpaced value. While developed equities ended the quarter in the red, emerging markets ended the quarter strong largely due to optimism about economic progress in Brazil, modest gains in China and Mexico and a falling dollar. Global REITs fared the worst in the quarter, negative returns were driven by rising U.S. rates which put pressure on prices of U.S. REITs. U.S. REITs make up nearly half of the global REIT index.

Volatility also found its way into the fixed income markets. Fears of rising inflation and the rising rate environment caused many domestic bond indices to end the quarter in negative territory. The Bloomberg Barclays U.S. Aggregate Index experienced its first negative quarter in over a year. Conversely, lower duration bonds, benefitting from the rising rate environment, performed well. Likewise, global bonds also performed well due to a more accommodating monetary policy by Banks overseas, more robust global growth projections and a weakening U.S. dollar.

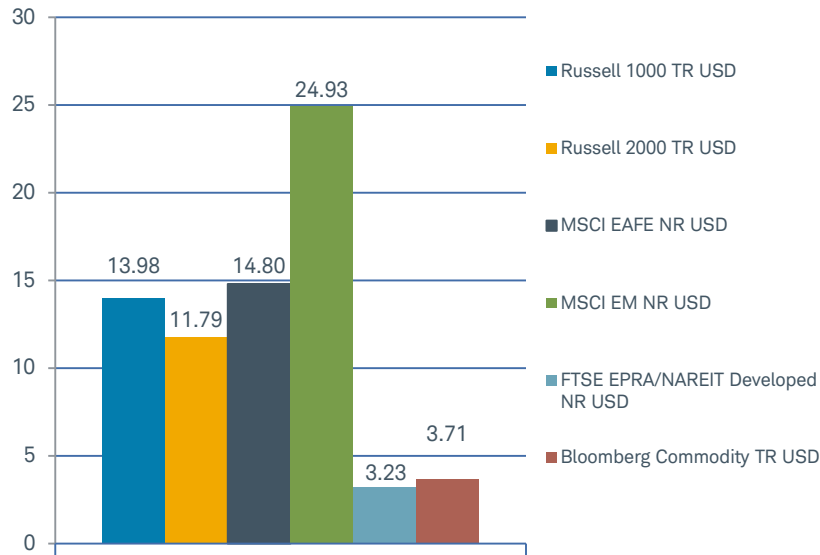
Past performance is no guarantee of future results. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.

Source: Return data provided by Morningstar, Inc. Content comes from a variety of sources including, but not limited to, Morningstar, CSIM, external investment managers. See Disclosures for additional detail.

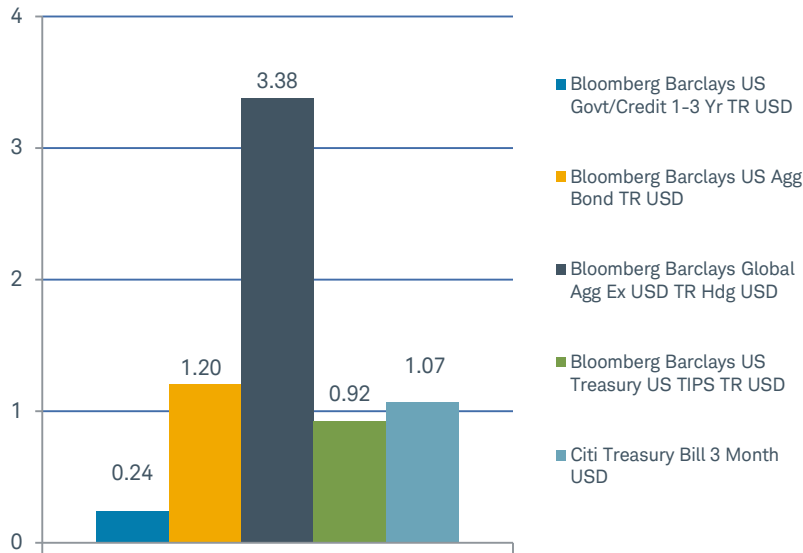
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Capital markets summary—1-year as of March 31, 2018

Equity >



Fixed Income >



Markets still up

For 1 year period, equities and fixed income remained in the green regardless of a volatile and jittery first quarter. Emerging Markets ended the period in the top spot, posting about a 25% return, followed by developed international markets and large cap domestic equities. Growth outperformed value and large cap equities outperformed small cap equities. In general, passively managed strategies continued to outperform actively managed strategies. Within U.S. sectors, information technology was the clear winning returning over 27%, followed by financials and consumer discretionary. Conversely, telecom, consumer staples and energy did not perform as well and ended the period in negative territory. Commodities and global REITs posted positive returns for the 1-year period; however they continued to lag domestic and international equities. Within fixed income, solid global demand and low inflation helped bonds overall, particularly global bonds.

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Source: Return data provided by Morningstar, Inc. Content comes from a variety of sources including, but not limited to, Morningstar, CSIM, Schwab Center for Investment Research and external investment managers. See Disclosures for additional detail.

Performance and Attribution Review

Performance summary: 1Q2018

Fund	Unit Class IV Performance	Unit Class IV Performance vs. Custom Index ¹ (+/-) %	Unit Class IV Category Percentile Ranking ²	Key Comments
SMRT Income CI IV	-0.70	0.19	35	<p>For the 1st quarter, the funds ranked in the 21st percentile on average versus peers and all of the funds outperformed their custom blended indices.</p> <p>Glide Path Impact:</p> <p>Equities outperformed fixed income during the quarter despite the market sell-off that started in February. This led to mixed results across the glide path. Longer dated funds, which have higher allocations to equities, benefitted and performed well. Conversely, the shorter dated funds did not perform as well due to the lower allocation to equities.</p> <p>Asset Allocation:</p> <p>The funds' strategic asset allocation was also mixed. A higher allocation to REITs, which significantly underperformed equities, and a lower allocation relative to peers to emerging markets, which outperformed most other equity markets, detracted from performance throughout all the funds. In the shorter dated funds, a higher allocation to cash and short duration fixed income, which benefitted from rate increases, contributed to performance.</p> <p>Manager Selection Impact:</p> <p>50% of the actively managed strategies outperformed their respective indices. Passively managed strategies performed within tracking error expectations to respective indices.</p> <p>The actively managed strategies sub-advised by Wellington (Large Growth), Dodge & Cox (Large Value) and Loomis Sayles (Core Plus Fixed Income) significantly outperformed their respective indices and ranked in the top quartile. Additionally, the strategy sub-advised by American Funds (Foreign Large Growth), also positively contributed to the funds' returns, outperforming its respective index and ranking above median. The strategies sub-advised by Voya (Small Growth) and William Blair (Foreign Small/Mid Growth) were the worst performing strategies ranking in the bottom quartile for the quarter.</p>
SMRT 2010 CI IV	-0.56	0.32	41	
SMRT 2015 CI IV	-0.54	0.35	36	
SMRT 2020 CI IV	-0.30	0.43	14	
SMRT 2025 CI IV	-0.18	0.58	8	
SMRT 2030 CI IV	-0.12	0.67	14	
SMRT 2035 CI IV	-0.07	0.75	17	
SMRT 2040 CI IV	-0.01	0.83	16	
SMRT 2045 CI IV	-0.02	0.87	19	
SMRT 2050 CI IV	-0.02	0.89	17	
SMRT 2055 CI IV	0.00	0.91	20	
SMRT 2060 CI IV	-0.02	0.92	16	

As of March 31, 2018.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Fund performance includes the reinvestment of all income and is presented net of all fees. The values of the target date fund will fluctuate up to and after the target date. There is no guarantee the funds will provide adequate income at or through retirement.

¹The custom indices are composite blended indices developed by Charles Schwab Investment Management, Inc. based on each fund's asset allocation. The components that make up a custom index may vary over time. See Disclosures for more detail.

²The percentile rank is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) is 100.

Source: Charles Schwab Investment Management, Inc. and Morningstar, Inc.
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Performance summary: 1-year

Fund	Unit Class IV Performance	Unit Class IV Performance vs. Custom Index ¹ (+/-) %	Unit Class IV Category Percentile Ranking ²	Key Comments
SMRT Income CI IV	4.43	0.31	67	<p>For the year, the funds ranked in the 38th percentile on average versus peers. All funds outperformed their custom blended indices.</p> <p>Glide Path Impact:</p> <p>Relative performance from the glide path was mixed for the 1-year period due to strong outperformance of equities relative to fixed income. Longer dated funds, which have a higher allocation to equities, benefited from the strong equity markets. Conversely shorter dated funds lagged due to a lower allocation to equities. Returns for Class IV were between 14.47% in the later dated funds to 4.43% in the nearer dated funds.</p> <p>Asset Allocation:</p> <p>The funds' strategic asset allocation detracted from performance during the year primarily due to exposure to REITs, which while posting positive returns, underperformed most major equity markets. Additionally, a lower allocation relative to peers to emerging markets and developed foreign equities, which outperformed domestic equities, also detracted from returns. A lower allocation to TIPs relative to peers contributed positively to returns for the shorter dated funds.</p> <p>Manager Selection Impact:</p> <p>60% of the actively managed strategies outperformed their respective indices. The strategy sub-advised by Wellington (Large Growth) experienced strong performance ranking in the 6th percentile and contributed the most to funds' overall performance. Strategies sub-advised by Dodge & Cox (Large Value), Loomis Sayles (Core Plus Fixed Income) and American Funds (Foreign Large Growth) also positively contributed to performance outperforming both their respective indices and their category average peers. Strategies sub-advised by Wellington (Small Value) and Voya (Small Growth) underperformed their respective indices and category average peer group resulting in the strategies' detracting the most from the funds' overall performance.</p>
SMRT 2010 CI IV	6.20	0.54	49	
SMRT 2015 CI IV	6.52	0.59	63	
SMRT 2020 CI IV	8.12	0.75	37	
SMRT 2025 CI IV	9.87	0.98	27	
SMRT 2030 CI IV	11.14	1.12	32	
SMRT 2035 CI IV	12.15	1.21	40	
SMRT 2040 CI IV	13.12	1.29	33	
SMRT 2045 CI IV	13.71	1.33	34	
SMRT 2050 CI IV	14.05	1.33	25	
SMRT 2055 CI IV	14.42	1.37	23	
SMRT 2060 CI IV	14.47	1.32	26	

As of March 31, 2018.

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Source: Charles Schwab Investment Management, Inc. and Morningstar, Inc.
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SMRT Funds' performance vs. Morningstar category peers

Morningstar Percentile Ranks vs. Peers

As of March 31, 2018 (Net of fees)

FUND	% EQUITY ¹	% PEER EQUITY	RANK IN MORNINGSTAR CATEGORY ^{2,3}				FUNDS IN CATEGORY			
			1 YR	3 YR	5 YR	10 YR	1 YR	3 YR	5 YR	10 YR
SMRT Income Morningstar Category: Target-Date Retirement MF	25%	32%	67	64	58	55	183	160	131	90
SMRT 2010 Morningstar Category: Target-Date 2000-2010 MF	37%	39%	49	59	53	52	129	110	87	75
SMRT 2015 Morningstar Category: Target-Date 2015 MF	39%	43%	63	61	58	57	133	105	74	49
SMRT 2020 Morningstar Category: Target-Date 2020 MF	46%	46%	37	34	23	32	245	200	159	99
SMRT 2025 Morningstar Category: Target-Date 2025 MF	59%	57%	27	22	16	30	215	173	136	72
SMRT 2030 Morningstar Category: Target-Date 2030 MF	68%	68%	32	27	18	22	235	190	149	89
SMRT 2035 Morningstar Category: Target-Date 2035 MF	76%	75%	40	29	22	25	210	168	131	67
SMRT 2040 Morningstar Category: Target-Date 2040 MF	83%	82%	33	26	21	25	235	190	149	89
SMRT 2045 Morningstar Category: Target-Date 2045 MF	88%	86%	34	26	12	21	210	168	131	66
SMRT 2050 Morningstar Category: Target-Date 2050 MF	91%	87%	25	20	11	25	231	185	144	61
SMRT 2055 Morningstar Category: Target-Date 2055 MF	94%	88%	23	19	11	--	208	159	105	--
SMRT 2060 Morningstar Category: Target-Date 2060+ MF	95%	88%	26	--	--	--	162	--	--	--

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Fund performance includes the reinvestment of all income and is presented net of all fees.

¹% Equity represents the 2018 Policy Allocation and includes all assets not classified as cash or fixed income.

²The percentile rank is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) is 100. The top-performing fund in a category will always receive a rank of 1%.

Rank in Category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges.

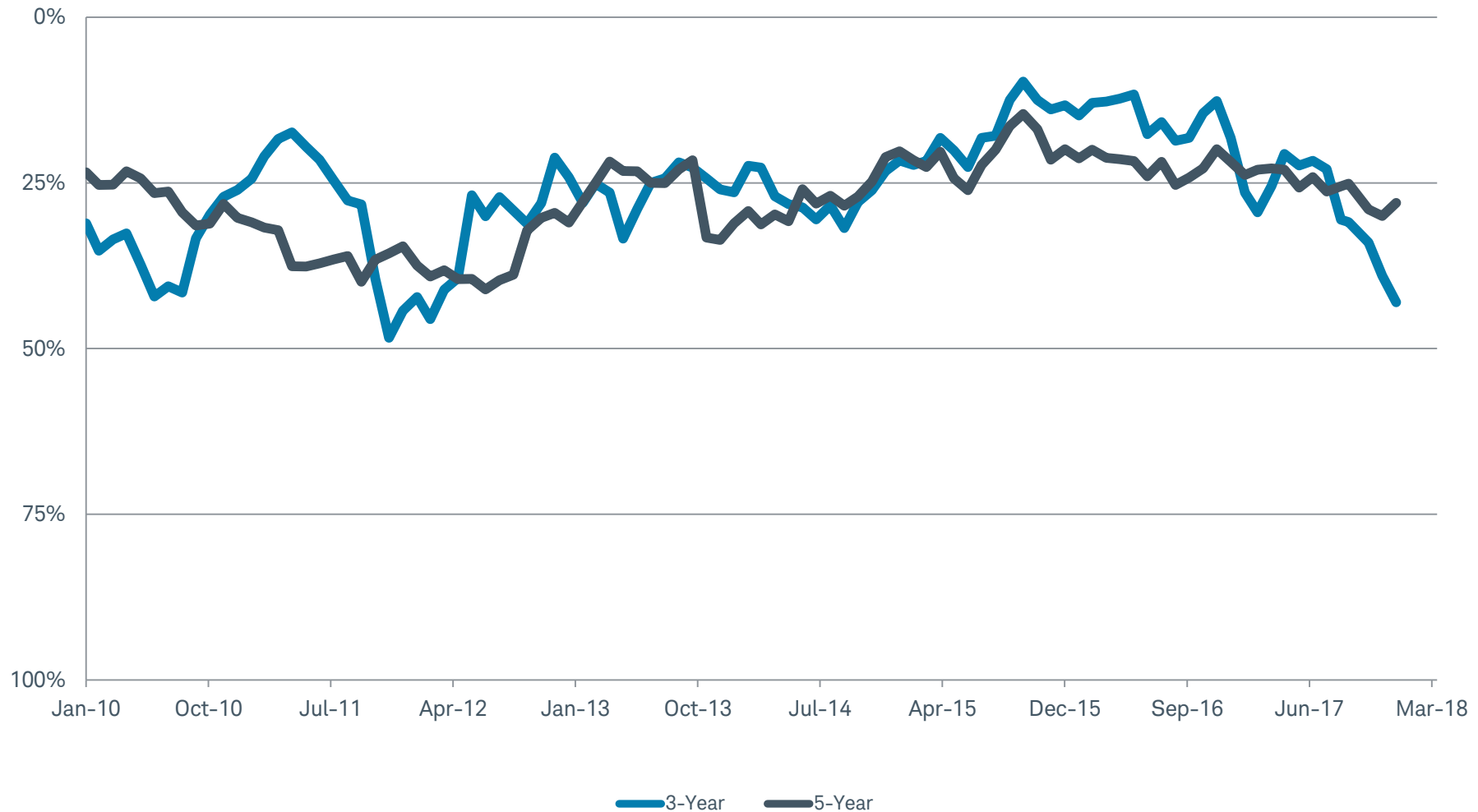
³Ranks are for Unit Class IV. Ranks for 10 year periods are ranks for Unit Class III. Dashed indicate performance and rank data is not available.

Source: Morningstar, Inc. For institutional use only.

1-25	Top quartile
26-50	Second quartile
51-75	Third quartile
76-100	Bottom quartile

SMRT Funds – Rankings Summary

Average 3 and 5 Year Category Rankings (Unit Class IV) as of March 31, 2018



3-Year ranks are extended Class IV ranks from 1/31/2010 to 3/31/2013, sourced from Zephyr Associates, Inc. From 4/30/2013 forward, ranks are sourced from Morningstar, Inc.

5-Year ranks are extended Class IV ranks from 1/31/2010 to 3/31/2015, sourced from Zephyr Associates, Inc. From 4/30/2015 forward, ranks are sourced from Morningstar, Inc.

SMRT Funds' performance vs. Morningstar category peers

Morningstar Percentile Ranks vs. Peers²

As of March 31, 2018 (Net of fees)			RANK IN MORNINGSTAR CATEGORY 1 YR					RANK IN MORNINGSTAR CATEGORY 3 YR					RANK IN MORNINGSTAR CATEGORY 5 YR					FUNDS IN CATEGORY		
FUND	% EQUITY ¹	% Peer Equity	UNIT CLASS					UNIT CLASS					UNIT CLASS					1 YR	3 YR	5 YR
			I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V			
SMRT Income Morningstar Category: Target-Date Retirement	25%	32%	80	74	69	67	65	80	74	67	64	60	76	66	63	58	--	183	160	131
SMRT 2010 Morningstar Category: Target-Date 2000-2010	37%	39%	61	56	51	49	44	81	74	62	59	51	81	70	61	53	--	129	110	87
SMRT 2015 Morningstar Category: Target-Date 2015	39%	43%	74	70	65	63	58	81	76	64	61	58	79	69	67	58	--	133	105	74
SMRT 2020 Morningstar Category: Target-Date 2020	46%	46%	54	45	41	37	35	63	52	41	34	31	48	35	28	23	--	245	200	159
SMRT 2025 Morningstar Category: Target-Date 2025	59%	57%	48	38	30	27	23	56	37	26	22	19	34	27	22	16	--	215	173	136
SMRT 2030 Morningstar Category: Target-Date 2030	68%	68%	50	41	33	32	26	50	41	31	27	23	39	28	24	18	--	235	190	149
SMRT 2035 Morningstar Category: Target-Date 2035	76%	75%	57	51	43	40	32	53	45	38	29	26	36	33	25	22	--	210	168	131
SMRT 2040 Morningstar Category: Target-Date 2040	83%	82%	48	41	35	33	26	49	39	30	26	25	29	23	22	21	--	235	190	149
SMRT 2045 Morningstar Category: Target-Date 2045	88%	86%	51	44	38	34	30	51	42	29	26	21	23	21	17	12	--	210	168	131
SMRT 2050 Morningstar Category: Target-Date 2050	91%	87%	42	34	29	25	23	45	35	29	20	17	22	17	11	11	--	231	185	144
SMRT 2055 Morningstar Category: Target-Date 2055	94%	88%	38	32	25	23	20	47	37	25	19	12	--	16	--	11	--	208	159	105
SMRT 2060 Morningstar Category: Target-Date 2060+	95%	88%	39	29	26	26	21	--	--	--	--	--	--	--	--	--	--	162	--	--

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Dashed indicate performance and rank data is not available.

Source: Morningstar, Inc.

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1-25	Top quartile
26-50	Second quartile
51-75	Third quartile
76-100	Bottom quartile

Performance attribution

FUND	3 MONTH			1 YEAR			3 YEAR		
	Sector & Asset Allocation	Manager Selection	Active Return	Sector & Asset Allocation	Manager Selection	Active Return	Sector & Asset Allocation	Manager Selection	Active Return
As of March 31, 2018									
SMRT Income Fund	0.01	0.21	0.21	0.07	0.39	0.46	0.03	0.17	0.19
SMRT 2010 Fund	0.01	0.33	0.34	0.09	0.61	0.69	0.04	0.24	0.28
SMRT 2015 Fund	0.01	0.35	0.36	0.10	0.64	0.74	0.03	0.25	0.28
SMRT 2020 Fund	0.02	0.44	0.46	0.12	0.80	0.93	0.07	0.30	0.37
SMRT 2025 Fund	0.00	0.59	0.59	0.04	1.05	1.09	0.01	0.39	0.40
SMRT 2030 Fund	0.00	0.69	0.68	0.03	1.22	1.25	-0.01	0.43	0.42
SMRT 2035 Fund	0.02	0.76	0.77	-0.03	1.34	1.31	-0.06	0.45	0.39
SMRT 2040 Fund	0.02	0.82	0.84	-0.04	1.43	1.39	-0.06	0.46	0.40
SMRT 2045 Fund	0.02	0.87	0.89	-0.08	1.51	1.43	-0.09	0.48	0.39
SMRT 2050 Fund	0.01	0.90	0.91	-0.11	1.54	1.43	-0.08	0.48	0.41
SMRT 2055 Fund	0.00	0.92	0.92	-0.13	1.59	1.46	-0.13	0.49	0.36
SMRT 2060 Fund	0.03	0.91	0.94	-0.10	1.60	1.49	--	--	--

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher. Visit schwabbankfunds.com for month-end performance information. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

Allocation effects on performance may be overstated due to the T+1 settlement reporting of ETF allocations during large cash flow equitizations.

Sector & Asset Allocation Attribution measures the impact of sector and asset allocation decisions based on Fund returns versus custom benchmarks. Manager Selection Attribution measures the impact of manager decisions based on Fund returns versus custom benchmark returns.

Attribution reported above is gross of the SMRT Funds' operating expense and net of the underlying strategies' fees.

Each SMRT Fund's custom index is a blend of broad based market indices used to measure Fund performance. The composition of the custom index is adjusted to align similarly with each Fund's strategic policy allocation in each asset class. A Fund will not attempt to replicate the index. See the Disclosures for underlying custom index components.

Source: Charles Schwab Investment Management, Inc.
For institutional use only.

SMRT Funds Performance

As of 3/31/2018	Exp. Ratio	Inception Date	Extended Performance Inception Date ¹	1 Month %	1 Month Rank	3 Month %	3 Month Rank	YTD %	YTD Rank	1 Year %	1 Year Rank	3 Year %	3 Year Rank	5 Year %	5 Year Rank	10 Year %	10 Year Rank	Since Inception	3 Year Sharpe Ratio	3 Year Std. Deviation	Month End Net Asset Value (NAV) \$
SMRT Income																					
Unit Class I	0.89	12/17/04	--	-0.05	40	-0.80	44	-0.80	44	3.98	80	2.60	80	3.22	76	4.00	76	4.15	0.69	3.06	17.16
Unit Class II	0.69	09/02/05	12/31/04	-0.03	39	-0.76	42	-0.76	42	4.17	74	2.80	74	3.42	66	4.21	65	4.27	0.76	3.06	17.58
Unit Class III	0.54	01/03/07	12/31/04	-0.02	38	-0.72	37	-0.72	37	4.34	69	2.96	67	3.58	63	4.36	55	4.23	0.81	3.06	17.87
Unit Class IV	0.45	01/05/10	12/31/04	-0.01	37	-0.70	35	-0.70	35	4.43	67	3.05	64	3.67	58	4.46	--	5.01	0.84	3.06	18.01
Unit Class V ²	0.35	06/19/14	12/31/04	0.00	35	-0.67	34	-0.67	34	4.54	65	3.16	60	--	--	--	--	3.34	0.87	3.06	18.08
Income Custom Index				-0.04	--	-0.89	--	-0.89	--	4.12	--	3.07	--	3.76	--	4.21	--	--	0.87	2.97	--
Morningstar Category: Retirement Income MF				-0.11	--	-0.97	--	-0.97	--	4.95	--	3.22	--	3.83	--	4.31	--	--	0.66	4.02	--
SMRT 2010																					
Unit Class I	0.89	10/01/02	--	-0.25	66	-0.67	57	-0.67	57	5.74	61	3.65	81	4.61	81	4.53	65	5.67	0.76	4.17	23.50
Unit Class II	0.69	09/02/05	10/31/02	-0.24	57	-0.62	45	-0.62	45	5.95	56	3.86	74	4.82	70	4.74	58	4.66	0.81	4.18	24.11
Unit Class III	0.54	01/03/07	10/31/02	-0.22	56	-0.59	44	-0.59	44	6.10	51	4.01	62	4.97	61	4.90	52	4.41	0.84	4.17	24.53
Unit Class IV	0.45	01/05/10	10/31/02	-0.22	47	-0.56	41	-0.56	41	6.20	49	4.11	59	5.07	53	5.00	--	6.18	0.87	4.18	24.72
Unit Class V ²	0.35	06/19/14	10/31/02	-0.21	47	-0.54	39	-0.54	39	6.31	44	4.21	51	--	--	--	--	4.32	0.89	4.18	24.82
2010 Custom Index				-0.29	--	-0.88	--	-0.88	--	5.66	--	4.04	--	5.06	--	4.73	--	--	0.87	4.09	--
Morningstar Category: Target Date 2000-2010 MF				-0.20	--	-0.71	--	-0.71	--	5.94	--	4.11	--	5.06	--	4.77	--	--	0.74	4.78	--
SMRT 2015																					
Unit Class I	0.89	08/02/07	--	-0.29	53	-0.65	47	-0.65	47	6.07	74	3.84	81	5.02	79	4.67	74	4.02	0.77	4.36	15.23
Unit Class II	0.69	10/02/07	--	-0.28	46	-0.60	44	-0.60	44	6.26	70	4.05	76	5.23	69	4.90	69	3.91	0.81	4.36	14.95
Unit Class III	0.54	08/30/07	--	-0.26	41	-0.56	40	-0.56	40	6.42	65	4.20	64	5.39	67	5.04	57	4.38	0.85	4.36	15.74
Unit Class IV	0.45	04/05/10	08/31/07	-0.25	40	-0.54	36	-0.54	36	6.52	63	4.30	61	5.49	58	5.16	--	6.55	0.87	4.36	15.87
Unit Class V ²	0.35	06/19/14	08/31/07	-0.25	40	-0.52	32	-0.52	32	6.63	58	4.41	58	--	--	--	--	4.44	0.89	4.36	15.93
2015 Custom Index				-0.34	--	-0.89	--	-0.89	--	5.93	--	4.22	--	5.46	--	4.91	--	--	0.87	4.28	--
Morningstar Category: Target Date 2015 MF				-0.26	--	-0.74	--	-0.74	--	6.87	--	4.43	--	5.55	--	5.06	--	--	0.74	5.30	--
SMRT 2020																					
Unit Class I	0.89	10/01/02	--	-0.42	48	-0.41	19	-0.41	19	7.65	54	4.65	63	6.19	48	5.30	50	6.68	0.75	5.53	27.26
Unit Class II	0.69	09/02/05	10/31/02	-0.40	47	-0.36	16	-0.36	16	7.86	45	4.86	52	6.40	35	5.52	42	5.35	0.79	5.53	28.00
Unit Class III	0.54	01/03/07	10/31/02	-0.38	47	-0.32	15	-0.32	15	8.03	41	5.02	41	6.56	28	5.68	32	4.82	0.82	5.53	28.47
Unit Class IV	0.45	01/05/10	10/31/02	-0.38	45	-0.30	14	-0.30	14	8.12	37	5.11	34	6.66	23	5.77	--	7.61	0.83	5.54	28.68
Unit Class V ²	0.35	06/19/14	10/31/02	-0.37	44	-0.28	12	-0.28	12	8.23	35	5.21	31	--	--	--	--	5.17	0.85	5.54	28.79
2020 Custom Index				-0.49	--	-0.73	--	-0.73	--	7.37	--	4.94	--	6.52	--	5.51	--	--	0.82	5.46	--
Morningstar Category: Target Date 2020 MF				-0.36	--	-0.81	--	-0.81	--	7.60	--	4.65	--	5.74	--	5.16	--	--	0.72	5.74	--

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SMRT Funds Performance

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SMRT 2025																					
Unit Class I	0.89	08/02/07	--	-0.64	63	-0.29	15	-0.29	15	9.39	48	5.58	56	7.23	34	5.78	44	4.91	0.77	6.59	16.68
Unit Class II	0.69	10/02/07	--	-0.62	57	-0.24	9	-0.24	9	9.61	38	5.79	37	7.45	27	5.97	39	4.62	0.80	6.59	16.07
Unit Class III	0.54	08/30/07	--	-0.61	54	-0.21	8	-0.21	8	9.76	30	5.94	26	7.60	22	6.14	30	5.26	0.83	6.59	17.20
Unit Class IV	0.45	04/05/10	08/31/07	-0.60	49	-0.18	8	-0.18	8	9.87	27	6.04	22	7.71	16	6.25	--	8.13	0.84	6.59	17.33
Unit Class V ²	0.35	06/19/14	08/31/07	-0.59	47	-0.16	8	-0.16	8	9.99	23	6.15	19	--	--	--	--	5.97	0.86	6.59	17.40
2025 Custom Index				-0.77	--	-0.76	--	-0.76	--	8.89	--	5.82	--	7.49	--	6.01	--	--	0.81	6.54	--
Morningstar Category: Target Date 2025 MF				-0.53	--	-0.75	--	-0.75	--	9.10	--	5.42	--	6.69	--	5.74	--	--	0.74	6.70	--
SMRT 2030																					
Unit Class I	0.89	10/01/02	--	-0.79	61	-0.23	17	-0.23	17	10.65	50	6.21	50	8.00	39	6.12	41	7.61	0.77	7.44	31.18
Unit Class II	0.69	09/02/05	10/31/02	-0.77	57	-0.18	15	-0.18	15	10.87	41	6.42	41	8.22	28	6.33	30	6.00	0.80	7.44	32.00
Unit Class III	0.54	01/03/07	10/31/02	-0.76	55	-0.14	14	-0.14	14	11.04	33	6.58	31	8.38	24	6.49	22	5.33	0.82	7.44	32.54
Unit Class IV	0.45	01/05/10	10/31/02	-0.75	53	-0.12	14	-0.12	14	11.14	32	6.68	27	8.48	18	6.59	--	9.00	0.83	7.44	32.78
Unit Class V ²	0.35	06/19/14	10/31/02	-0.75	53	-0.10	12	-0.10	12	11.25	26	6.79	23	--	--	--	--	6.51	0.85	7.44	32.90
2030 Custom Index				-0.97	--	-0.79	--	-0.79	--	10.02	--	6.43	--	8.22	--	6.35	--	--	0.80	7.39	--
Morningstar Category: Target Date 2030 MF				-0.69	--	-0.75	--	-0.75	--	10.37	--	6.07	--	7.36	--	5.86	--	--	0.74	7.58	--
SMRT 2035																					
Unit Class I	0.89	08/02/07	--	-0.91	58	-0.18	22	-0.18	22	11.65	57	6.71	53	8.63	36	6.49	39	5.34	0.76	8.13	17.41
Unit Class II	0.69	10/02/07	--	-0.89	51	-0.13	21	-0.13	21	11.88	51	6.93	45	8.85	33	6.70	29	5.05	0.79	8.13	16.77
Unit Class III	0.54	08/28/07	--	-0.88	51	-0.10	20	-0.10	20	12.04	43	7.08	38	9.01	25	6.86	25	5.85	0.81	8.13	18.27
Unit Class IV	0.45	04/05/10	08/31/07	-0.87	50	-0.07	17	-0.07	17	12.15	40	7.18	29	9.11	22	6.96	--	9.45	0.82	8.13	18.39
Unit Class V ²	0.35	06/19/14	08/31/07	-0.86	50	-0.05	17	-0.05	17	12.26	32	7.29	26	--	--	--	--	6.93	0.83	8.13	18.45
2035 Custom Index				-1.12	--	-0.82	--	-0.82	--	10.94	--	6.93	--	8.84	--	6.67	--	--	0.79	8.10	--
Morningstar Category: Target Date 2035 MF				-0.86	--	-0.61	--	-0.61	--	11.73	--	6.73	--	8.16	--	6.35	--	--	0.75	8.43	--
SMRT 2040																					
Unit Class I	0.89	10/18/02	--	-1.00	56	-0.12	20	-0.12	20	12.62	48	7.18	49	9.19	29	6.67	36	8.10	0.76	8.80	33.33
Unit Class II	0.69	09/02/05	10/31/02	-0.98	55	-0.07	17	-0.07	17	12.84	41	7.39	39	9.41	23	6.90	28	6.51	0.78	8.81	34.36
Unit Class III	0.54	01/03/07	10/31/02	-0.97	50	-0.03	16	-0.03	16	13.02	35	7.56	30	9.58	22	7.05	25	5.72	0.80	8.81	34.83
Unit Class IV	0.45	01/05/10	10/31/02	-0.96	50	-0.01	16	-0.01	16	13.12	33	7.65	26	9.68	21	7.15	--	9.90	0.81	8.81	35.09
Unit Class V ²	0.35	06/19/14	10/31/02	-0.96	48	0.01	13	0.01	13	13.23	26	7.76	25	--	--	--	--	7.34	0.83	8.81	35.22
2040 Custom Index				-1.26	--	-0.84	--	-0.84	--	11.83	--	7.40	--	9.35	--	6.94	--	--	0.79	8.78	--
Morningstar Category: Target Date 2040 MF				-0.95	--	-0.66	--	-0.66	--	12.42	--	7.04	--	8.48	--	6.33	--	--	0.74	8.91	--

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SMRT Funds Performance

As of 3/31/2018	Exp. Ratio	Inception Date	Extended Performance Inception Date ¹	1 Month %	1 Month Rank	3 Month %	3 Month Rank	YTD %	YTD Rank	1 Year %	1 Year Rank	3 Year %	3 Year Rank	5 Year %	5 Year Rank	10 Year %	10 Year Rank	Since Inception	3 Year Sharpe Ratio	3 Year Std. Deviation	Month End Net Asset Value (NAV) \$
SMRT 2045																					
Unit Class I	0.89	08/02/07	--	-1.10	60	-0.14	24	-0.14	24	13.19	51	7.49	51	9.49	23	6.84	34	5.22	0.76	9.19	17.21
Unit Class II	0.69	10/02/07	--	-1.06	57	-0.08	20	-0.08	20	13.43	44	7.70	42	9.71	21	7.05	25	5.38	0.78	9.20	17.33
Unit Class III	0.54	08/30/07	--	-1.05	57	-0.04	19	-0.04	19	13.60	38	7.87	29	9.88	17	7.21	21	5.76	0.80	9.20	18.09
Unit Class IV	0.45	04/05/10	08/31/07	-1.04	56	-0.02	19	-0.02	19	13.71	34	7.97	26	9.99	12	7.33	--	10.14	0.81	9.20	18.24
Unit Class V ²	0.35	06/19/14	08/31/07	-1.03	55	0.01	16	0.01	16	13.82	30	8.07	21	--	--	--	--	7.59	0.82	9.20	18.31
2045 Custom Index				-1.36	--	-0.89	--	-0.89	--	12.38	--	7.70	--	9.67	--	7.08	--	--	0.78	9.18	--
Morningstar Category: Target Date 2045 MF				-1.04	--	-0.54	--	-0.54	--	13.18	--	7.38	--	8.89	--	6.57	--	--	0.75	9.32	--
SMRT 2050																					
Unit Class I	0.89	02/20/07	--	-1.12	61	-0.13	21	-0.13	21	13.54	42	7.65	45	9.71	22	6.93	37	5.28	0.76	9.46	17.71
Unit Class II	0.69	01/08/07	--	-1.10	59	-0.08	18	-0.08	18	13.77	34	7.87	35	9.94	17	7.14	27	5.77	0.78	9.46	18.78
Unit Class III	0.54	01/03/07	--	-1.09	58	-0.04	17	-0.04	17	13.94	29	8.03	29	10.10	11	7.30	25	5.86	0.80	9.46	18.97
Unit Class IV	0.45	01/05/10	01/31/07	-1.08	57	-0.02	17	-0.02	17	14.05	25	8.13	20	10.20	11	7.41	--	10.29	0.81	9.46	19.11
Unit Class V ²	0.35	06/19/14	01/31/07	-1.08	57	0.01	14	0.01	14	14.16	23	8.23	17	--	--	--	--	7.73	0.82	9.46	19.19
2050 Custom Index				-1.42	--	-0.91	--	-0.91	--	12.72	--	7.87	--	9.88	--	7.21	--	--	0.78	9.45	--
Morningstar Category: Target Date 2050 MF				-1.03	--	-0.62	--	-0.62	--	13.25	--	7.41	--	8.91	--	6.57	--	--	0.75	9.38	--
SMRT 2055																					
Unit Class I	0.89	05/03/13	11/31/12	-1.16	61	-0.11	23	-0.11	23	13.92	38	7.78	47	--	--	--	--	9.86	0.75	9.70	18.11
Unit Class II	0.69	11/21/12	--	-1.15	61	-0.07	21	-0.07	21	14.13	32	8.01	37	10.07	16	--	--	11.90	0.78	9.70	18.27
Unit Class III	0.54	07/02/13	11/31/12	-1.13	60	-0.03	20	-0.03	20	14.31	25	8.17	25	--	--	--	--	10.45	0.79	9.71	18.43
Unit Class IV	0.45	12/10/12	11/31/12	-1.13	60	0.00	20	0.00	20	14.42	23	8.27	19	10.34	11	--	--	11.68	0.80	9.70	18.51
Unit Class V ²	0.35	06/19/14	11/31/12	-1.12	59	0.02	18	0.02	18	14.53	20	8.38	12	--	--	--	--	7.88	0.81	9.70	18.59
2055 Custom Index				-1.47	--	-0.91	--	-0.91	--	13.05	--	8.03	--	10.05	--	--	--	--	0.78	9.70	--
Morningstar Category: Target Date 2055 MF				-1.08	--	-0.52	--	-0.52	--	13.61	--	7.61	--	9.23	--	--	--	--	0.76	9.53	--
SMRT 2060																					
Unit Class I	0.89	12/31/15	--	-1.18	58	-0.14	21	-0.14	21	13.96	39	--	--	--	--	--	--	12.75	--	--	13.65
Unit Class II	0.69	11/23/15	--	-1.16	55	-0.08	17	-0.08	17	14.19	29	--	--	--	--	--	--	11.72	--	--	13.71
Unit Class III	0.54	10/28/15	--	-1.15	54	-0.04	16	-0.04	16	14.36	26	--	--	--	--	--	--	12.21	--	--	13.75
Unit Class IV	0.45	09/21/15	--	-1.14	53	-0.02	16	-0.02	16	14.47	26	--	--	--	--	--	--	13.57	--	--	13.80
Unit Class V ²	0.35	12/7/2015	--	-1.13	53	0.00	13	0.00	13	14.58	21	--	--	--	--	--	--	12.10	--	--	13.81
2060 Custom Index				-1.50	--	-0.94	--	-0.94	--	13.15	--	--	--	--	--	--	--	--	--	--	--
Morningstar Category: Target Date 2060+ MF				-1.11	--	-0.60	--	-0.60	--	13.72	--	--	--	--	--	--	--	--	--	--	--

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¹Unit Class III (0.54% OER), Unit Class IV (0.45% OER) and Unit Class V (0.35% OER) extended performance is based upon actual Unit Class I (0.89% OER) performance, adjusted for difference in unit class expense.

²To invest in Unit Class V a minimum of \$100MM mapping into the Funds or plans with greater than \$400MM in total plan assets is required.

Target Date Custom Indices are composed of the Russell 1000 Index, Russell 2000 Index, MSCI EAFE Index (Net), MSCI Emerging Markets Index (Net), FTSE EPRA/NAREIT Developed Index (Net), Bloomberg Commodity Index, Barclays 1-3 Year Government Credit Index, Barclays U.S. Aggregate Bond Index, Barclays Global Aggregate Bond ex-US Hedged Index, Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index, and Citigroup U.S. 3-month Treasury Bill Index.

The SMRT Funds invest in other Schwab Bank Collective Trust Funds to gain exposure to the underlying third-party sub-advised strategies. See schwabbankfunds.com for additional information.

Underlying Strategy Performance

Underlying strategy performance

As of March 31, 2018	QUARTER			1 YEAR			3 YEAR			5 YEAR		
	vs. Category	vs. Comparative Index*	vs. Custom Index*	vs. Category	vs. Comparative Index*	vs. Custom Index*	vs. Category	vs. Comparative Index*	vs. Custom Index*	vs. Category	vs. Comparative Index*	vs. Custom Index*
UNDERLYING INVESTMENT STRATEGY												
Dodge & Cox Large Cap Value Portfolio	+	+	-	+	+	-	+	+	-	+	+	-
Wellington Large Cap Growth Portfolio	+	+	+	+	+	+	+	+	+	+	+	+
Wellington Small Cap Value Portfolio	-	-	-	-	-	-	-	-	-	+	-	-
Voya Small Cap Growth Portfolio	-	-	-	-	-	-	-	-	-	--	--	--
Templeton Intl Equity Fund	+	+	+	+	+	-	-	-	-	-	+	-
American Funds EuroPacific Growth Fund R6 (REGX)	+	+	+	+	+	+	+	+	+	+	+	+
DFA Intl Small Cap Value Portfolio Instl (DISVX)	-	-	-	-	-	+	+	+	+	+	+	+
William Blair Intl. Small Cap Growth Collective Invst. Fund II	-	-	+	-	-	+	-	-	+	-	-	+
BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	-	-	-	-	-	-	-	-	-	-	-	+
Loomis Sayles Core Plus Full Discretion Fund	+	+	+	+	+	+	+	+	+	+	+	+
Baird Core Bond	--	--	--	--	--	--	--	--	--	--	--	--
TCW MetWest Total Return Bond Fund	+	+	+	-	-	-	-	-	-	--	--	--

Actual fund, custom index, comparative index and category returns are found on the previous pages.

*Custom index disclosures are found in the Disclosure section of the report.

Source: Charles Schwab Investment Management, Inc. and Morningstar, Inc. See the Disclosures at the end of the document for important information.

Performance of SMRT Funds underlying investment strategies

Domestic Equity >

As of March 31, 2018	Date Strategy Added to SMRT Funds	Annualized Returns (%) ¹ (not annualized if less than 1 year)							
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Schwab Instl Large Cap Value Trust Fund-Instl (sub-advised by Dodge & Cox) (Inception: Fund-5/3/10, Extended Perf.-7/31/01)	10/1/02	-3.29	-1.74	-1.74	10.10	10.37	12.82	--	
Russell 1000 Value Index		-1.76	-2.83	-2.83	6.95	7.88	10.78	7.78	
Morningstar Category: Large Value		-1.93	-2.55	-2.55	9.07	7.65	10.32	7.66	
BNY Mellon Large Cap Stock Index Fund Instl¹ (Inception: Fund-3/13/09)	5/28/08	-2.27	-0.70	-0.70	13.97	10.37	13.15	--	
Russell 1000 Index		-2.27	-0.69	-0.69	13.98	10.39	13.17	9.61	
Morningstar Category: Large Blend		-2.12	-0.98	-0.98	12.82	8.89	11.72	8.58	
Schwab Instl Large Cap Growth Trust Fund-Instl (sub-advised by Wellington) (Inception: Fund-10/1/02)	10/2/02	-1.20	5.73	5.73	29.41	14.41	17.05	11.37	
Russell 1000 Growth Index		-2.74	1.42	1.42	21.25	12.90	15.53	11.34	
Morningstar Category: Large Growth		-2.33	2.30	2.30	20.41	10.64	13.81	9.87	
Vanguard Mid-Cap Index Fund Instl Plus (VMCPX) (Inception: Fund-5/21/98, Share Class-12/15/10)	1/3/06	-0.11	0.02	0.02	12.35	7.89	12.28	10.18	12.39
Spliced Mid-Cap Index ²		-0.10	0.03	0.03	12.36	7.90	12.31	10.20	
Morningstar Category: Mid-Cap Blend		-0.14	-1.03	-1.03	10.13	6.51	10.43	8.88	
BNY Mellon Small Cap Index Fund Instl	11/21/13	1.30	-0.08	-0.08	11.75	8.31	--	--	
Russell 2000 Index		1.29	-0.08	-0.08	11.79	8.39	11.47	9.84	
Morningstar Category: Small Blend		1.08	-0.93	-0.93	9.68	7.21	10.29	9.15	
Schwab Instl Small Cap Trust Fund-Instl³ (Inception: Fund-6/24/04)	6/24/04	-0.05	-2.13	-2.13	6.04	5.39	9.52	7.67	
Russell 2000 Index		1.29	-0.08	-0.08	11.79	8.39	11.47	9.84	
Morningstar Category: Small Blend		1.08	-0.93	-0.93	9.68	7.21	10.29	9.15	
Wellington Small Cap Value Portfolio*	12/16/09	0.33	-3.74	-3.74	1.02	5.27	9.35	--	
Russell 2000 Value Index		1.24	-2.64	-2.64	5.13	7.87	9.96	8.61	
Morningstar Category: Small Value		0.87	-2.75	-2.75	5.71	6.67	9.10	8.74	
Voya Small Cap Growth Portfolio*	4/10/13	-0.42	-0.51	-0.51	11.25	7.99	--	--	
Russell 2000 Growth Index		1.35	2.30	2.30	18.63	8.77	12.90	10.95	
Morningstar Category: Small Growth		1.17	2.28	2.28	18.07	8.77	11.88	10.28	

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Sub-advised strategy returns are net of sub-advisor management fees, Schwab Bank Collective Trust Fund returns are net of all fees, including Schwab Bank's management fee.

See additional Sub-Advisor notes in the Disclosure Section for additional information

Source: Morningstar, Inc. See the Disclosures at the end of the document for important information.

Performance of SMRT Funds underlying investment strategies

	As of March 31, 2018	Date Strategy Added to SMRT Funds	Annualized Returns (%) ¹ (not annualized if less than 1 year)							Since Inception
			1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
International Equity >	Schwab Instl Diversified Intl Trust Fund-Instl (Inception: Fund-10/26/10)	10/26/10	-1.22	-0.44	-0.44	17.36	6.77	7.31	--	
	MSCI EAFE Index (Net)		-1.80	-1.53	-1.53	14.80	5.55	6.50	2.74	
	Morningstar Category: Foreign Large Blend		-0.81	-0.86	-0.86	15.20	5.75	6.21	2.64	
	Templeton Intl Equity Fund*	12/19/07	-1.59	-1.20	-1.20	13.44	4.32	5.50	2.64	
	MSCI ACWI ex USA Value Index (Net)		-2.17	-1.50	-1.50	13.26	5.04	4.88	2.09	
	Morningstar Category: Foreign Large Value		-1.26	-1.72	-1.72	12.28	4.83	5.52	2.11	
	American Funds EuroPacific Growth Fund R6 (RERGX)* (Inception: Fund-4/16/84, Share Class-5/1/09)	2/28/06	-0.77	1.03	1.03	21.18	7.93	8.80	4.87	10.50
	MSCI ACWI ex USA Growth Index (Net)		-1.37	-0.87	-0.87	19.92	7.28	6.84	3.25	
	Morningstar Category: Foreign Large Growth		-0.50	0.20	0.20	20.06	7.35	7.62	3.90	
	DFA Intl Small Cap Value Portfolio Instl (DISVX)* (Inception: Fund-12/29/94, Share Class-12/29/94)	1/7/08	-1.54	-2.26	-2.26	16.11	10.30	10.37	5.93	8.06
	MSCI World ex USA Small Cap Value Index (Net)		-1.31	-1.77	-1.77	17.66	9.72	8.78	5.58	
	Morningstar Category: Foreign Small/Mid Value		-1.16	-1.03	-1.03	16.97	8.43	7.98	3.63	
Real Assets >	William Blair Intl. Small Cap Growth Collective Invt. Fund II*	12/12/11	-1.07	-0.62	-0.62	22.18	10.12	8.53	--	
	MSCI ACWI ex USA Small Cap Growth Index (Net)		-0.79	0.84	0.84	23.62	11.05	9.03	5.30	
	Morningstar Category: Foreign Small/Mid Growth		0.29	2.37	2.37	28.31	11.54	10.43	6.75	
	SSgA Emerging Markets Index Fund A	3/25/13	-0.73	1.85	1.85	25.45	8.71	4.82	--	
	MSCI Emerging Markets Index (Net)		-1.86	1.42	1.42	24.93	8.81	4.99	3.02	
	Morningstar Category: Diversified Emerging Markets		-0.73	2.01	2.01	22.90	8.23	4.45	3.03	
	BlackRock Developed Real Estate Index Fund E	7/31/09	2.42	-4.38	-4.38	3.90	2.15	4.64	--	
	FTSE EPRA/NAREIT Developed Index (Net)		2.34	-4.53	-4.53	3.23	1.52	4.10	3.41	
	Morningstar Category: Global Real Estate		2.44	-2.81	-2.81	8.06	2.85	4.54	3.32	
	BlackRock Commodity Index Daily Fund E⁴	6/30/10	-0.66	-0.48	-0.48	3.29	-3.61	-8.67	--	
	Bloomberg Commodity Index		-0.62	-0.40	-0.40	3.71	-3.21	-8.32	-7.71	
	Morningstar Category: Commodities Broad Basket		0.21	0.17	0.17	5.68	-2.23	-7.94	-8.41	

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Performance of SMRT Funds underlying investment strategies

	As of March 31, 2018	Date Strategy Added to SMRT Funds	Annualized Returns (%) ¹ (not annualized if less than 1 year)							Since Inception
			1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
Fixed Income >	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	3/20/12	0.18	-0.66	-0.66	0.19	0.61	0.86	--	
	Barclays 1-5 Year U.S. Aggregate Bond Index		0.26	-0.52	-0.52	0.21	0.82	1.04	2.32	
	Morningstar Category: Short-Term Bond		0.09	-0.34	-0.34	0.73	1.07	1.00	2.18	
	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3/25/09	0.64	-1.49	-1.49	1.07	1.06	1.69	--	
	Barclays U.S. Aggregate Bond Index		0.64	-1.46	-1.46	1.20	1.20	1.82	3.63	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
	Schwab Instl Core Plus Fixed Income Trust Fund III (Inception: Fund-10/1/02)	10/1/02	0.57	-1.32	-1.32	1.33	1.34	1.84	3.98	
	Barclays U.S. Aggregate Bond Index		0.64	-1.46	-1.46	1.20	1.20	1.82	3.63	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
	BNY Mellon U.S. Aggregate Bond Index Fund Instl*	3/25/09	0.64	-1.49	-1.49	1.07	1.06	1.69	--	
	Barclays U.S. Aggregate Bond Index		0.64	-1.46	-1.46	1.20	1.20	1.82	3.63	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
	Loomis Sayles Core Plus Full Discretion Fund*	8/16/07	0.38	-0.50	-0.50	3.01	2.84	3.14	6.45	
	Barclays U.S. Government/Credit Bond Index		0.65	-1.58	-1.58	1.38	1.22	1.84	3.65	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
Cash Equivalents > Real Assets >	Baird Core Bond Fund	1/30/18	0.55	--	--	--	--	--	--	
	Barclays U.S. Aggregate Bond Index		0.64	-1.46	-1.46	1.20	1.20	1.82	3.63	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
	TCW MetWest Total Return Bond Fund	1/30/15	0.69	-1.24	-1.24	1.18	1.17	--	--	
	Barclays U.S. Aggregate Bond Index		0.64	-1.46	-1.46	1.20	1.20	1.82	3.63	
	Morningstar Category: Intermediate-Term Bond		0.43	-1.31	-1.31	1.31	1.27	1.73	3.80	
	BlackRock Global Aggregate Bond Fund Ex-USD	12/18/14	1.01	0.92	0.92	3.20	2.37	--	--	
	Barclays Global Aggregate Bond ex-US Hedged Index		1.02	0.94	0.94	3.38	2.54	3.68	4.16	
	Morningstar Category: World Bond		0.75	1.13	1.13	5.85	2.80	1.43	3.05	
	State Street U.S. Government Short Term Investment Fund	3/11/08	0.14	0.35	0.35	1.08	0.51	0.33	0.35	
	Citigroup 3 Month T-Bill Index		0.13	0.35	0.35	1.07	0.49	0.31	0.31	
	BlackRock U.S. TIPS Index Fund E	9/30/09	1.06	-0.78	-0.78	0.94	1.28	0.01	--	
	Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index		1.05	-0.79	-0.79	0.92	1.30	0.05	2.93	
	Morningstar Category: Inflation Protected Bond		0.82	-0.71	-0.71	0.77	1.03	-0.22	2.41	

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SMRT Funds Update

Thought leadership and insights on the target date industry.



Behavior-driven glide path design

- Discusses improving investor outcomes through a behaviorally driven asset allocation approach in target date funds.

<http://www.schwabbankfunds.com/public/file/P-10456249/Behavior-Driven-Glide-Path-Design.pdf>



Passive target date funds: Separating myth from reality

- Reviews the many active decisions that go into passive fund design.

<http://www.schwabbankfunds.com/public/file/P-11284257/Passive-target-date-fund-myths.electronic.pdf>



Are there hidden fixed income risks in your TDF?

- Provides three reasons to re-examine your fund's fixed income exposure in today's market climate

<http://www.schwabbankfunds.com/public/file/P-11284265/Hidden-fees-to-fixed-income.pdf>

Click on each link for access to the white papers

SMRT Funds Update

On January 16th, Charles Schwab Bank announced the release of the SMRT Funds 2018 policy allocations. There are no changes to the funds' intended glide path strategy, and each of the funds will continue to transition from equity to fixed income and cash equivalents.

Charles Schwab Bank reviews the strategic asset allocation framework and capital market expectations on an annual basis, seeking opportunities to further enhance the funds on a long-term basis for investors.

In 2018, the funds will make the following adjustments within the equity allocation of each portfolio: non-U.S. developed and emerging markets equities will be increased through a like reduction in U.S. equities and commodities. The shift ranges from 0.5% in the earlier dated funds to 5.5% in the later dated funds. All other strategic asset allocations positions and our planned annual adjustments from equity into fixed income remain consistent with our long term strategic strategy.

For more information, please see the full policy allocation announcement on the Charles Schwab Bank website:

http://www.schwabbankfunds.com/public/file/P-11081353/FINAL-2018_Policy_Allocation_Announcement.pdf

On January 31st, Charles Schwab Bank announced the core bond strategy sub-advised by Wells Fargo was replaced by a core bond strategy sub-advised by Baird Advisors in the Schwab Institutional Core Plus Fixed Income Trust Fund, which is also an underlying investment for the Schwab Managed Retirement Trust FundsTM. The transition occurred on January 30, 2018.

For more information, please see the full announcement on the Charles Schwab Bank website:

http://www.schwabbankfunds.com/public/file/P-11114005/Final_-_Announcement_-_Wells_Fargo_Removal.pdf

Appendix

Glide path capital market expectations

Custom index allocation

Schwab Bank Collective Trust Funds offering

Capital market expectations

ASSET CLASS	LONG TERM FORECAST ASSUMPTIONS	
	Approx. return	Approx. standard deviation
<i>Inflation</i>	2-2.5%	--
Cash Equivalents	1.5-2%	0-0.5%
Short-Term Bond	2-2.5%	2-2.5%
World Bond ¹	1-2%	3-3.5%
Inflation-Protected Bond (US TIPS)	2-3%	5.5-7%
Intermediate-Term Bond	2.5-3%	3.5-4%
Commodities ¹	3.5-5%	17-20%
Domestic Equity (Large Cap)	5.5-7%	14-17%
Global Real Estate ²	6-7%	18-22%
International Equity	6-9%	17-19%
Domestic Equity (Small Cap)	6-8%	19-22%
Diversified Emerging Markets	7.5-10%	22-25%

BASE CASE ASSUMPTIONS			
Age range	Deferral %	Employer match	Annual salary increase
25-35	4%	2%	4%
36-45	5%	2.5%	4%
46-55	6%	3%	3%
56-65	7%	3.5%	2%

¹The Schwab Target Index Funds do not hold World Bond or Commodities strategies. The Schwab Target Funds do not hold a Commodities strategy.

²Global Real Estate is used as a proxy for Real Estate within the Schwab Target Index Funds.

Expected returns are compounded annual returns. Actual returns may be higher or lower.

Employer match contribution is assumed to be 50% of employee deferral. Social Security and post-retirement income is not included in base case assumptions.

Assumptions are reviewed and revised at least annually.

Source: Charles Schwab Investment Management, Inc.

SMRT Funds 2018 policy allocation by asset class

ASSET CLASS	UNDERLYING INVESTMENT	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Equity		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5	25.0
Large Value	Schwab Instl Large Cap Value Trust Fund-Instl (Dodge & Cox)	13.4	13.2	12.9	12.6	11.9	10.9	9.8	8.4	6.4	5.4	5.2	3.7
Large Blend	BNY Mellon Large Cap Stock Index Fund Instl	13.2	13.3	13.5	13.6	13.8	13.9	13.8	13.2	11.8	10.8	10.3	7.4
Large Growth	Schwab Instl Large Cap Growth Trust Fund-Instl (Wellington)	13.4	13.2	12.9	12.6	11.9	10.9	9.8	8.4	6.4	5.4	5.2	3.7
Mid-Cap Blend	Vanguard Mid-Cap Index Fund Instl Plus (VMCPX)	8.6	8.4	8.0	7.6	6.9	5.9	5.0	4.0	3.0	2.4	2.3	1.5
Small Value	Wellington Small Cap Value Portfolio	3.2	3.1	2.9	2.7	2.4	2.0	1.6	1.2	0.8	0.6	0.6	0.4
Small Blend	BNY Mellon Small Cap Stock Index Fund Instl	1.6	1.6	1.6	1.6	1.5	1.5	1.3	1.2	1.0	0.9	0.8	0.5
Small Growth	Voya Small Cap Growth Portfolio	3.2	3.1	2.9	2.7	2.4	2.0	1.6	1.2	0.8	0.6	0.6	0.4
Foreign Large Value	Templeton Intl Equity Fund	11.5	11.3	10.9	10.5	9.8	8.9	7.9	6.6	5.1	4.3	3.9	2.4
Foreign Large Blend	American Funds EuroPacific Growth Fund R6 (RERGX)	11.5	11.3	10.9	10.5	9.8	8.9	7.9	6.6	5.1	4.3	3.9	2.4
Foreign Small/Mid Value	DFA Intl Small Cap Value Portfolio Instl (DISVX)	3.1	3.0	2.9	2.8	2.6	2.4	2.1	1.8	1.3	1.1	1.0	0.7
Foreign Small/Mid Growth	William Blair Intl. Small Cap Growth Collective Invt. Fund II	3.1	3.0	2.9	2.8	2.6	2.4	2.1	1.8	1.3	1.1	1.0	0.7
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	3.2	3.1	2.9	2.6	2.2	1.7	1.3	0.9	0.6	0.0	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8	1.3
Commodities Broad Basket	BlackRock Commodity Index Fund E	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0	0.0
Fixed Income		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3	65.6
Short-Term Bond	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8	12.4
Intermediate-Term Bond (Core)	BNY Mellon U.S. Aggregate Bond Index Fund Instl	0.7	0.9	1.2	1.7	2.5	3.8	5.3	7.2	10.3	12.2	12.6	14.6
Intermediate-Term Bond (Core)	Baird Core Bond Fund	1.1	1.4	1.9	2.4	3.4	4.7	6.0	7.3	9.0	9.9	10.3	11.9
Intermediate-Term Bond (Core Plus)	TCW MetWest Total Return Bond Fund	1.1	1.4	1.9	2.4	3.4	4.7	6.0	7.3	9.0	9.9	10.3	11.9
Intermediate-Term Bond (Core Plus)	Loomis Sayles Core Plus Full Discretion Trust Fund	0.5	0.6	0.9	1.1	1.6	2.2	2.8	3.4	4.2	4.6	4.7	5.5
Inflation-Protected Bond (U.S. TIPS)	BlackRock U.S. TIPS Index Fund E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3	7.5
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3	1.9
Cash Equivalents		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4
Equity Active %		65.6	65.5	65.2	64.9	64.4	63.5	62.5	61.0	58.7	58.8	58.4	57.5
Fixed Income Active % (excludes Cash Equivalents)		68.9	68.7	68.4	68.0	67.3	66.5	65.6	63.8	62.5	62.0	62.2	63.4

Percentages may not total 100% due to rounding.

The above represent policy allocations for 2018, effective January 31, 2018; actual allocations may differ slightly from policy allocation at any point in time.

The Schwab Managed Retirement Trust Income Fund is designed as a single investment portfolio that maintains a policy allocation that is intended to remain static and does not seek to distribute income.

2018 custom index allocations

SMRT & SIRT Funds 2018 Custom Index Allocations	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income¹
Russell 1000 Index	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4	17.1
Russell 2000 Index	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5	0.9
MSCI EAFE Index (Net)	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8	5.7
MSCI Emerging Markets Index (Net)	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0	0.0
FTSE EPRA/NAREIT Developed Index (Net)	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8	1.3
Bloomberg Commodity Index	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0	0.0
Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8	12.4
Bloomberg Barclays U.S. Aggregate Bond Index	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9	43.9
Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3	7.5
Bloomberg Barclays Global Aggregate Bond ex-U.S. Hedged Index	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3	1.9
Citigroup 3 Month T-Bill Index	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4

The above represent target policy allocations for 2018, effective January 31, 2018. Percentages listed may not total 100% due to rounding.

The custom index is a custom blended index developed by Charles Schwab Investment management, Inc. based on each fund's asset allocation glide schedule and will become more conservative as time elapses.

¹Available in the SMRT Funds.

Source: Charles Schwab Investment Management, Inc.

Schwab Bank Collective Trust Funds offering

Funds	Unit Class	Expense	Revenue Credit	Minimum Investment/ Availability
SMRT Fund Series	I	0.89%	0.44%	No minimum
	II	0.69%	0.24%	
	III	0.54%	0.09%	
	IV	0.45%	0.00%	
	V	0.35%	0.00%	\$100MM initial investment or plan assets >\$400MM
	VI	0.33%	0.00%	\$1Billion
SIRT Fund Series	I	0.08%	0.00%	No minimum
Schwab Large Cap Value ITF	Select	0.42%	0.00%	No minimum
Schwab Large Cap Growth ITF	Retirement	0.74%	0.20%	No minimum
	Institutional	0.54%	0.00%	
Schwab Diversified International ITF	Retirement	1.04%	0.25%	No minimum
	Institutional	0.79%	0.00%	
Schwab Core Plus Fixed Income ITF	I	0.55%	0.25%	No minimum
	III	0.35%	0.05%	

Disclosures

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Fund performance includes the reinvestment of all income and is presented net of all fees.

The values of the target fund will fluctuate up to and after the target date. There is no guarantee the funds will provide adequate income at or through retirement.

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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 (the "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.

Fund Affiliations

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 service 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 investment strategies through various investment vehicles including, but not limited to, collective trust funds, mutual funds, and/or exchange-traded funds and may also access strategies through sub-advisors engaged by Charles Schwab Bank to advise one or more separate accounts of a Fund. Exposure to some strategies may be indirect through investment in other Schwab Bank Collective Trust Funds. The SMRT Funds invest in the Schwab Institutional Large Cap Value Trust Fund, Schwab Institutional Large Cap Growth Trust Fund, Schwab Institutional Small Cap Fund, Schwab Institutional International Diversified Trust Fund, and Schwab Institutional Core Plus Fixed Income Trust Fund.

Sub-Advised Strategies – Disclosures

¹Prior to April 2009, the BNY Mellon Large Cap Index Fund Insl invested in a securities-lending strategy. As of April 2009, the Fund changed to a non-lending strategy. Data reflects performance of the non-lending strategy.

²MSCI US Mid Cap 450 Index through January 30, 2013; CRSP US Mid Cap Index thereafter.

³The Schwab Institutional Small Cap Trust Fund closed to new investors effective 8/28/2013.

Disclosures

Significant Risks of the Funds

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Cash Equivalents Risk. Cash Equivalents investments are cash management strategies that seek to prevent the loss of an investment's total value. Although a cash management product may seek to maintain a stable or constant net asset value, there can be no assurance it will do so.

Commodities Risk. Since a commodity fund is typically not diversified and focuses its investments in a single commodity or basket of commodities, the fund may involve a greater degree of risk than an investment in other mutual funds with greater diversification.

Diversified Funds Risk. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Schwab Bank's portfolio management process includes an effort to monitor and manage risk, but should not be confused with and does not imply either low risk or the ability to control risk.

Fixed Income Risk. Fixed income securities are subject to increased loss of principal during periods of rising interest rates and to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, and tax ramifications.

Inflation-Protected Security Risk. Treasury Inflation Protected Securities (TIPS) are inflation-linked securities issued by the U.S. Government whose principal value is adjusted periodically in accordance with the rise and fall in the inflation rate. Thus, the dividend amount payable is also impacted by variations in the inflation rate as it is based upon the principal value of the bond. It may fluctuate up or down. Repayment at maturity is guaranteed by the U.S. Government and may be adjusted for inflation to become the greater of either the original face amount at issuance or that face amount plus an adjustment for inflation.

Interest Rate Risk. Interest rates will rise and fall over time. During periods when interest rates are low, an underlying strategy's yield and total return also may be low. Changes in interest rates also may affect the strategy's share price: a sharp rise in interest rates could cause the strategy's share price to fall. The longer the strategy's duration, the more sensitive to interest rate movements its share price is likely to be.

International Risk. International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, political instability, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate these risks.

Global Real Estate Risk. International investing does pose special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. Risks of the REIT's are similar to those associated with direct ownership of real estate, such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer.

Securities Lending Risk. Each Fund's Declaration of Trust authorizes securities lending and the Funds may invest in underlying funds that participate in securities lending. There are various risks associated with securities lending including but not limited to the risk that a borrower fails to return some or all of the securities in a timely manner and investments acquired with cash collateral may decline in value. Charles Schwab Bank, in coordination with each Fund's underlying investment sub-advisors, actively monitors any securities lending activity to minimize any potential impact to the Funds.

Target Date Funds Risk. Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. The Funds are subject to market volatility and risks associated with the underlying investments. Risks include exposure to international and emerging markets, small company and sector equity securities, and fixed income securities subject to changes in inflation, interest rates, market valuations, liquidity, prepayments, and early redemption. The funds are built for investors who expect to start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement. The principal value of the funds is not guaranteed at any time, and will continue to fluctuate up to and after the target date. There is no guarantee the funds will provide adequate income at or through retirement.

Disclosures

Index Descriptions

Indexes are unmanaged, do not incur management expenses and cannot be invested in directly.

The **Bloomberg Barclays 1-3 Year US Government Credit Index** is a subset of US Government/Credit Index that is the non-securitized component of the US Aggregate Index. The index includes US Treasuries, Government-Related issues (e.g., US agency, sovereign, supranational, and local authority debt), and USD Corporates with a remaining maturity of 1-3 years.

The **Bloomberg Barclays 1-5 Year U.S. Aggregate Bond Index** is an unmanaged sub-index of securities with maturities of 1-5 years based on the Barclays Capital U.S. Aggregate Bond Index. The Barclays Capital U.S. Aggregate Bond Index represents securities that are SEC registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset backed securities.

The **Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index** is a subset of the flagship Global Aggregate Index that measures multi-currency global investment grade debt but excludes those denominated in USD. This multi-currency benchmark includes fixed-rate treasury, government-related, corporate and securitized bonds from both developed and emerging markets issuers. The Global Aggregate ex USD Index is largely comprised of the regional Pan-European Aggregate and Asian-Pacific Aggregate Indices. In addition to securities from these two benchmarks, the index also includes investment grade Euro-Yen and Canadian securities.

The **Bloomberg Barclays U.S. Aggregate Bond Index** represents securities that are SEC registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset backed securities.

The **Bloomberg Barclays U.S. Government/Credit Index** is the non-securitized component of the U.S. Aggregate Index. includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), Government-Related issues (i.e., agency, sovereign, supranational, and local authority debt), and Corporates.

The **Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index** is a market value-weighted index that tracks inflation-protected securities issued by the U.S. Treasury. To prevent the erosion of purchasing power, TIPS are indexed to the non-seasonally adjusted Consumer Price Index for All Urban Consumers, or the CPI-U (CPI).

The **Bloomberg Commodity Index** is calculated on an excess return basis and composed of futures contracts on 22 physical commodities. It reflects the return of underlying commodity futures price movements.

The **Citigroup U.S. 3-month Treasury Bill Index** is an index that measures monthly total return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Index consists of the last three three-month Treasury bill issues.

The **CRSP (Center for Research in Security Prices) US Mid Cap Index** is an index that targets inclusion of the U.S. companies that fall between the top 70%-85% of investable market capitalization.

The **FTSE EPRA/NAREIT Developed Index (Net)** is designed to track the performance of listed real estate companies and REITS worldwide. This series approximates the minimum possible dividend reinvestment.

The **MSCI All Country World (ACWI) ex USA Index (Net)** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets with the exclusion of the U.S.-based companies. This series approximates the minimum possible dividend reinvestment. The MSCI All Country World (ACWI) ex USA Value Net Index and MSCI All Country World (ACWI) ex USA Growth Net Index are based on the MSCE All Country World (ACWI) ex USA Net Index.

The **MSCI All Country World (ACWI) ex USA Small Cap Index (Net)** is a free float-adjusted market capitalization index that is designed to measure equity market performance of small capitalization global developed and emerging markets with the exclusion of the U.S.-based companies. This series approximates the minimum possible dividend reinvestment. The MSCI All Country World (ACWI) ex USA Small Cap Growth Net Index is based on a traditional market cap weighted parent index, the MSCI World ex USA Small Cap Index.

Disclosures

Index Descriptions (continued)

The **MSCI EAFE® (Europe, Australasia, Far East) Index (Net)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. This series approximates the minimum possible dividend reinvestment.

The **MSCI Emerging Markets Index (Net)** is a free float-adjusted market capitalization index that is designed to measure emerging markets equity performance. This series approximates the minimum possible dividend reinvestment.

The **MSCI US Mid Cap 450 Index** represents the universe of medium capitalization companies in the US equity market. This index targets for inclusion 450 companies and represents, as of October 29, 2004, approximately 15% of the capitalization of the US equity market.

The **MSCI World ex USA Small Cap Index (Net)** captures small cap representation across 23 of 24 Developed Markets (DM) countries (excluding the United States). With 2,485 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The MSCI World ex USA Small Cap Value Weighted Index is based on a traditional market cap weighted parent index, the MSCI World ex USA Small Cap Index.

The **Russell indices** are market-capitalization weighted and subsets of the Russell 3000® Index, which contains the largest 3,000 companies incorporated in the United States and represents approximately 98% of the investable U.S. equity market. The **Russell 2000® Index** is composed of the 2000 smallest companies in the Russell 3000 Index. The Russell 2000® Growth Index contains those Russell 2000 securities with a greater-than-average growth orientation. The Russell 2000® Value Index contains those Russell 2000 securities with a less-than-average growth orientation. The **Russell 1000® Index** is composed of the 1000 largest companies in the Russell 3000® Index. The Russell 1000® Growth Index contains those Russell 1000 securities with a greater-than-average growth orientation. The Russell 1000® Value Index contains those Russell 1000 securities with a less-than-average growth orientation.

Definitions

Sharpe Ratio: Developed by Professor William F. Sharpe, a measure of reward per unit of risk - the higher the Sharpe Ratio, the higher return per unit of risk. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation (%): A widely recognized measure of volatility of an investment portfolio, or how widely monthly returns vary from a portfolio's long-term average annual total return.

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Disclosures—Schwab Funds*

*Schwab Funds are the Schwab Target Funds and Schwab Target Index Funds, mutual funds maintained by Charles Schwab Investment Management, Inc.

Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by visiting csimfunds.com. Please read the prospectus carefully before investing.

Target date index fund asset allocations are subject to change over time in accordance with each fund's prospectus. **The principal value of the funds is not guaranteed at any time, and will continue to fluctuate up to and after the target date. There is no guarantee the funds will provide adequate income at or through retirement. The funds are built for investors who expect to start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement.**

The investment risks of the funds will change as asset allocations change. Investors should consider risk tolerance and personal financial conditions along with age and retirement date when investing in the funds. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

The funds are subject to market volatility and risks associated with the underlying investments. Risks include exposure to international and emerging markets, small company and sector equity securities, and fixed income securities subject to changes in inflation, market valuations, liquidity, prepayments, and early redemption.

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