

Schwab Indexed Retirement Trusts® (SIRT)

Collective investment trusts maintained by Charles Schwab Trust Bank

Performance
reports as of
December 31, 2018

Consultant Reporting Package

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SCHWAB

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Schwab Target Date Solutions*

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*Includes Schwab Managed Retirement Trusts ("SMRT") and Schwab Indexed Retirement Trusts ("SIRT"), collective investment trusts maintained by Charles Schwab Trust Bank, and Schwab Target Funds and Schwab Target Index Funds, managed by Charles Schwab Investment Management, Inc.

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Schwab's target date fund solutions

	Schwab Managed Retirement Trusts™ (SMRT)	Schwab Indexed Retirement Trusts® (SIRT)	Schwab Target Funds	Schwab Target Index Funds
Structure	Collective Investment Trusts		Mutual Funds	
Target market	Designed exclusively for qualified retirement plans		Designed for retail investors and employer-sponsored retirement plans	
Underlying investments	Sub-Advised		Proprietary and Sub-Advised/Third Party	Proprietary
Oversight structure	Maintained by Schwab Trust Bank as trustee		Maintained and managed by CSIM	
Investment style	Active/Passive	Passive	Active/Passive	Passive
AUM (\$MM)	\$11,180	\$2,490	\$3,719	\$854
Inception	10/1/2002	1/5/2009	7/1/2005	8/25/2016
Net expense	0.33%–0.89% Six unit classes	0.08% One unit class	0.33%–0.75% ¹ One share class	0.08% ² One share class

As of December 31, 2018

Investment minimums may apply.

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

Target date 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.

Target date funds asset allocations are subject to change over time in accordance with each fund's prospectus.

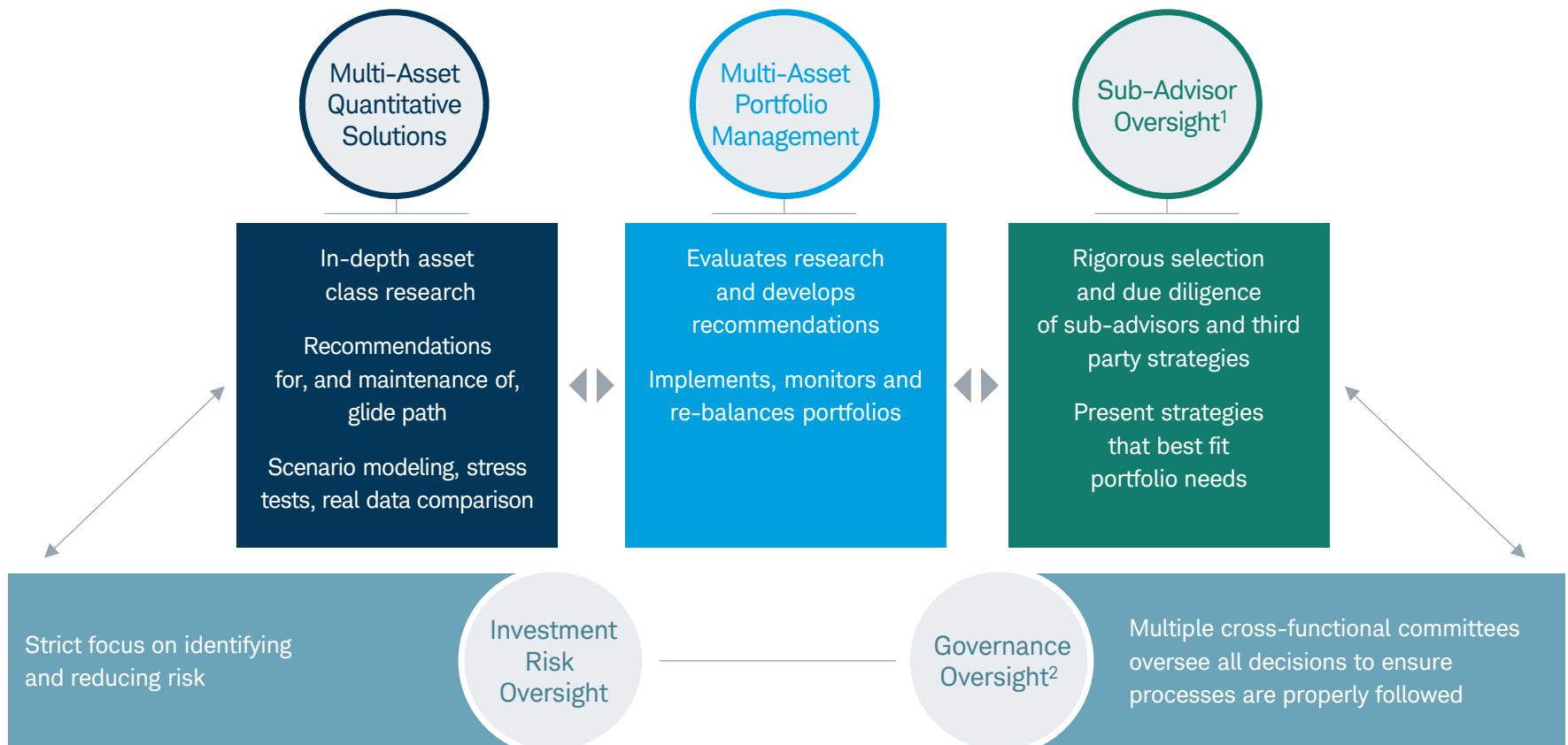
¹As of the most recent prospectus, the investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (excluding interest, taxes, and certain non-routine expenses) of each of the funds to 0.00% for so long as the investment advisor serves as the advisor to the fund. This agreement may only be amended or terminated with the approval of a fund's Board of Trustees. This agreement to limit the total annual fund operating expenses is limited to the fund's direct operating expenses and, therefore, does not apply to acquired fund fees and expenses (AFFE), which are indirect expenses incurred by the fund through its investments in the underlying funds.

²As of the most recent prospectus, the investment adviser and its affiliates have agreed to limit the total annual fund operating expenses (including acquired fund fees and expenses (AFFEs), but excluding taxes and certain non-routine expenses) of each of the funds to 0.08% for so long as the investment adviser serves as adviser to the funds. This agreement may only be amended or terminated with the approval of a fund's Board of Trustees. AFFEs are indirect expenses incurred by the fund through its investments in the underlying funds.

Investment Team: Collaborative teams focused on investor needs coupled with institutional oversight...

Multi-Asset Strategic Leadership

Prioritizes strategic portfolio needs and research agenda



¹ Sub-Advisor Oversight provides direct oversight of all sub-advised and third-party strategies.

² CSIM provides non-discretionary advisory services and recommendations for the Charles Schwab Trust Bank Collective Investment Trusts; Charles Schwab Trust Bank Collective Trust Fund Administrative and Investment Committees maintain final decision and implementation authority.

Investment Team: ...to offer diverse perspectives that are aligned on optimizing results

Multi-Asset Strategic Leadership



¹ Marie Chandoha has decided to retire at the end of March 2019. Jonathan de St. Paer, SVP, Head of Strategy and Product, has been named CSIM President, effective October 1, 2018, and is slated to become CEO upon Ms. Chandoha's retirement.

² Sub-Advisor Oversight provides direct oversight of all sub-advised and third-party strategies.

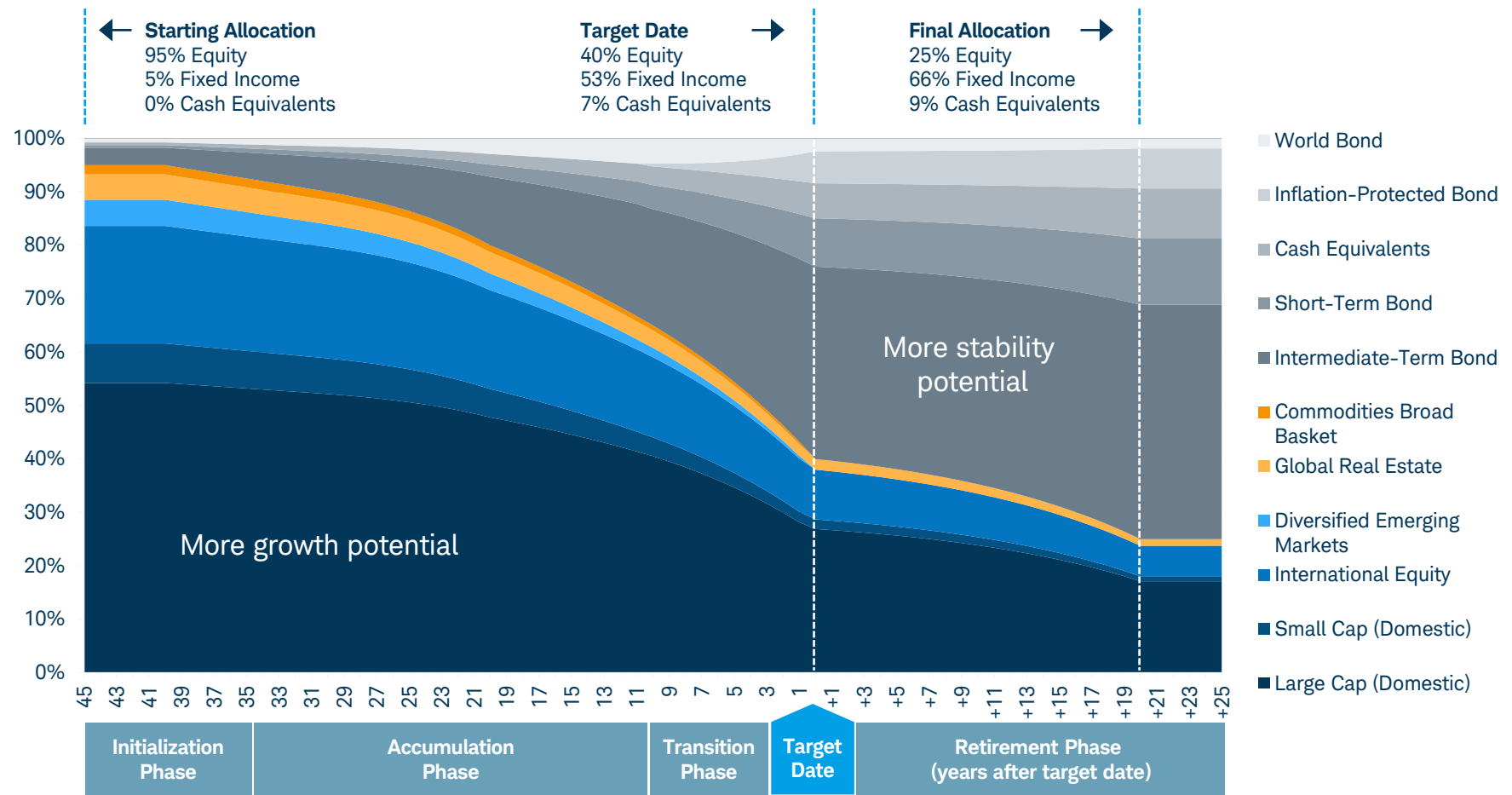
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Schwab Indexed Retirement Trusts®

Multi-Asset Products

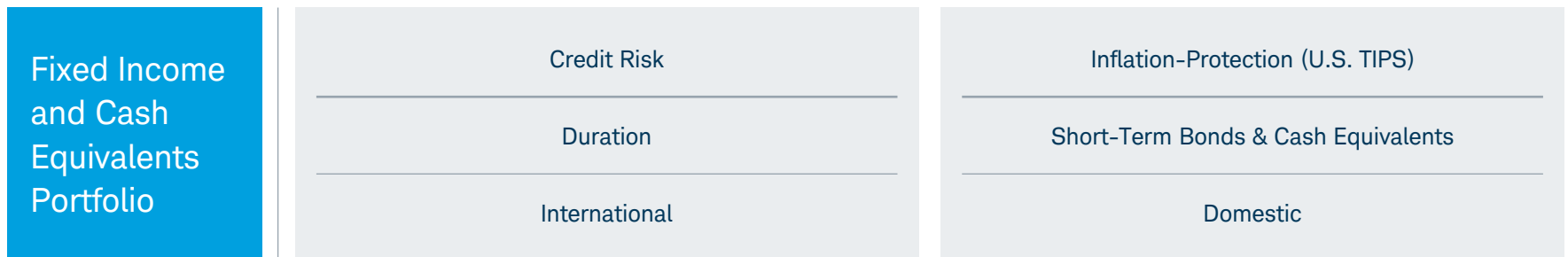
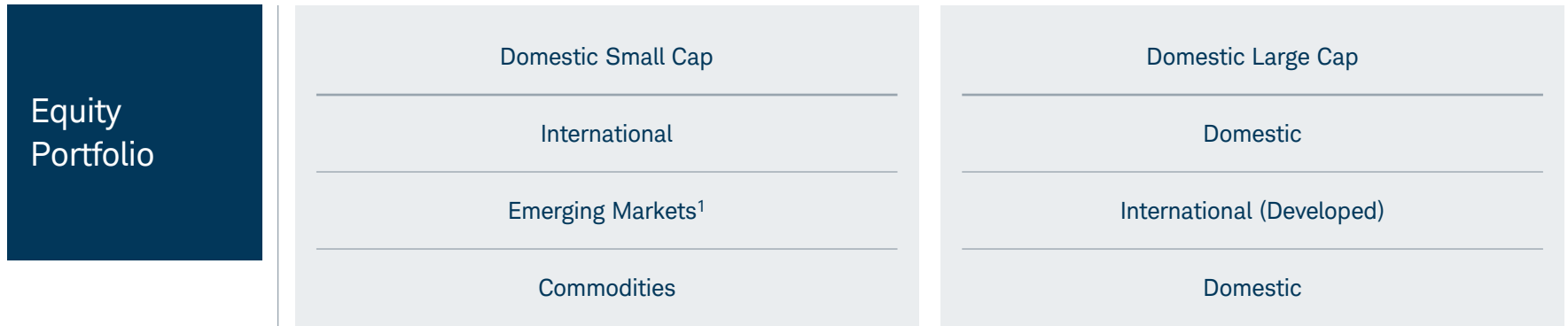
Holistic Portfolio Construction: ...that results in an optimal mix to meet participant needs

SIRT glide path (and underlying asset classes)



Holistic Portfolio Construction: Unconstrained approach enables ability to fine tune asset class and style exposures as retirement approaches...

Less As Retirement Approaches More



SIRTs underlying asset classes

ASSET CLASS	CORRESPONDING INDEX	TRUST INVESTMENT	TOTAL UNDERLYING FUND AUM (\$MM) ¹
EQUITY			
Domestic Equity (Large Cap)	Russell 1000 Index	BNY Mellon Large Cap Stock Index Fund Instl	\$15,418
Domestic Equity (Small Cap)	Russell 2000 Index	BNY Mellon Small Cap Stock Index Fund Instl	\$3,771
International Equity	MSCI EAFE Index (Net)	BNY Mellon Intl Stock Index Fund Instl	\$17,833
Diversified Emerging Markets	MSCI Emerging Markets Index (Net)	SSgA Emerging Markets Index Fund A	\$64,334
Global Real Estate	FTSE EPRA/NAREIT Developed Index (Net)	BlackRock Developed Real Estate Index Fund E	\$2,570
Commodities Broad Basket	Bloomberg Commodity Index	BlackRock Commodity Index Daily Fund E	\$1,300
FIXED INCOME			
Short-Term Bond	Bloomberg Barclays U.S. Government/Credit: 1-3 Years Index	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	\$4,526
Intermediate-Term Bond	Bloomberg Barclays U.S. Aggregate Bond Index	BNY Mellon U.S. Aggregate Bond Index Fund Instl	\$28,678
Inflation-Protected Bond (U.S. TIPS)	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index	BlackRock U.S. TIPS Index Fund E	\$54,893
World Bond	Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	BlackRock Global Aggregate Bond Fund Ex-USD	\$3,924
CASH EQUIVALENTS			
Cash Equivalents	Citigroup 3 Month T-Bill Index	State Street U.S. Government Short Term Investment Fund	\$11,974

Investment
Managers >

BLACKROCK

**Mellon
Capital**

> BNY MELLON AMNA

STATE STREET
GLOBAL ADVISORS

SSgA.

Total \$209,221

The DOL has provided general guidance for selecting and monitoring TDFs

“**Non-proprietary TDFs** could also offer advantages by including component funds that are managed by fund managers other than the TDF provider itself, thus **diversifying participants’ exposure** to one investment provider.” *-U.S. DOL, 2013¹*

	DOL Guidance Highlights	
Evaluation	Objectively comparing and selecting TDFs	✓
	Evaluating non-proprietary or custom TDFs	✓
	Using resources to evaluate the selected TDFs	✓
Plan’s TDF Investment	Understanding the TDF’s investments	✓
	Review fees and investment expenses	✓
	Periodic review of selected TDFs	✓
Communications	Develop effective employee communications	✓
Recordkeeping	Documenting the process	✓

Performance and Attribution Review

Multi-Asset Products

Performance summary: 4Q2018

Trust	Performance	Performance vs. Custom Index ¹ (+/-) %	Category Percentile Ranking ²	Key Comments
SIRT 2010	-4.20	-0.02	39	<p>Comments on recent market volatility:</p> <p>Our glide path and asset allocation performed largely as anticipated during a highly volatile quarter. Participants in shorter dated trusts, who are closer to their critical retirement age, fared relatively well due to our differentiated approach to risk management. Our more conservative allocation, relative to peers, helped to dampen the impact of market volatility on participants near or in retirement in the shorter dated trusts.</p> <p>Additional details:</p> <p>For the 4th quarter, the trusts ranked in the 38th percentile on average versus peers. Performance versus custom blended indices was in line with expectations. Dispersion for the trusts was primarily a result of fair value pricing and ranged from -4 bps to -1 bps during the quarter. On a non-fair value pricing basis, dispersion was within tracking error expectations for the period.</p> <p>Glide Path Impact:</p> <p>Impact from the glide path was negative for quarter due to a higher overall allocation to equities in an exceedingly volatile market environment, particularly in our later dated trusts. Shorter dated trusts benefitted the most from a more conservative allocation to equities.</p> <p>Asset Allocation:</p> <p>Impact from the trusts' strategic asset allocation was mixed. Relative to peers, a higher allocation to small cap equity and a lower allocation to emerging markets detracted from performance in the longer dated trusts while a higher allocation to REITs contributed to performance across all vintages.</p>
SIRT 2015	-4.57	-0.04	22	
SIRT 2020	-5.54	-0.02	26	
SIRT 2025	-7.33	-0.04	39	
SIRT 2030	-8.62	-0.03	37	
SIRT 2035	-9.72	-0.04	28	
SIRT 2040	-10.69	-0.03	31	
SIRT 2045	-11.41	-0.03	38	
SIRT 2050	-11.79	-0.01	45	
SIRT 2055	-12.16	-0.03	60	
SIRT 2060	-12.35	-0.02	56	

Past performance is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Performance includes the reinvestment of all income and is presented net of all fees. The values of the target date trust will fluctuate up to and after the target date. There is no guarantee the trusts will provide adequate income at or through retirement.

¹The custom indices are composite blended indices developed by Charles Schwab Investment Management, Inc. based on each trust's asset allocation. The components that make up a custom 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.

Source: Charles Schwab Investment Management, Inc. and Morningstar, Inc.

Performance summary: 1 Year

Trust	Performance	Performance vs. Custom Index ¹ (+/-) %	Category Percentile Ranking ²	Key Comments
SIRT 2010	-2.30	-0.05	15	For the year, the trusts ranked in the 16th percentile on average versus peers. Performance versus the trusts' custom blended indices was in line with expectations.
SIRT 2015	-2.49	-0.01	3	
SIRT 2020	-3.00	-0.02	5	
SIRT 2025	-4.13	-0.01	13	<p>Dispersion for the 2010 to 2060 trusts ranged from -5 bps to 5 bps.</p> <p>Glide Path Impact:</p> <p>Absolute performance from the glide path was negative for the year following a challenging Q4. This was one of the most difficult years in recent history for multi-asset portfolios as most sub-asset classes had negative returns for the year. Shorter dated trusts benefited from a more conservative equity allocation and losses were mitigated to a degree, while longer dated trusts performed the worst due to a higher allocation to equities.</p> <p>Asset Allocation:</p> <p>Results from the trusts' strategic asset allocation were primarily positive for the year. An overweight to REITs in all trusts as well as an underweight to emerging markets and an overweight to short duration fixed income in the shorter dated trusts contributed to performance. An overweight to small cap in the longer dated trusts was a detractor.</p>
SIRT 2030	-5.01	0.02	13	
SIRT 2035	-5.82	0.01	13	
SIRT 2040	-6.55	0.03	15	
SIRT 2045	-7.14	0.03	16	
SIRT 2050	-7.45	0.05	18	
SIRT 2055	-7.74	0.05	27	
SIRT 2060	-7.93	0.05	39	

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Source: Charles Schwab Investment Management, Inc. and Morningstar, Inc.

SIRTs' performance vs. Morningstar category peers

Morningstar Percentile Ranks vs. Peers As of December 31, 2018 (Net of fees)

Morningstar Percentile Ranks vs. Peers											
As of December 31, 2018 (Net of fees)											
TRUST		% of Equity ¹		Rank in Morningstar Category ^{2,3}				Funds in Category			
		Schwab	Peers	1 YR	3 YR	5 YR	10 YR	1 YR	3 YR	5 YR	10 YR
2010	Morningstar Category: Target-Date2000-2010 MF	37%	46%	15	69	29	--	137	113	91	76
2015	Morningstar Category: Target-Date2015 MF	39%	41%	3	74	41	--	136	110	77	49
2020	Morningstar Category: Target-Date2020 MF	46%	43%	5	45	20	--	252	204	171	108
2025	Morningstar Category: Target-Date2025 MF	59%	53%	13	40	14	--	223	179	141	72
2030	Morningstar Category: Target-Date2030 MF	68%	63%	13	37	16	--	241	194	161	98
2035	Morningstar Category: Target-Date2035 MF	76%	73%	13	40	17	--	215	174	136	67
2040	Morningstar Category: Target-Date2040 MF	83%	79%	15	36	18	--	241	194	161	98
2045	Morningstar Category: Target-Date2045 MF	88%	85%	16	35	14	--	215	174	136	66
2050	Morningstar Category: Target-Date2050 MF	91%	86%	18	29	14	--	237	189	156	75
2055	Morningstar Category: Target-Date2055 MF	94%	87%	27	28	14	--	218	172	112	9
2060	Morningstar Category: Target-Date2060+ MF	95%	86%	39	9	--	--	189	75	9	--

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

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¹Equity represents the SIRT 2018 Policy Allocation and includes all assets not classified as cash or fixed income. Peer % Equity are from Morningstar Target Date Category Average of equity pulled at the end of quarter.

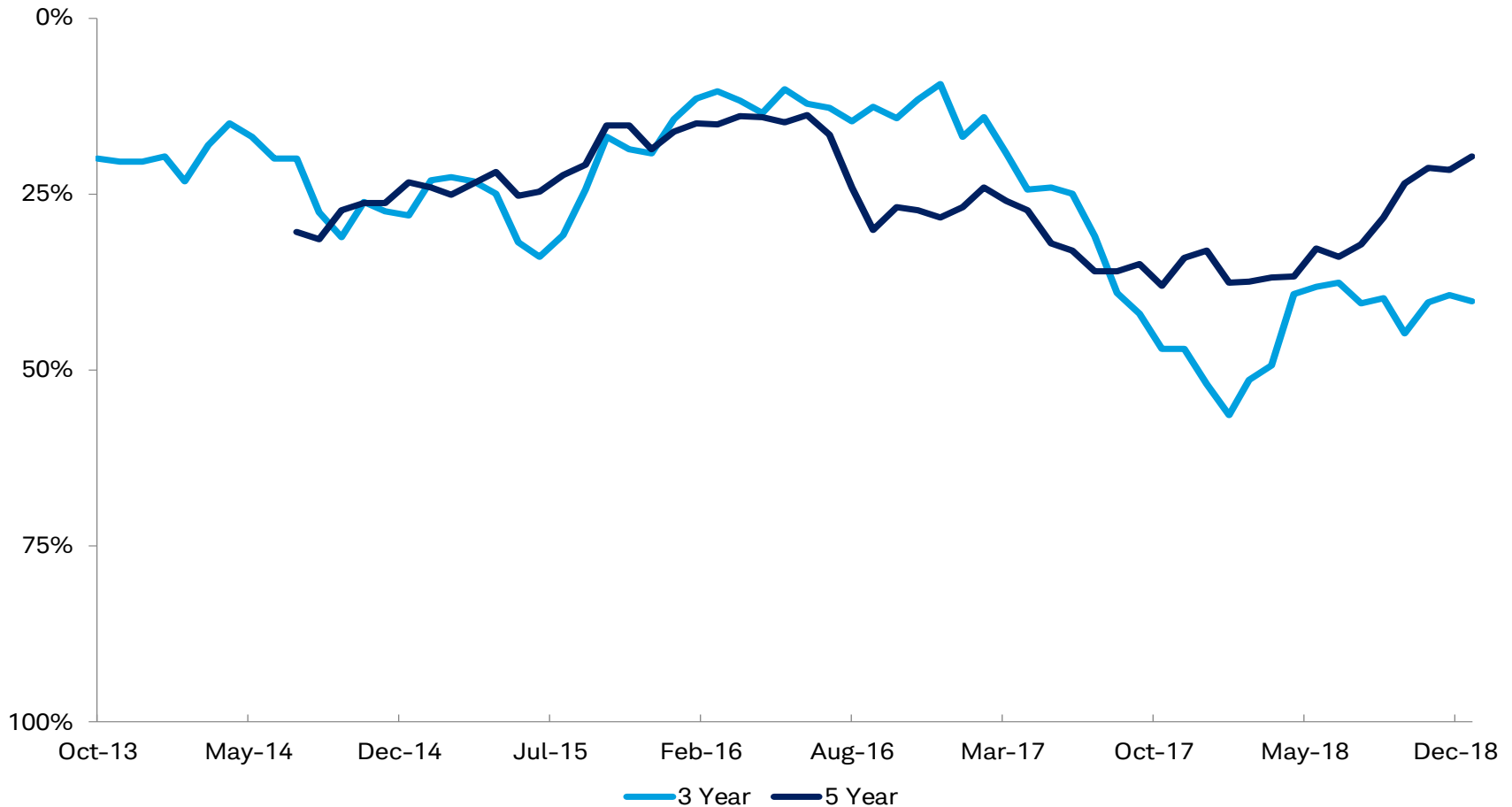
²The percentile rank is the trust's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) is 100. The top-performing fund in a category will always receive a rank of 1%. Rank in Category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges.

³Ranks are for Unit Class I. Dashed indicate performance and rank data is not available.

Source: Morningstar, Inc.

SIRT – Rankings Summary

Average 3 and 5 Year Category Rankings as of December 31, 2018.



SIRT performance

As of December 31, 2018	Annual Returns (%) (not annualized if less than 1 year)									
	3 Month	3 Month %	YTD	YTD %	1 Year	1 Year %	3 Year	3 Year %	5 Year	5 Year %
SIRT 2010	-4.20	39	-2.30	15	-2.30	15	3.93	69	3.61	29
2010 Custom Index	-4.18	--	-2.25	--	-2.25	--	4.00	--	3.70	--
Morningstar Category: Target-Date 2000-2010 MF	-4.30	--	-3.25	--	-3.25	--	4.11	--	3.22	--
SIRT 2015	-4.57	22	-2.49	3	-2.49	3	4.05	74	3.68	41
2015 Custom Index	-4.53	--	-2.48	--	-2.48	--	4.10	--	3.77	--
Morningstar Category: Target-Date 2015 MF	-5.41	--	-3.86	--	-3.86	--	4.39	--	3.36	--
SIRT 2020	-5.54	26	-3.00	5	-3.00	5	4.72	45	4.09	20
2020 Custom Index	-5.52	--	-2.98	--	-2.98	--	4.76	--	4.19	--
Morningstar Category: Target-Date 2020 MF	-6.14	--	-4.49	--	-4.49	--	4.54	--	3.41	--
SIRT 2025	-7.33	39	-4.13	13	-4.13	13	5.32	40	4.46	14
2025 Custom Index	-7.29	--	-4.12	--	-4.12	--	5.34	--	4.56	--
Morningstar Category: Target-Date 2025 MF	-7.47	--	-5.34	--	-5.34	--	5.05	--	3.71	--
SIRT 2030	-8.62	37	-5.01	13	-5.01	13	5.74	37	4.71	16
2030 Custom Index	-8.59	--	-5.03	--	-5.03	--	5.75	--	4.79	--
Morningstar Category: Target-Date 2030 MF	-8.82	--	-6.25	--	-6.25	--	5.45	--	3.94	--
SIRT 2035	-9.72	28	-5.82	13	-5.82	13	6.07	40	4.88	17
2035 Custom Index	-9.68	--	-5.83	--	-5.83	--	6.07	--	4.95	--
Morningstar Category: Target-Date 2035 MF	-10.13	--	-7.04	--	-7.04	--	5.83	--	4.14	--
SIRT 2040	-10.69	31	-6.55	15	-6.55	15	6.36	36	5.01	18
2040 Custom Index	-10.66	--	-6.58	--	-6.58	--	6.37	--	5.09	--
Morningstar Category: Target-Date 2040 MF	-11.01	--	-7.74	--	-7.74	--	5.96	--	4.23	--
SIRT 2045	-11.41	38	-7.14	16	-7.14	16	6.53	35	5.08	14
2045 Custom Index	-11.38	--	-7.17	--	-7.17	--	6.52	--	5.16	--
Morningstar Category: Target-Date 2045 MF	-11.71	--	-8.14	--	-8.14	--	6.13	--	4.30	--
SIRT 2050	-11.79	45	-7.45	18	-7.45	18	6.61	29	5.12	14
2050 Custom Index	-11.78	--	-7.50	--	-7.50	--	6.62	--	5.20	--
Morningstar Category: Target-Date 2050 MF	-11.91	--	-8.41	--	-8.41	--	6.11	--	4.33	--
SIRT 2055	-12.16	60	-7.74	27	-7.74	27	6.74	28	5.12	14
2055 Custom Index	-12.13	--	-7.79	--	-7.79	--	6.72	--	5.24	--
Morningstar Category: Target-Date 2055 MF	-12.12	--	-8.44	--	-8.44	--	6.21	--	4.42	--
SIRT 2060	-12.35	56	-7.93	39	-7.93	39	7.15	9	--	--
2060 Custom Index	-12.33	--	-7.98	--	-7.98	--	6.73	--	--	--
Morningstar Category: Target-Date 2060+ MF	-12.28	--	-8.52	--	-8.52	--	6.31	--	--	--

1-25: Top Quartile

26-50: Second Quartile

51-75: Third Quartile

76-100: Bottom Quartile

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Underlying Strategy Performance

Performance of SIRTs underlying investment strategies

As of December 31, 2018		Annualized Return Net of Fees ¹ (not annualized if less than 1 year)								
		Date Added to SIRT	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Domestic Equity	BNY Mellon Large Cap Stock Index Fund Instl (Inception: Fund-313109)	11/21/2013	-9.09	-13.80	-4.80	-4.80	9.08	8.20	--	
		Russell 1000® Index	-9.11	-13.82	-4.78	-4.78	9.09	8.21	13.28	
		Morningstar Category: Large Blend	-9.08	-13.81	-5.91	-5.91	8.35	7.26	12.46	
Domestic Equity	BNY Mellon Small Cap Index Fund Instl (Inception: Fund-831886)	11/21/2013	-11.88	-20.19	-10.96	-10.96	7.34	4.38	--	
		Russell 2000® Index	-11.88	-20.20	-11.01	-11.01	7.36	4.41	11.97	
		Morningstar Category: Small Blend	-11.49	-19.38	-12.72	-12.72	5.90	3.20	11.60	
International Equity	BNY Mellon International Stock Index Fund Instl (Inception: Fund-1016109)	11/24/2009	-5.18	-12.59	-13.49	-13.49	3.30	0.67	--	
		MSCI EAFE Index (Net)	-4.85	-12.54	-13.79	-13.79	2.87	0.53	6.32	
		Morningstar Category: Foreign Large Blend	-5.11	-12.68	-14.59	-14.59	2.63	0.10	5.89	
Real Assets	SSgA Emerging Markets Index Fund A	12/31/2013	-2.65	-7.48	-14.85	-14.85	9.09	1.31	--	
		MSCI Emerging Markets Index (Net)	-2.66	-7.47	-14.58	-14.58	9.25	1.65	8.02	
		Morningstar Category: Diversified Emerging Markets	-2.91	-7.47	-16.07	-16.07	6.99	0.53	7.61	
Real Assets	BlackRock Developed Real Estate Index Fund E	7/31/2009	-5.49	-5.52	-4.68	-4.68	3.52	5.02	--	
		FTSE EPRA/NAREIT Developed Index (Net)	-5.56	-5.69	-5.63	-5.63	2.72	4.34	9.65	
		Morningstar Category: Global Real Estate	-4.73	-6.26	-7.11	-7.11	2.89	3.86	9.05	
Fixed Income	BlackRock Commodity Index Daily Fund E	6/30/2010	-6.92	-9.50	-11.60	-11.60	-0.13	-9.17	--	
		Bloomberg Commodity Index	-6.89	-9.41	-11.25	-11.25	0.30	-8.80	-3.78	
		Morningstar Category: Commodities Broad Basket	-4.64	-11.16	-11.52	-11.52	0.82	-8.77	-4.41	
Fixed Income	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	1/1/2015	0.79	1.18	1.53	1.53	1.13	--	--	
		Bloomberg Barclays 1-3 Year US Government Credit Index	0.78	1.18	1.60	1.60	1.24	1.03	1.52	
		Morningstar Category: Short-Term Bond	0.40	0.45	0.92	0.92	1.66	1.25	2.65	
Fixed Income	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3/25/2009	1.84	1.64	-0.05	-0.05	1.94	2.43	--	
		Bloomberg Barclays U.S. Aggregate Bond Index	1.84	1.64	0.01	0.01	2.06	2.52	3.48	
		Morningstar Category: Intermediate-Term Bond	1.28	0.87	-0.50	-0.50	2.15	2.27	4.31	
Cash Equiv. Real Assets	BlackRock Global Aggregate Bond Fund Ex-USD	1/1/2015	1.17	1.85	3.07	3.07	3.37	--	--	
		Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	1.16	1.89	3.17	3.17	3.51	4.11	3.98	
		Morningstar Category: World Bond	1.06	0.29	-1.48	-1.48	2.74	1.01	3.63	
Cash Equiv. Real Assets	State Street U.S. Government Short Term Investment Fund	1/9/2009	0.19	0.56	1.84	1.84	0.99	0.62	0.36	
		Citigroup 3 Month T-Bill Index	0.20	0.57	1.86	1.86	0.99	0.60	0.35	
		BlackRock U.S. TIPS Index Fund E	1/9/2009	0.53	-0.47	-1.32	-1.32	2.09	1.65	--
Cash Equiv. Real Assets	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS)		0.55	-0.42	-1.26	-1.26	2.11	1.69	3.64	
		Morningstar Category: Inflation Protected Bond		0.24	-0.95	-1.64	-1.64	1.86	1.14	3.11

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

¹Performance data is measured from the first full month following the date each strategy was added to SIRT, except for mutual funds and Schwab Trust Bank Collective Investment Trusts. Schwab Trust Bank Collective Investment Trusts data reflects the first full month following the Trust's inception date.

Sub-advised strategy returns are net of sub-advisor management fees.

Source: Morningstar, Inc. See the Disclosures at the end of the document for important information.

SIRT Update

News & Updates

On August 6th, it was announced that The Charles Schwab Corporation has formed a new institution, Charles Schwab Trust Bank (CSTB), a fiduciary-oriented trust bank focused on serving the retirement plan market.

Effective January 2019, Schwab Bank Collective Investment Trusts will transfer from Charles Schwab Bank to Charles Schwab Trust Bank, as successor trustee of the trusts:

- Schwab Managed Retirement Trusts™
- Schwab Indexed Retirement Trusts®
- Schwab Institutional Trusts®

There will be no changes to the investment strategy, process or daily operations of the trusts as managed by CSTB and no action is required on your part.

This announcement serves as advance notice of the transition for clients, service providers and advisors.

For more information, please see the full announcement on the Charles Schwab Trust Bank website:

https://www.schwabtrustbankcollectives.com/public/file/P-11517073/General_Notice.pdf

Organizational Update:

Marie Chandoha, President and CEO of Charles Schwab Investment Management (CSIM), has decided to retire at the end of March 2019. Jonathan de St. Paer*, Senior Vice President of CSIM's Business Strategy and Product Management, was named President of CSIM, effective October 1, 2018, and will become CEO upon Marie's retirement.

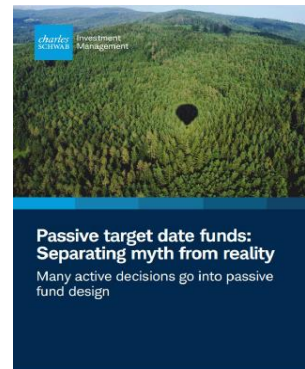
*Employee of Charles Schwab & Co. Inc.

Thought leadership and insights on the target date industry.



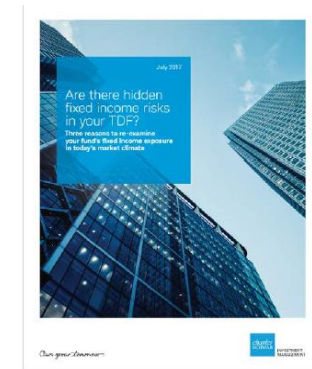
Behavior-driven glide path design

Discusses improving investor outcomes through a behaviorally driven asset allocation approach in target date funds.



Passive target date funds: Separating myth from reality

Reviews the many active decisions that go into passive fund design.



Are there hidden fixed income risks in your TDF?

Provides three reasons to re-examine your fund's fixed income exposure in today's market climate.

Click on each image for access to the white papers

Appendix

Glide path capital market expectations

Custom index allocations

Schwab Trust Bank Collective Investment Trusts offering

Disclosures

Capital markets expectations

ASSET CLASS	LONG TERM FORECAST ASSUMPTIONS	
	Approx. return	Approx. standard deviation
<i>Inflation</i>	2-2.5%	--
Cash Equivalents	2-2.5%	0.5-1%
Short-Term Bond	2-3%	2-2.5%
World Bond ¹	1.5-2.5%	3-3.5%
Inflation-Protected Bond (US TIPS)	2-3%	5-7%
Intermediate-Term Bond	2.5-3.5%	3.5-4.5%
Commodities ¹	3-4.5%	16-20%
Domestic Equity (Large Cap)	6.5-7.5%	15-18%
Global Real Estate	6-7%	18-22%
International Equity	6-8.5%	17-19%
Domestic Equity (Small Cap)	6.5-8.5%	19-23%
Diversified Emerging Markets	7-10%	23-26%

BASE CASE ASSUMPTIONS			
Age range	Deferral %	Employer match	Annual salary increase
25-35	4%	2%	4%
36-45	5%	2.5%	4%
46-55	6%	3%	3%
56-65	7%	3.5%	2%

¹The Schwab Target Index Funds do not hold World Bond or Commodities strategies. The Schwab Target Funds do not hold a Commodities strategy.

²Global Real Estate is used as a proxy for Real Estate within the Schwab Target Index Funds.

Expected returns are compounded annual returns. Actual returns may be higher or lower.

Employer match contribution is assumed to be 50% of employee deferral. Social Security and post-retirement income is not included in base case assumptions.

Assumptions are reviewed and revised at least annually.

Source: Charles Schwab Investment Management, Inc.

SIRT 2018 policy allocation by asset class

ASSET CLASS	UNDERLYING INVESTMENT	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
Equity		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5
Domestic Equity	BNY Mellon Large Cap Stock Index Fund Instl	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4
Domestic Equity	BNY Mellon Small Cap Stock Index Fund Instl	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5
International Equity	BNY Mellon Intl Stock Index Fund Instl	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8
Emerging Markets	SSgA Emerging Markets Index Fund A	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8
Commodities	BlackRock Commodity Index Daily Fund E	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0
Fixed Income		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3
Short-Term Bond	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8
Intermediate-Term Bond	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9
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	1.4	4.2	6.1	6.3
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3
Cash Equivalents		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2

2018 SMRT & SIRT custom index allocations

Underlying index	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income ¹
Russell 1000 Index	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4	17.1
Russell 2000 Index	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5	0.9
MSCI EAFE Index (Net)	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8	5.7
MSCI Emerging Markets Index (Net)	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0	0.0
FTSE EPRA/NAREIT Developed Index (Net)	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8	1.3
Bloomberg Commodity Index	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0	0.0
Bloomberg Barclays US 1-3 Year Government/Credit Bond Index	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8	12.4
Bloomberg Barclays US Aggregate Bond Index	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9	43.9
Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series-L)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3	7.5
Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3	1.9
FTSE 3 Month U.S. Treasury Bill Index	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4

The above represent target policy allocations for 2018, effective January 31, 2018. Percentages listed may not total 100% due to rounding.

The custom 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 SMRT.

Source: Charles Schwab Investment Management, Inc.

Schwab Trust Bank Collective Investment Trusts offering

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	0.08%	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 credit for 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. Performance data quoted is past performance and is no indication (or "guarantee") of future results. Current performance may be lower or higher. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

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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

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 service 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. provides recordkeeping and related services to retirement plans. CSIM provides investment research, advisory and fund 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.

Disclosures

Schwab Funds

Investors should consider carefully information contained in the prospectus of if available summary prospectus, including investment objectives, risks, charges and expenses. You can request a prospectus by visiting csimfunds.com/prospectus. Please read the prospectus carefully before investing.

Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab Funds, and Charles Schwab & Co., Member SIPC, the distributor for Schwab Funds, are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

Significant Risks of the Trusts

Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, 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 price: a sharp rise in interest rates could cause the strategy's share price to fall. The longer the strategy's duration, the more sensitive to interest rate movements its share 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.

Disclosures

Risks (continued)

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 trusts 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.

Definitions

Beta: A measure of the volatility of a portfolio relative to its comparative index. A beta of less than one typically indicates lower historical volatility than the index; a beta of more than one typically indicates higher historical volatility than the index.

Information Ratio: A measure of the consistency of a portfolio manager's performance. It is calculated by taking the average excess return over the benchmark and dividing by the standard deviation of the excess returns.

Sharpe Ratio: Developed by Professor William F. Sharpe, a measure of reward per unit of risk - the higher the Sharpe Ratio, the higher return per unit of risk. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation (%): A widely recognized measure of volatility of an investment portfolio, or how widely monthly returns vary from a portfolio's long-term average annual total return.

Tracking Error: The divergence between the performance of an investment portfolio and its benchmark index, positive or negative.

Index Descriptions

Indexes are unmanaged, do not incur management expenses and cannot be invested in directly.

Bloomberg Barclays US Aggregate Bond Index: An index representing 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.

Bloomberg Barclays US Treasury Inflation-Linked Bond Index (Series-L): 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 Barclays Global Aggregate ex-US Hedged Index: 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.

Bloomberg Barclays US Government/Credit 1-3 Year Index: 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.

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.

FTSE 3 Month U.S. Treasury Bill Index: 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.

Disclosures

Index Descriptions (continued)

FTSE World Government Bond Index: A market capitalization weighted index consisting of the government bond markets. Country eligibility is determined based on market capitalization and investability criteria. All issues have a remaining maturity of at least one year.

FTSE EPRA/NAREIT Developed Index (Net): An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. This series approximates the minimum possible dividend reinvestment.

MSCI All Country World Index (ACWI): A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

MSCI EAFE® Index (Europe, Australasia, Far East) (Net): 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.

MSCI Emerging Markets Index (Net): An index that captures large and mid cap representation across approximately 20 Emerging Markets countries.

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 1000®** Index is composed of the 1000 largest companies in the Russell 3000® Index.

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