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Schwab Wealth Advisory™ Disclosure Brochure

**Charles Schwab & Co., Inc. Disclosure Brochure for the
Schwab Wealth Advisory Wrap Fee Program
(For U.S. and International Clients)**

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This wrap fee program brochure provides information about the qualifications and business practices of Charles Schwab & Co., Inc. ("Schwab"). If you have any questions about the contents of this brochure, please contact us at 1-800-435-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Schwab's description of itself in this brochure as a Registered Investment Adviser does not imply a certain level of skill or training on the part of Schwab or its representatives.

Additional information about Schwab is also available on the SEC's website at www.adviserinfo.sec.gov.

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Introduction

Charles Schwab & Co., Inc. (“Schwab,” “we,” or “us”) is a dual registrant investment adviser and broker-dealer. Schwab is registered as an investment adviser with the Securities and Exchange Commission (SEC). Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Schwab is organized as a California corporation formed in 1971. Schwab is an indirect, wholly owned subsidiary of The Charles Schwab Corporation (“CSCorp.”), a Delaware corporation that is publicly traded and listed on the New York Stock Exchange (symbol: SCHW). Schwab’s principal place of business for its investment adviser is in San Francisco, California and the principal place of business for its broker-dealer is in Westlake, Texas.

Schwab sponsors other wrap fee programs and provides referral services described in separate disclosure brochures, which are available upon request.

Services, Fees, and Compensation

Services

Wrap Fee Programs

Schwab offers investment advisory services where you are charged a single, bundled, or “wrap” fee (“fee” or “fees”) for investment advice, brokerage services, custody services, administrative expenses, and other fees and expenses. Your fee is based on a percentage of the value of your account. Schwab will not charge you a commission for each transaction. Because Schwab bundles services into a single wrap fee, total fees to a client in a wrap fee program may be more than obtaining the services separately. Schwab’s investment advisory wrap fee programs have varying investment minimum fee ranges, as we detail below.

Schwab Wealth Advisory Wrap Fee Program

This brochure describes the investment advisory services that Schwab offers to high and ultra-high net worth clients who reside in the U.S. and internationally.

Schwab sponsors an investment advisory wrap fee program, Schwab Wealth Advisory™ (“SWA Program”) (formerly known as Schwab Private Client™ [SPC]). The SWA Program is a fee-based program, which offers periodic non-discretionary investment advice by investment representatives of Schwab Wealth Advisory, Inc. (SWAI), a Registered Investment Adviser. Schwab and SWAI are affiliates and are subsidiaries of CSCorp. At SWAI’s discretion or upon a client’s request, a financial plan, including discussion of various wealth management topics, will be offered. You are eligible to become a client of the SWA Program (“SWA Client”) if you have at least US \$500,000 in assets to enroll in a portfolio (please refer to the “Account Requirements and Types of Clients” section below for more information). During your enrollment in the SWA Program, Schwab will collect from you and review your financial information and your portfolio of Schwab accounts (“Portfolio”). After enrollment, an initial review, conducted by a SWAI Wealth Advisor, will cover a summary of your financial situation as well as an action plan listing specific recommendations for your accounts in the SWA Program (“SWA Accounts”). Your SWAI Wealth Advisor will also meet with you periodically to review and discuss your SWA Accounts and provide any necessary recommendations based on your goals and objectives.

You are responsible for monitoring your own SWA Accounts and determining when and if to buy, hold, or sell securities based on changes in your circumstances, in your Portfolio, and in the market. We will not stop or change any trade orders that you place on your own, nor will we actively monitor your trading in between Portfolio reviews, or your use of margin, cash management, banking, bill pay, or other account features offered as a convenience to you in your SWA Accounts. SWA Accounts may not purchase any securities during an initial public offering period.

SWA Clients who reside in the U.S. will have their uninvested cash, or “free credit balances,” automatically swept into the Schwab Government Money Fund™ (SWGXX), a money market fund. Other cash sweep options, including the Schwab One® Interest and the Bank Sweep are also available. The SWGXX Sweep and Bank Sweep options are only available to clients who reside in the U.S. SWA Clients who reside outside of the U.S. will have their uninvested cash, or free credit balances, automatically deposited into the Schwab One Interest sweep feature. We describe the various cash sweep features further in section “Schwab’s Cash Features Program” under the “Additional Information” section.

Schwab

Schwab acts as the sole sponsor of the SWA Program and as a broker-dealer and sole custodian with respect to assets and transactions in your SWA Accounts. As such, Schwab performs all custodial functions customarily performed for securities brokerage accounts, including crediting of interest and dividends on account assets. All transactions in your SWA Account are executed by Schwab in its capacity as a broker-dealer.

To help you align your Portfolio(s) with your financial goals, Schwab will provide quarterly reporting. These updates include a range of recent account activity, portfolio analysis, and investment performance information for your SWA Accounts. SWAI will also periodically, but no less than annually, review SWA Accounts of clients who reside in the U.S. to identify mutual fund shares that may be eligible for a tax-free exchange with a lower-cost share class of the same fund and initiate such exchanges through Schwab. Schwab will provide trade confirmations to clients for any interclass exchanges that SWAI performs for SWA Clients who reside in the U.S.

Schwab sponsors other wrap fee programs and provides referral services with separate disclosure brochures. These brochures are available upon request.

SWAI

SWAI is an affiliate of Schwab and a Registered Investment Adviser with the SEC. SWAI acts as the investment advisor on your SWA Accounts per an advisory agreement with Schwab (the “SWA Agreement”).

SWA and SWAI Representatives

A team of SWA representatives (collectively, “SWA Representatives”) is available to help you meet your financial goals. Your SWA Representatives include a Financial Consultant (“FC”), who is responsible for establishing and maintaining client relationships, and SWAI representatives.

FCs are either Schwab employees (“Schwab Employee FCs”) or non-employee independent contractors. Your SWAI representatives, including Wealth Advisors, Associate Wealth Advisors, Fixed Income and Options Specialists, financial planners, and others who provide investment advice to SWA Accounts, are employees of SWAI (collectively, “SWAI Representatives”). In addition to being employees and investment advisor representatives of SWAI, SWAI Representatives are also associated persons and registered broker-dealer representatives of Schwab in order to

access Schwab order-entry and other systems in connection with the investment advice delivered to SWA Accounts. SWAI Representatives that access the Schwab order-entry and other systems to execute transactions do so in their capacity as registered representatives of Schwab.

SWAI Representatives review your overall financial picture and consider the total accounts' assets for advice-giving and fee-calculation purposes. You may indicate a preference to avoid investing in certain securities or types of securities and, because the SWA Program is non-discretionary, you decide whether to implement the SWAI Representatives' recommendations. Your SWAI Representative relies on the information you provide about your circumstances without independent verification. As such, it is your responsibility to ensure information is accurate and complete.

Your SWAI Wealth Advisor is responsible for providing periodic non-discretionary investment advice to you in the SWA Program as to how to allocate assets and whether to buy, sell or hold particular securities in a SWA Account based on your goals and financial situation. An Associate Wealth Advisor, who supports the SWAI Wealth Advisor, assists as you join the SWA Program and provides periodic support related to planning and advice interactions. In addition, a team of SWA Service Associates assists you with service needs, such as requests to move money, orientations to Schwab.com, and information about Schwab services. The composition of the team working with you, and the exact role any SWA and SWAI Representative plays, may change over time depending on Schwab's practice model or your needs and preferences. For more information about the role of SWA and SWAI Representatives, please see the SWAI disclosure brochure.

Schwab, SWAI, and the SWA and SWAI Representatives do not exercise investment discretion in your SWA Accounts or move money in or out of them. This means that you make all trading decisions, and that you may accept or decline to follow SWAI Representatives' investment recommendations. You may give trade orders to your SWAI Representative or place trades on your own. SWAI Representatives will act as Registered Representatives of Schwab's broker dealer when performing certain services, such as entering trades, in your Schwab accounts. You are under no obligation to execute any buy or sell recommendations through Schwab. Although the SWA Program is not a discretionary investment advisory program, your SWAI Representative may recommend that you allocate assets in your SWA portfolio to Separately Managed Accounts (SMA), which are managed on a discretionary basis by affiliated or unaffiliated money managers. In those cases, the money manager, and not SWAI, is responsible for portfolio management and discretionary trading in the SMA, and the SWAI Representative's role is limited to recommendations of SMAs and periodic reviews of those SMAs for continued appropriateness in the SWA portfolio. The money manager of your chosen program, and not SWAI, will exercise discretionary investment services, as described in their respective disclosure brochure and as agreed to under the terms of that program's advisory agreement. For more information on affiliated and third-party money managers, refer to the Schwab Managed Account Services™ Disclosure Brochure. Not all SWA Clients will have SMAs, and SMAs are not appropriate for all clients.

While the SWAI Representatives provide guidance to you on wealth management considerations, the advice is dependent on you to provide updates that may require additional considerations and/or changes to the previous plan/analysis. Therefore, it is important for you to monitor your personal situation and current events, including changes in tax laws and financial markets. SWAI Representatives do not provide legal or tax advice, including for foreign tax laws. You should consult with your tax advisor or certified public accountant on all tax-related matters and with your attorney on all legal matters before taking any action. Schwab and SWAI do not act as investment managers within the meaning of the Employee Retirement Income Security Act with respect to any individual retirement account (IRA) or other retirement account that you enroll in the SWA Program. You should carefully consider all relevant factors before deciding how or whether to implement SWAI Representatives' recommendations contained in your analysis or financial plan. You are not obligated to use SWAI or Schwab to implement your plan. Not all investments available to clients who are U.S. residents will be available to clients who reside outside of the U.S. and vice versa.

Financial Planning Services

If you reside in the U.S. and require financial planning assistance, your SWA Representatives may refer you, or you may request referral, to a Schwab financial planning specialist outside of the SWA Program at no additional cost. You may be offered a Schwab Plan Comprehensive™, Schwab Personal Financial Plan™ or a Schwab Equity Compensation Consultation (collectively, "Financial Planning Services"), depending on your needs and circumstances. These plans assess certain aspects of financial planning related to your situation, such as retirement needs, education funding, estate planning, or stock option grants, as applicable.

A team of Investment professionals deliver these Financial Planning Services, and they are available to all SWA Clients who reside in the U.S. This is a separate advisory service from the SWA Program and is provided at a point in time and does not include ongoing monitoring.

Neither SWAI nor Schwab have discretionary authority or assume responsibility with respect to your brokerage accounts from your use of the Financial Planning Services or discussions regarding your financial planning analysis.

Fees

SWA Fee

The SWA fee ("SWA Fee") compensates Schwab, in part, for the services we describe above. If you have Schwab accounts that you have not enrolled in the SWA Program, any fees Schwab charges you for the maintenance or custody of assets in those accounts, or for other account-related services, will be separate from and in addition to the SWA Fee.

The SWA Fee covers all non-discretionary advice you receive through the SWA Program and the equity trade commissions in your SWA Accounts, all transaction fees on purchases and sales of mutual fund shares and all markups, markdowns, and commissions on trades in fixed income investments. All other trade orders and services are subject to Schwab's standard commissions, charges, and fees. In particular, the SWA Fee does not cover the following costs and they are in addition to the SWA Fee:

- Fees that mutual fund companies, unit investment trusts (UITs), closed-end funds and other collective investment vehicles charge, including, but not limited to, sales loads (a portion of which Schwab receives) and/or redemption fees.
- Short-term redemption fees that Schwab charges for funds that participate in the Schwab Mutual Fund OneSource® service. Funds themselves may also charge a redemption fee that your SWA Fee does not cover.
- Fees relating to services that broker-dealers other than Schwab provide for transactions executed or effected by or through them that settle into or from your enrolled accounts. You will be responsible for paying any commissions and other fees or compensation other broker-dealers charge in connection with such transactions.
- Custody and/or transaction fees on Alternative Assets that you transfer to Schwab. For purposes of your enrollment in the SWA Program, "Alternative Assets" include, but are not limited to, non-publicly traded limited partnership and limited liability company interests, private company

common stock, shares of exchange funds, shares of hedge funds and funds of funds, shares of private equity funds and funds of funds, shares of managed futures funds, interests in real estate funds, and other non-publicly traded investments that Schwab, in its sole discretion, determines.

- Fees on options trades.
- Fees to offset processing costs that Schwab incurs for the exchange of securities for equity, options, or other covered security sell transactions.
- Transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, fees required by law, and any other fees or charges similar to those we describe above.

If you are interested in a complete list of Schwab's charges and fees, please see the Charles Schwab Pricing Guide for Individual Investors, which you can access online at schwab.com/pricing or by asking us for a hard copy.

Schwab calculates the SWA Fee by looking at all assets in your Portfolio except cash balances, money market fund shares, mutual fund shares upon which a sales charge has been or will be paid to Schwab, and other non-billable assets. You will find below a detailed description of billable and non-billable assets.

The SWA Fee is billed on the value of the following assets:

- Equities, including, but not limited to, common stock, preferred securities (including convertible preferred stock before conversion), restricted stock, publicly listed master limited partnership shares or units, American depositary receipts, foreign ordinary shares, and any rights or warrants on equities;
- Funds that trade on an exchange, including, but not limited to, exchange-traded funds (ETFs) and any closed-end funds;
- UITs (for clients who reside in the U.S.);
- Undertakings for the collective investment in transferable securities (UCITs) (for clients who reside outside the U.S.);
- Billable fund shares consisting of all mutual fund shares, except money market fund shares or other "non-billable fund shares" (which we describe below). Billable fund shares include, but are not limited to, shares of Schwab-affiliated mutual funds, shares of no-load and load-waived mutual funds, shares of mutual funds on which Schwab charges a transaction fee and any mutual fund shares upon which a sales charge has been paid to another broker-dealer or a financial services firm other than Schwab;
- Fixed Income Investments, including fixed income securities, such as U.S. Treasury and federal agency securities, securities of government sponsored enterprises, corporate bonds and medium-term notes, zero-coupon bonds, commercial paper, municipal bonds, bank certificates of deposit (CDs), asset-backed securities (including collateralized mortgage obligations), convertible debt securities, fixed income market-linked investments that are tied to currency, fixed income or equity indices (such as equity-linked CDs and equity-linked securities);
- Alternative Assets (including, but not limited to, non-publicly traded limited partnership and limited liability company interests, private company common stock, shares of exchange funds, shares of hedge funds and funds of funds, shares of private equity funds and funds of funds, shares of managed futures funds, interests in real estate funds and other non-publicly traded investments that Schwab, in its sole discretion, determines) for which Schwab receives a valuation at least quarterly and that you purchased: (i) through Schwab without a sales charge paid to Schwab; or (ii) through another broker-dealer or a financial services firm other than Schwab whether or not a sales charge was paid to such broker-dealer or other financial services firm; and
- Assets you have purchased on margin or through other extensions of credit by Schwab or its affiliates (such as Pledged Asset Line®, available only to clients who reside in the U.S.). We will not charge the SWA Fee on debit balances in your accounts or on proceeds from "short sales" (meaning securities you sell that you have borrowed but do not own).

SWA non-billable assets include, but are not limited to:

- Cash balances, consisting of money that is awaiting investment, which may include money earning interest through Bank Sweep (available only to clients who reside in the U.S.) or Schwab One® Interest (available to all clients) and that is in your account as a result of a liquidation of securities or a dividend payment;
- Non-billable fund shares, consisting of any money market fund shares, mutual fund shares upon which a sales charge has been or will be paid to Schwab and any other mutual fund shares that Schwab, in its sole discretion, determines will not be subject to the SWA Fee;
- SMA managed accounts sponsored by Schwab. Those accounts will be billed according to the fee schedule(s) for the applicable SMA program; and
- Alternative Assets you purchased through Schwab with a sales load paid to Schwab and/or for which Schwab receives a valuation less frequently than quarterly; and
- Other investments, including, but not limited to, options, and direct investments in commodities and commodity futures;
- Other investment options, including insurance, annuities, and education investment plans that are only available to clients of the SWA Program who reside in the U.S.

Schwab bills the SWA Fee in arrears and calculates it as a percentage of the billable assets in your SWA Accounts. The table below lists the applicable annual percentage rates (each an "APR"). There is a quarterly minimum fee equal to the lesser of: (a) \$1,000; or (b) the quarterly fee from applying a 1.60% APR to the total billable assets in your enrolled accounts (the "Quarterly Minimum"). Portfolios subject to the Quarterly Minimum will also be subject to a "Quarterly Maximum" APR of 1.60%.

On a daily basis, Schwab multiplies the total value of your SWA billable assets by the daily pro rata portion (i.e., 1/365, or 1/366 in a leap year) of the APR (each a "Daily Total Amount"). For the last business day of the quarter and any subsequent non-business days, Schwab assumes the Daily Total Amount to be equal to the Daily Total Amount for the second-to-last business day of the quarter. Schwab adds together the Daily Total Amounts for each quarter to make the "Quarterly Total Amount." If the Quarterly Total Amount is greater than the Quarterly Minimum, you will pay the Quarterly Total Amount for that quarter; otherwise, you will pay the Quarterly Minimum. The Quarterly Total Amount includes any Schwab Managed Account Services™ (MAS) or Schwab Managed Portfolios™ (SMP) fees for clients whose MAS or SMP accounts are grouped together with

SWA Accounts for purposes of meeting the Quarterly Minimum and calculating the Quarterly Maximum. SMP is only available to SWA Clients who reside in the U.S.

Billing groups enrolled in the SWA Program for a partial quarter will not be subject to the Quarterly Minimum; instead, we will charge the sum of the daily fees for the number of days enrolled.

Fee Schedules

Schwab has the following fee schedules for SWA Accounts:

- “Standard Fee Schedule,” which went into effect on October 1, 2018, and applies to SWA Accounts you enrolled starting January 1, 2014, that were previously subject to a 2014 fee schedule; and
- “Grandfathered Fee Schedule,” which applies to accounts you enrolled before January 1, 2014, and SWA Accounts subject to the Grandfathered Fee Schedule remain on that schedule, even after the Standard Fee Schedule went into effect.

Standard Fee Schedule (effective October 1, 2018)

Billable Assets	Annual Percentage Rate
Amounts up to US\$1 million	0.80%
Next US\$1 million (more than US\$1M up to US\$2M)	0.75%
Next US\$3 million (more than US\$2M up to US\$5M)	0.70%
Assets over US\$5 million	0.30%

Grandfathered Fee Schedule for accounts enrolled before January 1, 2014, or otherwise subject to lower price conditions

Billable Assets per Asset Category	Asset Category: Equities, ETFs, UITs, Billable Fund Shares (Except Fixed Income Open-Ended Funds) and Alternative Assets. Annual Percentage Rate	Asset Category: Fixed Income Investments (Including Billable Open-Ended Fund Shares of Fixed Income Funds, but Not Including Fixed Income ETFs). Annual Percentage Rate
Amounts up to US\$500,000	0.75%	0.50%
Next US\$500,000 (more than US\$500K up to US\$1M)	0.70%	0.48%
Next US\$1 million (more than US\$1M up to US\$2M)	0.65%	0.45%
Next US\$3 million (more than US\$2M up to US\$5M)	0.60%	0.40%
Next US\$5 million (more than US\$5M up to US\$10M)	0.45%	0.30%
Assets over US\$10 million	0.30%	0.15%

The Grandfathered Fee Schedule also applies to any SWA Accounts you enrolled on or after January 1, 2014, if they meet certain lower price conditions (“Lower Price Conditions”). Specifically, if you or someone in your household (e.g., a person with the same last name living at the same address) (1) opened an SWA Account before January 1, 2014, and (2) has continuously maintained at least one SWA Account since the time of that initial enrollment in the SWA Program (thus meeting Lower Price Conditions), the Grandfathered Fee Schedule will apply to new SWA Accounts that you enrolled on or after January 1, 2014. If you believe that your SWA Account qualifies for, but is not receiving, the Grandfathered Fee Schedule pricing, please notify us immediately.

The SWA Fee will impact the overall performance—both total return and yield—of your SWA Accounts, which is why we calculate the performance figures for your Portfolio in your quarterly report net of the SWA Fee. You should consider the impact of the SWA Fee on, for example, income-producing securities, and on the performance of mutual funds for which you will also be paying fees and charges. If you believe that there are any discrepancies between the SWA Fee charged and the SWA Fee calculated under the applicable fee schedule, please notify us immediately. Although some clients may qualify for discounts, the standard SWA Fee is generally not negotiable. From time to time, Schwab may, at its sole discretion, reduce or change the applicable SWA Fee for clients or groups of clients as a result of individual negotiations or promotional offers.

Schwab may offer some of the features of the SWA Program outside of the SWA Program for separate fees or in bundles as part of other services. Depending on the size of the respective fees and the features you intend to use (including the amount and type of trading in your accounts and the type of advice you seek), a different Schwab service, or some combination of different Schwab services, might be less expensive or better suited for you than the SWA Program. Please call Schwab if you are unsure whether the SWA Program is right for you.

Other Fee Considerations

The SWA Fee is separate from any fee you might pay for MAS, SMP, or other wrap fee programs that Schwab sponsors. Accounts enrolled in MAS and SMP are not subject to the SWA Fee, but certain MAS and SMP accounts may be grouped together with SWA Accounts for purposes of meeting the Quarterly Minimum and calculating the Quarterly Maximum. It is your responsibility to inform Schwab of all accounts that you wish to group together for billing purposes and to qualify for any available aggregation discounts.

ETFs and mutual funds in the SWA Program are subject to operating expenses and fees as set forth in the prospectuses of those funds. Funds pay these fees and expenses internally out of fund assets, and they do not result in additional charges to the SWA Clients.

Per the SWA Agreement, Schwab pays SWAI a fee related to the provision of investment advisory services to SWA Clients equal to: (1) the costs and expenses SWAI incurs in connection with the SWA Program, plus (2) an additional amount of 10% of those costs and expenses. SWAI does not enter into agreements directly with SWA Clients or Schwab clients and accordingly does not receive direct compensation from them or negotiate fees with them.

Compensation

SWAI Representatives' Compensation

The SWAI disclosure brochure describes SWAI Representatives' compensation for providing investment advice to SWA Clients and it does not vary depending on what the investment recommendations they make to you and is not based on investment performance.

Pursuant to a consulting agreement between SWAI and Charles Schwab, Hong Kong, Limited ("CSHK"), SWAI provides research services and related materials to CSHK upon request, for which CSHK pays SWAI a designated recurring fee (which is subject to change upon written agreement).

SWAI does not enter into agreements directly with the SWA Clients, Schwab clients, CSHK clients or CSTC clients and accordingly does not receive direct compensation from them or negotiate fees with them.

FCs Compensation

FCs who operate Schwab Independent Branches are known as Independent Branch Leaders (IBLs) or, if employed by such IBLs, Independent Branch (IB) Representatives. FCs, with their own employees, operate at Schwab Independent Branches pursuant to a franchise agreement with Schwab.

In addition to their base salaries, Schwab Employee FCs receive compensation for successfully enrolling clients into the SWA Program (or other Schwab investment advisory programs) and for servicing those clients after enrollment. Schwab may earn more or less revenue depending on what products and services a Schwab Employee FC recommends, and a client chooses. Schwab Employee FC compensation varies by the type of program or services an account participates in. Schwab has designed Schwab Employee FC compensation to be based on factors that include the time, complexity, and expertise necessary to understand and recommend a program and to provide ongoing service to a client enrolled in a given program. Based on these factors, the amounts Schwab Employee FCs earn on assets enrolled in the SWA Program exceed the amounts earned on assets in commission-based brokerage accounts and in some other advisory program accounts.

As independent contractors, IBLs receive a monthly "Net Payout" from Schwab, which includes amounts earned on assets in accounts referred to the SWA Program and other advisory programs and assets in commission-based brokerage accounts, and it is from this Net Payout amount that IBLs pay their IB Representative employees. As with Schwab Employee FCs, IBLs and IB Representatives may earn amounts that vary by the type of program in which an account participates.

For detailed information on the compensation of FCs and other SWA Representatives, please visit our website at schwab.com/representative-compensation.

Schwab Compensation

This section describes compensation Schwab receives that creates a conflict of interest between you and Schwab. You should carefully consider these conflicts when enrolling in the SWA Program.

Schwab's Mutual Fund Marketplace (MFMP) gives investors access to a wide range of funds and share classes from different mutual fund companies. When clients invest in a mutual fund in a Schwab account, Schwab receives compensation from certain mutual fund companies for the recordkeeping, shareholder services and other administrative services that Schwab provides to shareholders of the funds. These shareholder services include transaction processing, settlement of trades, dividend distribution, record maintenance, and distribution of statements, confirmations, prospectuses, and other regulatory shareholder documents.

To the extent that any part of the fees described below are paid out of fund assets, those amounts are included in the fund's operating expense ratio ("OER"), which means they are indirectly borne by the fund's shareholders.

Certain funds or fund families pay a flat platform fee, an asset-based platform fee or a combination of these fee structures to compensate Schwab for activities related to Schwab's sponsorship of the MFMP. This payment to Schwab can be based on any number of factors, such as the level of assets invested in the funds, purchases of the funds over the period, net flows into the funds (gross purchases less redemptions), or other qualitative factors such as Schwab's assessment of the quality of the relationship with fund companies. These platform fees are paid to Schwab in addition to the other shareholder services fee discussed elsewhere in this document. These platform fees equate to an annual fee of 0.10% or less of the average fund assets at Schwab (assuming the flat or tiered platform fee were converted from dollars to an annual asset-based fee.). This platform fee is generally paid by the fund advisor or another fund affiliate out of its own resources, and not directly out of fund assets.

Fund companies are separated into relationship tiers based on a combination of their fund assets held at Schwab and the asset-based and flat fees they pay to Schwab. This tiered structure creates conflicts of interests, as fund companies that are in the top tiers will have greater access to Schwab and SWAI Representatives and advisors that custody their clients' assets at Schwab and who in turn are more likely to recommend funds that are familiar to them. However, these tiers will not impact or influence the selection of any fund on the Schwab lists used by Schwab Representatives to make recommendations and provide advice.

Strategic Provider Relationship

Schwab has a long-term strategic relationship with T. Rowe Price, and under this arrangement, T. Rowe Price makes payments to Schwab. The payments are in exchange for Schwab promoting certain actively managed T. Rowe Price mutual funds and ETFs to SWA Clients, and for providing additional mutual fund and ETF marketing support to T. Rowe Price ("Strategic Provider Relationship"). This payment is significant and will increase over each year of the relationship if Schwab is successful in promoting T. Rowe Price funds, based upon asset growth in the T. Rowe Price funds at Schwab. Schwab received payments of US\$12.4 million from T. Rowe Price for these promotional services during 2023. Payment in 2024 may be higher or lower depending on growth of T. Rowe Price assets at Schwab. This strategic relationship payment is in addition to and separate from payments T. Rowe Price makes to Schwab for shareholder and administrative services.

The terms of the arrangement provide a considerable financial benefit to Schwab. This creates conflicts of interest as T. Rowe Price will have greater access to Schwab and SWAI Representatives and advisors that custody their clients' assets at Schwab, and Schwab will promote T. Rowe Price mutual funds and ETFs to our clients on Schwab.com and other digital properties. SWA Clients may be more likely to select, and Schwab and SWAI Representatives or advisors that custody their clients' assets at Schwab may be more likely to recommend, funds that are familiar to them and that receive greater promotional support from Schwab. The Strategic Provider Relationship will not impact selection of any fund on the Schwab lists used by Schwab and SWAI Representatives to make recommendations to clients. In addition, the compensation received by Schwab and SWAI Representatives will not differ based on whether the fund is from a Schwab affiliate, third-party fund sponsor, or T. Rowe Price.

Schwab Mutual Fund OneSource® Service and Other No-Transaction-Fee Funds

Through its Mutual Fund OneSource® service and other NTF funds, Schwab offers a selection of no-load and load-waived retail and non-retail share classes of mutual funds, including certain institutional share classes that are available with no transaction fee to investors. The compensation Schwab receives from mutual fund companies for shareholder services for OneSource/NTF funds may differ based on when the fund first became available at Schwab or other factors. If a retail, non-retail or institutional share class was first made available on OneSource/NTF, the asset-based annual fee for shareholder services could be up to 0.45%, but typically is 0.40%, which is higher than other share classes. At this standard rate, the fund or fund affiliate pays Schwab \$40 each year for each \$10,000 in fund assets held by an investor for the Shareholder Services provided by Schwab. The fee may be subject to a monthly minimum that does not exceed US\$2,000. The fee applies starting with the first or seventh full month, depending on when the fund family was added to the platform, after the fund is made available for purchase at Schwab and only if the asset-based fee calculated for the month is less than the minimum monthly fee. When adding a new fund to Schwab's NTF platform, NTF Funds also pay Schwab establishment fees. The fee for the first fund that Schwab adds does not exceed US\$25,000 and the fee for each additional fund within a fund family that Schwab adds is US\$3,000.

Outside of the OneSource/NTF service, certain fund companies pay an asset-based fee for shareholder services on institutional share classes made available with no transaction fee ("Institutional NTF" or "INTF") and held by clients of investment advisors and other institutional investors, including certain large retail investors. Fees on new institutional class shares acquired or held at Schwab, are typically 0.17% per year but can range up to 0.19%. At a rate of 0.19%, the fund or fund affiliate pays Schwab \$19 each year for each \$10,000 in fund assets held by an investor for the Shareholder Services provided by Schwab. The asset-based annual shareholder services fee on existing assets converted from transaction fee funds could be up to 0.15%, but typically is 0.12%, while shareholder services fees on existing assets that converted from Schwab Mutual Fund OneSource to INTF could be up to 0.45%, but typically are 0.40%. At rates of 0.12% and 0.40%, the fund or fund affiliate pays Schwab \$12 or \$40 each year for each \$10,000 in fund assets held by an investor for the Shareholder Services provided by Schwab. When adding new INTF funds, the funds also pay Schwab establishment fees. The fee for the first fund that Schwab adds does not exceed US\$25,000 and the fee for each additional fund within a fund family that Schwab adds as NTF is US\$1,000 or US\$2,000 if added transaction fee ("TF").

Schwab, as a broker-dealer, set the initial investment minimum for NTF Funds and transaction-fee funds in the SWA Program at US\$1. The investment minimums for the purchase of funds in SWA Accounts may differ from the investment minimums for the purchase of funds in Schwab brokerage accounts outside of the SWA Program. Fund companies may request a higher initial investment minimum, which we will apply to initial purchases in SWA Accounts, making the investment minimum higher than US\$1.

There are no transaction fee charges on any funds you purchase in your SWA Accounts. A transaction fee is a trade fee that a brokerage company charges to purchase or sell a mutual fund. While there are no transaction fees, clients are subject to additional fees that we disclose in the client agreement.

Based on its shareholder servicing arrangements with fund companies, Schwab receives greater compensation from NTF Fund share classes than it receives from comparable investments made in the TF Fund category.

Transaction Fee Funds

For institutional share classes made available with a TF that are held by clients of investment advisors and other institutional investors, including certain large retail investors, the asset-based annual fee for shareholder services could be up to 0.25%, but typically is 0.10%. At this standard rate, the fund or fund affiliate pays Schwab \$10 each year for each \$10,000 in fund assets held by an investor for the Shareholder Services provided by Schwab.

In some cases, Schwab applies a minimum monthly fee of US\$1,000 per month per TF Fund, depending on when Schwab added the fund family to the platform. This minimum monthly fee applies starting with the first full month after the fund has become available for purchase at Schwab and only if the asset-based fee calculated for the month is less than the minimum monthly fee. When adding a new fund to Schwab's platform, TF Funds also pay Schwab establishment fees. The fee for the first fund that Schwab adds does not exceed US\$25,000 and the fee for each additional fund within a fund family that Schwab adds is US\$5,000.

When adding a new interval fund to Schwab's OneSource/NTF, INTF or TF platforms, interval funds also pay Schwab establishment fees. The fee for the first interval fund that Schwab adds does not exceed US\$25,000 and the fee for each additional interval fund within a fund family that Schwab adds is US\$25,000.

Schwab Funds

Schwab currently has one affiliated mutual fund family: Schwab Funds®. Schwab's affiliate, Charles Schwab Investment Management, Inc. (CSIM), doing business as Schwab Asset Management, serves as investment advisor and/or administrator to the Schwab Funds. Schwab Funds pay CSIM a fee for investment advisory and/or administrative services, the amount of which we describe in the funds' prospectuses.

All Schwab Funds are part of Schwab's Mutual Fund OneSource service. Consequently, like unaffiliated Mutual Fund OneSource and NTF mutual funds, certain of the Schwab Funds pay Schwab an asset-based fee for the shareholder services that Schwab provides.

Some Schwab Funds have adopted a shareholder servicing plan pursuant to which they may pay fees to Schwab for shareholder services ranging up to 0.25% annually. Pursuant to its shareholder servicing plan, SWGXX may pay Schwab up to an additional 0.10% annually for sweep administrative services that Schwab provides to shareholders invested in sweep shares of SWGXX. Some Schwab Funds do not make any payments to Schwab under a shareholder servicing plan. Many of the Schwab Funds have adopted a unitary fee structure under which a single fee is paid to CSIM, and out of which CSIM pays for certain services provided to the funds; CSIM and its affiliates are entitled to retain any portion of this fee not paid out to a service provider.

In aggregate, the fees Schwab receives from Schwab Funds are greater than the compensation Schwab receives from unaffiliated fund companies participating in the Schwab Mutual Fund OneSource service.

Sponsorship and Educational Opportunities

In addition to the fees we describe above, Schwab may earn additional compensation from certain mutual funds for the administrative services Schwab provides in connection with various event sponsorship or marketing opportunities. The amount of such fees varies depending on the type and number of opportunities in which the fund participates.

Mutual Fund Recommendations

Schwab policy only allows SWA Representatives to recommend the purchase of funds on Schwab's recommendable lists of funds. Although Schwab does not explicitly consider compensation in the selection of funds for any recommendable list, by design, the majority of mutual funds on the recommendable lists are no-load, NTF funds that are part of the Schwab Mutual Fund OneSource® service, with some prominence given to Schwab Affiliate Funds. Schwab and its affiliates earn more money when clients purchase and hold funds that participate in the Mutual Fund OneSource service and Schwab Funds. SWA Representatives' mutual fund recommendations are subject to substantially similar advice policies and guidelines adopted by SWAI.

Exchange Traded Funds

Some third-party Exchange Traded Funds (ETFs) sponsors or their affiliates make payments to Schwab for ETF-related opportunities, such as education, events, and data and reporting. Certain ETF sponsors pay Schwab up to \$750,000 annually for access to data and reports. The total amount of the fees paid by each ETF sponsor to Schwab for education and events will vary depending on the type and number of opportunities in which the ETF firm participates.

Schwab receives payment from third-party active semi-transparent (also known as non-transparent) ETFs or their sponsors for platform support and technology, shareholder communications, reporting, and similar administrative services for third-party active semi-transparent ETFs available at Schwab. This fee will vary, but typically is an asset-based fee of 0.10% per annum of the assets held at Schwab. Neither CSIM nor Schwab active semi-transparent ETFs pay a separate fee to Schwab for these services. However, CSIM reimburses Schwab, in its capacity as an affiliated financial intermediary of CSIM's, for Schwab's costs in providing certain professional, administrative, and support services for the Schwab ETFs™.

CSIM serves as investment advisor to Schwab ETFs and receives a fee for its services from the Schwab ETFs.

Schwab 529 Education Savings Plan ("Schwab 529 Plan") and Learning Quest® Education Savings Program ("Learning Quest Program")

The Schwab 529 Plan and Learning Quest Program are education investment programs administered by the State of Kansas pursuant to Section 529 of the Internal Revenue Code. These plans are managed by American Century Investment Management, Inc. ("American Century"). The portfolios for purchase in the Schwab 529 Plan include American Century funds, other third-party funds, and Schwab Funds.

American Century pays Schwab for providing services, including customer support and processing of account opening and maintenance requests, to Schwab clients who invest in the Schwab 529 Plan comprised of actively managed funds. This fee is based on total assets held in the Schwab 529 Plan, other than Schwab Funds, less a program cost allocation retained by American Century. American Century does not pay Schwab for assets held in the Schwab 529 Plan comprised of index or passively managed funds.

Learning Quest Program is no longer available for purchase at Schwab, but Schwab receives a fee from American Century for providing services to Schwab clients already invested in the Learning Quest Program, including customer support and processing of account maintenance requests. This fee is based on the total assets held by Schwab clients in the Schwab Learning Quest Program and the average account size.

Education investment plans are only available to SWA Clients who reside in the U.S.

Annuities

Schwab has annuity selling agreements in place with several insurance companies to offer annuities to Schwab clients. The insurance companies pay Schwab a commission for serving as the sales agent and for servicing the annuity contracts. The commission insurers pay to Schwab varies based upon the insurer and the type of annuity contract the client purchases. Schwab's compensation is based on a percentage of premiums paid by the client or on a percentage of the client's account value. Compensation to Schwab is made in the form of an upfront payment only or an upfront payment and a "trail commission" that follows, which insurers pay to Schwab for a certain period of time. The maximum upfront commission insurance companies pay to Schwab is 5.50% and the maximum trail commission is 1.00%.

For variable annuities, Schwab's compensation consists of an annualized commission, which the insurers calculate and pay monthly or quarterly based on the average asset value of the annuity contracts. The maximum annualized variable annuity commission insurance companies pay to Schwab is 0.50%. As an alternative to commission, at least one company currently compensates Schwab for marketing services. To the extent variable annuity assets are invested in a Schwab fund or Schwab ETF managed by CSIM, Schwab and its affiliates earn additional compensation. These Schwab Funds® and Schwab ETFs™ pay CSIM a fee for investment advisory and/or administrative services, the amount of which we describe in the funds' prospectuses.

Annuities are only available to SWA Clients who reside in the U.S.

Life Insurance, Disability Insurance and Long-Term Care Insurance

Schwab has marketing agreements with a managing general agency ("Agency") to offer life insurance (term and permanent), disability insurance, and long-term care insurance to Schwab clients. The Agency has selling agreements with multiple insurance companies. The insurance companies pay commissions directly to the Agency. The Agency pays Schwab a referral fee of 50% of the first year and renewal commissions paid to the Agency, minus all chargebacks.

Life, disability, and long-term care insurance products are only available to SWA Clients who reside in the U.S.

Broker-Dealer Order Routing and Execution

The SWA Fee covers execution of orders in equity securities executed through Schwab. For clients who do not have a directed brokerage agreement with Schwab, Schwab will execute those clients' trades according to its best execution procedures.

In arranging for the execution of non-directed orders for equities and listed options, Schwab considers a number of factors in evaluating and selecting the execution quality among markets and firms, including:

- execution price and opportunities for price improvement, market depth, and order size;
- trading characteristics of the security, speed, and accuracy of executions;
- availability of efficient and reliable order handling systems, liquidity, and automatic execution guarantees;
- likelihood of execution when limit orders become marketable; and
- service levels and the cost of executing orders at a particular market or firm.

Price improvement occurs when an order is executed at a price more favorable than the displayed national best bid or offer. Schwab routes orders for execution to unaffiliated broker-dealers, who may act as market makers or manage execution of the orders in other market venues. We also route orders directly to major exchanges. Schwab regularly monitors the execution quality to ensure orders are routed to market venues that consistently provide high-quality executions.

Schwab receives payment, such as liquidity or order flow rebates, from market venues to where Schwab routes orders and also pays fees for execution of certain orders. Quarterly information regarding the market venues to which we route orders or receive payment from is available on our website at schwab.com/legal/order-routing-1 or in writing upon request. Information regarding the specific routing destination and execution time of your orders for up to a six-month period is also available upon request.

Schwab executes fixed income orders for SWA Clients as the agent. In the bond market, there is no centralized exchange or quotation service for most fixed income products. Prices reflect activity by market participants or dealers linked to various trading systems. National exchanges list a small number of corporate bonds. Schwab seeks access to major trading systems, exchanges, and dealer markets to obtain competitive pricing. However, it is possible that securities through other trading systems, exchanges, or dealers could have higher or lower prices compared to those available at Schwab. All prices are subject to change without prior notice.

Schwab does not act as principal for equity securities except in limited circumstances such as when executing fractional shares. As an accommodation, Schwab will facilitate the sale of fractional shares of equity securities within your account by purchasing share(s) from you on a principal basis at prevailing market rates. Fractional shares, for example, can be created as a result of dividend reinvestment and cannot be sold directly into the market or transferred via an automatic clearinghouse. The SWA Fee covers execution of fractional shares, which Schwab will liquidate at no additional cost to you. Acting as principal on a trade is a conflict of interest because Schwab is on the other side of the transaction from the customer; however, Schwab seeks to mitigate this conflict by purchasing fractional shares at prevailing market prices and by not charging additional fees on fractional share trades.

Account Requirements and Types of Clients

The SWA Program is available to individuals, trusts or estates, and corporations or other businesses in their eligible Schwab brokerage accounts. Eligible accounts include, but are not limited to, IRAs and retirement accounts for retirement plans that include only self-employed individuals and their spouses. For clients who reside in the U.S., eligible accounts also include eligible pledged asset accounts used as collateral for the Pledged Asset Line® offered by Charles Schwab Bank, SSB, or Charles Schwab Premier Bank, SSB (collectively, the “Affiliated Banks”). The SWA Program excludes other types of retirement plan accounts, offshore trust accounts, certain pledged asset accounts, charitable gift accounts and state and municipal government entities. For purposes of calculating the SWA Fee, Schwab may not combine certain account types, such as estate, conservatorship, and guardianship accounts, while eligible for the SWA Program, with other accounts. For more information on pledged asset accounts that Schwab uses as collateral for the Pledged Asset Line that the Affiliated Banks offer, please refer to the SWA Agreement.

The SWA Program is intended for clients who want to receive a non-discretionary, fee-based periodic investment advice developed through analysis and discussion of various wealth management topics, in addition to brokerage services. The SWA Program is also intended for clients who may want SMAs in the context of a broader non-discretionary investment advisory relationship. The SWA Program is not intended for day trading, highly active trading, or trading in mutual funds based on market timing.

Another Schwab service may be better for investors who want a set mutual fund portfolio, money market funds, underwritten offerings (e.g., initial public offerings), or for investors with high cash balances or insufficient assets in their enrolled accounts. Clients may incur more costs by participating in the SWA Program than if they received services provided in other areas at Schwab, such as a broker-dealer account.

The initial enrollment minimum for the SWA Program is US \$500,000. Schwab may reduce or waive this minimum in certain situations, including through individual negotiations or business considerations. Schwab may allow portfolio groups with lower enrolled assets (e.g., due to withdrawals or enrollment in the SWA Program during a time when a lower asset minimum was in place) to remain in the SWA Program.

Portfolio Manager Selection and Evaluation

SWAI and SWAI Representatives serve as the Portfolio Manager for the SWA Accounts. Because the SWA Program is non-discretionary, and because SWA Clients may place unsolicited trade orders and decline trade recommendations by their SWAI Representatives, Schwab does not evaluate SWAI Representatives based the performance of a particular SWA Account or groups of SWA Accounts. Schwab monitors SWAI Representatives for compliance with applicable advice policies and guidelines (which we describe in “Participation or Interest in Client Transactions” below). SWAI further supervises SWAI Representatives for compliance with substantially similar SWAI advice policies and guidelines. Due to Schwab’s additional revenue and dependence on new referrals from Schwab branches, SWAI Representatives have a conflict of interest when determining the SWA Program and/or other Schwab sponsored managed programs to be in your best interest.

Mutual Funds

When SWA Clients invest in a mutual fund in a Schwab account, Schwab may receive compensation from mutual fund companies for the recordkeeping, shareholder services and other administrative services that Schwab provides to shareholders of the funds. Please see the “Services, Fees, and Compensation” section for an explanation of this compensation.

Advisory Business

Schwab provides the SWA Program through its dual role as Registered Investment Adviser and broker-dealer. In addition to the SWA Program, Schwab provides other investment advisory services. Schwab refers investors seeking assistance with managing their assets and/or other financial planning activities to third-party investment advisers through the Schwab Advisor Network®. Advisors participating in the Schwab Advisor Network are independent and not affiliated with Schwab. Investment advisors pay a fee to participate in the Schwab Advisor Network program. Schwab services also include sponsorship of Schwab Intelligent Portfolios Solutions, SMP, and MAS. As we note above, Financial Planning Services are also available to SWA Clients who reside in the U.S. either through the SWA Program or directly through Schwab. Your SWA Representatives may recommend or refer one of these services to you. Schwab earns additional fees or compensation if you elect to enroll in or purchase one of them. A separate agreement and disclosure brochure are available for these other investment advisory services that Schwab would provide to you at the time of referral or purchase.

Performance-Based Fees and Side-By-Side Management

The SWA Fee is not performance-based. In other words, it is not based on a share of capital gains, or capital appreciation of the assets in SWA Accounts. Likewise, SWA Representatives do not receive compensation tied to investment performance for providing services to the SWA Program.

Methods of Analysis, Investment Strategies and Risk of Loss

The SWAI Representatives for your SWA Accounts will provide you with non-discretionary advice based on your individual circumstances and needs. They follow specific advice policies and guidelines (either Schwab policies and guidelines adopted by SWAI, or separate policies and guidelines specifically formulated for SWAI that SWAI has adopted). These advice policies and guidelines indicate, subject to an exceptions process, the universe of securities they may recommend. Schwab, relying upon research done both internally and by certain affiliates, provides substantial input into the advice policies and guidelines SWAI Representatives follow. The research is based on quantitative, qualitative, technical, and fundamental analysis. This includes, for example, Schwab's methods for evaluating and rating stocks, mutual funds, and ETFs. The analysis underlying the advice policies and guidelines and the evaluation and rating of various investments considers the evaluation of both risk and return and maintaining minimum levels of diversification. A SWAI committee reviews, approves, and amends the advice policies and guidelines that SWAI Representatives follow. SWAI Representatives may supplement the research provided by Schwab Center for Financial Research with additional sources of information, which include, among other resources, financial newspapers, periodicals and/or research reports prepared by third parties made available to Schwab Representatives and clients.

Investment advice is based on Schwab's standard asset allocation models that take into account the historic risks and returns of various asset classes over defined periods of time. The investment strategies the SWAI Representatives recommend to SWA Clients may be a combination of long-term strategies (securities held for at least a year) and short-term strategies (securities held for less than a year) based on principles of asset allocation, risk tolerance, client preference, and diversification. These strategies do not include active trading, short sales in SWA Accounts, or certain complex option strategies.

Investing in securities, whether through the SWA Program or otherwise, involves a risk of loss that you should be prepared to bear. Failure to exercise options prior to expiration may result in forfeiture of value. Equity compensation, such as stock options and restricted stock, is subject to market fluctuation, which could lead to loss of value.

Investment risks may include but are not limited to strategy risks, asset allocation risks, market and systemic risks, credit risks, liquidity risks, risks related to the underlying security (e.g., ETFs, mutual funds, equity, fixed income, government securities, high yield securities), risks related to foreign investments (e.g., emerging markets, frontier markets, currency risks, currency movement restrictions, and changes in local laws and regulations), and risks related to asset classes (e.g., commodities risks, real estate risks). Please see the SWAI disclosure brochure for additional information about these investment risks. We discuss the operational cybersecurity risk and system outages in the "Additional Information" section.

As we note above, SWA Clients who reside in the U.S. can access Financial Planning Services from either SWAI Representatives or Schwab. Unless we specify otherwise, the Financial Planning Services are provided on a discrete basis at a point in time, so it does not involve ongoing advice. Therefore, it is important for you to monitor your personal situation and current events. The methods of analysis for the Financial Planning Services include the creation of personal financial statements (i.e., current cash flow statement, projected cash flow, current net worth, projected net worth statement, and Monte Carlo analysis, which we describe below) based on the information you provide through statements and conversations. The methods of analysis we use are based on the information you provide and on certain static assumptions (e.g., fixed return rates and fixed life expectancies). In reality, these variables will not be static; market fluctuations will affect overall asset performance and uncertain life expectancies may cause clients to outlive their resources or fail to accumulate necessary resources.

Monte Carlo analysis is a statistical method that helps assess the effect of these risks by randomizing return rates, which helps analyze the risk of market fluctuations. Monte Carlo analysis is a projection of the future that attempts to represent the majority of all possible outcomes under a given set of inputs and does not represent the full universe of all possible futures. Monte Carlo analysis is not a guarantee of future outcomes. The results using Monte Carlo Simulations indicate the projected likelihood of achieving a goal. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of goals over the long-term. Exercising and/or selling equity compensation may create additional tax consequences, so you should consult with your tax advisor or CPA on all tax-related matters and with your attorney on all legal matters before taking any action suggested in your financial planning analysis. As we note above, neither SWAI nor Schwab give legal or tax advice. Neither SWAI nor Schwab have discretionary authority or assume responsibility with respect to your brokerage accounts as a result of your use of the Financial Planning Services. You should carefully consider all relevant factors before deciding how or whether to implement recommendations provided under the Financial Planning Services.

Voting Client Securities

Schwab will send you proxy voting materials for securities you hold in your SWA Accounts. You, as the holder of the underlying brokerage accounts, have the sole authority to vote any proxies solicited for those securities. For questions, please contact Schwab.

Client Information Provided to Portfolio Managers

SWA Representatives have access to the information that you disclose to Schwab. SWAI and SWAI Representatives serve as the sole non-discretionary Portfolio Managers in the SWA Program.

Client Contact With Portfolio Managers

You are free to contact your SWAI Representatives at any time during normal business hours for your SWAI Representative's respective location. As we describe in the "Services" section above, meetings with your SWAI Representatives take place periodically throughout the year.

Additional Information

Disciplinary Information

The SEC and other regulatory agencies and organizations have taken certain disciplinary actions against Schwab for violations of investment-related statutes, regulations, and rules. The parties settled these matters and Schwab paid fines with respect to certain violations.

1. In June 2022, Schwab and its former affiliate Charles Schwab Investment Advisory, Inc. settled a matter with the U.S. SEC related to historical disclosures and marketing of the Schwab Intelligent Portfolios® advisory program.

The SEC found that Schwab, along with its former affiliate, Schwab Wealth Investment Advisory, Inc., violated certain provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and the rules thereunder, from March 2015 through November 2018. The SEC found that Schwab made false and misleading statements in Form ADV Part 2A brochures about the cash allocations in Schwab Intelligent Portfolios accounts, in particular about:

- Schwab’s conflict of interest in setting the cash allocations;
- the influence of this conflict of interest on the size of the cash allocations; and
- the negative effect of the cash allocations on performance in Schwab Intelligent Portfolios accounts under market conditions where other assets such as equities outperform cash.

The SEC also found that Schwab failed to sufficiently implement compliance policies designed to prevent the publication of misleading statements. Finally, the SEC found that Schwab made similarly misleading statements in advertisements for the Schwab Intelligent Portfolios.

Without admitting or denying these findings, Schwab agreed to pay a total of \$186,536,861 in disgorgement, pre-judgment interest, and civil penalties. Schwab also agreed to engage an independent consultant to:

- review Schwab’s supervisory, compliance, and other policies and procedures designed to ensure that Schwab Intelligent Portfolios’ disclosures, advertising, and marketing communications comply with the requirements of the Advisers Act, and the rules thereunder, and with other applicable federal securities laws with respect to the Schwab Intelligent Portfolios; and
- submit a report to both Schwab and the SEC describing the independent consultant’s findings and making recommendations. Schwab may identify any recommendations that it considers to be unduly burdensome, impractical, or inappropriate and attempt to reach agreement over such recommendations with the independent consultant, and Schwab must ultimately adopt and implement the independent consultant’s final recommendations.

Other Financial Industry Activities and Affiliations

Schwab holds dual registrations to act as both a broker-dealer and a registered investment adviser.

Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA and SIPC. We provide brokerage services to clients located throughout the United States and, in some circumstances, outside the United States. Incidental to our broker-dealer business, we offer our clients a variety of investment information services and products, including seminars, periodicals, reports, guides, planning tools, brochures, and other publications about securities and investment techniques and insurance. We also provide certain online data and financial reporting services.

Schwab is also registered as an Investment Adviser under the Advisers Act. In addition to sponsoring the SWA Program, Schwab also acts as a registered investment adviser for other programs, including:

- Managed Account Select®,
- Managed Account Connection® (“Connection”),
- SMP (a mutual fund and ETF wrap fee program),
- Schwab Intelligent Portfolios Solutions (automated discretionary managed account programs),
- Schwab Advisor Network® (a referral program of investment advisers to investors who are looking for assistance in managing their assets and/or other financial planning activities). Advisors participating in Schwab Advisor Network are independent and not affiliated with Schwab. Investment advisers pay a fee to participate in the Schwab Advisor Network program,
- Retirement Plan Services (discretionary and non-discretionary advice services with Morningstar Investment Management LLC offered by Schwab Retirement Plan Services, Inc.),
- Financial Planning Services (through the Schwab Personal Financial Plan™, Schwab Retirement Consultation, and Schwab Equity Compensation Consultation), and
- Schwab Managed Account Services™ (for clients of independent investment advisors).

The disclosure brochures for these Schwab programs and services are available upon request.

Schwab Affiliates

Schwab is a wholly owned subsidiary of CSCorp.

Other wholly owned subsidiaries of CSCorp. are engaged in investment advisory, brokerage, trust, custody, or banking services.

Charles Schwab Investment Management, Inc. (CSIM) is an affiliate of Schwab. In addition to managing certain strategies in the Connection wrap fee program, CSIM also manages the SMP wrap fee program and provides advisory and administrative services to certain Schwab affiliated funds marketed under the Schwab Funds® and Schwab ETFs™ names.

TD Ameritrade Holding Corporation is a wholly owned subsidiary of CSCorp. TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., SEC-registered broker-dealers, and members FINRA/SIPC are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade, Inc. is a registered broker-dealer. TD Ameritrade Clearing, Inc., an SEC-registered clearing broker-dealer, provides clearing and execution services for securities brokerage businesses. TD Ameritrade Singapore Pte. Ltd. enables retail investors in Singapore to trade the U.S. markets. Clients can trade stocks, ETFs, options, futures, and options on futures using the thinkorswim® trading platform.

CSCorp. provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank, SSB and Charles Schwab Premier Bank, SSB; Charles Schwab & Co., Inc.; Schwab Retirement Plan Services, Inc.; and Schwab Retirement Plan Services Company.

Charles Schwab Trust Bank offers trust and custody products and services.

Schwab Retirement Plan Services, Inc. and Schwab Retirement Plan Services Company provide recordkeeping and related services with respect to retirement plans.

Charles Schwab Futures and Forex LLC is a Commodities Futures Trading Commission-registered futures commission merchant, a member of the Municipal Securities Rulemaking Board, and National Future Association forex dealer member and offers futures and forex trading to qualified clients.

Charles Schwab Bank, SSB is a subsidiary of CSCorp. that offers deposit accounts, mortgage and home equity line of credit lending products, and credit card products to both Schwab brokerage clients and other clients who have no relationship with Schwab.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics

Schwab has a code of ethics adopted pursuant to SEC Rule 204A-1 under the Advisers Act (the “Code”). The Code reflects the fiduciary principles that govern the conduct of Schwab employees when Schwab acts as an investment adviser as defined under the Advisers Act. The Code requires that Schwab’s covered representatives comply with applicable federal securities laws, report violations of the Code, and for those deemed “access persons” by virtue of providing investment advice or having access to certain related information, report their personal transactions and holdings in certain securities periodically. The Code prohibits access persons from disclosing portfolio transactions or any other non-public information to anyone outside of Schwab, except as required to effect securities transactions for clients, or from using the information for personal profit or to cause others to profit. Access persons are also prohibited from engaging in deceptive conduct in connection with the purchase or sale of securities for client accounts. The Code is subject to change as necessary to remain current with regulatory requirements and internal business policies and procedures. A copy of the Code is available upon request.

SWAI Representatives are subject to a substantially similar code of ethics, described in detail in the SWAI disclosure brochure.

Participation or Interest in Client Transactions

In addition to the SWA Fee, Schwab and its affiliates (with the exception of SWAI) earn money or receive benefits in other ways when executing or effecting recommendations that you may choose to implement as a result of advice you receive in the SWA Program. In some cases, compensation is paid to Schwab by a third party, and you may ultimately bear these fees as a shareholder or investor. FCs may also receive compensation when you purchase one of the investments or products below after the FC has recommended it or introduced you to it. We describe their compensation in the “Compensation” section under the “Services, Fees, and Compensation” section. The extra compensation earned by Schwab, or by an FC, creates a conflict of interest.

As we describe in the SWAI disclosure brochure, SWAI earns no such additional compensation.

The compensation Schwab and its affiliates receive creates a conflict of interest when a SWAI Representative recommends to you or discusses with you one of these securities or products as part of the SWA Program. Schwab addresses these conflicts in a variety of ways, including monitoring for compliance with the Code and establishing security- and product-specific advice policies and guidelines that FCs and SWAI Representatives must follow when making recommendations.

The FC’s and SWAI Representatives’ direct managers and the Central Supervision Team supervise for compliance with Schwab’s advice policies and guidelines the recommendations that the FCs and SWAI Representatives make to you, including recommendations to enroll in the SWA Program and to buy or sell securities within the SWA Program.

Supervisors who oversee SWAI Representatives review a variety of factors once per quarter, including, but not limited to, client appropriateness, asset allocation data, and internal notes to verify that both the SWA Program itself and the security recommendations the SWAI Representatives made within the program are appropriate. Supervisory functions, including review of trading activity, portfolio construction, communication, and review of recommendations into advised offers are conducted by the Central Supervision Team.

Personal Trading

Schwab monitors the personal securities holdings and trading of Schwab representatives. Schwab reviews accounts of its representatives custodied at Schwab and applicable accounts custodied at other firms. The surveillance program monitors holdings and trades against the Code, Charles Schwab Compliance Manual, and other applicable policies. Additionally, Schwab representatives must disclose all securities accounts they own or control after their hire date, and review and confirm the accuracy of those accounts on a quarterly basis.

Schwab representatives are prohibited from engaging in activities that violate federal or state securities laws, or rules and regulations of the exchanges or regulatory agencies. These prohibitions include rules against frontrunning customer orders—which is when a Schwab representative buys or sells a security to possibly capitalize on advance knowledge of an imminent customer transaction that is expected to influence the market price, or passing such information to others for that purpose; so-called “shadowing”—which means misusing confidential customer trade information for possible personal benefit and purchasing shares in initial public offerings.

As we describe in the SWAI disclosure brochure, SWAI Representatives are subject to personal trading policies substantially similar to those described above.

Schwab's Cash Features Program

The Cash Features Program is a service that Schwab provides that permits the uninvested cash, or free credit balance, in your account to earn income while those funds remain uninvested:

- SWGXX
- Bank Sweep
- Schwab One® Interest

Your free credit balance is the uninvested cash in your account, minus the funds necessary to pay for transactions that are waiting to settle and any applicable charges to your account.

The SWA Program uses SWGXX as the default sweep feature, unless you instruct us to use the Bank Sweep feature or the Schwab One Interest feature. SWGXX and Bank Sweep features are only available to SWA Clients who reside in the U.S. Those SWA Clients who reside outside of the U.S. will have their uninvested cash, or free credit balances, automatically deposited into the Schwab One Interest sweep feature.

1. **The SWGXX feature.** This sweep feature invests you in a money market fund that generally may pay a higher yield than certain other cash sweep options, such as the Bank Sweep or Schwab One® Interest. If your accounts currently have a different sweep feature, you authorize and direct Schwab to establish or change your cash sweep feature to SWGXX generally within one week of enrollment into the SWA Program, unless you instruct us not to do so. If your enrollment in the SWA Program is terminated at any time for any reason and if, at that time, you are not otherwise eligible for SWGXX as your cash sweep feature, Schwab may without further notice or consent redeem your shares in the fund and invest or deposit the proceeds in a replacement cash sweep feature for which you are eligible. A different cash sweep feature may apply to your non-SWA accounts. An investment in a money market fund is not a deposit, is not guaranteed by or an obligation of any bank, and is not Federal Deposit Insurance Corporation (FDIC)-insured.
2. **The Bank Sweep feature.** This feature (and for retirement plan accounts, the Bank Sweep for Benefit Plans feature) automatically makes deposits to and withdrawals from deposit accounts at one or more SWA Program banks, which are FDIC-insured depository institutions, and are not eligible for SIPC insurance. SWA Program banks include:
 - Charles Schwab Bank, SSB
 - Charles Schwab Premier Bank, SSB
 - Charles Schwab Trust Bank
 - TD Bank, N.A.,
 - TD Bank USA, N.A.
3. **The Schwab One® Interest feature.** This feature, which is available on rare exception, pays you interest on your free credit balances. If your account is eligible for, and you select, the Schwab One® Interest feature as your Cash Feature, your free credit balance will remain in your account and earn interest. A free credit balance in your account is not a deposit, is not guaranteed by, is not the obligation of any other bank, and is not FDIC-insured. Please see your account statement and the Cash Features Program Disclosure Statement for the terms and conditions of the Schwab One® Interest feature.

Funds Awaiting Investment or Pending Distribution

When your funds are waiting to be deposited in, invested in, or distributed from your account, Schwab earns interest on that cash prior to such deposit, investment, or distribution. This occurs with (1) funds waiting to be credited to your investment account or (2) funds that have been debited from your account and are pending receipt by the receiving party or institution. Such interest retained by Schwab shall generally be at money market rates and for periods of time described in the paragraphs immediately below.

Funds awaiting investment or deposit include: (1) amounts deposited by you into your account; and (2) any other Free Credit Balance held by your account (which will, after the period described below, automatically be swept into a Schwab Sweep Money Fund or deposited into a sweep bank).

With respect to funds awaiting investment or deposit: (1) where such funds are received by Schwab on a business day and before deposit cutoff time for which the funds are deposited, such interest will be earned by Schwab through the beginning of the following business day; (2) where such funds are received on a day which is not a business day, or where such funds are received after the deposit cutoff time, such interest will be earned through the beginning of the second following business day.

When Schwab receives a request for a distribution check from your account, Schwab generally processes the request within two or three business days (unless the distribution is in connection with an unusual event such as death or divorce, in which case it generally will take longer to process the request). On the same day that the processing is completed, the amount of the distribution check will be debited from your account. The distribution check will be written and mailed on the following business day.

Schwab will earn interest beginning on the date your account is debited and ending on the date the check is presented for payment, the timing of which is beyond the control of Schwab. Upon request, Schwab will provide you with a verbal update to determine the status of your outstanding distribution checks.

If a SWA Client who resides in the U.S. requests a Schwab MoneyLink® transfer from your account to another financial institution: (1) the amount of the transfer will be debited by Schwab from the client's account on the day that the transfer process is commenced; (2) the funds will be received by the other financial institution within one to two business days of the date the transfer process is commenced; and (3) the client agrees and acknowledges that Schwab will earn interest on that amount beginning on the date Schwab debits the client's account and ending on the date the Electronic Fund Transfer is received by the other financial institution and thereby debited from Schwab's bank account.

Review of Accounts

The "Services" section of this brochure explains that clients meet with their SWAI Representatives periodically throughout the year to review their Portfolios. A Wealth Advisor most often conducts these reviews, but other SWAI Representatives may also conduct them. It is during, and in

preparation for, these conversations that your SWAI Representatives review the composition and performance of your Portfolio in light of your financial goals and situation.

Client Referrals and Other Compensation

Schwab has entered into an agreement (the "Referral Agreement") with USAA Investment Services Company ("USAA ISCO") under which Schwab will pay USAA ISCO based on a percentage of the assets in Schwab accounts attributable to a referral by USAA ISCO, including assets in SWA Accounts. Under the Referral Agreement, Schwab will pay USAA ISCO an annual percentage amount of 0.15% (or 15 basis points) of asset balances of applicable accounts.

Financial Information

Schwab does not require or solicit prepayment of any fee and is therefore not required to include a balance sheet for its most recent fiscal year. Schwab is not the subject of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to its clients. Schwab is not the subject of any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time during the past 10 years.

Cybersecurity Risk

Information security risks for financial institutions are increasing, in part because of the use of the internet and mobile technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, activists, hackers and other external parties, including foreign state actors. Schwab's systems and those of other financial institutions have been and will continue to be the target of cyber attacks, malicious code, computer viruses, ransomware, and denial of service attacks that could result in unauthorized access, misuse, loss, or destruction of data (including confidential client information), account takeovers, and the unavailability of service or other events. We seek to reduce these risks through controls and procedures we believe are reasonably designed to address these risks. Despite all efforts to ensure the integrity of Schwab's systems, we may not be able to anticipate or implement effective preventive measures against all security breaches of these types, and security breaches that would halt or impair our ability to provide advisory services could still occur. We will respond to breaches with appropriate resources to contain and remediate the cause of the breach and restore operations.

System Outages Risks

System interruptions, errors or downtime can result from a variety of causes, including changes in client use patterns, technological failure, changes to the systems, linkages with third-party systems and power failures and can have a significant impact on Schwab's business and operations. It could take an extended period of time to restore full functionality to the technology or other operating systems in the event of an unforeseen occurrence, which could affect Schwab's ability to manage client assets and deliver advisory services.





March 2024

Summary of Material Changes to the Disclosure Brochures (Form ADV, Part 2A)

For the following services since March 2023:

- Schwab Wealth Advisory™
- Charles Schwab & Co., Inc. Disclosure Brochure for:
 - Schwab Managed Account Services™ Wrap Fee Program
 - Schwab Managed Portfolios™ Wrap Fee Program
 - Schwab Financial Planning Services

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Introduction

Charles Schwab & Co., Inc. (“Schwab”) is required under the Investment Advisers Act of 1940 (the “Advisers Act”) to create and provide to clients disclosure brochures for the investment advisory and financial planning services we offer, including: Schwab Wealth Advisory™, Schwab Managed Portfolios™, Schwab Managed Account Services™, and Schwab Financial Planning Services. The Advisers Act also requires that we update our disclosure brochures annually and provide existing clients with a summary of the material changes to the brochure(s) for their service since the date of the last annual update.

This document summarizes the material changes to these disclosure brochures and to the brochures of a Schwab affiliate that participates in the services as portfolio managers. These brochures have also undergone various non-material changes since the last annual revisions were made. Such changes—normally small edits made to enhance clarity or minor updates to numerical values that vary from year to year—are not described below. Unaffiliated third-party portfolio managers participating in these services are responsible for distributing their own summaries separately.

If you’d like to receive a copy of any of these updated disclosure brochures, please call 1-877-566-9109 (or +1-415-667-8400 when calling from outside the U.S.) or email updateddisclosures@schwab.com. You can also find copies of our latest disclosure brochures on the website of the United States Securities and Exchange Commission (SEC) at www.adviserinfo.sec.gov.

Securities, products, and services are not available in all countries and are subject to country-specific restrictions.

Schwab Wealth Advisory™

Schwab Wealth Advisory Disclosure Brochure and Schwab Wealth Advisory Disclosure Brochure (For International Clients)

These brochures, which describe Schwab’s role as the sponsor of the Schwab Wealth Advisory wrap fee

program (“SWA”), have undergone the following changes since March 31, 2023.

- Schwab has combined the formerly separate brochures applicable to U.S. and international clients, respectively, into a single brochure covering both services.
- **Services, Fees, and Compensation.** Schwab has updated this section to reflect the fact that representatives of its affiliate, Schwab Wealth Advisory, Inc. (“SWAI”), provide ongoing advice related to investments in discretionary separately managed accounts in addition to non-discretionary advice in accounts enrolled in SWA.
- **Services, Fees, and Compensation.** The “Schwab Compensation” sub-section has been updated to clarify the different types of compensation that Schwab and its affiliates receive from mutual funds recommended within SWA and to attempt to quantify the amount such compensation.

Schwab Wealth Advisory, Inc. Disclosure Brochure

This brochure describes the role of Schwab’s affiliate, SWAI, as the non-discretionary portfolio manager for accounts enrolled in SWA. For clients with retirement accounts enrolled in SWA, the full text of the updated “Fiduciary Advisor Disclosure” section of the brochure can be found on page 15, as required in order to rely on exemptions from certain prohibited transaction restrictions of the Employee Retirement Income Security Act and the Internal Revenue Code. This brochure has undergone the following changes since March 31, 2023.

- **Advisory Business.** SWAI has updated this section to reflect the fact that its representatives provide ongoing advice related to investments in discretionary separately managed accounts in addition to non-discretionary advice in accounts enrolled in SWA.
- **Methods of Analysis, Investment Strategies, and Risk of Loss.** SWAI has added disclosures to clarify the conflicts of interest that exist between SWAI and Schwab and the clients of SWA, along with a description of the way SWAI mitigates those conflicts.
- **Participation or Interest in Client Transactions.** SWAI has added disclosures to clarify the different

types of compensation that its affiliates receive from mutual funds recommended by SWAI and to attempt to quantify the amount such compensation.

Charles Schwab & Co., Inc. Disclosure Brochure for: Schwab Managed Account Services™, Schwab Managed Portfolios™, and Schwab Financial Planning Services

This brochure, which describes Schwab's roles as the sponsor of the Select, Connection, and Schwab Managed Portfolios ("SMP") wrap fee programs, and the offeror of Schwab Financial Planning Services, has undergone the following changes since March 31, 2023. Charles Schwab Investment Management, Inc. ("CSIM") is the investment manager for accounts enrolled in SMP and Connection.

- Schwab has substantially updated the brochures to combine what were formerly three separate brochures covering Schwab Managed Account Services, SMP, and Schwab Financial Planning Services into one combined brochure.
- Schwab has added disclosures describing the incorporation of the Selective Portfolios accounts into the Connection program, including differences between the way Selective Portfolios accounts are managed by CSIM, versus former manager, TD Ameritrade Investment Management, Inc.
- **Order Routing and Execution (Connection).** Schwab has added disclosures to clarify the conflicts of interest that pertains to the "directed brokerage" arrangement whereby CSIM is required to direct trades to Schwab as broker-dealer. Schwab has also added disclosures to describes how it mitigates this conflict.
- **Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading (SMP).** Schwab has added disclosures to clarify the different types of compensation that Schwab and its affiliates receive from mutual funds purchased in SMP accounts and to attempt to quantify the amount of such compensation.
- **Certain Risks.** Schwab has added disclosures about Cybersecurity Risk and risks from System Outages.

Charles Schwab Investment Management, Inc. Disclosure Brochure

This brochure, which describes the role of Schwab's affiliate, Charles Schwab Investment Management, Inc. ("CSIM"), as the investment manager for the Schwab Intelligent Portfolios® program (the "SIP Program"), has undergone the following material changes since March 31, 2023.

On March 30, 2024, the Charles Schwab Investment Advisory, Inc. ("CSIA") portfolio management teams that managed the SIP Program and the SIP Program assets were integrated into CSIM, and CSIM assumed fiduciary responsibilities for the SIP Program and its assets. Also, in September 2023, CSIM became the investment adviser, and assumed fiduciary responsibility, for the Selective Portfolios strategies and their assets. As a result of these changes, material changes were made throughout the brochure to incorporate the SIP Program and Selective Portfolios.

- **Item 4—Advisory Business.** CSIM has updated the disclosure to reflect the investment management services it provides for clients including those in the SIP Program and Selective Portfolios.
- **Item 8—Methods of Analysis, Investment Strategy and Risk of Loss.** CSIM has modified the discussion of its methods of analysis and investment strategies, and certain risks currently disclosed in the brochure where CSIM believes that additional disclosure would be beneficial to investors in the current market environment and to reflect the SIP Program and Selective Portfolios.
- **Item 9—Disciplinary Information.** CSIM has added a disclosure regarding a disciplinary matter relating to the SIP Program that occurred prior to CSIM assuming fiduciary responsibilities for the SIP Program and its assets.
- **Item 10—Other Financial Industry Activities and Affiliations.** CSIM has modified the discussion of its relationship with affiliates to disclose new and modified relationships.
- **Item 12—Brokerage Practices.** CSIM has updated information pertaining to its trading process for the different types of accounts it manages, the relationships among separate trading groups and portfolio management groups, and how trade rotation and trade allocation are handled.

“Fiduciary Advisor Disclosure” Section of the Schwab Wealth Advisory, Inc. Disclosure Brochure

Fiduciary Advisor Disclosure

This document contains important information about SWAI and how it is compensated for the investment advice provided to you if you have an IRA (as defined in 29 C.F.R. 2550.408g-1(c)(4), which, for example, includes Simplified Employee Pension IRAs and SIMPLE retirement accounts) enrolled in the SWA Program (collectively, “Retirement Accounts”). In providing investment advisory services to Retirement Accounts, SWAI intends to rely on exemptions to the prohibited transaction restrictions of the Employee Retirement Income Security Act (“ERISA”) and the Internal Revenue Code (“IRC”) set forth in sections 408(b)(14) and 408(g) of ERISA and sections 4975(d)(17) and 4975(f)(8) of the IRC and the regulations thereunder. These exemptions are subject to certain conditions, including the requirement that we provide certain disclosures to you. We intend that the disclosures contained in this document will provide the information required to be disclosed under the exemptions. You should carefully consider this information in your evaluation of our investment advice.

SWAI has been selected by you to provide investment advisory services for your Retirement Account. SWAI will be providing these services as a fiduciary advisor, as defined in IRC section 4975(f)(8)(J)(i) and, to the extent applicable, as a fiduciary under ERISA. Through your enrollment of your Retirement Account in the SWA Program, you will have expressly authorized the investment advice arrangement described in the portion of this document titled “Fiduciary Advisor Disclosure.”

Compensation of the Fiduciary Advisor and Related Parties

SWAI is not compensated directly by you for the advice it provides. SWAI receives a fee from Schwab for the investment advice provided to the SWA accounts equal to: (1) the costs and expenses incurred by SWAI in connection with the SWA

Program; plus (2) an additional amount of 10% of those costs and expenses.

Schwab also provides SWAI with human resources, legal, compliance, supervisory, operational and other administrative and technological support services. SWAI is not compensated based on the particular investments recommended or held in Retirement Accounts.

SWAI's affiliate, Schwab, is compensated by you for the broker-dealer services it provides in the SWA Program. This asset-based fee is known as the "SWA Fee" and, effective October 1, 2018, begins at 0.80% of assets (adjusting downward depending on assets in your enrolled accounts), subject to certain exceptions, as detailed in the SWA Disclosure Brochure provided to SWA Clients.

SWAI's affiliate, Schwab, also provides other services in the SWA Program for which it receives compensation. For details on these other services please see the SWA Program Brochure.

SWAI's affiliate, CSIM, also provides investment advisory and/or administrative services to one affiliated mutual fund family, Schwab Funds®, and to a family of affiliated ETFs, Schwab ETFs™, whose funds are available in Retirement Accounts.

When SWAI recommends that you invest your Retirement Account assets in options and you follow that advice, you will pay trade commissions in addition to the SWA Fee. Option trading commissions details are found in the *Charles Schwab Pricing Guide for Individual Investors*, which is available online at www.schwab.com/pricing. This information should be reviewed carefully before you make an investment decision.

When SWAI recommends that you invest your Retirement Account assets in Schwab Funds, and you follow that advice, Schwab may receive compensation from the fund on the amount you invest. These amounts may be indirectly paid by you as part of the operating expense ratio ("OER") of the Schwab Fund. The amounts paid to Schwab for Schwab Funds will vary depending on the particular fund in which you invest. Specific information concerning the fees paid to Schwab by Schwab Funds is available in the SWA Disclosure Brochure and in the applicable fund prospectus and statement of additional information. This information should be

reviewed carefully before you make an investment decision.

When SWAI recommends that you invest your Retirement Account assets in unaffiliated mutual funds and you follow that advice, Schwab will receive compensation from the fund on the amount you invest. These amounts may be indirectly paid by you as part of the OER of the unaffiliated mutual fund. The amounts paid to Schwab for unaffiliated mutual funds will vary depending on the particular fund in which you invest and may range up to 0.45% of the assets held at Schwab. At this rate, the fund or fund service provider pays Schwab up to \$45 per year for each \$10,000 in fund assets held by an investor for the shareholder services provided by Schwab. All of these fees may be subject to monthly or quarterly minimums, and Schwab may receive additional one-time fees to establish a fund at Schwab or additional flat fees for other services provided by Schwab. Specific information concerning the fees paid to Schwab by unaffiliated mutual funds is available in the SWA Disclosure Brochure. This information should be reviewed carefully before you make an investment decision.

Specific information concerning the fees paid to Schwab by unaffiliated ETFs is available in the SWA Disclosure Brochure. This information should be reviewed carefully before you make an investment decision.

When SWAI recommends that you invest your Retirement Account assets in Schwab Funds or Schwab ETFs and you follow that advice, CSIM will receive compensation from the fund on the amount you invest. The amounts paid to CSIM for Schwab Funds and Schwab ETFs will vary depending on the particular fund in which you invest. For certain Schwab Funds and Schwab ETFs, CSIM compensates other fund service providers out of the fees it receives. Specific information concerning the advisory and/or administrative fees paid to CSIM by each Schwab Fund and Schwab ETF is available in the applicable fund prospectus.

Schwab receives shareholder service fees from certain Schwab Funds, as disclosed in the fund prospectus. This information should be reviewed carefully before you make an investment decision.

When SWAI recommends that you enroll your Retirement Account in a Schwab-sponsored advisory

program other than the SWA Program, and you follow that advice, you will pay the explicit asset-based fee in connection with that program. CSIM receives compensation described above from the underlying assets held in your Retirement Account.

In addition to the above, Schwab also receives other fees or compensation, such as fees to offset processing costs incurred by Schwab for the exchange of securities for equity, options, or other covered security sell transactions. A complete list of Schwab's charges and fees appears in the *Charles Schwab Pricing Guide for Individual Investors*, which is available online at www.schwab.com/pricing. This information should be reviewed carefully before you make an investment decision.

Consider Impact of Compensation on Advice

The fees and other compensation that Schwab and other SWAI affiliates receive as a result of assets held in SWA Program Retirement Accounts are a significant source of revenue for these affiliates. You should carefully consider the impact of any such fees and compensation in your evaluation of the investment advice that SWAI provides.

Investment Returns

While understanding investment-related fees and expenses is important in making informed investment decisions, it is also important to consider additional information about your investment options, such as performance, investment strategies and risks. Specific information related to the past performance and historical rates of return of SWA accounts has not been provided to you due to the fact that: (1) the SWA Program is a non-discretionary investment advisory service in which clients can reject SWAI's recommendations or place trades on their own without SWAI's input; and (2) investment advice in SWA accounts does not consist of fixed portfolios or allocations, but is particular, within the limits set by SWAI's advice policies and guidelines, to the needs and circumstances of individual SWA Clients. You can find information on the past and current performance of your Retirement Account by referring to your Schwab Performance Report. For investments with returns that vary over time, past performance does not guarantee how your investment in the same or

similar investment will perform in the future; your investment could lose money.

Parties Participating in Development of SWA

Schwab is the sponsor of SWA and has participated in the development of advice policies and guidelines independently adopted by SWAI and applied to advice given by SWAI to SWA accounts.

In particular, recommendations by SWAI Representatives to purchase or sell mutual fund shares and ETFs are subject to advice policies and guidelines which state that “buy” recommendations are restricted to funds on one of a number of recommendable lists of funds. Although compensation to Schwab and its affiliates was not directly considered in the selection of funds for any recommendable list, the mutual funds on the recommendable lists include no-load and no-transaction-fee funds that are part of the Schwab Mutual Fund OneSource® service, with some prominence given to Schwab Funds®. Schwab and its affiliate, CSIM, generally earn more money when clients purchase and hold OneSource and Schwab Funds.

Use of Personal Information

SWAI will request from you information relating to age, time horizons, risk tolerance, current investments, other assets or sources of income, and investment preferences. This information will be shared with Schwab in order to process trade orders and maintain your SWA accounts. All personal information that SWAI or Schwab collects about you is subject to the CSCorp Privacy Policy, available online at www.schwab.com/privacy.

Independent Audit of Advice Arrangement

SWAI’s advice arrangement for Retirement Accounts is audited annually by an independent auditor for compliance with the requirements of the exemptions and related regulations relied on by SWAI. The auditor furnishes SWAI with a copy of the auditor’s findings within 60 days of its completion of the audit. Within 30 days of the completion of the auditor’s written report, SWAI will furnish you with a copy of the auditor’s report or make the auditor’s report available to you on Schwab’s website. Please

go to www.schwab.com/auditreportswai for instructions on how to access the auditor's report.

Should you have any questions about SWAI or the information contained in this document, you may contact SWAI at the phone number on the front of this SWAI Disclosure Brochure.



Questions?

Please call 1-800-435-4000.

Clients calling from outside
the U.S.: +1-415-667-8400.

March 30, 2024

Annual Notice

Please take a moment to ensure your Schwab Managed Account(s) that you are enrolled in are still meeting your financial needs. Just like your personal wellness—financial wellness is dependent on regular check-ups to make sure your account(s) is in good financial shape.

We invite you to review your account(s) and confirm if there are changes you'd like to make at this time.

Things you should consider:

- Have you had any changes in your financial situation or investment objectives?
- Would you like to add, delete, or modify investment restrictions related to your account(s)? You may impose reasonable restrictions subject to the discretion of management.

Please give us a call if you need help reviewing your account or there is something you'd like to discuss or change. Or if you find your financial situation has changed considerably, we can certainly help you explore your investment alternatives. To schedule an appointment, please reach out to your designated Schwab Service Representative or call us at (800) 435-4000. Clients calling from outside the U.S. can reach us at (415) 667-8400.

Otherwise, we'll assume there are no changes in your financial situation, investment objectives, or restrictions, and no further action is required on your part.

Thank you for investing with Schwab.

Sincerely,

Schwab Investor Services

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Please note that this notice does not apply to Schwab accounts managed by an independent investment advisor.

Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

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