

# Schwab Bank Collective Trust Funds

Schwab Managed Retirement Trust Funds™  
Schwab Institutional Small Cap Trust Fund

Contact us:

(877) 824-5615 | schwabbankfunds@schwab.com | www.schwabbankfunds.com

June 9, 2016

The Charles Schwab Bank has elected to remove the BMO Small Cap Growth strategy as a component of the Schwab Institutional Small Cap Trust Fund (“Fund”), which is solely used as an underlying investment for the Schwab Managed Retirement Trust Funds (“SMRT”). Liquidation of the strategy may take place over several days. Assets from BMO will map directly into the existing Voya Small Cap Growth strategy<sup>1</sup>.

## Schwab Institutional Small Cap Trust Fund

The Schwab Institutional Small Cap Trust Fund (the “Fund”) seeks long-term capital appreciation by investing in sub-advised strategies composed primarily of equity securities of smaller companies. The Fund utilizes strategies that look for value and growth companies.

| Underlying Strategies           | Strategies Effective June 9, 2016   |   | Removed Strategy  |
|---------------------------------|---|---|---|
|                                 | Wellington Small Value  | Voya Small Growth   | BMO Small Growth  |
| <b>Portfolio Thesis</b>         | <ul style="list-style-type: none"> <li>Traditional value, small cap manager.</li> <li>Focus on high quality companies trading at low valuations.</li> </ul> | <ul style="list-style-type: none"> <li>Core growth, small cap manager.</li> <li>Focus on identifying positive cash flow generation and strong management teams and balance sheets.</li> </ul> | <ul style="list-style-type: none"> <li>Core-growth, small cap manager.</li> <li>Focus on identifying explainable and sustainable catalysts for improving growth rates.</li> </ul> |
| <b>Prior Policy Allocation*</b> | 50%   | 25%   | 25%   |
| <b>New Policy Allocation*</b>   | 50%   | 50%   | 0%  |

\*The above allocation represents Charles Schwab Bank’s policy allocation to each sub-advisor, actual allocation may differ.

The Schwab Institutional Small Cap Trust Fund is used solely in the Schwab Managed Retirement Trust Funds and is not available to new investors.

## Schwab Managed Retirement Trust Funds

The Schwab Institutional Small Cap Fund has been a key part of the SMRT Funds’ open architecture design since their launch in 2002. The SMRT Funds utilize 23 different strategies from over 14 different firms. There is no expected glide path allocation impact from removing BMO Small Cap Growth. SMRT Fund allocations to the Schwab Institutional Small Cap Trust Fund will not change, policy allocations range from 7.50% in the 2060 Fund to 0.91% in the Income Fund.

At this time, there will not be any expected capacity issues with either the Schwab Institutional Small Cap Trust Fund or the Schwab Managed Retirement Trust Funds.

For more information on the Funds please contact us at (877) 824-5615 or visit [www.schwabbankfunds.com](http://www.schwabbankfunds.com)

<sup>1</sup> Assets may be temporarily equitized in exchanged-traded fund(s) during portfolio transition.

***Schwab Bank Collective Trust Funds’ open-architecture philosophy allows management to replace or change sub-advisors as warranted, providing flexibility and opportunity for additional diversification compared to all-proprietary or single manager products.***

Charles Schwab Bank uses an open-architecture sub-advised approach to investing. The Schwab Bank Collective Trust Funds select investments based on advice received from or products offered by industry-recognized investment management firms ("sub-advisors"). The Funds access strategies through various investment vehicles including, but not limited to, collective trust funds, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Bank Collective Trust Funds. 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. Please visit [www.schwabbankfunds.com](http://www.schwabbankfunds.com) for more information on the Schwab Bank Collective Trust Funds.

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

The Charles Schwab Corporation provides services to retirement and other benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank; Charles Schwab & Co., Inc.; Schwab Retirement Plan Services, Inc; Charles Schwab Investment Management, Inc.; and Schwab Retirement Plan Services Company. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Trust and custody products and service are offered by Charles Schwab Bank. Schwab Retirement Plan Services, Inc. and Schwab Retirement Plan Services Company provide recordkeeping and related services with respect to retirement plans.

The Fund is subject to risks, any of which could cause a participating investor to lose money. See additional information including the Declaration of Trust, Participation Agreement, Audited Financial Statements of the Funds and Fund Fact sheets published on [the Schwab Bank Collective Trust Funds website](#).