

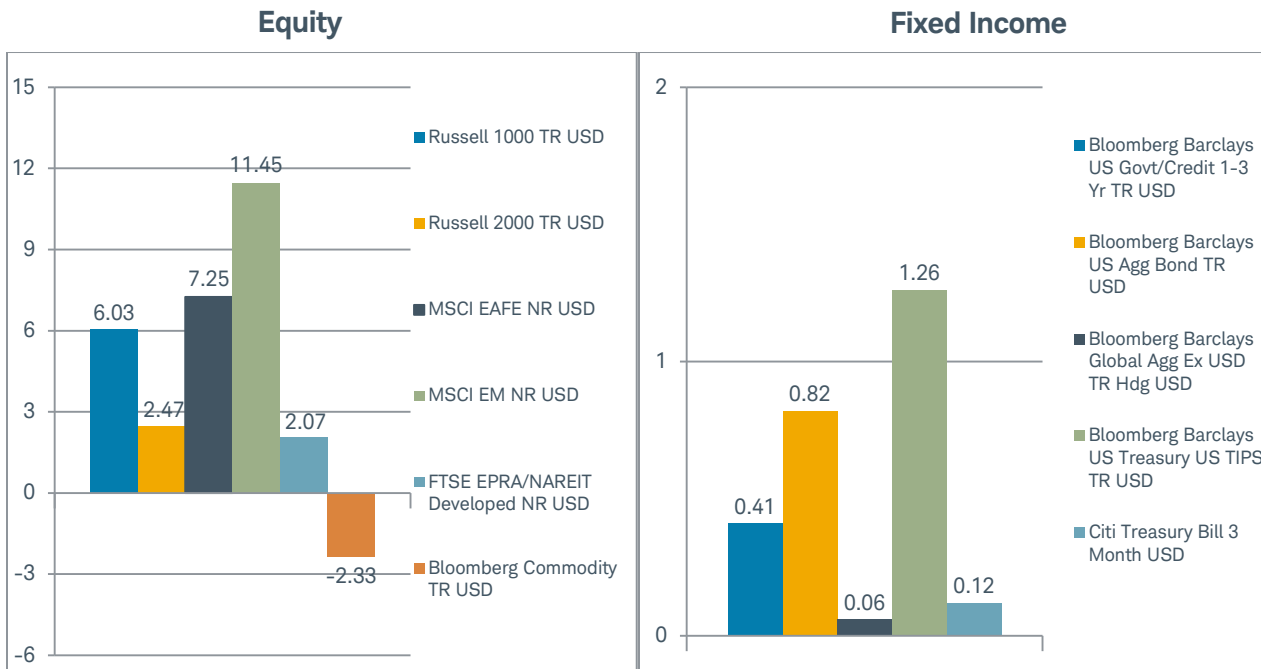


Schwab Indexed Retirement Trust Funds™ (SIRT) Target Date Collective Trust Funds Commentary as of March 31, 2017

Market Overview

1Q2017

Components of the SIRT Custom Indices



“Growth Rules”

Most global markets ended the quarter with solid gains due to the continuation of the pro-growth rally that began after the election, soaring consumer confidence and stronger than expected economic data. Broadly, international equities, particularly emerging market equities, outpaced U.S. equities while commodity assets declined.

Within the U.S. equity markets, growth outperformed value, and large cap outperformed small cap. Within the sectors, information technology, consumer discretionary and health care stocks led the way. Conversely, after a strong 4th quarter, financials experienced a pullback and defensive sectors such as telecom and energy ended the quarter with negative performance. Additionally, as employment and inflation data approached Fed targets, the Federal Reserve increased the range for the Federal Funds Rate by a quarter point for the second time in three months. Relative to passively managed strategies, performance for domestic actively managed strategies improved in the quarter.

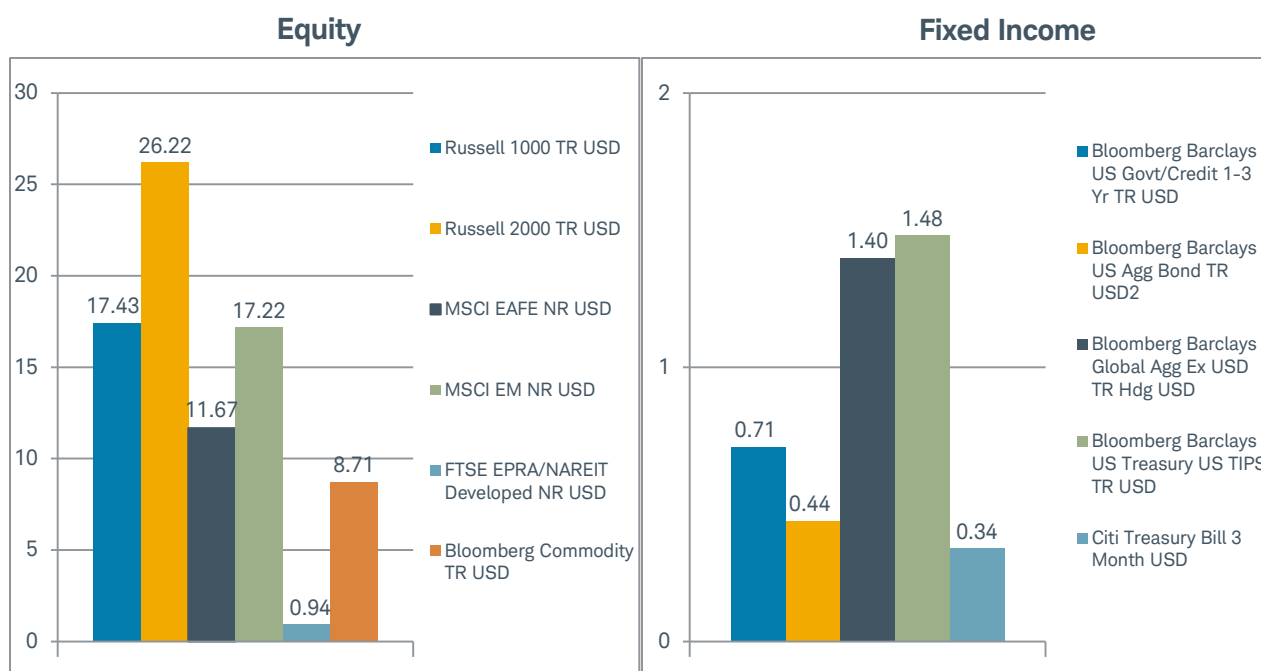
Internationally, both developed and emerging markets rebounded in the 1st quarter from a dismal 4th quarter 2016 and strongly outperformed U.S. domestic markets. Much of the rebound was a result of a decline in the U.S. dollar and strong European economic data. Similar to the U.S., growth led the way. However, small and mid-cap outperformed

large cap. Within sectors, only energy declined. Like the U.S., international actively managed strategies improved in the quarter relative to passively managed strategies.

The pro-growth rally and positive investor sentiment in the equity markets carried over into the fixed income markets during the quarter. Signals of credit improvement and growth optimism led emerging market debt, corporate credit and high yield bonds to outperform most other fixed income securities. While the quarter rewarded risk assets, the fixed income markets were not as volatile as they were in 4Q2016. Additionally, the increase in the Federal Funds Rate caused limited disruption since Federal Reserve Governors increased communication around their likely intentions during the quarter. Passive fixed income strategies in general lagged most actively managed fixed income strategies for the quarter.

1-year ending March 31, 2017

Components of the SIRT Custom Indices



The year ending March 31, 2017, resulted in strong returns across the board as optimism for robust growth dominated over the last three quarters. U.S. small cap led the way with returns over 26%, followed by U.S. large cap, commodities and emerging market equities. Within the U.S., the pro-growth rally of the last two quarters significantly rewarded financials and information technology. Conversely, defensive sectors such as telecom, and consumer staples did not perform as well. Within international markets, energy, materials, financials and information technology were the best performing sectors and emerging market equities outperformed developed international equities. Within fixed income, high yield bonds and emerging market debt top the leader board. Within domestic investment grade securities, corporate credit outperformed while spreads tightened.

For the year, passively managed equity strategies out-performed actively managed strategies with the most significant under-performance in small cap value, large cap growth and emerging markets. Conversely, actively fixed income strategies in general out-performed passively managed strategies.

SIRT Funds 1Q2017 Performance Summary

Fund	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Performance vs. Category Average (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT2010	0.00	-0.44	85	<p>Performance versus the Funds' custom blended indices was in line with expectations.</p> <ul style="list-style-type: none"> Dispersion for the Funds ranged from 0 bps to 3 bps. <p>Versus peers, the Funds ranked in the 78th percentile on average. Performance was primarily a reflection of asset allocation positioning.</p> <ul style="list-style-type: none"> A higher allocation in small cap equities, global REITS and lower allocation in developed foreign equities and emerging markets across all vintages detracted from performance. A lower allocation to equities in the shorter dated Funds detracted from returns relative to peers with a higher allocation to equities near and in retirement.
SIRT 2015	0.02	-0.61	89	
SIRT 2020	0.01	-0.28	69	
SIRT 2025	0.03	-0.36	72	
SIRT 2030	0.03	-0.38	75	
SIRT 2035	0.05	-0.56	81	
SIRT 2040	0.04	-0.43	81	
SIRT 2045	0.05	-0.48	81	
SIRT 2050	0.04	-0.32	76	
SIRT 2055	0.05	-0.34	74	
SIRT 2060	0.03	-0.41	77	

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

² 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.

SIRT Strategy Overview

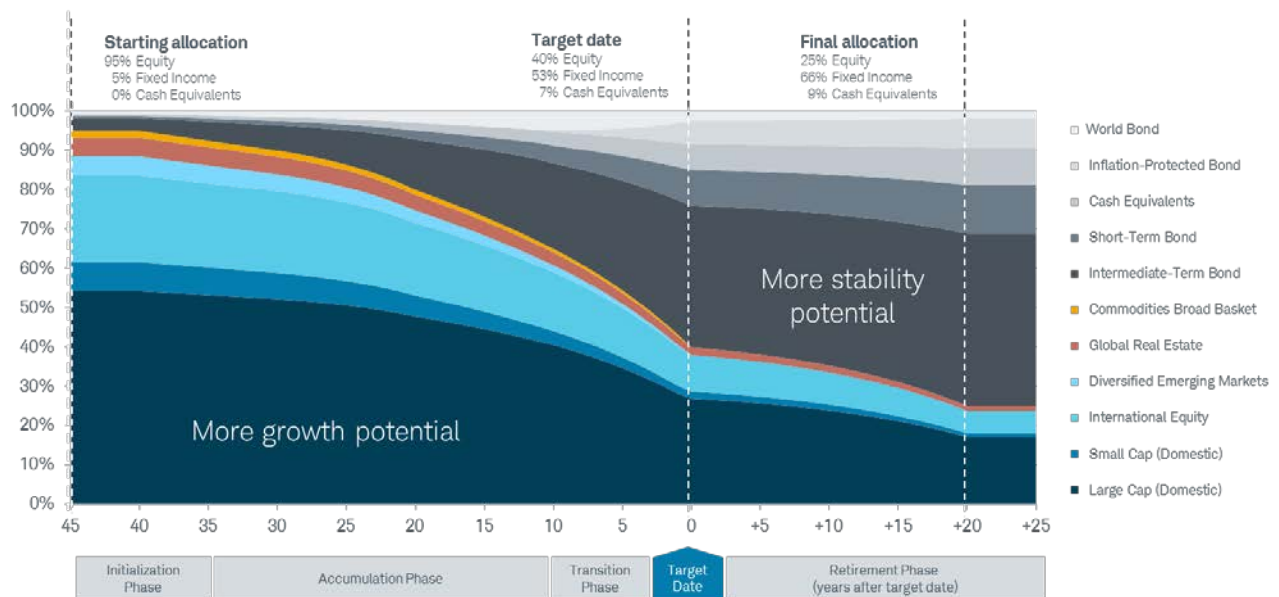
Seeking to provide total return for investors in or near particular target dates, the SIRT Funds are:

- Diversified through exposure to a variety of asset classes that may include, but are not limited to, domestic large-cap and small-cap equity, international equity, emerging markets, global real estate, commodities, world bond, intermediate-term bonds, inflation-protected bond (U.S. TIPS), short-term bond and cash equivalents
- Composed of passive strategies that are sub-advised or managed³ by industry-recognized investment managers
- Structured as collective trust funds to help limit costs for plan sponsors and participants
- Structured utilizing the same glide path as the Schwab Managed Retirement Trust Funds (SMRT), which were launched in 2002

The goal of the Funds leading up to the target date is to emphasize return potential while balancing drawdown risks. In the years following the target date, the Funds seek to ensure that participants are able to maintain a sustainable inflation-adjusted, or “real,” withdrawal rate while reducing the probability of exhausting assets.

- The starting policy allocation of approximately 95% equity⁴ and 5% fixed income⁴ reaches approximately 40% equity and 60% fixed income at the target date.
- Subsequent to the targeted time frame, the Funds will continue to reduce their equity positions for an additional twenty years until reaching their most conservative policy allocation of 25% equity and 75% fixed income.
- All points on the glide path consider downside risk.

SIRT Funds Glide Path



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.

SIRT Funds 1-Year Performance Summary as of March 31, 2017

Fund	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Performance vs. Category Average (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT 2010	-0.14	-1.29	90	<p>Performance versus the Funds' custom blended indices was in line with expectations with the exception of the 2060 Fund.</p> <ul style="list-style-type: none"> Dispersion for the 2010 to 2055 Funds ranged from 0 bps to -14 bps and was a result of Fair Value Pricing. On a non-Fair Value Pricing basis, dispersion was within tracking error expectations. Performance for the SIRT 2060 Fund was a result of the size and timing of participant directed cash flows. <p>Versus Peers, the Funds ranked in the 56th percentile on average. Performance was primarily a reflection of asset allocation positioning.</p> <ul style="list-style-type: none"> Longer dated funds ranked above median due to a higher allocation to small cap equities and a lower allocation to developed foreign equities. Shorter dated funds ranked in the bottom quartile due to a higher allocation to short duration fixed income and a lower allocation to equities overall, particularly emerging markets. <p>The SIRT Funds tend to be conservatively positioned near and in retirement in attempt to protect capital and prevent potential losses by allocating away from riskier asset classes. For example, commodities and direct emerging market exposure is fully removed at the target date.</p>
SIRT 2015	-0.07	-1.67	91	
SIRT 2020	-0.08	-0.49	69	
SIRT 2025	-0.05	-0.27	63	
SIRT 2030	-0.05	-0.32	64	
SIRT 2035	0.00	-0.39	68	
SIRT 2040	-0.03	-0.04	56	
SIRT 2045	-0.01	0.15	47	
SIRT 2050	-0.03	0.38	39	
SIRT 2055	0.00	0.75	27	
SIRT 2060	1.17	1.83	1	

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

2 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.

Schwab Indexed Retirement Trust Funds™ Morningstar Percentile Ranks						
As of March 31, 2017						
Fund	Category % Rank One Year		Category % Rank Three Year		Category % Rank Five Year	
	Funds in Category	Unit Class I	Funds in Category	Unit Class I	Funds in Category	Unit Class I
SIRT 2010 Morningstar Category: Target-Date 2000-2010 MF	112	90	87	22	69	63
SIRT 2015 Morningstar Category: Target-Date 2015 MF	135	91	96	38	71	57
SIRT 2020 Morningstar Category: Target-Date 2020 MF	225	69	181	21	147	22
SIRT 2025 Morningstar Category: Target-Date 2025 MF	199	63	154	18	114	23
SIRT 2030 Morningstar Category: Target-Date 2030 MF	225	64	181	16	147	18
SIRT 2035 Morningstar Category: Target-Date 2035 MF	199	68	154	15	114	22
SIRT 2040 Morningstar Category: Target-Date 2040 MF	225	56	181	15	147	13
SIRT 2045 Morningstar Category: Target-Date 2045 MF	199	47	154	16	113	10
SIRT 2050 Morningstar Category: Target-Date 2050 MF	217	39	173	15	136	6
SIRT 2055 Morningstar Category: Target-Date 2055 MF	197	27	141	16	86	--
SIRT 2060 Morningstar Category: Target-Date 2060+ MF	135	1	10	--	--	--

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Source: Morningstar, Inc. Charles Schwab Bank and Morningstar, Inc. are not affiliated.

News & Updates:

- The 2017 policy allocations for the SMRT and SIRTs Funds are now available on the Schwab Bank Collective Trust Funds website and will be effective February 1st. [Click here for information.](#)
- While no changes have been made to the glide path's overall strategy for transitioning from equity to fixed income and cash equivalents over time, the new strategic allocation reflect a reduction to the allocation to Commodities, and slightly increases the allocation towards Emerging Markets. Please click here for more information.
- 2016 Financial Statements are now available and posted to the schwabbankfunds.com website. You can access these reports using the link below.
 - [Click here](#)
- Updates to the Explanation of Fees document have been made and have also been added to the Participation Agreement. You can access both of these documents using the links below.
 - [Explanation of Fees](#)
 - [SMRT/SIRT Participation Agreement](#)
 - [ITF Participation Agreement](#)
- Access to the DOL Direct Filing Entity (DFE) Notification letter can also be found on the bank website please [click here](#) to access.
- A condensed table with our products and pricing is listed below. The pricing reflects the recent changes to SIRT Unit Class I and the launch of the Large Cap Value Select Unit Class.

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

Disclosures

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.

Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. **There is no guarantee the Funds will provide adequate income at or through retirement.**

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); Schwab Retirement Plan Services, Inc.; and Windhaven Investment Management, 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. Windhaven Investment Management, Inc. (Windhaven) provides investment advisory services to the Diversified Allocation collective trust funds. CSIM and Windhaven are investment advisers registered with the Securities and Exchange Commission.

The 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 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 Diversified International Trust Fund, and Schwab Institutional Core Plus Fixed Income Trust Fund.

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Small cap funds are subject to greater volatility than those in other asset categories.

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.

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 can accentuate these risks.

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. Since the fund focuses its investments on companies involved in real estate, the fund may involve a greater degree of risk than an investment in other mutual funds with greater diversification.

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

Cash/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.

Treasury Inflation Protected Securities (TIPS) are inflation-linked securities issued by the US 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 US Government and may be adjusted for inflation to become the greater of the original face amount at issuance or that face amount plus an adjustment for inflation.

SMRT/SIRT Custom Index Allocations

SMRT & SIRT Funds 2017 Custom Index Allocations	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income ¹
Russell 1000 Index	54.2	53.8	52.8	51.7	49.7	46.6	43.1	38.4	31.7	26.5	25.0	17.1
Russell 2000 Index	7.4	7.2	6.9	6.5	5.9	5.0	4.1	3.2	2.3	1.8	1.6	0.9
MSCI EAFE Index (Net)	22.0	21.8	21.2	20.6	19.5	17.9	16.2	14.1	11.3	9.1	8.6	5.7
MSCI Emerging Markets Index (Net)	4.9	4.8	4.4	4.1	3.6	2.9	2.2	1.5	0.8	0.0	0.0	0.0
FTSE EPRA/NAREIT Developed Index (Net)	4.8	4.7	4.6	4.4	4.2	3.9	3.5	3.1	2.5	2.0	1.9	1.3
Bloomberg Commodity Index	1.7	1.7	1.6	1.5	1.4	1.2	1.1	0.8	0.6	0.0	0.0	0.0
Bloomberg Barclays U.S. Government/Credit: 1-3 Years Index	0.5	0.6	0.9	1.2	1.7	2.6	3.7	5.1	7.2	9.2	9.7	12.4
Bloomberg Barclays U.S. Aggregate Bond Index	3.3	3.9	5.5	7.2	10.1	14.4	19.0	24.0	30.9	36.4	37.6	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	1.1	3.5	6.1	6.3	7.5
Bloomberg Barclays Global Aggregate Bond ex-U.S. Hedged Index	0.8	0.9	1.3	1.7	2.3	3.3	4.3	4.7	3.8	2.4	2.3	1.9
Citigroup 3 Month T-Bill Index	0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1	9.4

The above represent target policy allocations for 2016, effective February 1, 2016. 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.

Index Definitions:

- **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 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 U.S. Aggregate Bond Index. The 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 Global Aggregate 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 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 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. 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).
- **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.
- **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 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.
- **The MSCI EAFE® Net Index (Europe, Australasia, Far East)** 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 EAFE® Small Cap Net Index** represents the small cap segment in 21 developed equity markets outside of North America. This series approximates the minimum possible dividend reinvestment.
- **The FTSE EPRA/NAREIT Global Real Estate Net Index Series** is 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.
- Indexes are unmanaged, do not incur management expenses and cannot be invested in directly.