

Charles Schwab Trust Bank Collective Investment Trusts

Schwab Institutional Small Cap Trust (Trust) Schwab Managed Retirement Trusts (SMRT)

The Charles Schwab Trust Bank Collective Trust Funds Investment Committee (Committee) elected to remove Voya as a sub-advisor and replace them with Brown Advisory in the Schwab Institutional Small Cap Trust, which is also an underlying investment for the Schwab Managed Retirement Trusts (SMRT). The transition occurred on July 16th, 2019.

Schwab Trust Bank’s open-architecture philosophy enables the Trusts to add or replace sub-advisors as warranted, providing flexibility and opportunity for additional diversification compared to all-proprietary or single active manager products.

Schwab Institutional Small Cap Trust

The Trust seeks long term capital appreciation by investing in one or more sub-advised strategies composed of small cap active equity.

Following this philosophy and consistent with our sub-advisor oversight process, the Committee elected to replace Voya Small Cap Growth with Brown Advisory Small Cap Growth to maintain desired portfolio characteristics, further add diversification and complement the existing strategies. Brown Advisory’s strategy will have a 20% policy allocation, and AllianceBernstein’s policy allocation will increase from 20% to 30%. Macquarie Small Cap Value and Wellington Small Cap Value will remain as sub-advisors within the Trust with no change to allocations.




Sub-Advisor	Style	New Policy Weight	Previous Policy Weight
Macquarie	Small/Mid Value	25%	25%
Wellington	Relative Value	25%	25%
AllianceBernstein	Small/Mid High Growth	30%	20%
Brown Advisory	Growth-At-A-Reasonable Price (GARP)	20%	-
Voya	Growth-At-A-Reasonable Price (GARP)	-	30%

The above percentages represent Charles Schwab Trust Bank’s policy allocations in the Schwab Institutional Small Cap Trust for each sub-advisor, actual allocations may differ.

Brown Advisory is a growth-at-a-reasonable price manager that was chosen from a universe of approximately 200 strategies to complement AllianceBernstein's high growth investment style. The strategy's investment philosophy is 100% bottom-up fundamental where the team focuses on seeking high quality companies that offer durable growth, sound governance, and scalable go-to-market strategies. Brown Advisory's small cap growth strategy is managed by an experienced investment team led by Portfolio Manager Chris Berrier, who has 13 years of experience on the strategy and 19 years of industry experience. Mr. Berrier is supported by an Associate Portfolio Manager and a stable and experienced analyst team.

The Schwab Institutional Small Cap Trust is used solely in SMRT and is closed to new investors.

About the underlying strategies:

Style	Sub-advisor	Strategy
Small/Mid Value		<ul style="list-style-type: none"> • Small-cap, relative value style, SMID bias • Fundamental investment process • Beta historically below the market
Relative Value		<ul style="list-style-type: none"> • Small-cap, relative value style • Fundamental investment process • High quality bias
Small/Mid High Growth		<ul style="list-style-type: none"> • Small-cap, high growth style, SMID bias • Fundamental, quantitative analysis • Overweight to momentum risk factor
GARP		<ul style="list-style-type: none"> • Small-cap, growth-at-a-reasonable price • Fundamental investment process • Beta historically below the market

Schwab Managed Retirement Trust Allocations

The chart below represents the 2019 SMRT Policy Allocations.

SMRT 2019 Policy Allocations

ASSET CLASS	UNDERLYING INVESTMENT	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Equity		95.0	93.0	90.5	87.3	81.6	74.6	66.7	56.8	43.3	38.5	35.9	25.0
Large Value	Schwab Instl Large Cap Value Trust-Instl (Dodge & Cox)	13.4	13.2	12.9	12.5	11.7	10.7	9.6	8.0	5.9	5.4	5.1	3.7
Large Blend	BNY Mellon Large Cap Stock Index Fund Instl	13.2	13.4	13.5	13.6	13.8	13.9	13.7	13.0	11.3	10.7	10.2	7.4
Large Growth	Schwab Instl Large Cap Growth Trust-Instl (Wellington)	13.4	13.2	12.9	12.5	11.7	10.7	9.6	8.0	5.9	5.4	5.1	3.7
Mid-Cap Blend	Vanguard Mid-Cap Index Fund Instl Plus (VMCPX)	8.6	8.3	7.9	7.5	6.7	5.8	4.8	3.8	2.7	2.4	2.2	1.5
Small Value	Macquarie Small Cap Value Portfolio	1.6	1.5	1.4	1.3	1.1	0.9	0.7	0.6	0.4	0.3	0.3	0.2
Small Value	Wellington Small Cap Value Portfolio	1.6	1.5	1.4	1.3	1.1	0.9	0.7	0.6	0.4	0.3	0.3	0.2
Small Blend	BNY Mellon Small Cap Stock Index Fund Instl	1.6	1.6	1.6	1.6	1.5	1.4	1.3	1.2	0.9	0.8	0.8	0.5
Small Growth	AllianceBernstien Small Cap Growth Portfolio	1.9	1.8	1.7	1.6	1.4	1.1	0.9	0.7	0.4	0.4	0.4	0.2
Small Growth	Brown Advisory Small Cap Growth Portfolio	1.3	1.2	1.1	1.1	0.9	0.8	0.6	0.5	0.3	0.3	0.2	0.2
Foreign Large Value	Templeton Intl Equity Fund	11.5	11.2	10.9	10.4	9.6	8.7	7.7	6.4	4.7	4.2	3.8	2.4
Foreign Large Blend	American Funds EuroPacific Growth Fund R6 (RERGX)	11.5	11.2	10.9	10.4	9.6	8.7	7.7	6.4	4.7	4.2	3.8	2.4
Foreign Small/Mid Value	DFA Intl Small Cap Value Portfolio Instl (DISVX)	3.1	3.0	2.9	2.8	2.6	2.3	2.0	1.7	1.2	1.1	1.0	0.7
Foreign Small/Mid Growth	William Blair Intl. Small Cap Growth Collective Invt. Fund II	3.1	3.0	2.9	2.8	2.6	2.3	2.0	1.7	1.2	1.1	1.0	0.7
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	3.2	3.0	2.8	2.5	2.1	1.6	1.2	0.9	0.5	0.0	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.6	4.5	4.4	4.1	3.7	3.3	2.8	2.2	1.9	1.8	1.3
Commodities Broad Basket	BlackRock Commodity Index Fund E	1.2	1.2	1.2	1.1	1.0	0.9	0.8	0.7	0.5	0.0	0.0	0.0
Fixed Income		4.5	6.3	8.6	11.4	16.6	22.8	29.9	38.7	50.6	54.7	56.8	65.6
Short-Term Bond	Mellon Investments Corporation Active 1-5 Gov/Credit Bond Fund	0.5	0.7	1.0	1.4	2.1	3.0	4.2	5.9	8.4	9.4	9.9	12.4
Intermediate-Term Bond (Core)	BNY Mellon U.S. Aggregate Bond Index Fund Instl	0.7	0.9	1.3	1.8	2.7	4.0	5.6	7.8	11.1	12.3	12.7	14.6
Intermediate-Term Bond (Core)	Baird Core Bond Fund	1.1	1.5	2.0	2.6	3.7	4.9	6.2	7.6	9.4	10.0	10.3	11.9
Intermediate-Term Bond (Core Plus)	TCW MetWest Total Return Bond Fund	1.1	1.5	2.0	2.6	3.7	4.9	6.2	7.6	9.4	10.0	10.3	11.9
Intermediate-Term Bond (Core Plus)	Loomis Sayles Core Plus Full Discretion Trust Fund	0.5	0.7	0.9	1.2	1.7	2.3	2.9	3.5	4.3	4.6	4.8	5.5
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	1.8	5.0	6.1	6.4	7.5
World Bond-USD Hedged	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	1.0	1.4	1.9	2.7	3.7	4.7	4.5	3.0	2.4	2.3	1.9
Cash Equivalents		0.5	0.7	1.0	1.3	1.8	2.5	3.3	4.4	6.1	6.8	7.3	9.4
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.7	1.0	1.3	1.8	2.5	3.3	4.4	6.1	6.8	7.3	9.4

The above percentages represent the 2019 SMRT policy allocations, effective July 16, 2019. Percentages listed may not total 100% due to rounding.

Please refer to www.schwabtrustbankcollectives.com for the full listing of allocations and other information of the funds.

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The values of the trusts will fluctuate up to and after the target dates. Past performance is no guarantee of future results. There is no guarantee the trusts 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 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 trusts is not guaranteed at any time, and will continue to fluctuate up to and after the target date.

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.

Effective January 1, 2019, Charles Schwab Bank transferred its Collective Investment Trusts to CSTB, a subsidiary of The Charles Schwab Corporation. CSTB serves as successor trustee of the Trusts and succeeds to the rights and obligations of Charles Schwab Bank under the Trusts’ Participation Agreement. This transfer resulted in no material change to the investment management, operations or structure of the Trusts.

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 (CSB); Charles Schwab Trust Bank (CSTB); Charles Schwab & Co., Inc.; Charles Schwab Investment Management, Inc. (CSIM); and Schwab Retirement Plan Services, Inc. Trust, custody and deposit products and services are available through CSB and CSTB, Members of FDIC. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Schwab Retirement Plan Services, Inc. is not a fiduciary to retirement plans or participants and only provides recordkeeping and related services to retirement plans. CSIM is an investment adviser registered with the Securities and Exchange Commission and provides investment research, advice, and administration services to CSTB and the Trusts.

The Schwab Trust Bank Collective Investment Trusts select investments based on advice received from, or products offered by, industry-recognized investment management firms (“sub-advisors”). The Trusts access strategies through various investment vehicles including, but not limited to, collective investment trusts, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Trust Bank Collective Investment Trusts. See the Trusts’ Financial Statements for additional information.

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