



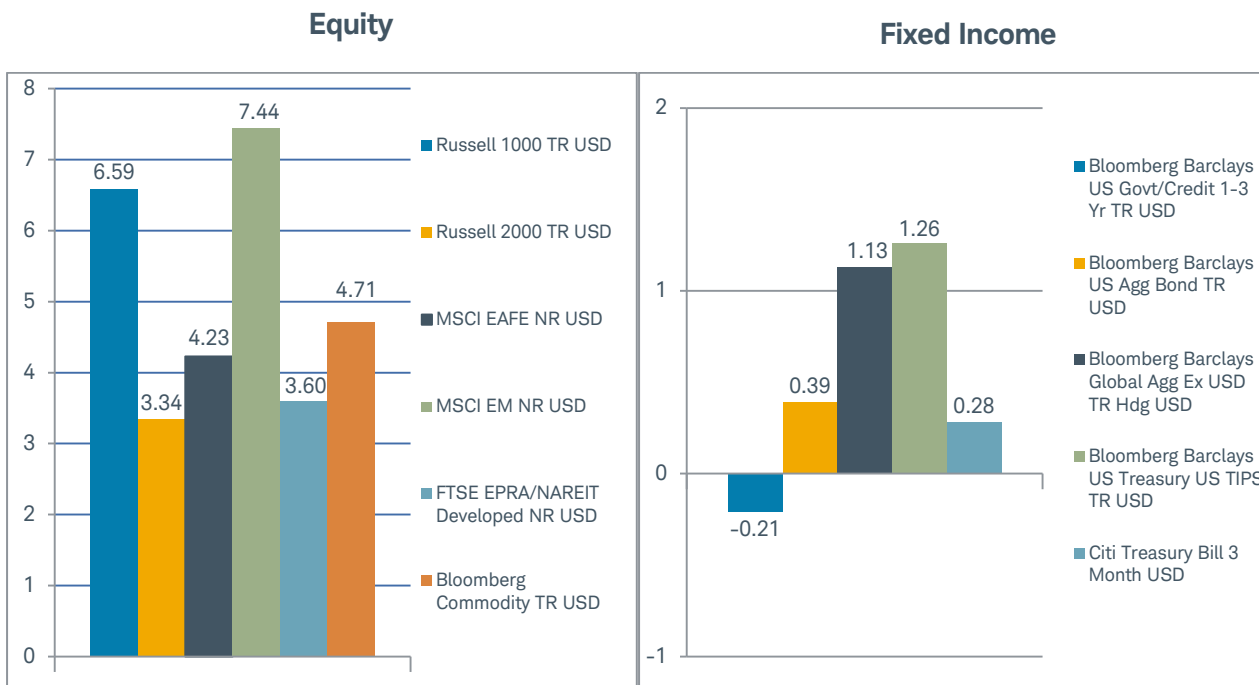
Schwab Indexed Retirement Trust Funds® (SIRT) Schwab Bank Target Date Collective Trust Funds

Commentary as of December 31, 2017

Market Overview

4Q2017

Components of the SIRT Custom Indices



An eventful 4th quarter kept equities soaring

For the quarter, equity markets benefitted from continued strong global growth, passage of a major U.S. tax code overhaul and a quarter of a point raise in the Federal Funds Rate which met market expectations. Additionally, investors responded positively to the Federal Reserve decreasing their expectations on the unemployment rate and increasing their GDP forecast for 2017 and 2018 while keeping their inflation forecast the same. Overall, equity markets were positive for the quarter particularly emerging markets which outpaced most other equity markets followed by domestic large cap stocks and commodities. The rebound in commodities was led by energy and industrial metals. Conversely, global REITs and domestic small cap stocks, while posting positive returns, trailed most other equity markets. In general passively managed strategies outperformed actively managed strategies.

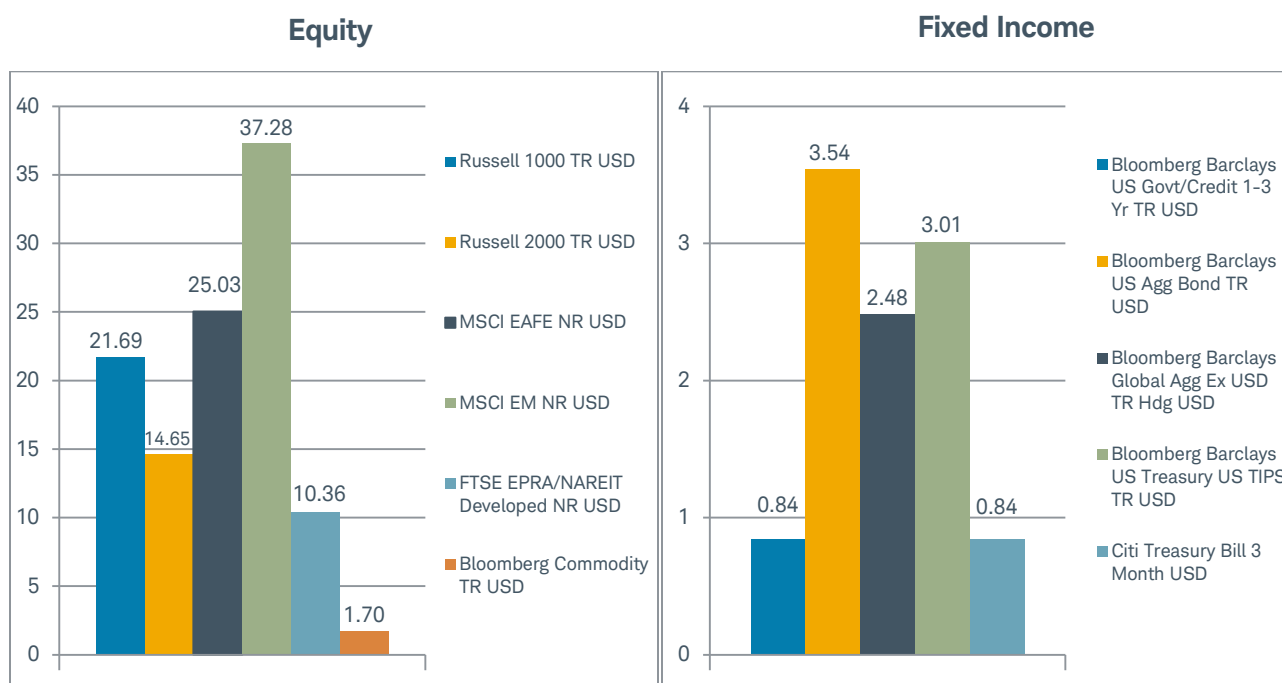
Within the U.S., low volatility and mostly positive economic data continued to boost the equity markets. Large cap equities out-performed small caps and growth continued to outperform value. Within sectors, consumer discretionary, information technology, and financials were the quarter's top three performers while utilities, health care and telecom services were the bottom three performers.

For the fourth quarter in a row, overseas equity markets posted strong relative performance due to low inflation, robust economic growth and low interest rates. Overall, emerging market equities outperformed developed international equities. Within both emerging markets and developed international equity markets, small caps outperformed large caps and growth outperformed value.

In the fixed income markets, volatility was low, rates were flat, and credit spreads tightened. U.S. TIPS and global bonds outperformed U.S. intermediate corporate bonds. TIPS strong performance was due to modest inflation expectations while global corporate bonds benefitted from continued global economic momentum. In the U.S., highest beta securities in the lowest quality sectors generally performed the best. Short-term bonds generally underperformed longer term bonds due to rising short-term interest rates, a flattening yield curve and the prospect of further Federal Reserve actions.

1-year ending December 31, 2017

Components of the SIRT Custom Indices



Equities nine years strong

At the close of the bell on the last trading day of the year, 2017 became the ninth year of an equity bull market. For the first time in over a decade all of the major global economies grew at the same time, this and strong earnings pushed many indices to record highs. Emerging Markets ended the year the clear winner, posting over a 37% return, followed by developed international markets at 25% and large cap domestic equities at 22%. Growth outperformed value and large cap equities outperformed small cap equities. In general passively managed strategies continued to outperform actively managed strategies. In the U.S., momentum significantly rewarded information technology, materials and health care. Conversely, telecom and energy did not perform as well and ended the year in negative territory. While in the 4th quarter commodities rebounded, for the year, commodities did not perform as well due to falling natural gas prices and negative returns for agricultural commodities. Within fixed income, solid global demand and low inflation helped U.S. intermediate term bonds perform well followed by TIPS and global bonds.

**SIRT Funds
4Q2017 Performance Summary**

Fund	Unit Class I Performance	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT2010	2.33	-0.03	44	For the 4 th quarter, the funds ranked in the 45 th percentile on average versus peers. Performance versus custom blended indices was in line with expectations.
SIRT 2015	2.43	-0.05	70	
SIRT 2020	2.95	-0.05	57	Dispersion for the Funds ranged from 3 bps to 11 bps and was primarily a result of fees. On a non-Fair Value Pricing basis, dispersion was within tracking error expectations.
SIRT 2025	3.60	-0.04	43	
SIRT 2030	4.05	-0.05	48	Glide Path Impact: Absolute performance from the glide path was positive, with later dated funds outperforming earlier dated funds due to a higher allocation to equities. Returns ranged from between 5.28% in the later dated funds to 2.33% in the nearer dated funds.
SIRT 2035	4.42	-0.06	50	
SIRT 2040	4.77	-0.07	48	
SIRT 2045	5.01	-0.06	44	Asset Allocation: Impact to the funds from asset allocation was mixed for the quarter. Versus peers, the funds' higher allocation to equities in the later dated funds positively contributed to returns. However, a relative underweight in emerging markets throughout all vintages detracted from returns given strong performance of emerging markets.
SIRT 2050	5.15	-0.06	39	
SIRT 2055	5.29	-0.05	26	
SIRT 2060	5.28	-0.11	29	

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

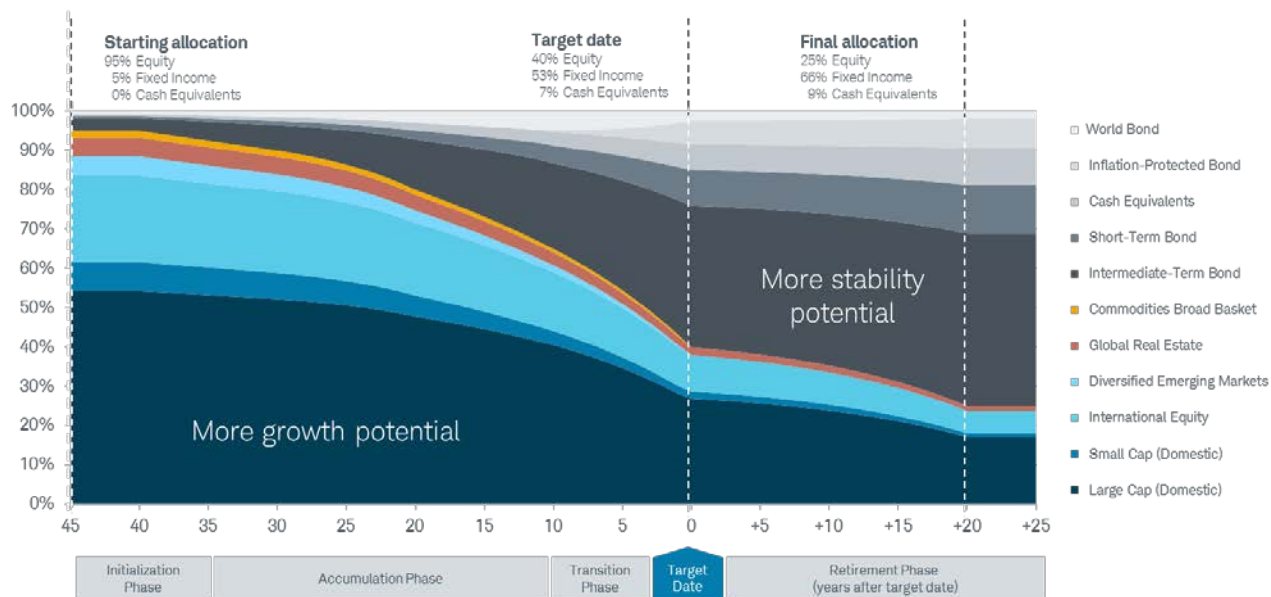
Seeking to provide total return for investors in or near particular target dates, the SIRT Funds are:

- 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 December 31, 2017

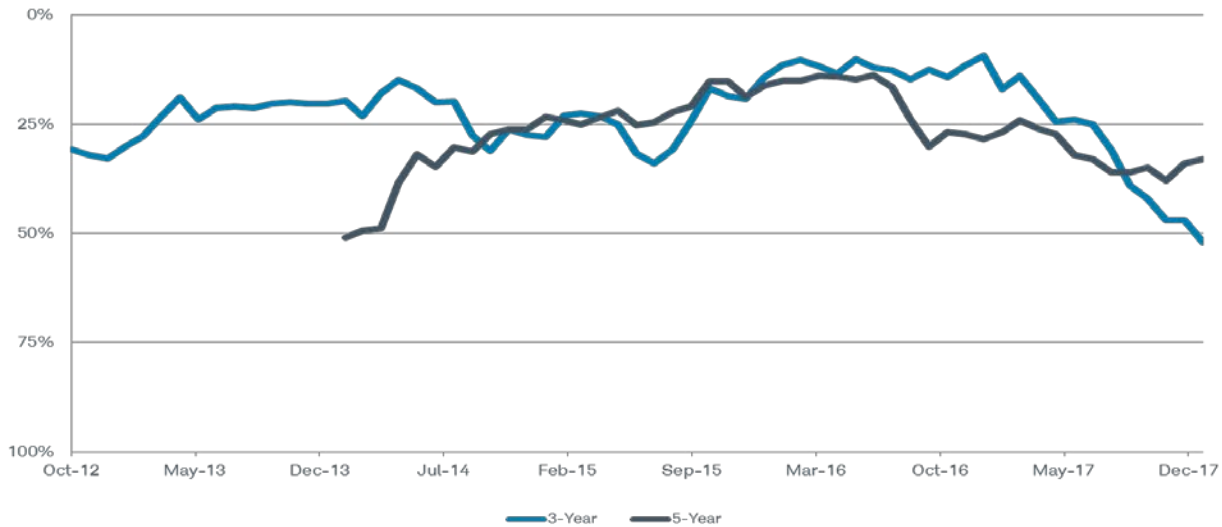
Fund	Unit Class I Performance	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT 2010	9.37	-0.04	79	<p>The funds underperformed the peer group, ranking on average in the 78th percentile. Performance versus the funds' custom blended indices was in line with expectations.</p> <p>Dispersion for the 2010 to 2060 funds ranged from -5 bps to +1 bps.</p> <p>Glide Path Impact: Absolute performance from the glide path was positive, with later dated funds outperforming earlier dated funds due to a higher allocation to equities. All of the funds benefited from a strong equity market. Returns were between 20.64% in the later dated funds to 9.37% in the nearer dated funds.</p> <p>Asset Allocation: Relative to peers, the impact to the funds from asset allocation was negative for the 1-year period. Versus peers, the funds' relative underweight in developed international and emerging markets throughout all vintages, but more pronounced in shorter dated funds, detracted from performance given strong performance of international and emerging markets. Additionally, relative to peers, a higher allocation to small cap, REITs, and commodities detracted from performance in later dated funds.</p>
SIRT 2015	9.77	-0.05	86	
SIRT 2020	11.64	-0.05	77	
SIRT 2025	13.97	-0.01	74	
SIRT 2030	15.69	-0.03	77	
SIRT 2035	17.16	0.00	79	
SIRT 2040	18.52	-0.01	80	
SIRT 2045	19.45	0.01	81	
SIRT 2050	19.98	0.00	77	
SIRT 2055	20.51	0.01	71	
SIRT 2060	20.64	-0.05	73	

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 Funds – Rankings Summary

Average 3 and 5 Year Category Rankings (Unit Class I) as of December 31, 2017



Schwab Indexed Retirement Trust Funds™ Morningstar Percentile Ranks						
As of December 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	110	79	91	63	69	59
SIRT 2015 Morningstar Category: Target-Date 2015 MF	122	86	93	71	65	66
SIRT 2020 Morningstar Category: Target-Date 2020 MF	234	77	189	61	151	33
SIRT 2025 Morningstar Category: Target-Date 2025 MF	208	74	166	51	132	26
SIRT 2030 Morningstar Category: Target-Date 2030 MF	234	77	189	51	151	28
SIRT 2035 Morningstar Category: Target-Date 2035 MF	208	79	166	51	132	28
SIRT 2040 Morningstar Category: Target-Date 2040 MF	234	80	189	49	151	24
SIRT 2045 Morningstar Category: Target-Date 2045 MF	208	81	166	47	131	15
SIRT 2050 Morningstar Category: Target-Date 2050 MF	230	77	184	43	145	14
SIRT 2055 Morningstar Category: Target-Date 2055 MF	206	71	159	34	101	--
SIRT 2060 Morningstar Category: Target-Date 2060+ MF	160	73	37	--	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.

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

News & Updates:

- On January 16th, Charles Schwab Bank announced the release of the SIRT 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

Schwab Indexed Retirement Trust Funds [®] (SIRT Funds) 2018 Policy Allocations												
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
Equity		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5
Domestic Equity	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
Domestic Equity	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
International Equity	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
Diversified Emerging Markets	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
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
Commodities Broad Basket	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
Fixed Income		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3
Short-Term Bond	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
Intermediate-Term Bond	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
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
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
Cash Equivalents		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2
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

The above represent policy allocations for 2018; actual allocations may differ slightly from policy at any point in time.

Schwab Managed Retirement Trust Funds™ (SMRT Funds) and Schwab Indexed Retirement Trust Funds® (SIRT Funds) 2018 Custom Index Allocations													
Index	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income ¹	
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-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	
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	

¹Available in the Schwab Managed Retirement Trust Funds (SMRT Funds) series.

The above represent policy allocations for 2018. Percentages listed may not total 100% due to rounding.

- A condensed table with our products and pricing is listed below

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
	VI	0.33%	\$1 billion initial investment
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 material in this presentation is based on information from a variety of sources we consider reliable, but we do not represent that the information is accurate or complete. Errors and omissions can occur. None of the information constitutes a recommendation or a solicitation of an offer to buy or sell any security by Schwab Bank or any of its affiliates. Please review the trust and participation agreement, Schwab Bank Fund Fact Sheet and other disclosure materials before making any decision to invest in the funds. Performance data quoted is past performance and is no indication (or "guarantee") of future results. Current performance may be lower or higher. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

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Collective Trust Fund 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.

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 adviser 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.

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.**

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 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. 1-3 Year Government/Credit Bond 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.