

# Schwab Indexed Retirement Trust Funds<sup>®</sup> (SIRT Funds)

Collective trust funds maintained by  
Charles Schwab Bank

Performance reports as of June 30, 2018

The logo consists of a blue square containing the text "charles" in a white, lowercase, serif font, and "SCHWAB" in a white, uppercase, sans-serif font below it.

charles  
SCHWAB

*Own your tomorrow<sup>®</sup>*

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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
<b>Structure</b>	Collective Trust Funds		Mutual Funds	
<b>Target market</b>	Designed exclusively for qualified retirement plans		Designed for retail investors and employer-sponsored retirement plans	
<b>Underlying investments</b>	Sub-Advised		Proprietary and Sub-Advised/Third Party	Proprietary
<b>Oversight structure</b>	Maintained by Schwab Bank as trustee for the funds		Maintained and managed by CSIM	
<b>Investment style</b>	Active/Passive	Passive	Active/Passive	Passive
<b>AUM (\$MM)</b>	\$12,340	\$2,396	\$4,116	\$668
<b>Inception</b>	10/1/2002	1/05/2009	7/01/2005	8/25/2016
<b>Net expense</b>	0.33%–0.89% Six unit classes	0.08% One unit class	0.30%–0.77% <sup>1</sup> One share class	0.08% <sup>2</sup> One share class

## As of June 30, 2018.

Investment minimums may apply.

<sup>1</sup>As 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.

<sup>2</sup>As 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

### Multi-Asset Quantitative Solutions

- 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 Oversight<sup>1</sup>

- 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 Committees<sup>2</sup>

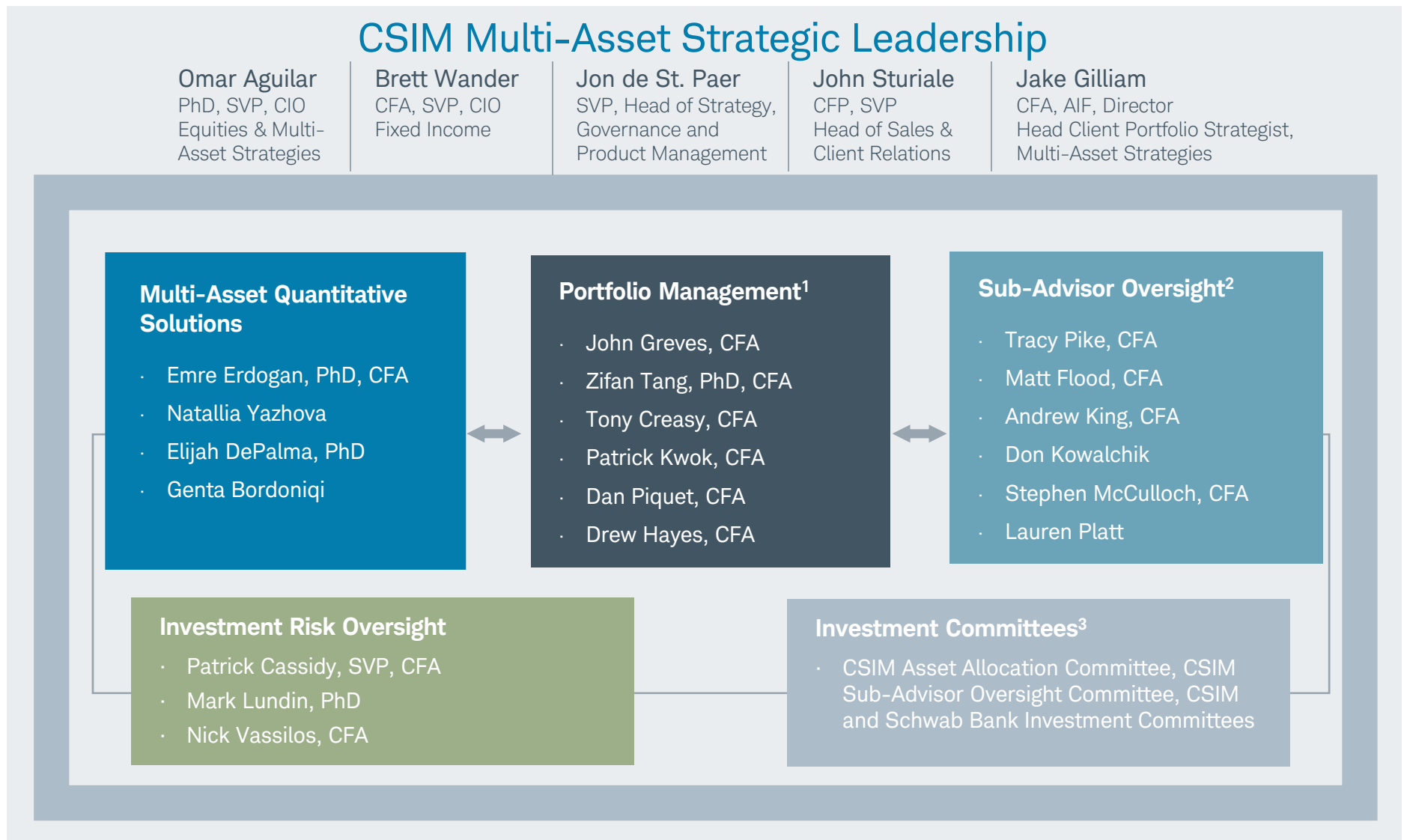
- Oversee all decisions to ensure that processes are properly followed

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

<sup>2</sup>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.

# An experienced investment management team

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



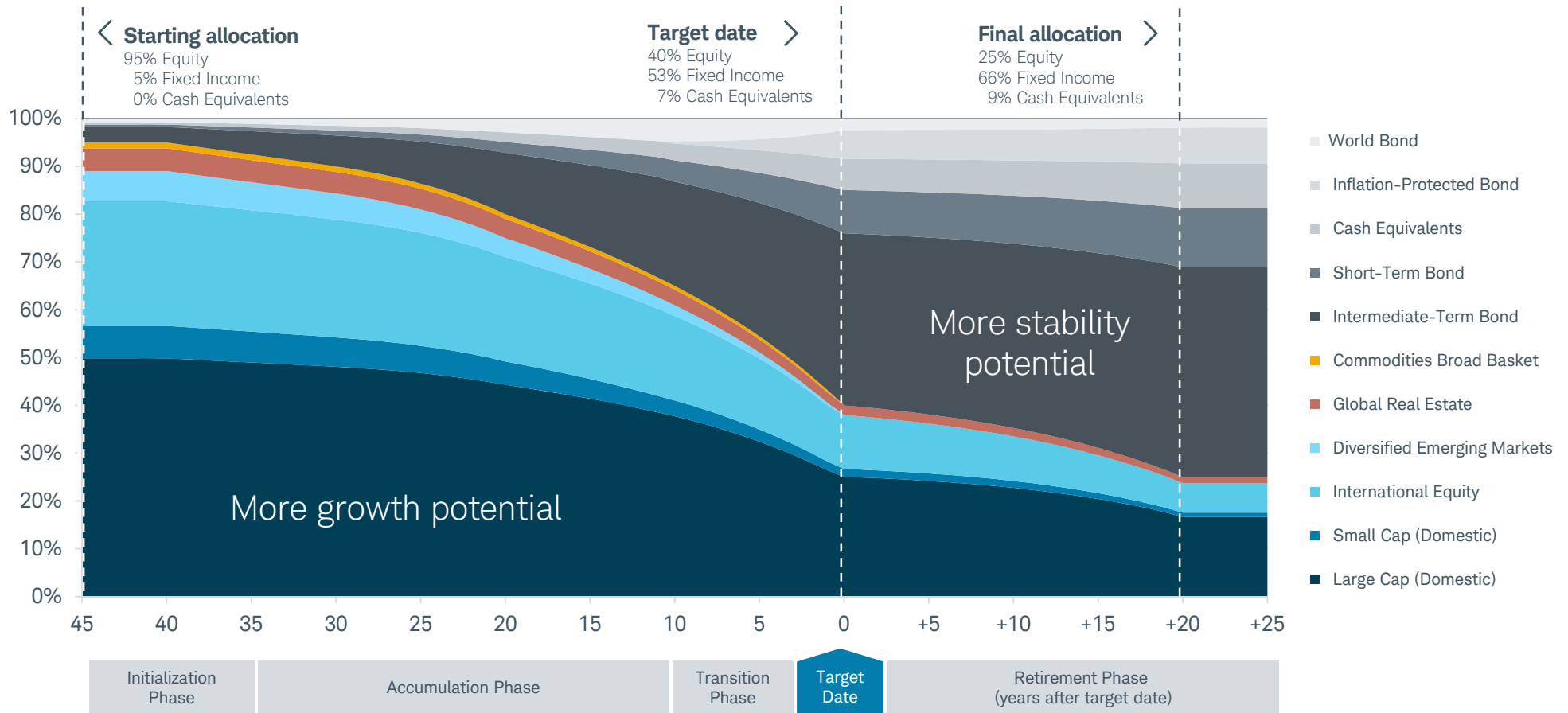
<sup>1</sup> Zifan Tang, Patrick Kwok, and Drew Hayes manage both the Schwab Target Funds and Schwab Target Index Funds. Tony Creasy and Dan Piquet manage the SMRT and SIRT Funds.

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

<sup>3</sup>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

## SIRT Funds glide path (and underlying asset classes)

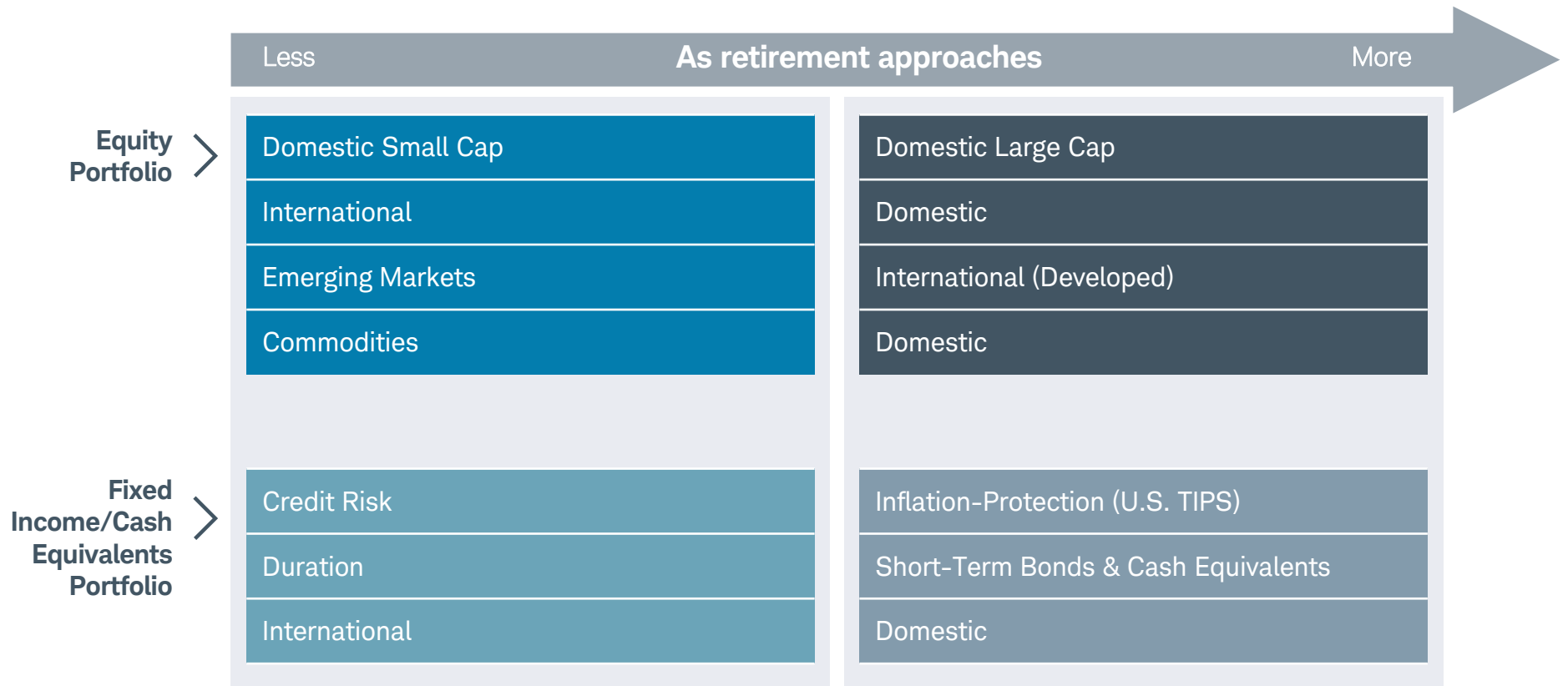


The values of the funds will fluctuate up to and after the target dates. There is no guarantee the funds will provide adequate income at or through retirement. Asset diversification and allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

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.

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# Key risks are potentially reduced as retirement approaches and beyond





# SIRT Funds underlying asset classes

ASSET CLASS	CORRESPONDING INDEX	FUND INVESTMENT	TOTAL UNDERLYING FUND AUM (\$MM) <sup>1</sup>
<b>EQUITY</b>			
<b>Domestic Equity (Large Cap)</b>	Russell 1000 Index	BNY Mellon Large Cap Stock Index Fund Instl	\$15,181
<b>Domestic Equity (Small Cap)</b>	Russell 2000 Index	BNY Mellon Small Cap Stock Index Fund Instl	\$3,531
<b>International Equity</b>	MSCI EAFE Index (Net)	BNY Mellon Intl Stock Index Fund Instl	\$23,740
<b>Diversified Emerging Markets</b>	MSCI Emerging Markets Index (Net)	SSgA Emerging Markets Index Fund A	\$61,693
<b>Global Real Estate</b>	FTSE EPRA/NAREIT Developed Index (Net)	BlackRock Developed Real Estate Index Fund E	\$2,730
<b>Commodities Broad Basket</b>	Bloomberg Commodity Index	BlackRock Commodity Index Daily Fund E	\$1,720
<b>FIXED INCOME</b>			
<b>Short-Term Bond</b>	Bloomberg Barclays U.S. Government/Credit: 1-3 Years Index	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	\$3,880
<b>Intermediate-Term Bond</b>	Bloomberg Barclays U.S. Aggregate Bond Index	BNY Mellon U.S. Aggregate Bond Index Fund Instl	\$29,385
<b>Inflation-Protected Bond (U.S. TIPS)</b>	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index	BlackRock U.S. TIPS Index Fund E	\$52,600
<b>World Bond</b>	Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	BlackRock Global Aggregate Bond Fund Ex-USD	\$2,489
<b>CASH EQUIVALENTS</b>			
<b>Cash Equivalents</b>	Citigroup 3 Month T-Bill Index	State Street U.S. Government Short Term Investment Fund	\$11,790
<b>Total</b>			<b>\$208,739</b>

Investment Managers >

**BLACKROCK**

**Mellon Capital**

> BNY MELLON AMNA

STATE STREET GLOBAL ADVISORS | **SSgA.**

As of December 31, 2017.

<sup>1</sup>Includes firm assets in mutual funds, collective trust funds, and separate accounts as of December 31, 2017.

# 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, 2013<sup>1</sup>

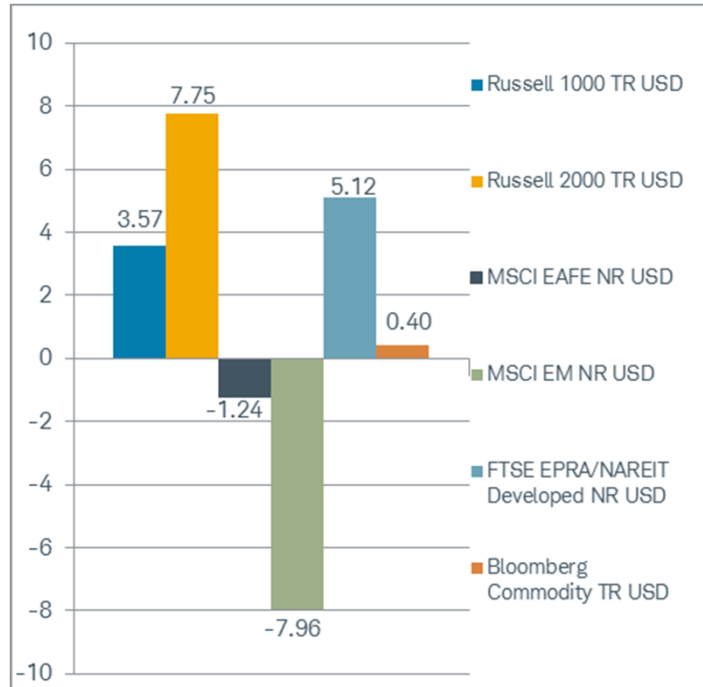
		DOL Guidance Highlights
<b>Evaluation</b>	Objectively comparing and selecting TDFs	✓
	Evaluating non-proprietary or custom TDFs	✓
	Using resources to evaluate the selected TDFs	✓
<b>Plan’s TDF Investment</b>	Understanding the TDF’s investments	✓
	Review fees and investment expenses	✓
	Periodic review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

<sup>1</sup>Source: 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](http://www.dol.gov/ebsa/newsroom/fstdf.html).

# Capital Markets Review

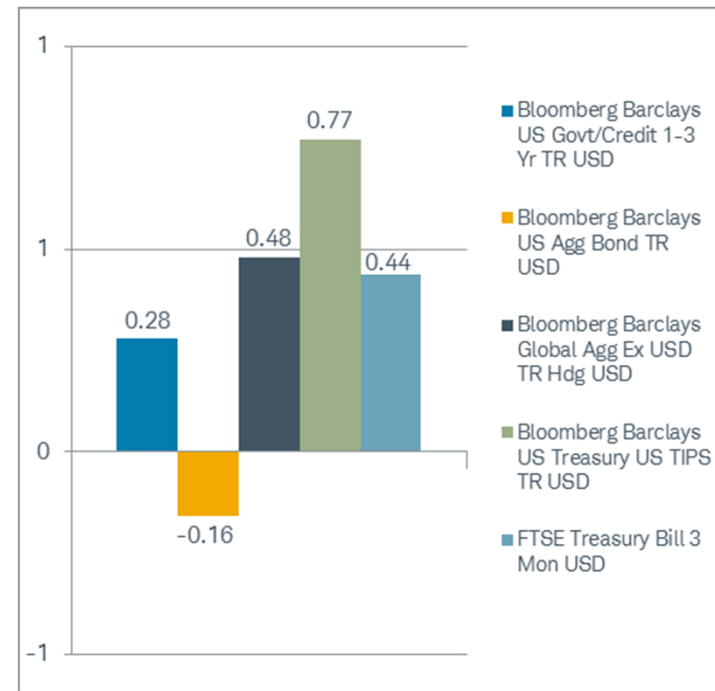
# Capital markets summary—2<sup>nd</sup> quarter 2018

Equity >



Source: Morningstar, Inc.

Fixed Income >



U.S. equities rebounded in the second quarter, with growth and small cap equities outperforming value and large cap equities. Developed international and emerging markets ended the quarter in negative territory due to geopolitical concerns over a trade war with China and the impact of tariffs. Additionally, a strong dollar, slower growth abroad and rising interest rates were all headwinds for overseas markets. Global REITs performed well while commodities ended the quarter flat. Within sectors both domestically and abroad, energy was the top performer followed by consumer discretionary and information technology. Conversely, financials, industrials, telecom services and consumer staples did not perform as well and ended the period in negative territory. Within fixed income, interest rates on U.S. Treasuries continued to rise, which drove most bond prices down and corporate bonds underperformed as credit spreads widened.

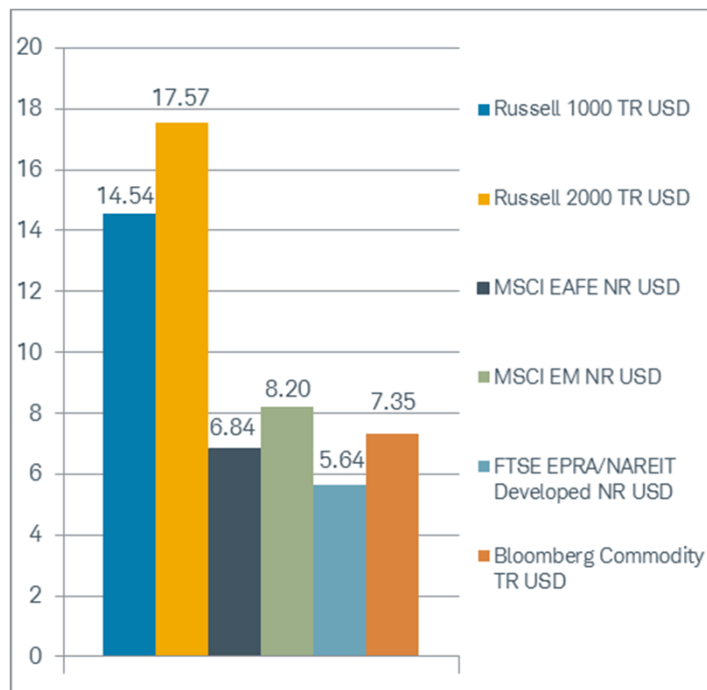
**Past performance is no guarantee of future results. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.**

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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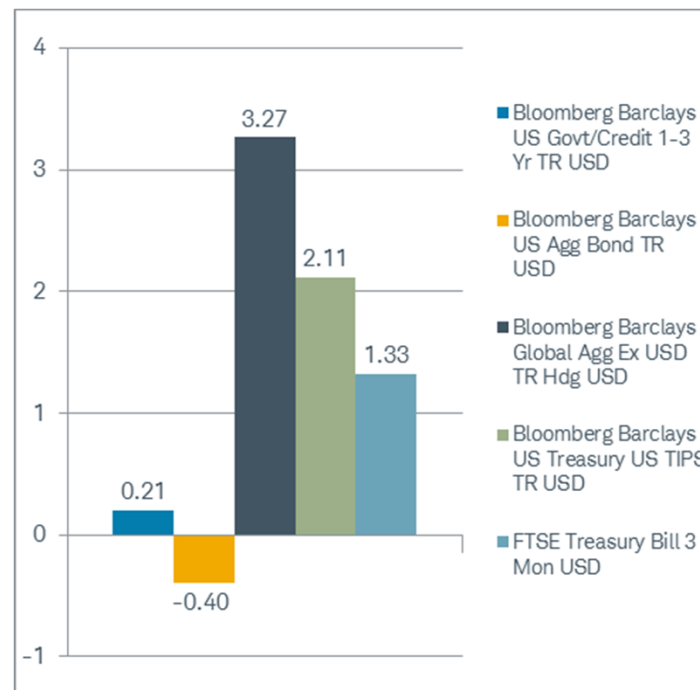
# Capital markets summary—1 year 2018

Equity >



Source: Morningstar, Inc.

Fixed Income >



For the 1-year period, U.S. equities strongly outperformed international equities and fixed income. U.S. small cap equities ended the period in the top spot posting over a 17% return, followed by U.S. large cap equities. Growth outperformed value. Within sectors for both U.S. and developed international, information technology, consumer discretionary and energy were the top performers. Conversely, rate sensitive defensive sectors such as utilities, consumer staples and telecom services underperformed due to being out of favor in the growth led market. Commodities and global REITs posted positive returns for the 1-year period; however, they continued to lag domestic equities. Within fixed income, the Bloomberg Barclays Global Aggregate ex-US Hedged Index outperformed the Bloomberg Barclays Aggregate Bond Index which ended the period in negative territory as U.S. interest rates rose sharply over this time period compared with international rates.

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# Performance and Attribution Review

# Performance summary: 2Q2018

Fund	Performance	Performance vs. Custom Index <sup>1</sup> (+/-) %	Category Percentile Ranking <sup>2</sup>	Key Comments
SIRT 2010 Fund Cl I	0.93	-0.05	7	<p>For the 2nd quarter, the funds ranked in the 8<sup>th</sup> percentile on average versus peers. Performance versus custom blended indices was in line with expectations.</p> <p>Dispersion for the funds was primarily a result of fair value pricing and ranged from 4 bps to 13 bps during the quarter. On a non-fair value pricing basis, dispersion was within tracking error expectations for the period.</p> <p><b>Glide Path Impact:</b> Asset class returns were mixed during the quarter. While domestic equity ended the quarter up, developed international equity and emerging markets equity ended in negative territory. Fixed Income ended the quarter mostly down. The SIRT Funds' glide path includes a higher allocation to domestic equity, which led to positive results across the suite with longer dated funds benefiting from a higher allocation to equity overall.</p> <p><b>Asset Allocation:</b> The funds' strategic asset allocation also led to positive results. Relative to peers, a higher allocation to domestic equity and REITs combined with a lower allocation to developed international equities and emerging markets benefited all of the funds in the suite. Additionally, an overweight to domestic small caps equities, which outperformed domestic large cap equities benefited longer dated funds relative to peers.</p>
SIRT 2015 Fund Cl I	0.98	-0.04	6	
SIRT 2020 Fund Cl I	1.05	-0.06	8	
SIRT 2025 Fund Cl I	1.23	-0.08	4	
SIRT 2030 Fund Cl I	1.34	-0.09	7	
SIRT 2035 Fund Cl I	1.44	-0.09	10	
SIRT 2040 Fund Cl I	1.50	-0.11	8	
SIRT 2045 Fund Cl I	1.56	-0.10	8	
SIRT 2050 Fund Cl I	1.55	-0.13	8	
SIRT 2055 Fund Cl I	1.58	-0.12	10	
SIRT 2060 Fund Cl I	1.61	-0.10	13	

As of June 30, 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.

<sup>1</sup>The 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.

<sup>2</sup>The 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	Performance	Performance vs. Custom Index <sup>1</sup> (+/-) %	Category Percentile Ranking <sup>2</sup>	Key Comments
SIRT 2010 Fund Cl I	4.59	-0.07	32	<p>For the year, the funds ranked in the 41<sup>st</sup> percentile on average versus peers. Performance versus the funds' custom blended indices was in line with expectations.</p> <p>Dispersion for the 2010 to 2060 funds ranged from 1 bps to 14 bps.</p> <p><b>Glide Path Impact:</b> Relative performance from the glide path was positive 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 SIRT Class I ranged from 10.91% in the 2060 fund to 4.59% in the 2010 fund.</p> <p><b>Asset Allocation:</b> Results from the funds' strategic asset allocation were mixed for the period. Relative to peers, fixed income positions in shorter dated funds detracted from returns while an overweight in domestic small cap equities, which outperformed domestic large cap equities, and an underweight in developed international equity and emerging markets equity contributed to returns in the longer dated funds.</p>
SIRT 2015 Fund Cl I	4.84	-0.06	64	
SIRT 2020 Fund Cl I	6.04	-0.08	40	
SIRT 2025 Fund Cl I	7.42	-0.04	34	
SIRT 2030 Fund Cl I	8.38	-0.05	37	
SIRT 2035 Fund Cl I	9.18	-0.05	48	
SIRT 2040 Fund Cl I	9.92	-0.05	40	
SIRT 2045 Fund Cl I	10.42	-0.01	45	
SIRT 2050 Fund Cl I	10.68	-0.03	37	
SIRT 2055 Fund Cl I	10.95	-0.03	35	
SIRT 2060 Fund Cl I	10.91	-0.14	41	

As of June 30, 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.

<sup>1</sup>The 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.

<sup>2</sup>The 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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# SIRT Funds' performance vs. Morningstar category peers

Morningstar Percentile Ranks vs. Peers								
As of June 30, 2018(Net of fees)								
FUND	% EQUITY <sup>1</sup>	% PEER EQUITY	RANK IN MORNINGSTAR CATEGORY <sup>2,3</sup>			FUNDS IN CATEGORY		
			1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
<b>SIRT 2010</b> Morningstar Category: Target-Date 2000-2010 MF	37%	36%	32	49	54	135	111	87
<b>SIRT 2015</b> Morningstar Category: Target-Date 2015 MF	39%	40%	64	57	61	138	109	75
<b>SIRT 2020</b> Morningstar Category: Target-Date 2020 MF	46%	43%	40	40	35	252	203	160
<b>SIRT 2025</b> Morningstar Category: Target-Date 2025 MF	59%	51%	34	31	24	222	178	138
<b>SIRT 2030</b> Morningstar Category: Target-Date 2030 MF	68%	61%	37	33	29	241	193	150
<b>SIRT 2035</b> Morningstar Category: Target-Date 2035 MF	76%	70%	48	39	31	217	173	133
<b>SIRT 2040</b> Morningstar Category: Target-Date 2040 MF	83%	78%	40	36	28	241	193	150
<b>SIRT 2045</b> Morningstar Category: Target-Date 2045 MF	88%	82%	45	35	23	217	173	133
<b>SIRT 2050</b> Morningstar Category: Target-Date 2050 MF	91%	83%	37	32	20	237	188	145
<b>SIRT 2055</b> Morningstar Category: Target-Date 2055 MF	94%	85%	35	24	--	215	171	--
<b>SIRT 2060</b> Morningstar Category: Target-Date 2060+ MF	95%	83%	41	--	--	177	--	--

**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.

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

<sup>2</sup>The 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.

<sup>3</sup>Ranks are for Unit Class I. Dashed indicate performance and rank data is not available.

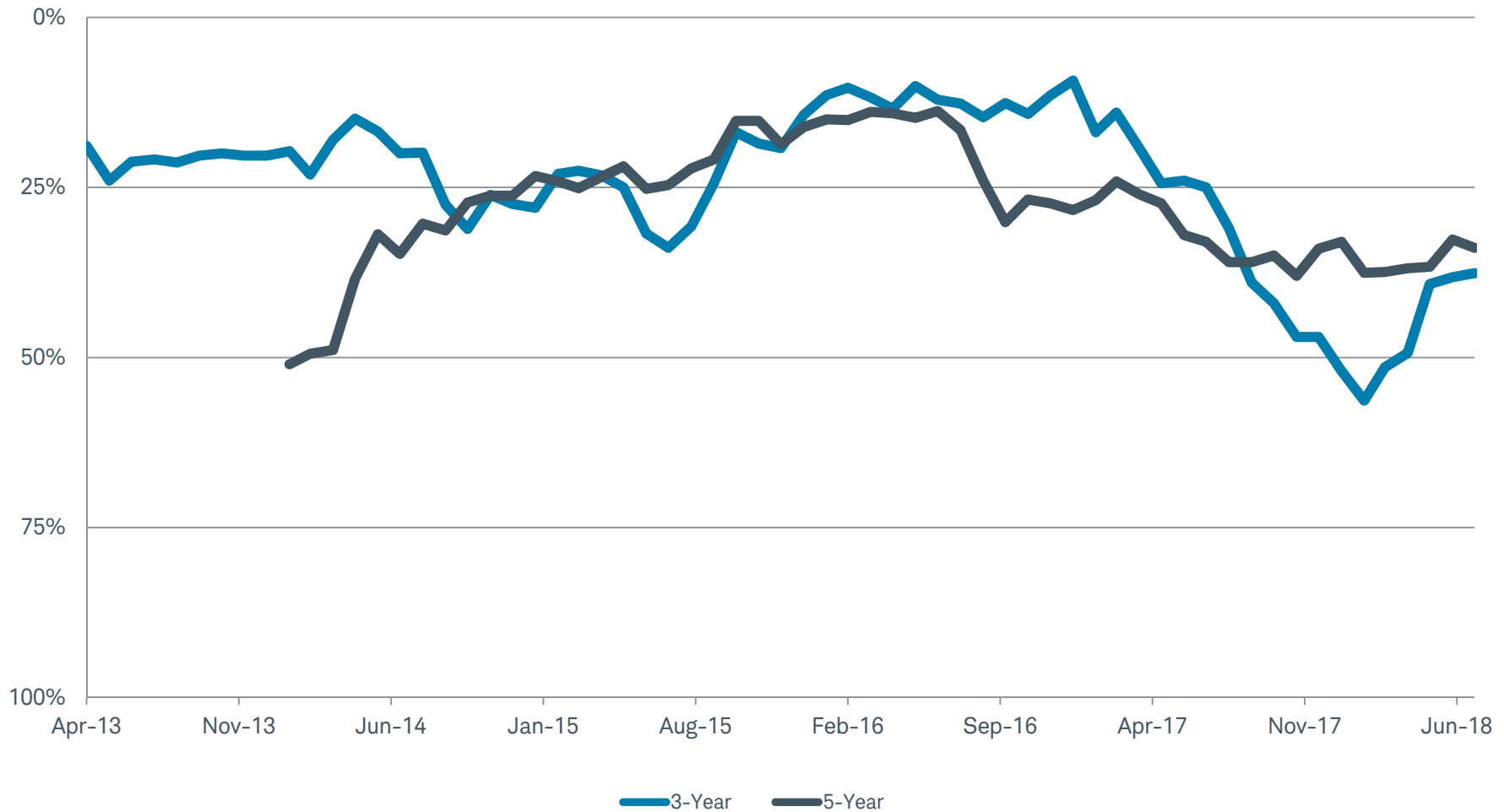
Source: Morningstar, Inc.

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

# SIRT Funds – Rankings Summary

Average 3 and 5 Year Category Rankings as of June 30, 2018.



Ranks are for Unit Class I.

# SIRT Funds Performance

As of June 30, 2018	Annualized Returns (%) (not annualized if less than 1 year)									
	3 Month	3 Month %	YTD	YTD %	1 Year	1 Year %	3 Year	3 Year %	5 Year	5 Year %
<b>SIRT 2010</b>	<b>0.93</b>	<b>7</b>	<b>0.08</b>	<b>11</b>	<b>4.59</b>	<b>32</b>	<b>4.54</b>	<b>49</b>	<b>5.33</b>	<b>54</b>
2010 Custom Index	0.98	--	0.10	--	4.66	--	4.66	--	5.44	--
Morningstar Category: Target-Date 2000-2010 MF	0.38	--	-0.32	--	4.37	--	4.38	--	5.33	--
<b>SIRT 2015</b>	<b>0.98</b>	<b>6</b>	<b>0.15</b>	<b>16</b>	<b>4.84</b>	<b>64</b>	<b>4.74</b>	<b>57</b>	<b>5.70</b>	<b>61</b>
2015 Custom Index	1.02	--	0.12	--	4.90	--	4.84	--	5.79	--
Morningstar Category: Target-Date 2015 MF	0.54	--	-0.20	--	5.14	--	4.81	--	5.84	--
<b>SIRT 2020</b>	<b>1.05</b>	<b>8</b>	<b>0.38</b>	<b>10</b>	<b>6.04</b>	<b>40</b>	<b>5.45</b>	<b>40</b>	<b>6.68</b>	<b>35</b>
2020 Custom Index	1.11	--	0.38	--	6.12	--	5.55	--	6.79	--
Morningstar Category: Target-Date 2020 MF	0.54	--	-0.25	--	5.65	--	5.07	--	6.07	--
<b>SIRT 2025</b>	<b>1.23</b>	<b>4</b>	<b>0.57</b>	<b>11</b>	<b>7.42</b>	<b>34</b>	<b>6.37</b>	<b>31</b>	<b>7.65</b>	<b>24</b>
2025 Custom Index	1.31	--	0.54	--	7.46	--	6.45	--	7.74	--
Morningstar Category: Target-Date 2025 MF	0.64	--	-0.10	--	6.79	--	5.83	--	6.94	--
<b>SIRT 2030</b>	<b>1.34</b>	<b>7</b>	<b>0.65</b>	<b>20</b>	<b>8.38</b>	<b>37</b>	<b>6.99</b>	<b>33</b>	<b>8.36</b>	<b>29</b>
2030 Custom Index	1.43	--	0.63	--	8.43	--	7.08	--	8.45	--
Morningstar Category: Target-Date 2030 MF	0.78	--	0.04	--	7.88	--	6.48	--	7.64	--
<b>SIRT 2035</b>	<b>1.44</b>	<b>10</b>	<b>0.73</b>	<b>29</b>	<b>9.18</b>	<b>48</b>	<b>7.51</b>	<b>39</b>	<b>8.97</b>	<b>31</b>
2035 Custom Index	1.53	--	0.70	--	9.23	--	7.58	--	9.04	--
Morningstar Category: Target-Date 2035 MF	0.86	--	0.26	--	8.94	--	7.13	--	8.36	--
<b>SIRT 2040</b>	<b>1.50</b>	<b>8</b>	<b>0.78</b>	<b>27</b>	<b>9.92</b>	<b>40</b>	<b>7.94</b>	<b>36</b>	<b>9.44</b>	<b>28</b>
2040 Custom Index	1.61	--	0.75	--	9.97	--	8.03	--	9.53	--
Morningstar Category: Target-Date 2040 MF	0.95	--	0.30	--	9.56	--	7.46	--	8.73	--
<b>SIRT 2045</b>	<b>1.56</b>	<b>8</b>	<b>0.81</b>	<b>33</b>	<b>10.42</b>	<b>45</b>	<b>8.26</b>	<b>35</b>	<b>9.76</b>	<b>23</b>
2045 Custom Index	1.66	--	0.76	--	10.43	--	8.33	--	9.83	--
Morningstar Category: Target-Date 2045 MF	0.98	--	0.45	--	10.12	--	7.79	--	9.06	--
<b>SIRT 2050</b>	<b>1.55</b>	<b>8</b>	<b>0.80</b>	<b>32</b>	<b>10.68</b>	<b>37</b>	<b>8.38</b>	<b>32</b>	<b>9.94</b>	<b>20</b>
2050 Custom Index	1.68	--	0.76	--	10.71	--	8.50	--	10.04	--
Morningstar Category: Target-Date 2050 MF	0.99	--	0.38	--	10.22	--	7.83	--	9.15	--
<b>SIRT 2055</b>	<b>1.58</b>	<b>10</b>	<b>0.82</b>	<b>37</b>	<b>10.95</b>	<b>35</b>	<b>8.57</b>	<b>24</b>	--	--
2055 Custom Index	1.70	--	0.77	--	10.98	--	8.65	--	--	--
Morningstar Category: Target-Date 2055 MF	1.02	--	0.51	--	10.47	--	7.97	--	--	--
<b>SIRT 2060</b>	<b>1.61</b>	<b>13</b>	<b>0.77</b>	<b>42</b>	<b>10.91</b>	<b>41</b>	--	--	--	--
2060 Custom Index	1.71	--	0.75	--	11.05	--	--	--	--	--
Morningstar Category: Target-Date 2060+ MF	1.12	--	0.53	--	10.64	--	--	--	--	--

**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.

SIRT Fund returns reflect Unit Class I.

Source: Morningstar, Inc.

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

# Underlying Strategy Performance

# Performance of SIRT Funds underlying investment strategies

		Annualized Return Net of Fees <sup>1</sup> As of June 30, 2018								
		Date Added to SIRT Funds	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Domestic Equity >	BNY Mellon Large Cap Stock Index Fund Instl (Inception: Fund-3/13/09)	11/21/13	<b>0.65</b>	<b>3.57</b>	<b>2.84</b>	<b>14.52</b>	<b>11.63</b>	<b>13.35</b>	--	
	Russell 1000® Index		0.65	3.57	2.85	14.54	11.64	13.37	10.20	
	Morningstar Category: Large Blend		0.42	2.68	1.58	12.58	9.93	11.73	9.08	
Domestic Equity >	BNY Mellon Small Cap Index Fund Instl (Inception: Fund-8/31/86)	11/21/13	<b>0.72</b>	<b>7.76</b>	<b>7.67</b>	<b>17.53</b>	<b>10.91</b>	--	--	
	Russell 2000® Index		0.72	7.75	7.66	17.57	10.96	12.46	10.60	
	Morningstar Category: Small Blend		0.71	6.31	5.26	14.67	9.41	11.02	9.73	
International Equity >	BNY Mellon International Stock Index Fund Instl (Inception: Fund-10/16/09)	11/24/09	<b>-1.32</b>	<b>-1.57</b>	<b>-2.46</b>	<b>6.93</b>	<b>5.08</b>	<b>6.63</b>	--	
	MSCI EAFE Index (Net)		-1.22	-1.24	-2.75	6.84	4.90	6.44	2.84	
	Morningstar Category: Foreign Large Blend		-1.72	-2.14	-3.06	6.08	4.56	5.92	2.61	
International Equity >	SSgA Emerging Markets Index Fund A	12/31/13	<b>-4.19</b>	<b>-8.67</b>	<b>-6.98</b>	<b>7.91</b>	<b>5.29</b>	<b>4.70</b>	--	
	MSCI Emerging Markets Index (Net)		-4.15	-7.96	-6.66	8.20	5.60	5.01	2.26	
	Morningstar Category: Diversified Emerging Markets		-4.12	-8.90	-7.05	6.09	4.76	4.05	2.09	
Real Assets >	BlackRock Developed Real Estate Index Fund E	7/31/09	<b>1.52</b>	<b>5.38</b>	<b>0.76</b>	<b>6.42</b>	<b>6.41</b>	<b>6.58</b>	--	
	FTSE EPRA/NAREIT Developed Index (Net)		1.43	5.12	0.36	5.64	5.71	5.97	4.89	
	Morningstar Category: Global Real Estate		0.67	2.74	-0.20	6.79	5.45	5.94	4.59	
Real Assets >	BlackRock Commodity Index Daily Fund E	6/30/10	<b>-3.56</b>	<b>0.28</b>	<b>-0.20</b>	<b>6.95</b>	<b>-4.94</b>	<b>-6.78</b>	--	
	Bloomberg Commodity Index		-3.50	0.40	0.00	7.35	-4.54	-6.40	-9.04	
	Morningstar Category: Commodities Broad Basket		-2.99	1.33	1.50	11.33	-2.64	-5.90	-9.57	
Fixed Income >	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	1/1/15	<b>0.01</b>	<b>0.26</b>	<b>0.03</b>	<b>0.10</b>	<b>0.60</b>	--	--	
	Bloomberg Barclays 1-3 Year US Government Credit Index		0.01	0.28	0.08	0.21	0.71	0.84	1.65	
	Morningstar Category: Short-Term Bond		0.01	0.28	-0.06	0.44	1.18	1.27	2.29	
Fixed Income >	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3/25/09	<b>-0.13</b>	<b>-0.19</b>	<b>-1.68</b>	<b>-0.53</b>	<b>1.56</b>	<b>2.15</b>	--	
	Bloomberg Barclays U.S. Aggregate Bond Index		-0.12	-0.16	-1.62	-0.40	1.72	2.27	3.72	
	Morningstar Category: Intermediate-Term Bond		-0.10	-0.24	-1.55	-0.36	1.68	2.20	3.89	
Fixed Income >	BlackRock Global Aggregate Bond Fund Ex-USD	1/1/15	<b>0.39</b>	<b>0.47</b>	<b>1.39</b>	<b>3.12</b>	<b>3.49</b>	--	--	
	Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index		0.43	0.48	1.42	3.27	3.63	4.04	4.44	
	Morningstar Category: World Bond		-0.47	-2.57	-1.51	0.64	2.25	1.48	2.99	
Cash Equivalents >	State Street U.S. Government Short Term Investment Fund	1/5/09	<b>0.16</b>	<b>0.44</b>	<b>0.79</b>	<b>1.32</b>	<b>0.66</b>	<b>0.41</b>	<b>0.34</b>	
	Citigroup 3 Month T-Bill Index		0.15	0.44	0.79	1.33	0.64	0.39	0.31	
	BlackRock U.S. TIPS Index Fund E	1/5/09	<b>0.41</b>	<b>0.77</b>	<b>-0.02</b>	<b>2.12</b>	<b>1.91</b>	<b>1.65</b>	--	
Real Assets >	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index		0.40	0.77	-0.02	2.11	1.93	1.68	3.03	
	Morningstar Category: Inflation Protected Bond		0.44	0.66	-0.06	1.94	1.63	1.25	2.53	

**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.

<sup>1</sup>Performance data is measured from the first full month following the date each strategy was added to the SIRT Funds, except for mutual funds and Schwab Bank Collective Trust Funds. Schwab Bank Collective Trust Funds data reflects the first full month following the Fund's inception date.

Sub-advised strategy returns are net of sub-advisor management fees.

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

# SIRT 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.

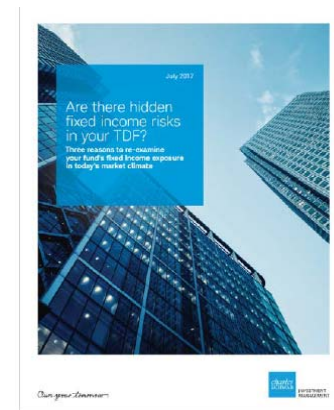
<http://www.schwabbankfunds.com/public/file/P-10456249/Behavior-Driven-Glide-Path-Design.pdf>



## 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**

# 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 <sup>1</sup>	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 <sup>1</sup>	3.5-5%	17-20%
Domestic Equity (Large Cap)	5.5-7%	14-17%
Global Real Estate <sup>2</sup>	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%

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

<sup>2</sup>Global 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.

# SIRT Funds 2018 policy allocation by asset class

ASSET CLASS	UNDERLYING INVESTMENT	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
<b>Equity</b>		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5
<b>Domestic Equity</b>	BNY Mellon Large Cap Stock Index Fund Instl	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4
<b>Domestic Equity</b>	BNY Mellon Small Cap Stock Index Fund Instl	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5
<b>International Equity</b>	BNY Mellon Intl Stock Index Fund Instl	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8
<b>Emerging Markets</b>	SSgA Emerging Markets Index Fund A	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0
<b>Global Real Estate</b>	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
<b>Commodities</b>	BlackRock Commodity Index Daily Fund E	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0
<b>Fixed Income</b>		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3
<b>Short-Term Bond</b>	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8
<b>Intermediate-Term Bond</b>	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9
<b>Inflation-Protected Bond (U.S. TIPS)</b>	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
<b>World Bond</b>	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
<b>Cash Equivalents</b>		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2
<b>Cash Equivalents</b>	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

Percentages may not total 100% due to rounding.

The above represent policy allocations for 2018, effective January 31, 2108; actual allocations may differ slightly from policy allocation at any point in time.

# 2018 custom index allocation

SMRT & SIRT Funds 2018 Custom Index Allocations	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income <sup>1</sup>
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 US 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 US 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 US Treasury Inflation-Linked Bond Index (Series-L)	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-US 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
FTSE 3 Month U.S. Treasury 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.

<sup>1</sup>Available 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%	0.20%*	No minimum
	III	0.35%	0.00%*	

\*Represents revenue credit for off platform, revenue for Schwab Institutional Core Plus Fixed Income Trust Fund on platform for both unit classes is 5 bps higher.

# 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 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**

Prior 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.

# 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

## Definitions (continued)

**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.

**Tracking Error:** The divergence between the performance of an investment portfolio and its benchmark index, positive or negative.

## Index Descriptions

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

**Bloomberg Barclays US Aggregate Bond Index:** An index representing 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.

**Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series-L):** 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).

**Bloomberg Barclays Global Aggregate ex-US Hedged Index:** 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.

**Bloomberg Barclays US Government/Credit 1-3 Year Index:** 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.

**Bloomberg Commodity Index:** The 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.

**FTSE 3 Month U.S. Treasury Bill Index:** 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.

**FTSE World Government Bond Index:** A market capitalization weighted index consisting of the government bond markets. Country eligibility is determined based on market capitalization and investability criteria. All issues have a remaining maturity of at least one year.

**FTSE EPRA/NAREIT Developed Index (Net):** An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. This series approximates the minimum possible dividend reinvestment.

**MSCI All Country World Index (ACWI):** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

**MSCI EAFE® Index (Europe, Australasia, Far East) (Net):** 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.

**MSCI Emerging Markets Index (Net):** An index that captures large and mid cap representation across approximately 20 Emerging Markets countries.

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 1000®** Index is composed of the 1000 largest companies in the Russell 3000® Index.

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# Disclosures—Schwab Funds\*

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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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