

Schwab Managed Retirement Trusts (SMRT) Schwab Trust Bank Target Date Collective Investment Trusts

Commentary as of June 30, 2020

2Q2020 Performance Summary

Trust	Unit Class V Performance %	Unit Class V Performance vs. Custom Index ¹ (+/-) %	Unit Class V Category Percentile Ranking ²	Key Comments
SMRT Income	8.04	1.40	54	<p>With the Country re-opening in the 2nd quarter and fears of COVID abating for a time, major global stock and fixed income markets rebounded from lows reached in the 1st quarter. Overall, equities outperformed fixed income, growth outperformed value, small cap equities outperformed large cap equities and most domestic equities outperformed foreign equities.</p> <p>For the 2nd quarter, the trusts ranked in the 29th percentile on average versus peers, and all of the trusts outperformed their custom blended indices.</p> <p>Glide Path Impact: Impact from the glide path was mixed as the long dated trusts benefited from higher equity exposure compared to the peer group while short dated trusts' lower equity allocation detracted.</p> <p>Asset Allocation: Impact from the trusts' strategic asset allocation was generally positive due to an overweight to U.S. equities which was partially offset by negative impact from an overweight to REITs relative to peers.</p> <p>Manager Selection Impact: Overall, manager selection impact was positive with 79% of sub-advisors outperforming their benchmark.</p> <p>The Schwab Institutional Large Cap Value Trust (sub-advised by Dodge & Cox) and the Schwab Institutional Diversified International Trust (sub-advised by Franklin Templeton Investments, American Funds, DFA and William Blair) were the largest contributors to the SMRTs performance for the quarter. The passive index strategies performed within tracking error expectations.</p>
SMRT 2010	9.90	1.54	34	
SMRT 2015	10.43	1.62	41	
SMRT 2020	10.76	1.64	42	
SMRT 2025	13.21	1.82	26	
SMRT 2030	15.16	2.03	23	
SMRT 2035	16.67	2.16	36	
SMRT 2040	17.94	2.26	37	
SMRT 2045	19.08	2.31	23	
SMRT 2050	19.71	2.32	19	
SMRT 2055	20.17	2.35	10	
SMRT 2060	20.61	2.37	6	

SMRT Class V requires a \$100MM initial investment or plan assets >\$400MM. Multiple unit classes of SMRT are available with different expense ratios and minimum requirements. See pricing table at the end of this document for more information.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and units, when redeemed, may be worth more or less than original cost. Trust performance includes the reinvestment of all income and is presented net of all fees. Current performance may be lower or higher than performance data quoted. Effective January 1, 2019, Charles Schwab Bank transferred trusteeship of its CITs to its affiliate CSTB, as successor trustee of the Trusts. For additional performance information please visit www.schwabtrustbankcollectives.com.

¹The composite indices are custom blended indices developed by Charles Schwab Investment Management, Inc. based on each trust's asset allocation. The components that make up a composite index may vary over time, see Disclosures for more detail.

²The percentile rank is the trust'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.

SMRT Underlying Strategies Quarterly Performance Summary

Domestic Equity

As of June 30, 2020

	SMRT Composite Index Component	3-Month vs. Composite Index Component (+/-) %	Sub-Advisor Individual Index Component	3-Month vs. Individual Index Component (+/-) %
Schwab Instl Large Cap Value Trust –Instl.** (sub-advised by Dodge & Cox)	Russell 1000 Index	-2.84	Russell 1000 Value Index	4.69
BNY Mellon Large Cap Stock Index Fund Instl.*	Russell 1000 Index	-0.04	Russell 1000 Index	-0.04
Schwab Instl Large Cap Growth Trust –Instl.** (sub-advised by Wellington)	Russell 1000 Index	9.05	Russell 1000 Growth Index	3.03
Vanguard Mid-Cap Index Fund Instl. Plus (VMCPX)*	Russell 1000 Index	3.14	Spliced Mid Cap Index	-0.01
Schwab Instl. Small Cap Trust – Instl. **	Russell 2000 Index	-0.50	Russell 2000 Index	-0.50
Macquarie Small Cap Value		-8.04	Russell 2000 Value Index	-1.53
Wellington Small Cap Value		-15.47	Russell 2000 Value Index	-8.95
AllianceBernstein Small Cap Growth		11.86	Russell 2000 Growth Index	6.70
Brown Advisory Small Cap Growth Portfolio		6.82	Russell 2000 Growth Index	1.65
BNY Mellon Small Cap Index Fund Instl.*	Russell 2000 Index	-0.01	Russell 2000 Index	-0.01
Real Assets				
BlackRock Commodity Index Daily Fund E*	Bloomberg Commodity Index	0.02	Bloomberg Commodity Index	0.02

*Passive strategy

**A Charles Schwab Trust Bank Collective Investment Trust

International Equity

As of June 30, 2020

	SMRT Composite Index Component	3-Month vs. Composite Index Component (+/-) %	Sub-Advisor Individual Index Component	3-Month vs. Individual Index Component (+/-) %
Schwab Instl. Diversified Intl. Trust –Instl. **	MSCI EAFE Index (Net)	4.26	MSCI EAFE Index (Net)	4.26
Templeton Intl. Equity Fund		-2.28	MSCI ACWI ex USA Value Index (Net)	-0.16
American Funds EuroPacific Growth Fund R6 (RERGX)		7.89	MSCI ACWI ex USA Growth Index (Net)	3.66
DFA Intl. Small Cap Value Instl. (DISVX)		4.51	MSCI World ex USA Small Cap Value Index (Net)	2.98
William Blair Intl. Small Cap Growth Collective Investment Fund II		13.63	MSCI World ex USA Small Cap Growth Index (Net)	1.32
SSgA Emerging Markets Fund A*	MSCI Emerging Markets Index (Net)	0.92	MSCI Emerging Markets Index (Net)	0.92
Real Assets				
BlackRock Developed Real Estate Index Fund E*	FTSE EPRA/NAREIT Developed Index (Net)	0.53	FTSE EPRA/NAREIT Developed Index (Net)	0.53

*Passive strategy

**A Charles Schwab Trust Bank Collective Investment Trusts

Fixed Income

As of June 30, 2020

	SMRT Composite Index Component	3-Month vs. Composite Index Component (+/-) %	Sub-Advisor Individual Index Component	3-Month vs. Individual Index Component (+/-) %
Mellon Investments Corporation Active 1-5 Gov/Credit Bond Fund	Bloomberg Barclays US Gov/Credit 1-3 Year Index	1.46	Bloomberg Barclays US Agg. 1-5 Year Gov/Credit Index	0.86
BNY Mellon U.S. Agg. Bond Index Fund Instl.*	Bloomberg Barclays US Agg. Bond Index	-0.05	Bloomberg Barclays US Agg. Bond Index	-0.05
Schwab Instl Core Plus Fixed Income Trust III**	Bloomberg Barclays US Agg. Bond Index	1.72	Bloomberg Barclays US Agg. Bond Index	1.72
BNY Mellon U.S. Agg. Bond Index Fund Instl.*		-0.05	Bloomberg Barclays US Agg. Bond Index	-0.05
Loomis Sayles Core Plus Full Discretion Fund*		5.28	Bloomberg Barclays US Gov/Credit Bond Index	4.46
TCW MetWest Total Return Bond Fund		1.10	Bloomberg Barclays US Agg. Bond Index	1.10
Baird Core Bond Fund		1.89	Barclays US Agg. Bond Index	1.89
BlackRock Global Agg. Bond Ex- USD*	Bloomberg Barclays Global Agg. ex-US Hedged Index	-0.06	Bloomberg Barclays Global Agg. ex-US Hedged Index	-0.06
Real Assets				
BlackRock U.S. TIPS Index Fund E*	Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series L)	0.09	Bloomberg Barclays US Treasury Inflation-Linked Bond Index (series L)	0.09
Cash Equivalents				
State Street U.S. Government Short Term Investment Fund	FTSE 3 Month U.S. Treasury Bill Index	-0.08	FTSE 3 Month U.S. Treasury Bill Index	-0.08

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SMRT Strategy Overview

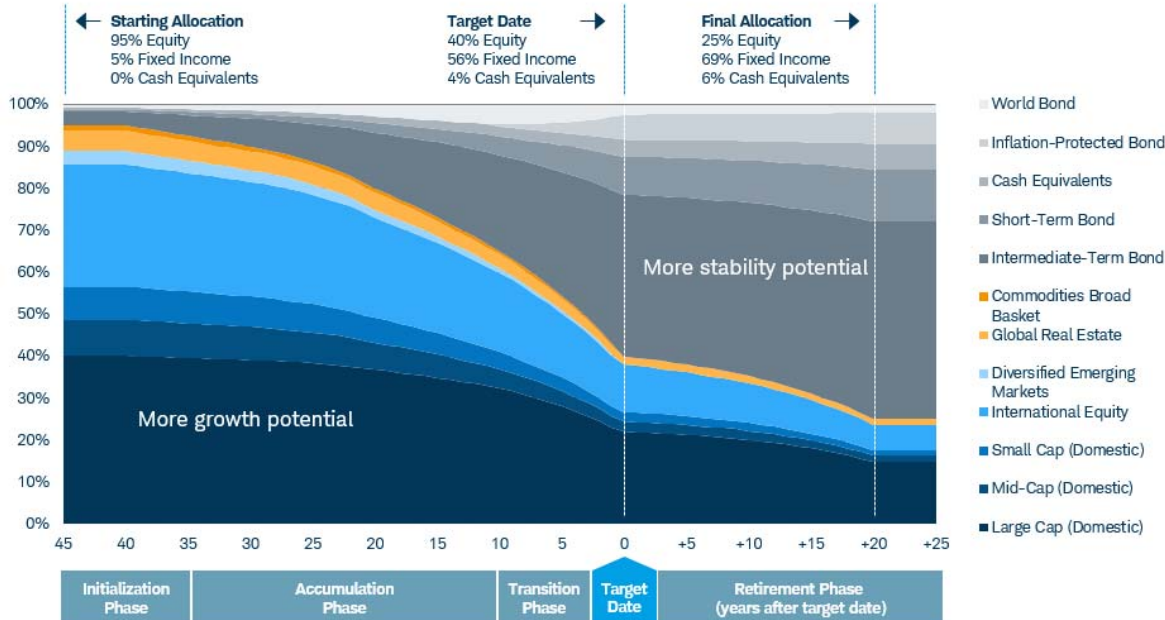
Seeking to provide total return for investors in or near particular target dates, SMRTs* are:

- Composed of strategies that are sub-advised or managed³ by industry-recognized investment managers
- Comprehensive investment portfolios that utilize a blend of active and passive strategies
- Diversified through exposure to a variety of asset classes that may include, but are not limited to, domestic and international equity, emerging markets, global real estate, commodities, world bond, intermediate-term bonds, inflation-protected bonds (U.S. TIPS), short-term bonds and cash/cash equivalents
- Structured as collective investment trusts to help limit costs for plan sponsors and participants

The goal of the trusts leading up to the target date is to emphasize return potential while balancing drawdown risks. In the years following the target date, the trusts seek to ensure that investors 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% equity and 5% fixed income reaches approximately 40% equity and 60% fixed income at the target date⁴
- Subsequent to the targeted time frame, the trusts 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. At this point, the trusts will merge into the SMRT Income Trust*, which seeks to maintain a static allocation of approximately 25% equity and 75% fixed income.
- All points on the glide path consider downside risk

*The Schwab Managed Retirement Income Trust is designed as a single investment portfolio that maintains a policy allocation that is intended to remain static and does not seek to distribute income.



The values of the target date trusts will fluctuate up to and after the target date. There is no guarantee the trust will provide adequate income at or through retirement.

³Charles Schwab Trust Bank uses an open-architecture sub-advised approach to investing. Trust investments are selected based on advice received from or products (such as mutual funds, collective investment trusts, or ETFs) offered by industry-recognized investment management firms (“sub-advisors”). The trusts may invest in other Schwab Trust Bank Collective Investment Trusts to access the underlying sub-advised strategies.

⁴Equity includes Domestic Equity, International Equity, Emerging Markets, Commodities and Global Real Estate exposure. Fixed Income includes Intermediate-Term Bond, World Bond, Short-Term Bond, Cash/Cash Equivalents and Inflation-Protected Bond exposure.

SMRTs 1-Year Performance Summary as of June 30, 2020

Trust	Unit Class V Performance %	Unit Class V Performance vs. Custom Index ¹ (+/-) %	Unit Class V Category Percentile Ranking ²	Key Comments
SMRT Income	6.93	0.54	1	Global market performance for both equities and fixed income for the 1-year period ending June 30, 2020 have been largely defined by the extreme up and down market movements within the first half of 2020.
SMRT 2010	6.63	0.64	1	For the year, the trusts ranked in the 25 th percentile on average versus peers. The trusts weathered market movements well for the period with most ranking above median. Most notably, earlier dated trusts, portfolios designed specifically for investors near and in retirement, ranked in the top quartile.
SMRT 2015	6.49	0.67	6	
SMRT 2020	6.42	0.69	3	Glide Path Impact: Impact from the glide path was mixed as the shorter dated trusts significantly benefited from lower equity exposure compared to the peer group while longer dated trusts' higher equity allocation detracted from performance.
SMRT 2025	5.35	0.66	15	Asset Allocation:
SMRT 2030	4.68	0.81	17	Impact from the trusts' strategic asset allocation was mixed as positive impacts from an overweight to U.S. equities was partially offset by negative impacts from an overweight to REITs relative to peers.
SMRT 2035	3.95	0.75	26	Manager Selection Impact:

SMRT 2040	3.38	0.77	32	Impact from manager selection was positive with 57% of sub-advisors outperforming their benchmark. All five of the underlying Schwab Institutional Trusts outperformed their indices and peer averages. Most notably, The Schwab Institutional Large Cap Value Trust (sub0advised by Dodge & Cox), the Schwab Institutional Small Cap Trust (sub-advised by Macquarie, Wellington, AllianceBernstein and Brown Advisory) and the Schwab Institutional Core Plus Fixed Income Trust (sub-advised by Baird, TCW MetWest, Loomis Sayles and BNY Mellon) all ranked in the top quartile. Passive index strategies all performed within tracking error expectations.
SMRT 2045	2.64	0.65	45	
SMRT 2050	2.28	0.66	46	
SMRT 2055	1.77	0.40	54	
SMRT 2060	1.76	0.67	52	

SMRT Class V requires a \$100MM initial investment or plan assets >\$400MM. Multiple unit classes of SMRT are available with different expense ratios and minimum requirements. See pricing table at the end of this document for more information.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and units, when redeemed, may be worth more or less than original cost. Trust performance includes the reinvestment of all income and is presented net of all fees. Current performance may be lower or higher than performance data quoted. Effective January 1, 2019, Charles Schwab Bank transferred trusteeship of its CITs to its affiliate CSTB, as successor trustee of the Trusts. For additional performance information please visit www.schwabtrustbankcollectives.com.

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² The percentile rank is the trust's total-return percentile rank relative to all trusts that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) is 100.

SMRT Underlying Strategies 1-Year Performance Summary

Domestic Equity

As of June 30, 2020

	SMRT Custom Index Component	1-Year vs. Custom Index Component (+/-) %	Sub-Advisor Individual Index Component	1-Year-vs. Individual Index Component (+/-) %
Schwab Instl Large Cap Value Trust—Instl. **	Russell 1000 Index 1000	-13.80	Russell 1000 Value Index	2.52
BNY Mellon Large Cap Stock Index Fund Instl.*	Russell 1000 Index	-0.05	Russell 1000 Index	-0.05
Schwab Instl Large Cap Growth Trust—Instl. **	Russell 1000 Index	19.89	Russell 1000 Growth Index	4.09
Vanguard Mid-Cap Index Fund Instl. Plus (VMCPX)*	Russell 1000 Index	-7.66	Spliced Mid Cap Index	0.02
Schwab Instl. Small Cap Trust – Instl. **	Russell 2000 Index	1.56	Russell 2000 Index	1.56
Macquarie Small Cap Value		-11.76	Russell 2000 Value Index	-0.91
Wellington Small Cap Value		-15.65	Russell 2000 Value Index	-4.80
AllianceBernstein Small Cap Growth		22.95	Russell 2000 Growth	12.84
Brown Advisory Small Cap Growth Portfolio		--	Russell 2000 Growth Index	--
BNY Mellon Small Cap Index Fund Instl.*	Russell 2000 Index	0.10	Russell 2000 Index	0.10
Real Assets				
BlackRock Commodity Index Daily Fund E*	Bloomberg Commodity Index	-0.04	Bloomberg Commodity Index	-0.04

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International Equity

As of June 30, 2020

	SMRT Custom Index Component	1-Year vs. Custom Index Component (+/-) %	Sub-Advisor Individual Index Component	1-Year vs. Individual Index Component (+/-) %
Schwab Instl. Diversified Intl. Trust –Instl. **	MSCI EAFE Index (Net)	1.99	MSCI EAFE Index (Net)	1.99
Templeton Intl. Equity Fund		-5.24	MSCI ACWI ex USA Value Index (Net)	4.89
American Funds EuroPacific Growth Fund R6 (RERGX)		8.31	MSCI ACWI ex USA Growth Index (Net)	-2.62
DFA Intl. Small Cap Value Instl. (DISVX)		-6.85	MSCI World ex USA Small Cap Value Index (Net)	-0.62
William Blair Intl. Small Cap Growth Collective Investment Fund II		15.22	MSCI World ex USA Small Cap Growth Index (Net)	6.79
SSgA Emerging Markets Fund A*	MSCI Emerging Markets Index (Net)	0.28	MSCI Emerging Markets Index (Net)	0.28
Real Assets				
BlackRock Developed Real Estate Index Fund E*	FTSE EPRA/NAREIT Developed Index (Net)	1.03	FTSE EPRA/NAREIT Developed Index (Net)	1.03

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Fixed Income

As of June 30, 2020

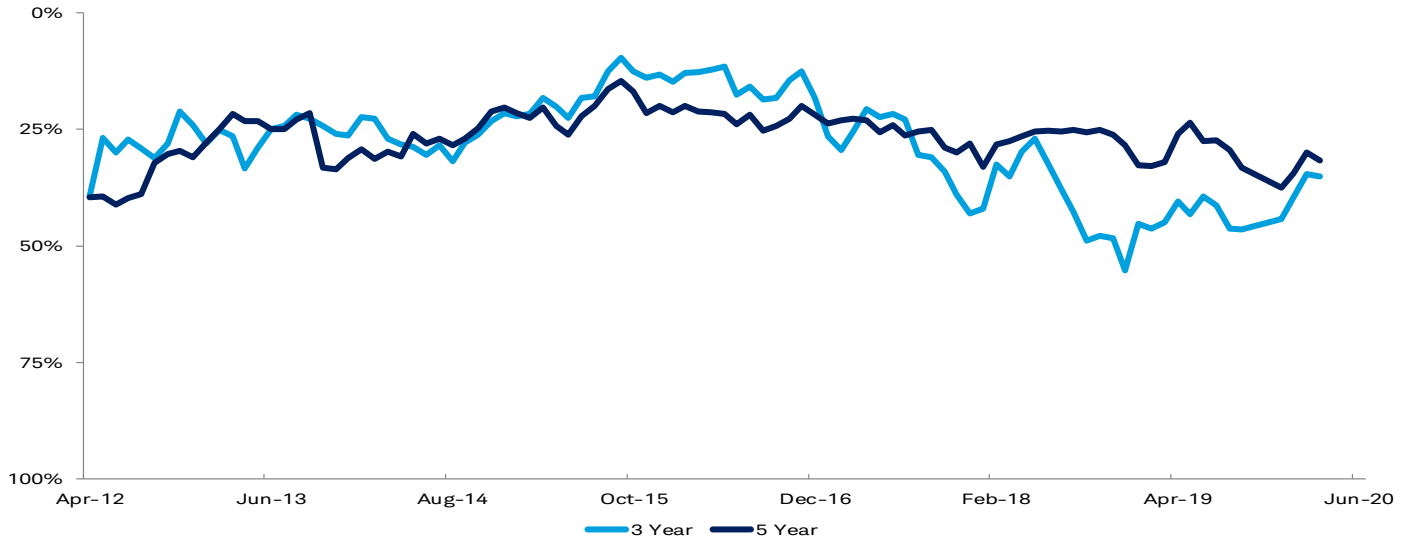
	SMRT Custom Index Component	1-Year vs. Custom Index Component (+/-) %	Sub-Advisor Individual Index Component	1-Year vs. Individual Index Component (+/-) %
Fixed Income				
Mellon Investments Corporation Active 1-5 Gov/Credit Bond Fund	Bloomberg Barclays US Gov/Credit 1-3 Year Index	1.16	Spliced Index***	-0.06
BNY Mellon U.S. Agg. Bond Index Fund Instl.*	Bloomberg Barclays US Agg. Bond Index	-0.09	Bloomberg Barclays US Agg. Bond Index	-0.09
Schwab Instl. Core Plus Fixed Income Trust III**	Bloomberg Barclays US Agg. Bond Index	0.40	Bloomberg Barclays US Agg. Bond Index	0.40
BNY Mellon U.S. Agg. Bond Index Fund Instl.*		-0.09	Bloomberg Barclays US Agg. Bond Index	-0.09
Loomis Sayles Core Plus Full Discretion Fund*		0.81	Bloomberg Barclays US Gov/Credit Bond Index	-0.48
TCW MetWest Total Return Bond Fund		1.06	Bloomberg Barclays US Agg. Bond Index	1.06
Baird Core Bond Fund		0.64	Barclays US Agg. Bond Index	0.64
BlackRock Global Agg. Bond Ex- USD*	Bloomberg Barclays Global Agg. ex-US Hedged Index	-0.32	Bloomberg Barclays Global Agg. ex-US Hedged Index	-0.32
Real Assets				
BlackRock U.S. TIPS Index Fund E*	Bloomberg Barclays US Treasury Inflation- Linked Bond Index (Series L)	-0.08	Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series L)	-0.08
Cash Equivalents				
State Street U.S. Government Short Term Investment Fund	FTSE 3 Month U.S. Treasury Bill Index	-0.18	FTSE 3 Month U.S. Treasury Bill Index	-0.18

*Passive strategy

**A Charles Schwab Trust Bank Collective Investment Trust

SMRTs – Rankings Summary

Average 3 and 5 Year Category Rankings (Unit Class IV) as of June 30, 2020



As of June 30, 2020

Trust	Morningstar Category: Target-DateRetirement MF	Rank in Morningstar Category ^{1,2}				Funds in Category			
		1 YR	3 YR	5 YR	10 YR	1 YR	3 YR	5 YR	10 YR
Income	Morningstar Category: Target-DateRetirement MF	1	11	25	41	180	156	133	96
2010	Morningstar Category: Target-Date2000-2010 MF	1	8	10	56	123	93	76	59
2015	Morningstar Category: Target-Date2015 MF	6	15	25	67	123	98	72	48
2020	Morningstar Category: Target-Date2020 MF	3	10	19	27	223	195	149	95
2025	Morningstar Category: Target-Date2025 MF	15	17	20	26	229	200	159	94
2030	Morningstar Category: Target-Date2030 MF	17	24	29	25	238	209	164	103
2035	Morningstar Category: Target-Date2035 MF	26	28	30	26	226	197	156	91
2040	Morningstar Category: Target-Date2040 MF	32	29	34	22	238	209	164	103
2045	Morningstar Category: Target-Date2045 MF	45	37	37	22	226	197	156	90
2050	Morningstar Category: Target-Date2050 MF	46	38	39	17	238	209	164	83
2055	Morningstar Category: Target-Date2055 MF	54	44	41	--	226	195	153	36
2060	Morningstar Category: Target-Date2060+ MF	52	48	--	--	254	165	63	--

■ 1-25: Top Quartile
 ■ 26-50: Second Quartile
 ■ 51-75: Third Quartile
 ■ 76-100: Bottom Quartile

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and units, when redeemed, may be worth more or less than original cost.

¹ The percentile rank is the trust'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. The top-performing fund in a category will always receive a rank of 1%. Rank in Category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges.

² Ranks are for the Unit Class V. Ranks for 10 year periods are ranks for Unit Class IV. Dashed indicate performance and rank data is not available.

Source: Morningstar, Inc. Charles Schwab Trust Bank and Charles Schwab Investment Management Inc. are not affiliated with Morningstar, Inc.

News & Updates:

We have developed in-depth performance attribution and analysis materials designed for plan sponsors and consultants to aid in fiduciary reviews market volatility resources to help financial professionals service their clients and a suite of materials designed to effectively communicate the benefits of target date investing to plan participants.

Please reach out to your Schwab representative for access to these resources

A condensed table with our products and pricing is listed below

Trusts	Unit Class	Expense	Revenue Credit	Minimum Investment/ Availability
SMRT Series	I	0.89%	0.44%	No minimum
	II	0.69%	0.24%	
	III	0.54%	0.09%	
	IV	0.45%	0.00%	
	V	0.35%	0.00%	\$100MM initial investment or plan assets >\$400MM
	VI	0.33%	0.00%	\$1Billion
SIRT Series	I	0.07%	0.00%	No minimum
Schwab Large Cap Value Trust	Select	0.42%	0.00%	No minimum
Schwab Large Cap Growth Trust	Retirement	0.74%	0.20%	No minimum
	Institutional	0.54%	0.00%	
Schwab Diversified International Trust	Retirement	1.04%	0.25%	No minimum
	Institutional	0.79%	0.00%	
Schwab Core Plus Fixed Income Trust	I	0.55%	0.20%*	No minimum
	III	0.35%	0.00%*	

*Represents revenue off platform, revenue for Schwab Institutional Core plus Fixed Income Trust on platform for both unit classes is 5 bps higher.

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 Trust Bank or any of its affiliates. Please review the trust and participation agreement, Schwab Trust Bank Fact Sheet and other disclosure materials before making any decision to invest in the trusts.

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Collective Investment Trust Disclosures

The Schwab Managed Retirement Trust Funds™, Schwab Indexed Retirement Trust Funds® and Schwab Institutional Trust Funds® (each a “Trust”, collectively the “Trusts” or “Collective Investment Trusts (CITs)”) are collective investment trusts maintained by Charles Schwab Trust Bank (CSTB), as trustee. They are available for investment only by eligible retirement plans and entities. Charles Schwab Trust Bank’s Collective Investment Trusts are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by CSTB or any of its affiliates; and involve investment risks, including possible loss of principal invested. The Trusts 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 Trusts are not entitled to the protections of the 1940 Act. The decision to invest in the Trusts should be carefully considered. The Trusts’ unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. The Trusts are not sold by prospectus and are not available for investment by the public. The Trusts’ prices are not quoted in newspapers.

Trust 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 Trust Bank (CSTB); Charles Schwab Bank, SSB (CSB); Charles Schwab & Co., Inc.; Charles Schwab Investment Management, Inc. (CSIM); and Schwab Retirement Plan Services, Inc. Trust, custody and deposit products and service are available through CSTB and CSB, Members of FDIC. 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 administration services to CSTB and the Trusts. CSIM is an investment advisers registered with the Securities and Exchange Commission.

The Charles Schwab Trust Bank CITs select investments based on advice received from, or products offered by industry-recognized investment management firms (“sub-advisors”). The Trusts access investment strategies through various investment vehicles including, but not limited to, collective investment trusts, mutual funds, and/or exchange-traded funds and may also access strategies through sub-advisors engaged by Charles Schwab Trust Bank to advise one or more

separate accounts of a Trust. Exposure to some strategies may be indirect through investment in other Charles Schwab Trust Bank CITs. The Schwab Managed Retirement Trust invests in the Schwab Institutional Large Cap Value Trust, Schwab Institutional Large Cap Growth Trust, Schwab Institutional Small Cap Trust, Schwab Institutional International Diversified Trust, and Schwab Institutional Core plus Fixed Income Trust.

Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

Significant Risks of the Trusts

Investment returns will fluctuate and are subject to market volatility, so that an investor's units, when redeemed or sold, may be worth more or less than their original cost.

Cash Equivalents Risk. 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.

Commodities Risk. 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.

Diversified Funds Risk. Diversification strategies do not ensure a profit and do not protect against losses in declining markets. Schwab Trust Bank's portfolio management process includes an effort to monitor and manage risk, but should not be confused with and does not imply either low risk or the ability to control risk.

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

Global Real Estate Risk. 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.

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

Interest Rate Risk. Interest rates will rise and fall over time. During periods when interest rates are low, an underlying strategy's yield and total return also may be low. Changes in interest rates also may affect the strategy's share or unit price: a sharp rise in interest rates could cause the strategy's share or unit price to fall. The longer the strategy's duration, the more sensitive to interest rate movements its share or unit price is likely to be.

International Risk. 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 may accentuate these risks.

Securities Lending Risk. Each Trust's Declaration of Trust authorizes securities lending and the trusts may invest in underlying funds that participate in securities lending. There are various risks associated with securities lending including but not limited to the risk that a borrower fails to return some or all of the securities in a timely manner and investments acquired with cash collateral may decline in value. Charles Schwab Trust Bank, in coordination with each trust's underlying investment sub-advisors, actively monitors any securities lending activity to minimize any potential impact to the trusts.

Target Date Risk. Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. The trusts 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 trusts are built for investors who expect to start gradual withdrawals of trust assets on the target date, to begin covering expenses in retirement. **The principal value of the trust is not guaranteed at any time, and will continue to fluctuate up to and after the target date. There is no guarantee the trusts will provide adequate income at or through retirement.**

2020 SMRT and SIRT Composite Index Allocations

INDEX	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Russell 1000 Index	49.82	48.96	48.07	46.75	44.25	41.38	37.74	32.40	25.02	24.18	22.73	16.63
Russell 2000 Index	6.79	6.47	6.14	5.69	4.92	4.14	3.28	2.54	1.67	1.58	1.44	0.92
MSCI EAFE Index (Net)	26.09	25.37	24.66	23.64	21.84	19.96	17.71	14.82	11.31	10.42	9.34	6.20
MSCI Emerging Markets Index (Net)	6.31	5.88	5.46	4.90	3.98	3.11	2.23	1.31	0.00	0.00	0.00	0.00
FTSE EPRA/NAREIT Developed Index (Net)	4.75	4.63	4.50	4.32	4.00	3.66	3.25	2.72	2.00	1.90	1.76	1.25
Bloomberg Commodity Index	1.23	1.19	1.16	1.10	1.01	0.91	0.79	0.65	0.00	0.00	0.00	0.00
Bloomberg Barclays US Government/Credit 1-3 Year	0.50	0.77	1.05	1.47	2.28	3.22	4.48	6.27	9.06	9.46	10.06	12.37
Bloomberg Barclays US Aggregate Bond Index	3.25	4.95	6.65	9.07	13.36	17.88	22.86	29.57	38.54	39.65	41.28	47.25
Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series-L)	0.00	0.00	0.00	0.00	0.00	0.00	0.53	2.32	6.00	6.19	6.47	7.50
Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	0.75	1.12	1.49	2.00	2.91	3.86	4.73	4.32	2.40	2.36	2.28	1.88
FTSE 3 Month U.S. Treasury Bill Index	0.50	0.66	0.82	1.05	1.45	1.89	2.41	3.08	4.00	4.26	4.63	6.00

The above represent target policy allocations for 2020, effective February 1, 2020. Percentages listed may not total 100% due to rounding.

The composite index is a custom blended index developed by Charles Schwab Investment Management, Inc. based on each trust's asset allocation glide schedule and will become more conservative as time elapses.

¹Available in the SMRT.

Source: Charles Schwab Investment Management, Inc.

Index Definitions:

The FTSE 3 Month U.S. 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 US 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 US 1-3 Year 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 US 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 US Treasury Inflation-Linked Bond Index (Series L) 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, disposal 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.

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