



Charles Schwab Bank Collective Trust Funds Announcement Schwab Managed Retirement Trust Funds™ (SMRT Funds) Schwab Indexed Retirement Trust Funds® (SIRT Funds)

January 18, 2017

Charles Schwab Bank releases 2017 target date policy allocations

Charles Schwab Bank has released the 2017 target date policy allocations for the SMRT and SIRT funds. The policy allocations are updated annually as the glide path progresses. There are no changes to the Funds' overall glide path strategy for transitioning from equity to fixed income and cash equivalents over time. Please refer to www.schwabbankfunds.com for the full 2017 target date allocations.

Asset allocation update-commodities and emerging markets equity

We review the strategic asset allocation framework and capital market expectations annually, seeking opportunities to further enhance the Funds on a long-term basis for investors. Effective with the 2017 policy allocations, we will slightly reduce the allocation to commodities and slightly increase the allocation to emerging markets by at most 0.50% or less, with a greater shift occurring earlier in the glide path, as outlined in the tables below. All other strategic asset allocations, and our planned annual adjustments from equity into fixed income, remain consistent with prior policy allocations.

Rationale:

- The unique nature of the commodities market cycle can lead to heightened uncertainty around return expectations. Therefore, we have concluded a slight allocation reduction in commodities and a corresponding increase in dedicated emerging markets equity could be beneficial for our investors over the long term.
- Some emerging market equities can exhibit a degree of correlation with energy and commodities prices, thus also providing a degree of inflation sensitivity and protection. In addition, emerging market equities maintain attractive return characteristics relative to other asset classes given long-term valuation differences and growth potential, which could also provide for an appropriate time to implement this small change.

The table below displays the current and previous commodities and emerging markets allocations by Fund.

SMRT Funds	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
BlackRock Commodity Index Fund E (2016 Allocation)	2.2	2.2	2.1	2.0	1.8	1.5	1.2	1.0	0.6	0.0	0.0	0.0
BlackRock Commodity Index Fund E (2017 Allocation)	1.7	1.7	1.6	1.6	1.4	1.2	1.0	0.9	0.6	0.0	0.0	0.0
Difference	-0.5	-0.5	-0.5	-0.4	-0.4	-0.3	-0.2	-0.1	-0.0	0.0	0.0	0.0
SSgA Emerging Markets Index Fund A (2016 Allocation)	2.6	2.5	2.3	2.1	1.8	1.4	1.1	0.9	0.6	0.0	0.0	0.0
SSgA Emerging Markets Index Fund A (2017 Allocation)	3.1	3.0	2.8	2.5	2.2	1.7	1.3	1.0	0.6	0.0	0.0	0.0
Difference	0.5	0.5	0.5	0.4	0.4	0.3	0.2	0.1	0.0	0.0	0.0	0.0

SIRT Funds	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
BlackRock Commodity Index Fund E (2016 Allocation)	2.2	2.2	2.0	2.0	1.8	1.5	1.2	1.0	0.6	0.0	0.0
BlackRock Commodity Index Fund E (2017 Allocation)	1.7	1.7	1.6	1.6	1.4	1.2	1.0	0.9	0.6	0.0	0.0
Difference	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.2	-0.1	-0.0	0.0	0.0
SSgA Emerging Markets Index Fund A (2016 Allocation)	4.4	4.3	4.0	3.7	3.2	2.6	2.0	1.4	0.7	0.0	0.0
SSgA Emerging Markets Index Fund A (2017 Allocation)	4.9	4.8	4.4	4.1	3.6	2.9	2.2	1.5	0.7	0.0	0.0
Difference	0.5	0.5	0.4	0.4	0.4	0.3	0.2	0.1	0.0	0.0	0.0

2017 SMRT Policy Allocations

Schwab Managed Retirement Trust Funds™ (SMRT Funds) 2017 Policy Allocation													
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Equity		95.0	94.0	91.5	88.8	84.3	77.4	70.1	61.2	49.2	39.3	37.1	25.0
Large Cap Value	Schwab Instl Large Cap Value Trust Fund-Instl (Dodge & Cox)	14.4	14.3	13.9	13.5	12.9	11.8	10.7	9.2	7.2	5.7	5.4	3.8
Large Cap Blend	BNY Mellon Large Cap Stock Index Fund Instl	14.2	14.3	14.4	14.5	14.7	14.8	14.7	14.2	12.8	11.5	10.9	7.5
Large Cap Growth	Schwab Instl Large Cap Growth Trust Fund-Instl (Wellington)	14.4	14.3	13.9	13.5	12.9	11.8	10.7	9.2	7.2	5.7	5.4	3.8
Mid-Cap Blend	Vanguard Mid-Cap Index Fund Instl Plus (VMCPX)	9.2	9.1	8.7	8.2	7.5	6.5	5.5	4.5	3.4	2.6	2.4	1.5
Small Cap Blend	BNY Mellon Small Cap Stock Index Fund Instl	1.9	1.9	1.9	1.9	1.8	1.7	1.6	1.5	1.3	1.1	1.0	0.6
Small Cap Blend	Schwab Instl Small Cap Trust Fund-Instl*	7.5	7.3	6.9	6.5	5.8	4.9	4.0	3.1	2.2	1.6	1.5	0.9
Foreign Large Blend	Schwab Instl Diversified Intl Trust Fund-Instl	23.8	23.5	22.9	22.1	20.9	19.0	17.1	14.6	11.5	9.1	8.6	5.7
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	3.1	3.0	2.8	2.5	2.2	1.7	1.3	1.0	0.6	0.0	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.6	4.4	4.2	3.9	3.5	3.1	2.5	2.0	1.9	1.3
Commodities Broad Basket	BlackRock Commodity Index Fund E	1.7	1.7	1.6	1.5	1.4	1.2	1.1	0.8	0.6	0.0	0.0	0.0
Fixed Income		4.5	5.4	7.7	10.1	14.1	20.3	26.9	34.9	45.4	54.0	55.9	65.6
Short-Term Bond	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	0.5	0.6	0.9	1.2	1.7	2.6	3.7	5.1	7.2	9.2	9.7	12.4
Intermediate-Term Bond (Core)	BNY Mellon U.S. Aggregate Bond Index Fund Instl	0.0	0.0	0.1	0.1	0.3	0.8	1.4	2.5	4.3	6.1	6.3	7.3
Intermediate-Term Bond (Core Plus)	Schwab Instl Core Plus FI Trust Fund III	3.3	3.9	5.4	7.1	9.8	13.7	17.6	21.6	26.6	30.3	31.3	36.6
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	1.1	3.5	6.1	6.3	7.5
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	0.9	1.3	1.7	2.3	3.3	4.3	4.7	3.8	2.4	2.3	1.9
Cash Equivalents		0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1	9.4
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	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 policy allocations for 2017; actual allocations may differ slightly from policy at any point in time.

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. 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.

¹ Policy allocation breakdown is: Wellington Management 50% and Voya Investment Management Co. 50%.

² Policy allocation breakdown is: Franklin Templeton 39.47%, American Funds 39.47%, Dimensional Fund Advisors 10.53%, and William Blair & Co. 10.53%.

³ Policy allocation breakdown is: BNY Mellon 20%, Wells Fargo 40%, TCW MetWest 20% and Loomis, Sayles, & Co. 20%.

* Closed to new investors.

2017 SIRT Policy Allocations

Schwab Indexed Retirement Trust Funds [®] (SIRT Funds) 2017 Policy Allocations												
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
Equity		95.0	94.0	91.5	88.8	84.3	77.4	70.1	61.2	49.2	39.3	37.1
Domestic Equity	BNY Mellon Large Cap Stock Index Fund Instl	54.2	53.8	52.8	51.7	49.7	46.6	43.1	38.4	31.7	26.5	25.0
Domestic Equity	BNY Mellon Small Cap Stock Index Fund Instl	7.4	7.2	6.9	6.5	5.9	5.0	4.1	3.2	2.3	1.8	1.6
International Equity	BNY Mellon Intl Stock Index Fund Instl	22.0	21.8	21.2	20.6	19.5	17.9	16.2	14.1	11.3	9.1	8.6
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	4.9	4.8	4.4	4.1	3.6	2.9	2.2	1.5	0.8	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.6	4.4	4.2	3.9	3.5	3.1	2.5	2.0	1.9
Commodities Broad Basket	BlackRock Commodity Index Daily Fund E	1.7	1.7	1.6	1.5	1.4	1.2	1.1	0.8	0.6	0.0	0.0
Fixed Income		4.5	5.4	7.7	10.1	14.1	20.3	26.9	34.9	45.4	54.0	55.9
Short-Term Bond	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	0.5	0.6	0.9	1.2	1.7	2.6	3.7	5.1	7.2	9.2	9.7
Intermediate-Term Bond	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3.3	3.9	5.5	7.2	10.1	14.4	19.0	24.0	30.9	36.4	37.6
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	1.1	3.5	6.1	6.3
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	0.9	1.3	1.7	2.3	3.3	4.3	4.7	3.8	2.4	2.3
Cash Equivalents		0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1

Allocation percentages may not total 100% due to unclassified securities, cash liquidity and/or pending transactions.

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. 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.

For more information

Visit: www.schwabbankfunds.com

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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.