



Charles Schwab Bank Collective Trust Funds Announcement

Notice of Updated Declaration of Trust and Participation Agreement Schwab Institutional Large Cap Value Trust Fund Schwab Managed Retirement Trust Funds Schwab Indexed Retirement Trust Funds

November 1, 2016

Charles Schwab Bank Collective Trust Funds Declaration of Trust and Participation Agreement Amendments dated November 1, 2016.

Charles Schwab Bank (Schwab Bank), as trustee of the Schwab Bank Collective Trust Funds (Funds) has amended the Schwab Bank Collective Trust Funds Declaration of Trust and Participation Agreement to reflect pricing enhancements and related revisions, effective November 1, 2016. Details of the changes are included below.

Declaration of Trust

Investment Characteristics Section Update to include the following:

- Schwab Managed Retirement Trust Funds – Removed Unit Class IV minimum requirements. Revised Unit Class V minimum requirements to \$100,000,000 or total plan assets greater than \$400,000,000.
- Schwab Indexed Retirement Trust Funds - Reduced Unit Class I Fee Rate (expense ratio) from 0.14% to 0.08%. Removed the Unit Class II minimum requirement and noted Unit Class II is closed to new investors.
- Schwab Institutional Large Cap Value Trust Fund - Established a new Unit Class (Select) having a Fee Rate (expense ratio) of .42% and noted the Fund's Retirement and Institutional Unit Classes are closed to new investors.
- Adjusted the range of "off-Schwab platform" service provider fees to align with "on-Schwab platform" service provider fees.

Participation Agreement

Under the fund selection section the following changes have been made:

- Schwab Indexed Retirement Trust Funds – Reduced Unit Class I Fee Rate (expense ratio) from 0.14% to 0.08%. Deleted Unit Class II which is closed to new investors.
- Schwab Institutional Large Cap Value Trust Fund – Added the Fund's new Unit Class (Select) which is expected to be available January 18, 2017 and removed the Fund's Retirement and Institutional Unit Classes which are closed to new investors.

An amended and restated Declaration of Trust will be made available as of November 1, 2016. No action is required by plan sponsors as a result of these changes.

Additional Information on Schwab Institutional Large Cap Value Trust Fund

Charles Schwab Bank is pleased to announce a new unit class of the Schwab Institutional Large Cap Value Trust Fund. The Select unit class is expected to be available for investments on January 18th, 2017.

SCHWAB INSTITUTIONAL LARGE CAP VALUE TRUST FUND	
Select Unit Class	<ul style="list-style-type: none"> · Expense ratio - 0.42% · Revenue Credit - 0 · Expected to be open for investing on January 18th, 2017

The Fund will continue to leverage our open architecture approach utilizing a large cap value strategy sub-advised by Dodge and Cox. Dodge & Cox a traditional value manager with a long time horizon has been sub-advising the Schwab Institutional Large Cap Value Trust Fund since 2002 and has accumulated a strong track record. Typically the strategy could be expected to out-perform in value driven markets that are focused on fundamentals and likely to under-perform in low quality high valuation markets.

Schwab Institutional Large Cap Value Trust Fund Portfolio Characteristics		
As of June 30, 2016	Russell 1000 Index	Fund
Key Characteristics		
Avg. Market Cap (MM)	\$123,276	\$100,742
Holdings	1,001	63
P/E - Trailing 12-Month	25.5	38.3
Return on Equity	16.9	13.7
Sector Weightings¹		
Information Technology	19.3	23.3
Telecommunications	2.8	0.8
Utilities	3.7	-
Financials	16.8	23.0
Healthcare	14.2	19.0
Consumer Staples	9.9	2.5
Consumer Discretionary	12.8	15.6
Industrials	10.3	5.6
Materials	3.2	1.0
Energy	7.1	9.1

*There will be no early expectations allowed into this Fund/Select unit class. This fund is open for investing on January 18, 2017.

**For past performance of previous unit classes please visit schwabbankfunds.com

Summary of SMRT, SIRT and Institutional Large Cap Value Trust Fund Pricing

ENHANCED PRICING & MINIMUMS FOR IMPACTED FUNDS: EFFECTIVE NOVEMBER 1, 2016				
FUND	UNIT CLASS	EXPENSE RATIO	REVENUE CREDIT ALL PLATFORMS	ADDITIONAL INFORMATION
SMRT Funds	I	0.89%	0.44%	No minimum
	II	0.69%	0.24%	No minimum
	III	0.54%	0.09%	No minimum
	IV ¹	0.45%	0.00%	No minimum
	V ²	0.35%	0.00%	\$100MM minimum initial investment or \$400MM in total plan assets
SIRT Funds	I	0.08%	0.00%	No minimum
	II	0.08%	0.00%	Closed to new investors
Schwab Instl Large Cap Value Trust Fund	Select	0.42%	0.00%	No minimum
	Retirement	0.63%	0.25%	Closed to new investors
	Institutional	0.38%	0.00%	Closed to new investors

For more information

Visit: www.schwabbankfunds.com

Call: (877) 824-5615

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. **Past performance is no guarantee of future results. 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 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. See the Funds’ Financial Statements for additional information.