

Schwab Indexed Retirement Trusts® (SIRT) Schwab Trust Bank Target Date Collective Investment Trusts

Commentary as of December 31, 2019

Charles Schwab Trust Bank announced a price reduction to 0.07% for the SIRT effective December 6, 2019.

SIRTs 4Q2019 Performance Summary

Trust	Unit Class I Performance %	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT 2010	3.14	-0.04	59	For the 4 th quarter, the trusts ranked in the 53 rd percentile on average versus peers. Performance versus custom blended indices was in line with expectations.
SIRT 2015	3.35	-0.04	69	
SIRT 2020	3.70	-0.06	59	Dispersion ranged from -11 bps to -4 bps during the quarter.
SIRT 2025	4.79	-0.06	51	Glide Path Impact:
SIRT 2030	5.60	-0.07	51	It was a risk on market during the 4 th quarter, while both equities and fixed income ended strongly, equities outperformed fixed income. Additionally, volatility was tame throughout the quarter. Impact from the glide path was mixed with later dated trusts benefitting from a higher allocation to equities while earlier dated trusts lagged due to a lower allocation to equities.
SIRT 2035	6.29	-0.07	58	
SIRT 2040	6.90	-0.08	59	
SIRT 2045	7.40	-0.10	60	
SIRT 2050	7.70	-0.09	45	Asset Allocation:
SIRT 2055	7.92	-0.09	38	Impact from the trusts' strategic asset allocation was slightly negative. A lower allocation to strong performing emerging markets and a higher allocation to global REITs which did not perform as well detracted from performance across all vintages.
SIRT 2060	8.09	-0.11	34	

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. For additional performance information please visit www.schwabtrustbankcollectives.com. Effective January 1, 2019, Charles Schwab Bank transferred trusteeship of its CITs to its affiliate CSTB, as successor trustee of the Trusts. 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 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.

SIRT Strategy Overview

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

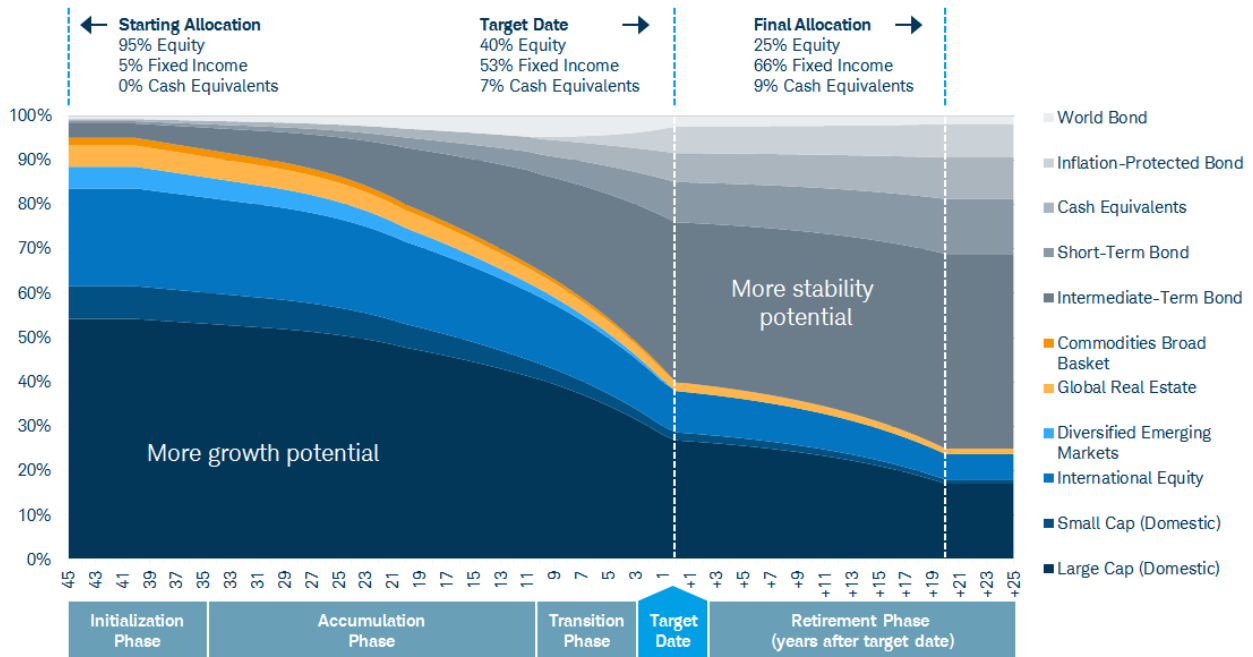
- Composed of strategies that are sub-advised or managed³ by industry-recognized investment managers
- Comprehensive investment portfolios that utilize passive strategies
- Diversified through exposure to a variety of asset classes that may include, but are not limited to, domestic and international 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% equity⁴ and 5% fixed income⁴ reaches approximately 40% equity and 60% fixed income at the target date
- 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.
- All points on the glide path consider downside risk

(Continued on following page)

SIRTs glide path (and underlying asset classes)



The values of the target trust will fluctuate up to and after the target date. There is no guarantee the trusts 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.

SIRTs
1-Year Performance Summary as of December 31, 2019

Trust	Unit Class I Performance %	Unit Class I Performance vs. Custom Index ¹ (+/-) %	Unit Class I Category Percentile Ranking ²	Key Comments
SIRT 2010	14.54	-0.06	41	For the year, the trusts ranked in the 49 th percentile on average versus peers. Performance versus the trusts' custom blended indices was in line with expectations.
SIRT 2015	15.04	-0.08	57	
SIRT 2020	16.08	-0.08	59	
SIRT 2025	18.69	-0.10	44	<p>Dispersion for the 2010 to 2060 trusts ranged from -14 bps to -4 bps.</p> <p>Glide Path Impact: 2019 was a bull market year for both equities and fixed income, strong returns in the 4th quarter overcame losses in the 2nd and 3rd quarters. In general, while both equities and fixed income ended the year in positive territory, equities outperformed fixed income. Like the 4th quarter, absolute performance from the glide path was mixed, later dated trusts benefitted from a higher allocation to equities while earlier dated trusts lagged due to a lower allocation to equities.</p> <p>Asset Allocation: Results from the trusts' strategic asset allocation were mostly positive for the year due to an overweight to domestic equities which outperformed most international and emerging markets equities.</p>
SIRT 2030	20.61	-0.07	46	
SIRT 2035	22.05	-0.11	56	
SIRT 2040	23.41	-0.06	56	
SIRT 2045	24.37	-0.10	58	
SIRT 2050	24.95	-0.07	48	
SIRT 2055	25.34	-0.14	41	
SIRT 2060	25.75	-0.04	35	

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.

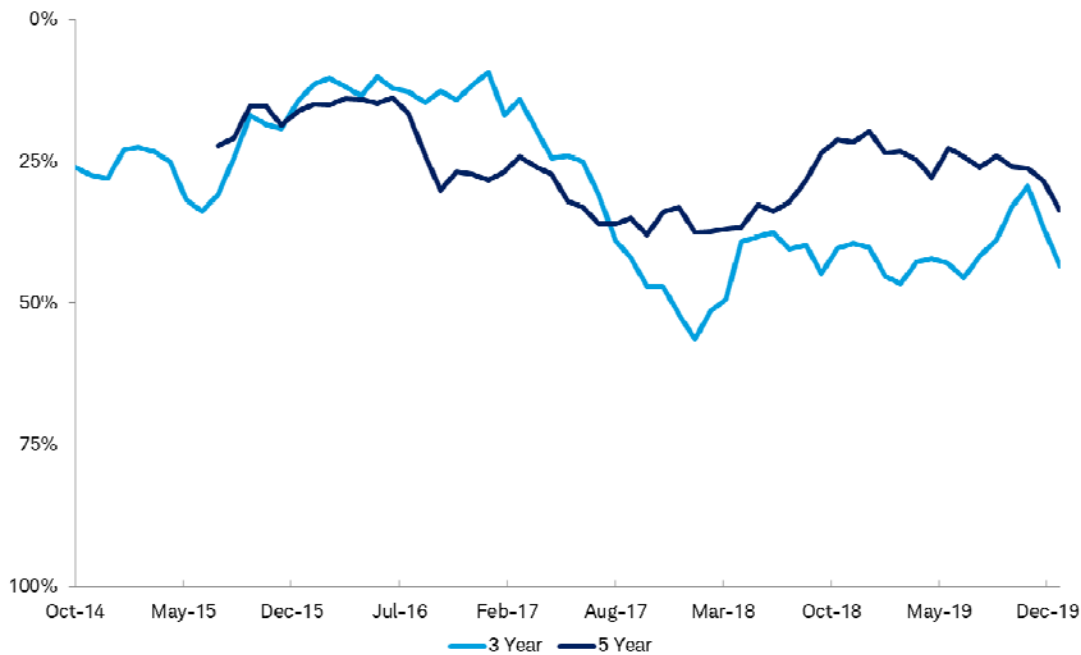
For additional performance information please visit www.schwabtrustbankcollectives.com. Effective January 1, 2019, Charles Schwab Bank transferred trusteeship of its CITs to its affiliate CSTB, as successor trustee of the Trusts. The values of the target date trust will fluctuate up to and after the target date. There is no guarantee the trusts will provide adequate income at or through retirement.

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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.

SIRTs – Rankings Summary

Average 3 and 5 Year Category Rankings (Unit Class I) as of December 31, 2019



Morningstar Percentile Ranks vs. Peers

As of December 31, 2019 (Net of fees)

TRUST	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	
2010	Morningstar Category: Target-Date2000-2010 MF	41	38	42	56	140	102	83	62
2015	Morningstar Category: Target-Date2015 MF	57	56	55	81	128	99	73	47
2020	Morningstar Category: Target-Date2020 MF	59	42	36	41	233	198	156	93
2025	Morningstar Category: Target-Date2025 MF	44	33	23	26	232	196	157	83
2030	Morningstar Category: Target-Date2030 MF	46	40	28	27	241	206	164	95
2035	Morningstar Category: Target-Date2035 MF	56	47	33	25	229	193	154	80
2040	Morningstar Category: Target-Date2040 MF	56	43	35	25	241	206	164	95
2045	Morningstar Category: Target-Date2045 MF	58	46	31	18	229	193	154	79
2050	Morningstar Category: Target-Date2050 MF	48	43	28	13	241	206	164	77
2055	Morningstar Category: Target-Date2055 MF	41	43	25	--	229	191	149	15
2060	Morningstar Category: Target-Date2060+ MF	35	45	--	--	216	147	34	--

■ 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% Equity represents the 2019- Policy Allocation and includes all assets not classified as cash or fixed income.

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.

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

News & Updates:

Charles Schwab Trust Bank announced a price reduction to 0.07% for the Schwab Indexed Retirement Trusts® (SIRT) effective December 6, 2019. Please see the link below for more information.

<https://www.schwabtrustbankcollectives.com/public/file/P-12377580>

We are pleased to announce the Schwab Target Index Funds (mutual funds managed by CSIM) celebrated their 3-year milestone on August 26, 2019. With over \$1.8 billion in assets under management at the end of 2019, the funds' have established a strong track record, ranking on average in the top median of their respective Morningstar categories for the three year period ending December, 2019. See the link below for more information on the funds available at 0.08% with no minimum for retirement plans.

<https://www.schwabfunds.com/public/csim/home/products/target-date-multi-asset>

For white papers, please see the News and Insight section of the Charles Schwab Trust Bank website.

https://www.schwabtrustbankcollectives.com/public/sbf/about_us/news

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.

The expense ratio for SIRT Unit Class I was 0.08%; effective 12/06/2019 the OER is 0.07%

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 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 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. **There is no guarantee the trusts will provide adequate income at or through retirement.**

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 trust will provide adequate income at or through retirement.**

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2019 SMRT and SIRT Custom Index Allocations

INDEX	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Russell 1000 Index	49.8	49.1	48.3	47.1	44.9	42.0	38.5	33.6	26.4	24.4	23.1	16.6
Russell 2000 Index	6.8	6.5	6.2	5.8	5.1	4.3	3.5	2.7	1.8	1.6	1.5	0.9
MSCI EAFE Index (Net)	26.1	25.5	24.8	23.9	22.3	20.4	18.2	15.5	11.7	10.6	9.6	6.2
MSCI Emerging Markets Index (Net)	6.3	6.0	5.5	5.0	4.2	3.3	2.4	1.5	0.6	0.0	0.0	0.0
FTSE EPRA/NAREIT Developed Index (Net)	4.8	4.6	4.5	4.4	4.1	3.7	3.3	2.8	2.2	1.9	1.8	1.3
Bloomberg Commodity Index	1.2	1.2	1.2	1.1	1.0	0.9	0.8	0.7	0.5	0.0	0.0	0.0
Bloomberg Barclays US Government/Credit 1-3 Year Index	0.5	0.7	1.0	1.4	2.1	3.0	4.2	5.9	8.4	9.4	9.9	12.4
Bloomberg Barclays US Aggregate Bond Index	3.3	4.5	6.1	8.2	11.8	16.2	21.0	26.5	34.2	36.8	38.2	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	1.8	5.0	6.1	6.4	7.5
Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	0.8	1.0	1.4	1.9	2.7	3.7	4.7	4.5	3.0	2.4	2.3	1.9
FTSE 3 Month U.S. Treasury Bill Index	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 represent target policy allocations for 2019, effective January 31, 2019. 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 the SMRTs. The SMRT Income Fund's Custom Index benchmark allocations for Russell 1000 Index and MSCI EAFE Index (Net) were 16.6% and 6.2%, respectively, and not 17.1% and 5.7% as previously reported.

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, disposure 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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